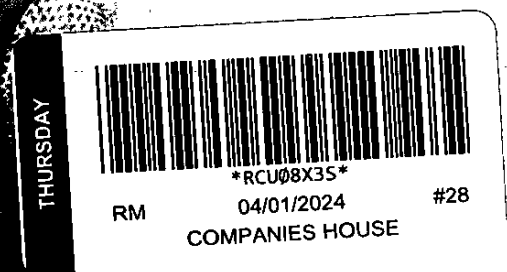


# Realising ambitions, securing futures

For more information, please visit [www.brooks-macdonald.com](https://www.brooks-macdonald.com)

Details of the Parent Guarantee is  
found in page 76, Note 41 of the  
Parent Company financial statements  
for Brooks Investment Management  
Services Limited.

**Brooks Macdonald Group plc**  
Annual Report and Accounts  
for the year ended 30 June 2023  
Company number 04402058



**BM**  
**BROOKS MACDONALD**

## Contents

### Introduction

Highlights of the year	01
Group at a glance	02
Our strong investment expertise	04
Our investment case	05

### Strategic report

Chairman's statement	08
Marketplace	10
Business model	14
Our services	16
Protecting and enhancing wealth case studies	20
Our strategy	24
Key performance indicators	26
CEO's review	28
Financial review	32
Risks	42
Viability statement	48
How we engage with our stakeholders	50
Corporate responsibility report	54
Task Force on Climate related Financial Disclosures report summary	68

### Corporate governance

Introduction to Corporate governance	74
Board overview	75
FY23 Company timeline	76
Consumer Duty project	77
Board and Committee structure	78
Board of Directors	82
Executive Committee	84
Audit Committee report	86
Nominations Committee report	90
Remuneration Committee report	94
Risk and Compliance Committee report	112
Report of the Directors	116
Statement of Directors' responsibilities	118
Independent Auditors' report	120

### Financial statements

Consolidated statement of comprehensive income	128
Consolidated statement of financial position	129
Consolidated statement of changes in equity	130
Consolidated statement of cash flows	131
Notes to the consolidated financial statements	132

### Company financial statements

Company statement of financial position	172
Company statement of changes in equity	173
Company statement of cash flows	174
Notes to the Company financial statements	175

### Other information

Non IFRS financial information	182
Company information	183
Glossary	184
Our offices	186

## Highlights of the year

### Strategic highlights

**Continued strong growth in the Platform MPS, including BMIS, our B2B offering for advisers with overall PMPS FUM up 70% over the year, now over 20% of Group FUM**

**Continued progress in our BPS specialist products with FUM up almost 50% over the year in the Decumulation Service, partly offsetting net outflows in the core BPS in line with the market**

**The Group's core investment management processes successfully transferred to the platform provided by SS&C, Brooks Macdonald's technology partner**

**Acquisitions completed of Integrity Wealth Solutions and Adroit Financial Planning, extending and enhancing the Group's existing financial planning capabilities**

## Financial highlights

Funds under management  
("FUM") (£bn)

£16.8bn

FY21	16.5
FY22	15.7
<b>FY23</b>	<b>16.8</b>

## Revenue (£m)

£123.8m

FY21	118.2
FY22	122.2
<b>FY23</b>	<b>123.8</b>

Underlying profit  
before tax (£m)

£30.3m

FY21	30.6
FY22	34.5
<b>FY23</b>	<b>30.3</b>

Underlying profit margin  
before tax (%)

24.5%

FY21	25.9
FY22	28.2
<b>FY23</b>	<b>24.5</b>

Statutory profit  
before tax (£m)

£22.2m

FY21	25.1
FY22	29.5
<b>FY23</b>	<b>22.2</b>

Underlying diluted earnings  
per share (p)

151.0p

FY21	150.6
FY22	168.7
<b>FY23</b>	<b>151.0</b>

Statutory diluted earnings  
per share (p)

112.6p

FY21	121.3
FY22	144.4
<b>FY23</b>	<b>112.6</b>

Own Funds  
adequacy ratio (%)

328.1%

FY21	269.9
FY22	356.9
<b>FY23</b>	<b>328.1</b>

Total dividend per  
share (p)

75.0p

FY21	63.0
FY22	71.0
<b>FY23</b>	<b>75.0</b>

The underlying figures represent the results for the Group's activities excluding underlying adjustments as listed on page 39. These represent alternative performance measures ("APMs") for the Group. Refer to the Non-IFRS financial information section on page 182 for a glossary of the Group's APMs, their definition, and the criteria for how underlying adjustments are considered. A reconciliation between the Group statutory and underlying profit before tax is included on page 39.

# Group at a glance

## What we do

Brooks Macdonald Group plc, through its various subsidiaries, provides leading wealth management services in the UK and internationally. The Group, which was founded in 1991 and began trading on AIM in 2005, had discretionary funds under management of £16.8 billion as at 30 June 2023.

Brooks Macdonald offers a range of investment management services to private high net worth individuals, pension funds, institutions, charities and trusts. The Group also provides financial planning as well as international investment management, and acts as fund manager to a range of onshore and international funds.

## How we do it

512

Employees

2

Recent acquisitions



## Where we do it

15

Locations

The Group has 15 offices across the UK and Crown Dependencies, including London, Birmingham, Cheltenham, East Anglia, Exeter, Leeds, Manchester, Nuneaton, Southampton, Tunbridge Wells, Scotland, Wales, Jersey and Guernsey, and the Isle of Man.

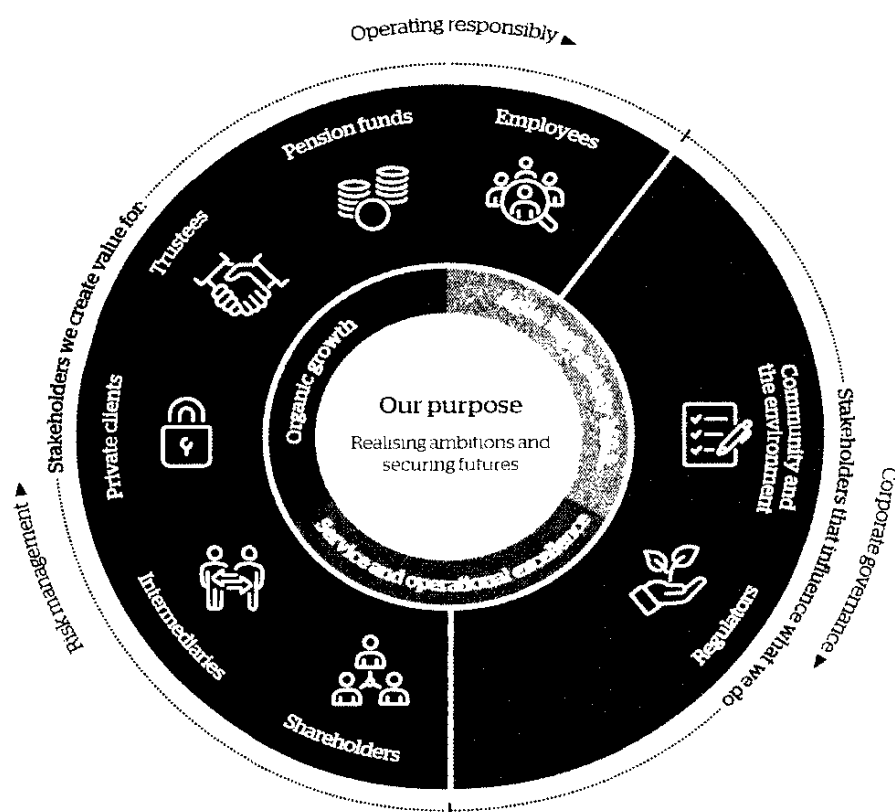


## Our purpose is realising ambitions and securing futures

Brooks Macdonald was founded to give clients wealth management driven by purpose and principles, and that remains as true as ever.

We have multiple stakeholders – clients always come first, and if we look after our clients, our employees, and our intermediaries then our shareholders will get the returns they seek. For all of them, the reason Brooks Macdonald is here is to help them realise their ambitions and secure their futures.

We work every day to protect and enhance our clients' wealth through high quality investment management and financial planning, underpinned by exceptional client service. We are dedicated to the highest professional standards inspired by our guiding principles, we do the right thing, we are connected, we care, and we make a difference. We are proud of the powerful blend of talented people we have in Brooks Macdonald, and together, we are confident and ambitious in what we can achieve and the difference we can make for our clients.



### Read more about:

- › Our guiding principles
- › Our purpose, culture and values
- › Our strong delivery drivers
- › Our business model and strategy
- › Who we engage with and the value we create for them
- › Our stakeholders
- › Being a responsible business
- › Our corporate governance

See pages  
54 to 61

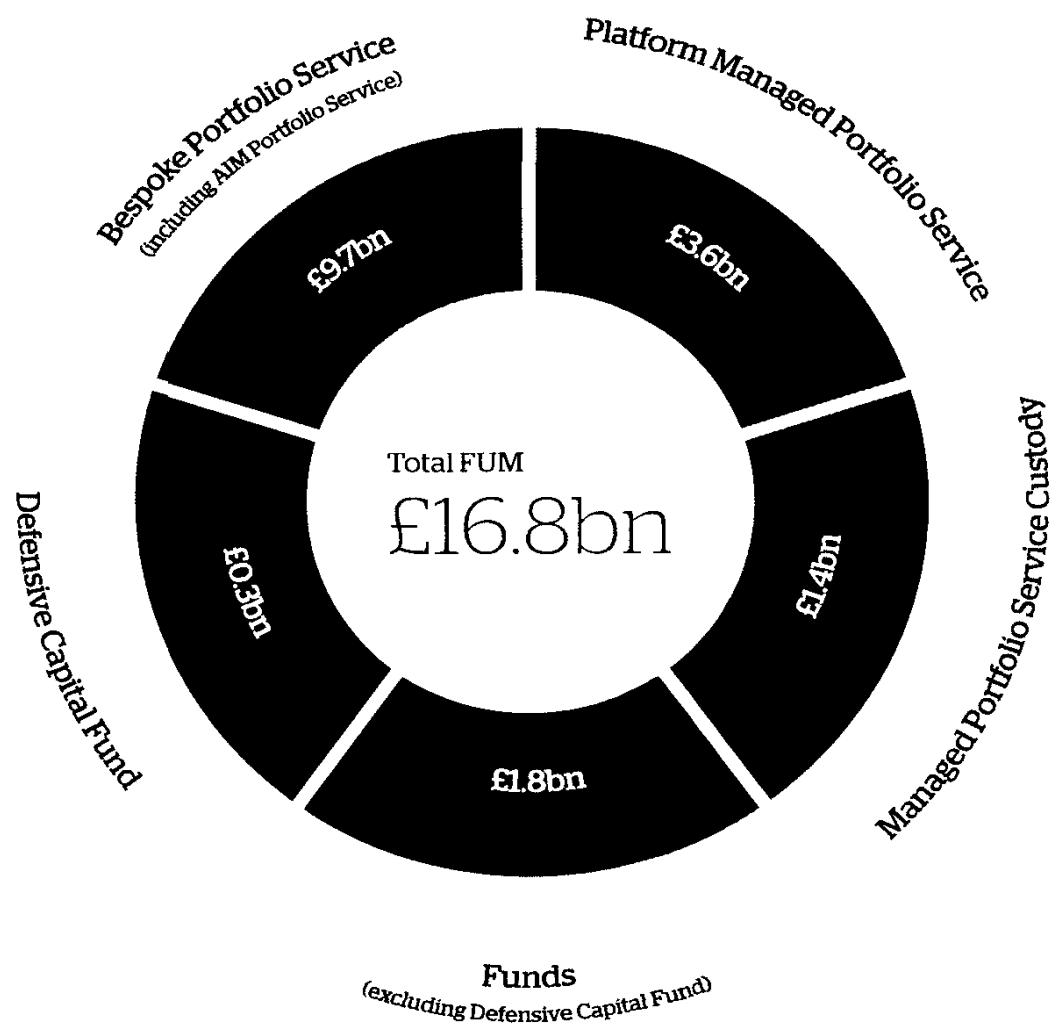
See pages  
14 to 25

See pages  
50 to 53

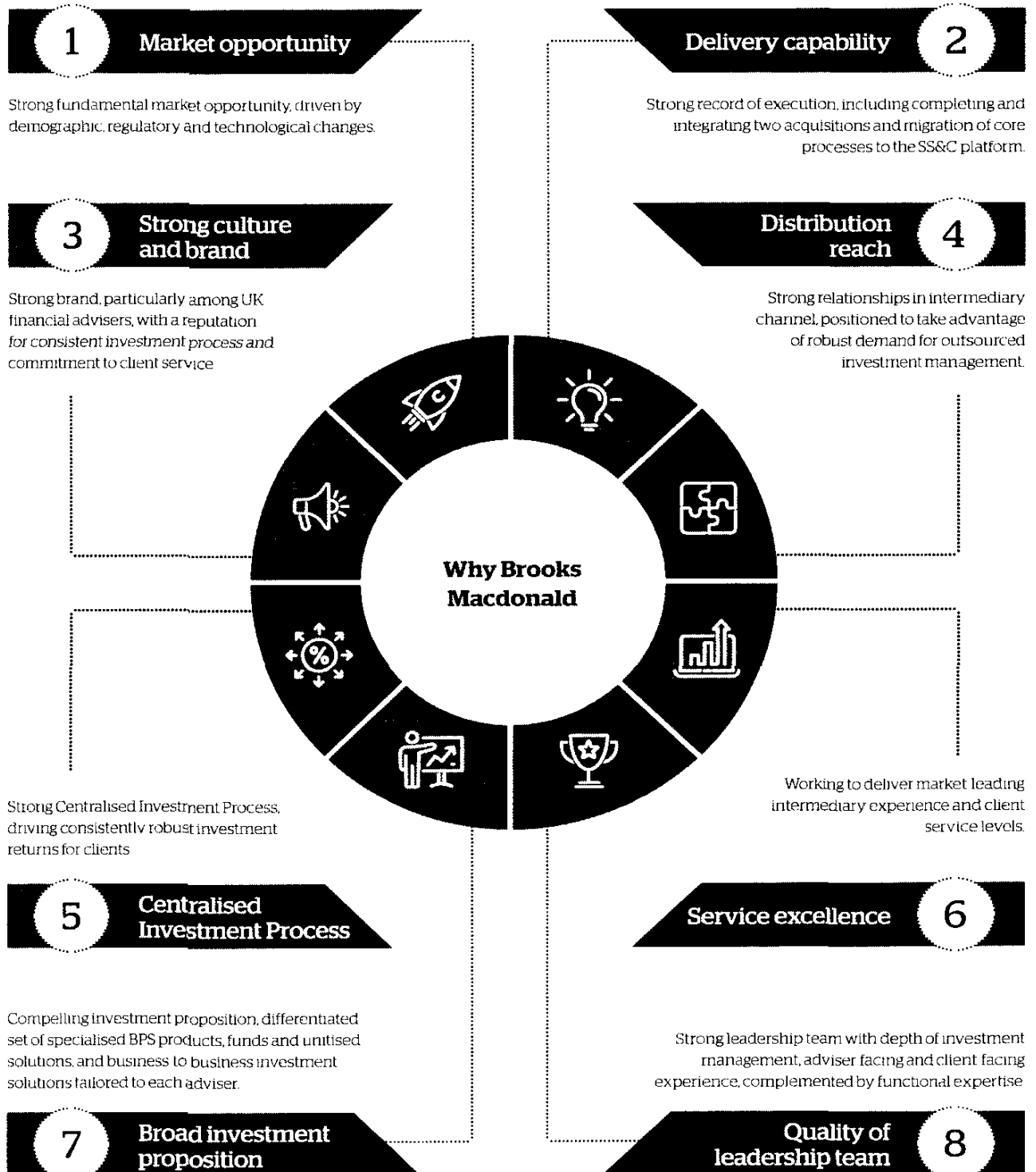
See pages  
74 to 85

# Our strong investment expertise

We have an industry leading investment process, which powers the services and products we provide to our clients. This process creates a robust framework for our investment professionals to work together, sharing ideas and challenging each other's views. Our Centralised Investment Process is built on a model where decision making responsibility and authority is shared equally by colleagues. This approach produces the best possible outcomes by encouraging the best thinking from everyone involved.



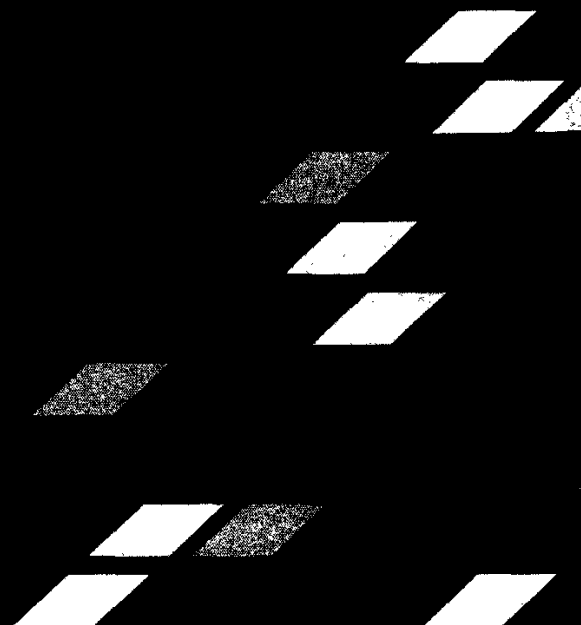
# Our investment case



# Strategic report

A comprehensive review of our business and strategy

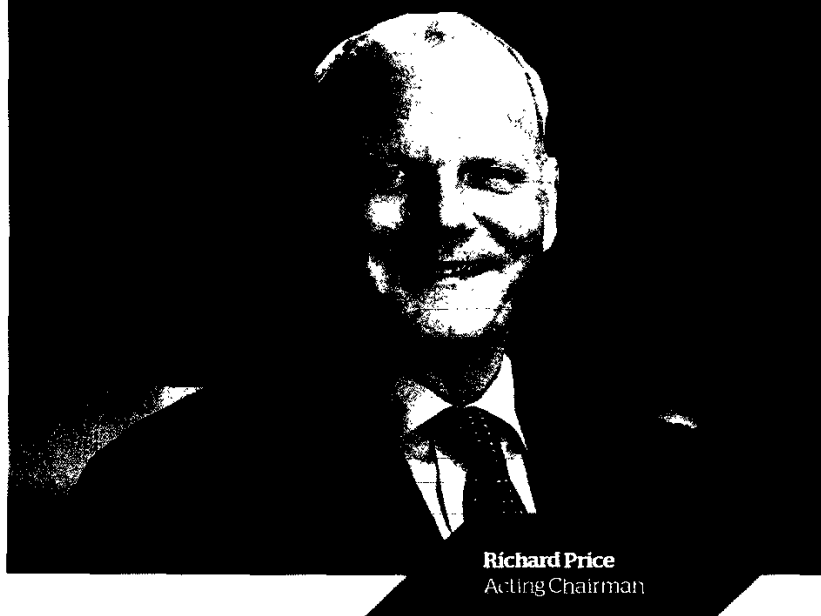
Chairman's statement	08
Marketplace	10
Business model	14
Our services	16
Protecting and enhancing wealth case studies	20
Our strategy	24
Key performance indicators	26
CEO's review	28
Financial review	32
Risks	42
Viability statement	48
How we engage with our stakeholders	50
Corporate responsibility report	54
Task Force on Climate related Disclosures summary	68





# Chairman's statement

Resilient financial performance and continued strategic progress.



**Richard Price**  
Acting Chairman

## Introduction

Brooks Macdonald has had another good year, delivering solid financial performance and continued strategic progress. Funds under management ("FUM") finished the year at £16.8 billion (FY22: £15.7 billion), up 75% due to the combination of strong net flows and solid investment performance in turbulent markets. Despite volatile market conditions driving weaker investor sentiment, the Group achieved positive net flows every quarter. Net flows for the year were 5.2%, slightly ahead of last year's 4.8%, with the annualised rate of 9.2% in the third quarter (three months to 31 March) being particularly pleasing.

Our team works every day to protect and enhance our clients' wealth, and our Centralised Investment Process, embedded across the business, continues to deliver strong performance over the medium and longer term. Overall Group investment performance for this financial year was 2.3%, slightly ahead of the MSCI PIMFA Private Investor Balanced Index, which was up 1.5%.

## Performance overview

The Group once again delivered growth at the FUM and revenue level, with revenue of £123.8 million (FY22: £122.2 million). Cost pressures meant that underlying profit before tax was £30.3 million, down 12.2% on last year (FY22: £34.5 million), and underlying diluted earnings per share ("EPS") was down 10.5% to 151.0p (FY22: 168.7p).

Statutory profit before tax fell 24.7% to £22.2 million (FY22: £29.5 million). Statutory basic EPS fell 23.0% to 114.7p (FY22: 149.0p).

## Delivering our strategy

We have a clear strategy based on the three value drivers of market-leading organic growth, service and operational excellence, and selective high quality M&A. We have continued to deliver against all three drivers:

- Our organic growth has been underpinned by our Platform Managed Portfolio Service ("PMPS"), including our business-to-business offering, BM Investment Solutions, with organic net new business of 65.6% for the financial year. PMPS now accounts for 26.7% of Group total FUM (FY22: 13.1%).

- › We have continued to embed our processes on the platform provided by our technology partner, SS&C, and continued our digital transformation, migrating our financial planning activities to Intelliflo and (just after financial year end) implementing Salesforce for client relationship management.
- › We completed two acquisitions, Integrity Wealth Solutions and Adroit Financial Planning.

The acquisitions have built on our existing financial planning capabilities and we will shortly be moving to an organisation more explicitly structured around our intermediary business on one hand, and our developing Private Clients business on the other.

### Dividend

The Board has recommended a final dividend of 47.0p (FY22 45.0p), which, subject to approval by shareholders, will result in total dividends for the year of 75.0p (FY22 71.0p). This represents an increase of 5.6% in total dividend on the previous year and underlines the Board's confidence in the prospects for the Group. The final dividend will be paid on 3 November 2023 to shareholders on the register at the close of business on 22 September 2023.

### Board changes

There were several changes to the Board during the financial year. In January, we announced that Chief Financial Officer, Ben Thorpe, and Chief Operating Officer, Lynsey Cross, would be leaving the business in due course and would be standing down from the Board with immediate effect.

# 153.8p

Underlying basic EPS down 11.7% from the FY22 figure of 174.1p

# 75.0p

Dividend up 4.0p or 5.6% (FY22 71.0p)

In February, we announced that the Chairman, Alan Carruthers, was leaving the Board due to ill health. I would like to take this opportunity to reiterate the gratitude of the Group to Alan for the immense contribution he made to Brooks Macdonald during his tenure. The Group also announced that I would take over as Acting Chairman, pending a permanent replacement being appointed.

Later in February, we announced that James Rawlingson was being appointed Non Executive Director with effect from 2 March 2023. He took over as Chair of the Audit Committee in May, following receipt of regulatory approval.

Finally in June, we announced that Andrea Montague would join the Board as an Executive Director with effect from 1 August 2023 and take over as Chief Financial Officer, subject to regulatory approval.

### Looking ahead

The industry continues to be subject to regulatory change, with the FCA's new Consumer Duty rules going live on 31 July, shortly after the financial year end. We welcome the new Consumer Principle that requires firms to act to deliver good outcomes for retail customers and our processes and client centric culture are proving well aligned to the new requirements.

Demographic and pension policy trends continue to underpin the strategic opportunity for the UK wealth sector in general, and Brooks Macdonald in particular, despite the continuing macroeconomic uncertainty, the improving interest rate environment for savers, and their impact on investor sentiment. The Group continues to deliver solid performance and robust cash generation, with a strong balance sheet. We have supportive shareholders and our employees continue to deliver outstanding service to our clients and intermediaries. We look to the future with confidence.

### Richard Price

Acting Chairman

13 September 2023

Read more about our **corporate governance** on pages 74 to 85

Read more about our **performance** on pages 32 to 41

# Marketplace

## Short-term trends

### UK and global economy

**Market conditions** Stubbornly high inflation has led central banks across the world to raise interest rates further and for longer than expected, with market expectations of the peak point for rates moving higher and further into the future. The UK in particular, has seen the most persistent inflation in the G7. This has predictably affected investor sentiment with people holding a greater proportion of their wealth in cash or money market funds, which now offer improved yields.

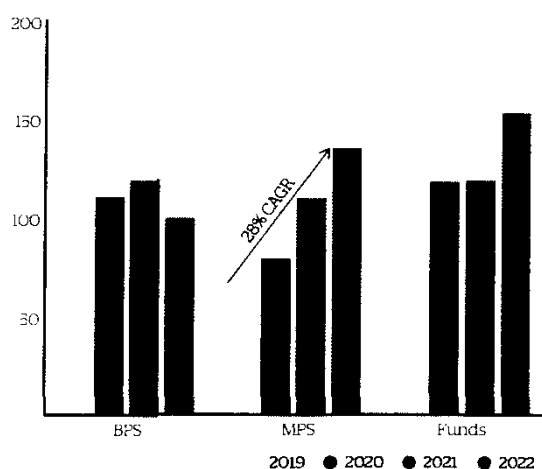
**Our response** Given current market uncertainty, within our asset allocation, we advocate balance in portfolios, both between value and growth stocks and across geographies, including the UK. We have also increased our allocation to UK gilts, given the attractive yields on offer. Low coupon UK gilts can be tax efficient for UK taxpayers, so we have launched a range of portfolios investing in gilts, giving investors a low risk alternative to cash. More broadly, we continue to work closely with intermediaries and current and prospective private clients to manage sentiment to support our net flows, which have remained positive throughout FY23.

### Changing product preferences

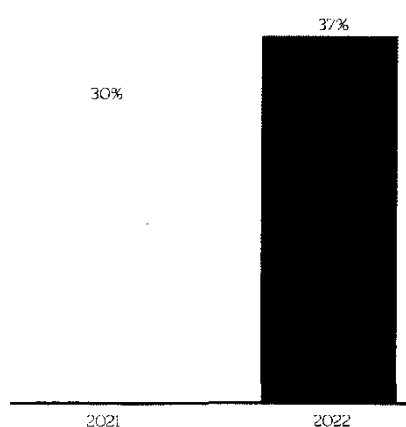
**Market conditions** Advisers are increasingly moving away from their historic use of discretionary fund managers as providers of bespoke portfolio services in their custody, to model portfolio services and funds delivered on third party platforms. This changing product mix gives the industry a lower revenue yield per £ of funds under management, but has less impact, or even positive impact, at the level of profit margin.

**Our response** We have strong offerings in both model portfolio services (our Managed Portfolio Service ("MPS")) and funds (our Blueprint and Risk Managed ranges), and we have made them available in different formats (e.g. our Responsible Investment MPS) across all major platforms (21 in total). This has enabled us to drive strong positive net flows, particularly in Platform MPS (where the portfolios are held on third party platforms). Within that, our B2B BM Investment Solutions offering, where we provide a range of support to the adviser, for example white-labelled or co-branded marketing materials, has been particularly successful.

FUM through IFAs (£bn, year end)



Proportion of advisers using only one DFM for Platform MPS





## Long-term trends

### Demographic changes

**Market conditions** The UK population continues to age with the proportion of people over 65 growing steadily. In parallel, the policy framework around retirement is favourable for the wealth management industry with people increasingly encouraged to make their own provision for retirement and pension freedoms adding to the need for advice. The total wealth of the UK population is projected to continue to grow, and over 70% of that wealth is held by those aged 55 and over.

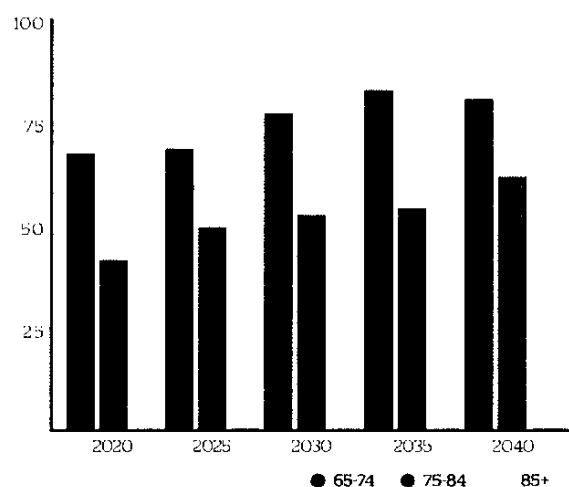
**Our response.** Brooks Macdonald continues to work with clients to support them in their retirement planning, reflecting the fact that retirement is the biggest trigger for people to seek financial advice. Our Decumulation service is aimed at people in the early years of retirement balancing the need for income with the need to stay invested to protect their future wealth. We are also improving our support to clients around intergenerational wealth transfer as well as encouraging people to think about their retirement earlier.

### Growth of responsible investing

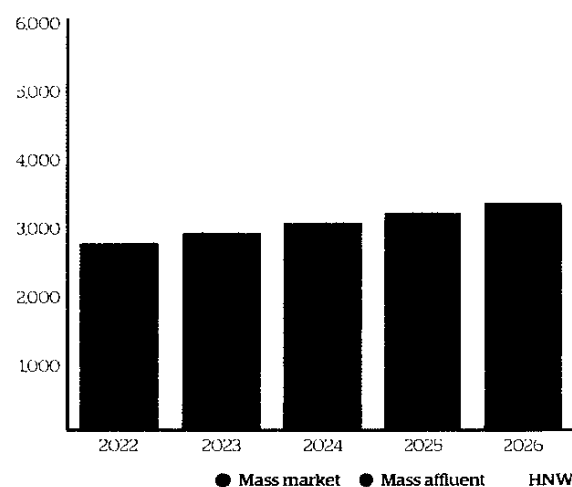
**Market conditions.** Advisers and clients alike are increasingly looking for investment managers to provide products and services meeting their environmental, social and governance ("ESG") criteria. Providers are bringing products to market, but there is widespread confusion about what standards these products observe and what certification regimes clients and advisers can trust. Advisers forecast rapid growth in the proportion of client assets allocated to sustainable and ESG-based products and services.

**Our response.** We launched our Responsible Investment Service ("RIS") in October 2018 within our Bespoke Portfolio Service. We have Advance and Avoid strategies available and investment performance has been strong since launch. We have now rolled out RIS in our International business and included it in our Managed Portfolio Service and Investment Solutions offering. As a Company, we have signed up to the UN Principles for Responsible Investing and consistently apply a sustainability lens to our core investment process.

**Actual and projected number of people aged 65 and over in the UK by age group, 2020 to 2040 (millions)**



**Retail liquid assets (£bn)**



# Marketplace continued

## Long-term trends

### More clients working with IFAs and IFAs increasingly outsourcing

**Market conditions** Investors are increasingly working with IFAs, our primary distribution channel, with numbers rising at c.8% p.a. Advisers continue to look to outsource investment management to allow them to focus on advising their clients and to reduce their regulatory and administrative burden. GlobalData and Platform research shows advisers, who have not outsourced before are now looking to outsource and those who do already outsource, are looking to outsource more.

**Our response:** We continue to help advisers serve their clients in ways that work for both parties, applying our investment management expertise to protect and enhance clients' wealth. We are flexible in our approach, offering bespoke portfolios, more specialist variants (e.g. Responsible Investment Service Decumulation, Court of Protection), model based and unitised solutions, and Investment Solutions options, more tailored to the needs and requirements of the IFA.

#### Regulatory

**Definition:** The Financial Conduct Authority supervises the investment management and financial planning activities of Brooks Macdonald in the UK. Over time, the regulator has increased their focus on ensuring advice and investment management is conducted appropriately and professionally, and on giving transparency to clients on fees and charges.

The arrival, in 2023, of Consumer Duty, which creates a new Principle in the FCA Handbook that requires companies to act to deliver good outcomes for retail customers', has set higher and clearer standards of consumer protection across financial services, and applies to our business in both investment management and financial planning.

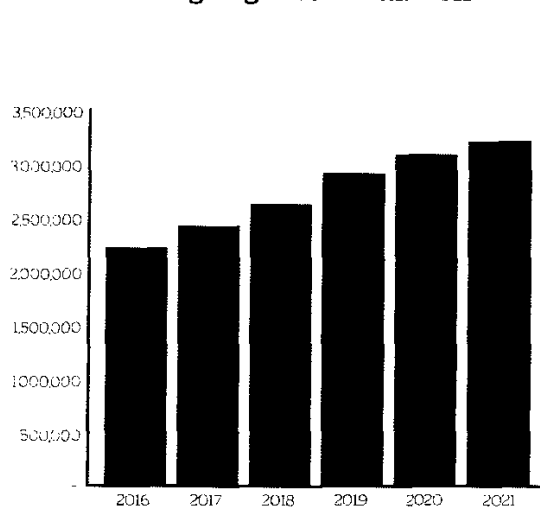
**Our response** We welcome the general direction of regulation, and the introduction of Consumer Duty. We are committed to ensuring that we are serving advisers and clients appropriately and professionally, and we are focused on delivering good outcomes. We actively contribute to regulatory consultations, both directly and through our membership of the trade bodies, the Investment Association and the Personal Investment Management and Financial Advice Association ("PIMFA").

#### Digital technology

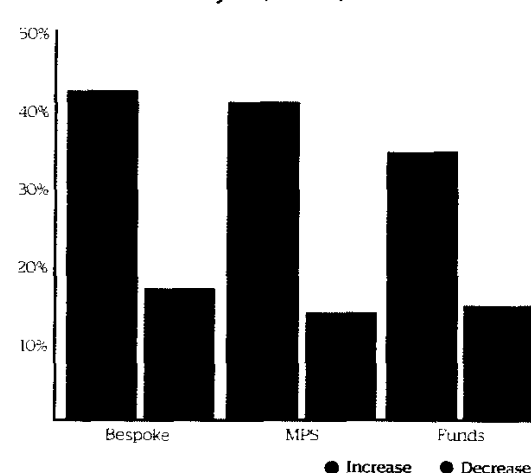
**Definition:** Digital technology is increasingly a 'must have' enabler of financial services, with clients expecting digital to complement face-to-face relationships. The wealth management sector has been slow to adapt.

**Our response** We completed migration of our core processes to the platform provided by SS&C, our technology partner, as well as implementing Intelliflo for financial planning and (just after the financial year end) Salesforce for client relationship management. But this is only the beginning and we will continue to push forward our digital transformation, delivering a better client and adviser experience.

Number of ongoing clients with IFAs



Expected change in outsourced client assets over the next two years (% of IFAs surveyed, 2022)



## What the market trends mean for Brooks Macdonald

The fundamental opportunity for Brooks Macdonald remains strong and improving, with scope to increase market share in all products.

Our core investment management and financial planning offering is well positioned to capture the opportunity.

We are adapting our offering both to meet short term challenges in the marketplace and to cater to advisers' and clients' changing needs, with a strong set of specialised BPS products, further development of funds and unitised solutions tailored to the adviser, and consistent business-to-business BM Investment Solutions delivery.

Technological change will continue to raise clients' expectations of how we interact with them and our technology and services partnership with SS&C is designed to ensure that Brooks Macdonald is easy to do business with, and that we provide market-leading adviser experience and client service levels.

## Competitive landscape

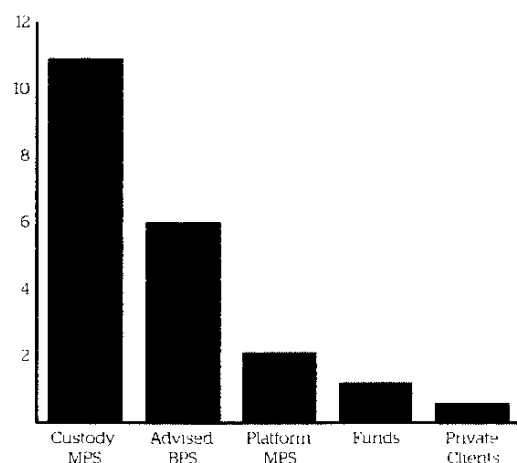
The investment management competitive landscape is complex with numerous types of player with varying business models addressing different, but overlapping, segments of the market. Types of player include integrated wealth managers, Independent Financial Advisers ("IFAs") who may conduct some, or all, of their own investment management, platform providers who serve advisers, players focused on providing model portfolios and fund solutions, as well as the wealth arms of the major high street banks and high end private banks.

A major trend over recent years has been the increasing prevalence of vertical integration, with firms offering both financial planning and investment management. This is coming from both directions, with investment managers buying IFAs to get closer to the client and advice firms, particularly IFA consolidators, moving away from 'whole of market' advice and taking on investment management as a further revenue stream.

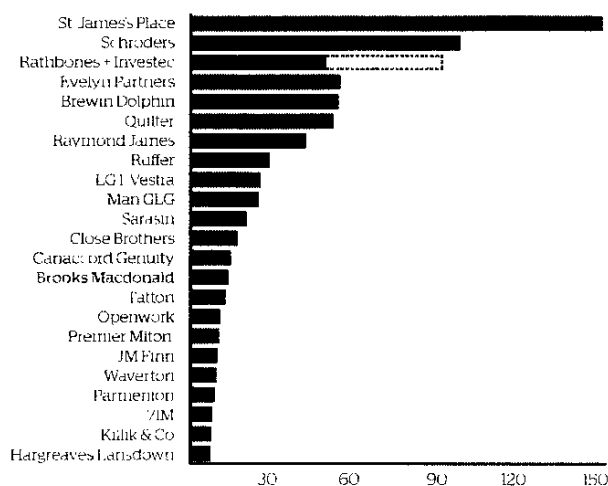
The industry is highly fragmented and we have seen considerable consolidation in recent years, among both IFAs and investment managers, most notably this year, Rathbones' acquisition of Investec's Wealth & Investment business. We expect to see consolidation continue, and even potentially accelerate, and selective, high-quality acquisitions remain part of our strategy.

Within that competitive landscape, we believe that our approach, with our purpose of realising ambitions and securing futures and our medium-term target of becoming a 'Top 5 wealth manager in the UK and Crown Dependencies', gives us a strong competitive position, allowing us to create value for clients, advisers, staff, and shareholders.

## BM market share by product type (%)



## Top 24 wealth managers by FUM (£bn, end 2022)



# Business model

**Brooks Macdonald was founded to give clients wealth management driven by purpose and principles, and that remains as true as ever.**

We have defined our purpose as realising ambitions and securing futures for all our stakeholders. We work every day to protect and enhance our clients' wealth through high quality investment management and financial planning, underpinned by exceptional client service.



## Our key resources

### Expertise

We have deep expertise in investment management and financial planning. We apply that expertise through our investment process, whether working through intermediaries or directly with private clients, to ensure that each portfolio is managed to meet the client's risk profile and requirements, and ultimately, to meet their long term needs.

### People

Our people are our greatest strength and we focus on attracting and retaining the best talent in the industry. We work to increase the capability of our people continuously, across all levels of the organisation, through a combination of developing our internal talent and making selective key hires, and we have a powerful mix of long term Brooks Macdonald experience and fresh ideas from elsewhere.

### Culture

Our client centric culture is driven by our guiding principles, defined by our people in 2018: we do the right thing, we are connected, we care, and we make a difference. These principles underpin everything that we do.

### Centralised Investment Process

Our Centralised Investment Process is core to delivering our best ideas consistently to all our clients through collective asset allocation and asset selection processes supported by a set of investment rules on, for example, liquidity, that guide our decision-making.

### Financial resources

Brooks Macdonald has a strong balance sheet and supportive shareholders. The business is highly cash generative and has zero debt.



## We work ...

### ... with financial advisers

- › Advisers select Brooks Macdonald because of the resources we bring to bear on protecting and enhancing their clients' wealth.
- › The adviser determines which of the firm's services is most suitable for the client, based on their risk profile and their financial objectives.
- › We implement the service selected and work with the adviser to ensure the client's portfolio is managed appropriately.
- › In some cases, we provide a white labelled service for the adviser, typically based on model portfolios or unitised solutions.
- › We build strong relationships with our advisers and can, on occasion, provide a potential exit route for those looking to sell their business.

### ... directly with private clients

- › Some clients approach us directly for financial planning, when we can work with the client directly to understand whether they need one off advice or more regular financial planning.
- › We can provide both 'restricted' advice, including the provision of our investment management services if they are suitable for the client, and independent 'whole of market' advice where appropriate to the client's needs.

In all cases where we provide an investment management service, we manage the client's portfolio with the same investment rigour.

We deliver consistent robust investment performance through our Centralised Investment Process and exceptional client service through the client-centric, 'can do' attitude of the people we recruit.



## How we do it

We have a robust product development and governance process to determine which solutions are appropriate to our clients and the broader market, and to ensure they remain appropriate. We deliver our services through a network of 15 offices across the UK and the Crown Dependencies.

Our Centralised Investment Process helps ensure both consistency of outcome for clients with similar requirements and economies of scale for the business.

- › We use our knowledge of our clients and intermediaries to drive innovation, delivering products and services that meet their evolving needs.
- › Our investment management businesses work closely with professional advisers, both internally and externally.
- › Our network of offices puts us close to our clients, with the geographic reach to build strong relationships with clients and advisers alike.



## How we make a difference for our stakeholders

We have multiple stakeholders - clients always come first, and if we look after our clients, our employees, and our intermediaries, then our shareholders will get the returns they seek.

We help our clients realise their ambitions and secure their futures by protecting and enhancing their wealth through our investment management and financial planning services.

We continuously improve the strong people proposition we have developed, which is called 'our promise' and is aimed at attracting and retaining the best people in the industry.

The professional advisers we work with receive a range of services to support their client relationships, and peace of mind that investment management is being conducted consistently, with deep market insight and in a robustly compliant manner.

Shareholders benefit from the performance of the Group through both capital growth and progressive dividends.



## Our competitive advantages

**1**

### Robust Centralised Investment Process

Consistent strong performance, ahead of ARC benchmarks across all risk profiles for 1 and 10 years, in line with peers over the medium term. Rigorous process giving consistency of outcomes to clients with similar needs.

**2**

### Compelling investment proposition

Comprehensive range of investment products and services, addressing full scope of clients' and intermediaries' needs. Core and specialist bespoke services complemented by model-based and unitised services, plus our business-to-business BM Investment Solutions offering.

**3**

### Best-in-class client and adviser service

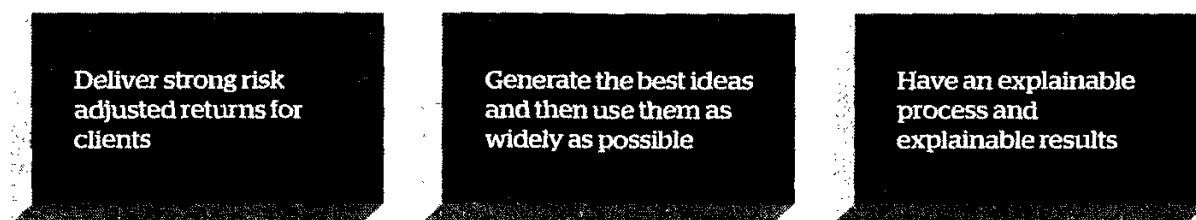
Quality and commitment of our people delivering consistently outstanding service, which will be supported by market-leading digital offering, delivered with our technology partner SS&C.

# Our services

## Group Centralised Investment Process

We are an independent wealth management firm, providing a wide range of investment and wealth management services to private clients, pension funds, professional intermediaries and trustees; financial planning advice to high net worth individuals and families; and multi asset and specialist funds to the retail sector.

To make sure we deliver the best possible investment options for clients, our Centralised Investment Process aims to:



We have an industry leading investment process, which powers the services and products we provide to our clients. This process creates a robust framework for our investment professionals to work together, sharing ideas and challenging each other's views.

Our Centralised Investment Process is built on a model where decision making responsibility and authority is shared equally by colleagues. This approach produces the best possible outcomes by encouraging the best thinking from everyone involved. We recognise that no individual investment manager, research analyst or member of our Chief Investment Office team has a monopoly on good ideas. Once we have concluded that an idea is a great one, we will use it as widely as possible for all suitable strategies.

## Governance

Investment Committee

## Inputs

- › Regulatory backdrop
- › Industry best practice
- › Brooks Macdonald thought leadership

## People

- › Chief Investment Office
- › Risk department

## Governance

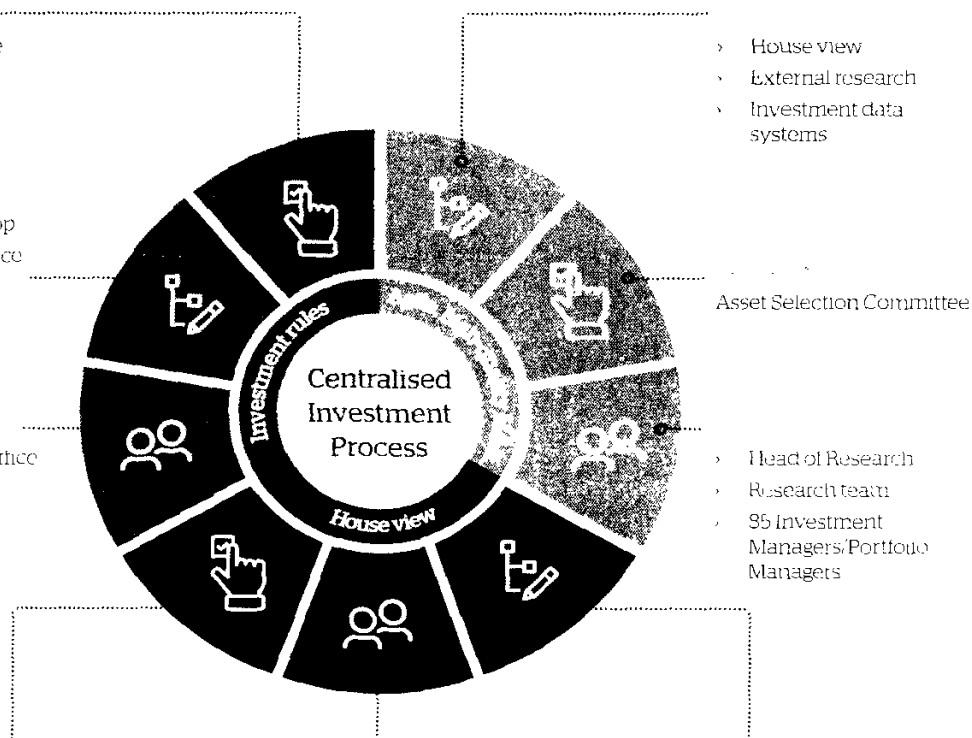
Asset Allocation Committee

## People

- › Nine senior investment leaders
- › External research analysts

## Inputs

- › Investment views from our research providers
- › External research
- › In house investment strategist



## 1

## Asset allocation

To help diversify and manage risk, we use asset allocation guidance to allocate portfolios between various geographies and asset classes. Depending on the study you read, asset allocation can determine up to 80% of client returns over a longer time horizon, so it is vital to get this right.

Our Asset Allocation Committee meets monthly to determine our house view. We use external parties, both independent macro research providers and the research teams of investment banks, to challenge us and help us construct our house view.

We encourage external scrutiny of our views and pay the greatest attention to the group that disagrees with our house view the most, inviting them to our monthly investment forum to tell us what, in their view, we are missing. External research is vital as it means our Asset Allocation Committee is powered by the ideas of hundreds of macro economists and strategists. We also use the systems of most major data providers to test our views against history, and flag opportunities in markets. This is a major investment for us both in terms of time and Brooks Macdonald's financial resources.

## 2

## Asset selection

Once the Asset Allocation Committee has set the house view, it is passed to our sector research teams. All our investment managers and research analysts have the opportunity to involve themselves in sector research and they form the core of the sector research teams.

With oversight and peer review from our Asset Selection Committee, the ideas generated by the sector teams drive the buylist. The end result is a substantial buylist of researched assets for investment managers to use when constructing portfolios.

## 3

## Investment rules

Our investment rules have been designed to operate within the harshest of conditions and, whilst all market crises are different, there is never a reason not to stick to our established investment rules.

We apply central investment rules to all our investment products. For our bespoke and managed portfolio services, these are the key inputs into our risk management system, which assesses portfolios daily for deviations from expected volatility, asset allocation, buylist and concentration limits. The executive-level Investment Committee is responsible for setting these rules, as well as driving the overall investment philosophy of the firm. Rigorous application of these rules, such as maintaining high levels of liquidity, has put us in a good position to weather any foreseeable investment storm that may occur.

We believe that in order to provide the best outcomes for our clients, it is important to integrate consideration of environmental, social and governance ("ESG") factors into our Centralised Investment Process.

We recognise that a broad range of financial and non financial factors may be relevant in making investment decisions. We have therefore, systematically embedded ESG considerations into our investment analysis frameworks in order to help identify financially material risks and opportunities. Common principles and research disciplines are applied, to the greatest degree possible, across all research activities within a robust and transparent framework. However, as global multi asset investors, our approach to assessing ESG factors is tailored to each asset class and the vehicle used to invest in each asset class. We have published a Responsible Investment Policy, which outlines our approach and the key quantitative and qualitative inputs. We will continue to review and develop our approach to ESG integration to ensure we consider the most relevant and material information that can help improve client outcomes.

Brooks Macdonald is a signatory to the United Nations supported Principles for Responsible Investing ("PRI") and we are committed to implementing the six principles of the PRI across our investment management activities.

## Our services continued

We provide our services through seven distinct service lines:

### Bespoke Portfolio Service (FUM £9.5bn as at 30 June 2023)

The Bespoke Portfolio Service ("BPS") is the Group's flagship offering, designed for clients who want an individual investment portfolio constructed to meet their specific requirements. The investment manager maintains a detailed knowledge of the client's investment requirements, allowing the manager to construct focused portfolios supporting the delivery of risk-adjusted investment returns appropriate to the client's investment objectives. The range of investments includes unit trusts, open-ended investment companies, exchange-traded funds, investment trusts and cash, as well as individual equity and bond securities. Investment managers for BPS follow the core asset allocation and asset selection recommendations of the Group-wide Centralised Investment Process ("CIP").

Within BPS, in addition to our core BPS, we offer three specialised services aimed at clients with a distinct sets of needs:

- › **Responsible Investment Service**, designed for clients with the dual objectives of responsible investment and return generation in line with defined risk profiles. We offer two distinct Responsible Investment strategies, Avoid and Advance. The values-based objective of the Avoid strategy is to prevent exposure to companies involved in the production of armaments, tobacco, alcohol, gambling and pornography, and while for the Advance strategy, the objective is to invest in, and Advance, either businesses that provide solutions to sustainability challenges through their products and services, or businesses that have strong corporate policies and outputs relating to ESG criteria.
- › **Decumulation Service**, a bespoke approach, designed to help meet clients' income requirements by aiming to shield the portfolio from downturns in the early years of withdrawals. Its structure is specifically adapted to address short-term sequencing risk, while retaining the ability for longer-term assets to contend with inflation risk.
- › **Court of Protection Service**, aimed at clients investing following settlement of personal injury or clinical negligence claims, many of whom are vulnerable due to the effects of their injuries.

### AIM Portfolio Service (FUM £0.2bn as at 30 June 2023)

The Group's AIM Portfolio Service ("APS") provides clients with access to a carefully selected portfolio of AIM-listed companies, with preference given to companies that are judged to have attractive long-term investment potential. The investment universe is restricted to companies that are understood to qualify for Business Relief ("BR"), allowing investors to benefit from Inheritance Tax ("IHT") exemptions.

### Managed Portfolio Service (FUM £5.0bn as at 30 June 2023, including BM Investment Solutions)

The Managed Portfolio Service ("MPS") provides a choice of investment into a range of risk-managed model portfolios, each investing across a different mix of asset classes. Each model portfolio is designed to achieve specific investment objectives within a specific risk profile. MPS portfolios are managed by a dedicated team of investment managers in accordance with the CIP. We also offer Responsible Investment Service model portfolios using the Advance strategy as outlined in the BPS section above.

### BM Investment Solutions

The Group designs propositions for advisers and intermediaries who are looking for investment solutions meeting specific investment objectives for their clients. These are delivered via an open-ended fund solution or an investment platform, in fund or model portfolio form. The proposition includes combined marketing efforts with co-branding of client-facing materials and other business support to the intermediary.



## Multi-Asset and Investment Funds (FUM £1.8bn as at 30 June 2023)

Our fund ranges allow investors to gain access to the Group's investment management expertise and CIP through a pooled fund solution. The Group offers four ranges:

- › The SVS Brooks Macdonald Blueprint Fund - a range of four risk-managed multi-asset funds: Defensive Income, Cautious Growth, Balanced and Strategic Growth.
- › The SVS Cornelian Risk Managed Funds - a range of six multi-asset funds: Defensive, Cautious, Managed Income, Managed Growth, Growth, and Progressive. All but the Managed Income fund are also available in a version that invests in predominantly passive funds for the more cost-conscious investor, who is prepared to compromise some of the richness of the asset allocation.
- › International Multi Strategy Funds - a range of five risk-managed multi-asset funds: Cautious Balanced, Balanced, Growth, High Growth, and US\$ Growth.
- › International Investment Funds - a range of three fixed income international investment funds: High Income, Sterling Bond Fund, and Euro High Income.

By differing their levels of equity exposure, the multi-asset ranges cater for both investors seeking capital growth and more cautious investors looking to generate income, while preserving their capital, while the international fixed income funds cater for investors following an objective-oriented approach.

## Defensive Capital Fund (FUM £0.3bn as at 30 June 2023)

The Group also provides investment management services to the Defensive Capital Fund ("DCF"), a long-only multi-asset fund sitting in the IA Targeted Absolute Return sector.

## Financial Planning

Our Private Clients business provides financial planning and wealth management advice services to high-net-worth individuals and families, enabling clients to build, manage and protect their wealth. For non-investment products, the advice is independent 'whole of market'; for investment products and services, the advice can be either 'restricted', whereby the investment service will, if suitable, be one provided by the Group, or independent, where the client requests it or they have complex requirements. The service is advice-driven rather than product-driven, providing clients with a coherent, affordable strategy aimed at achieving their long-term goals. In addition to the financial planning service, the Group works in collaboration with other professional advisers such as solicitors, accountants and wealth managers, to help them provide a comprehensive service to their clients.

## Investing an inherited lump sum

was actually prudent to gift a smaller amount, thereby protecting her own financial future. We provided advice on the tax efficient investment of the lump sum gift through the use of her pension and ISA allowance. Given the client's knowledge and experience, our professional advice was vital to help her meet her wishes.



## Building a local financial advice business

advantage of our new online portal InvestBM™ to view their investments with us quickly and securely. We are now having an exciting conversation about whether we can help them meet their goals by either investing in their business or whether the firm should join the BM Group.



## Making a positive impact on the environment

sustainable, who do Avoid ex-fuelers investment into funds with exposure to activities such as gambling, tobacco or alcohol. The family chose to invest in the Advance strategy which they felt best aligned with their principles. They now receive a regular reporting on the impact and sustainability credentials of their investments, at the same time as receiving strong financial performance that better reflects their values.

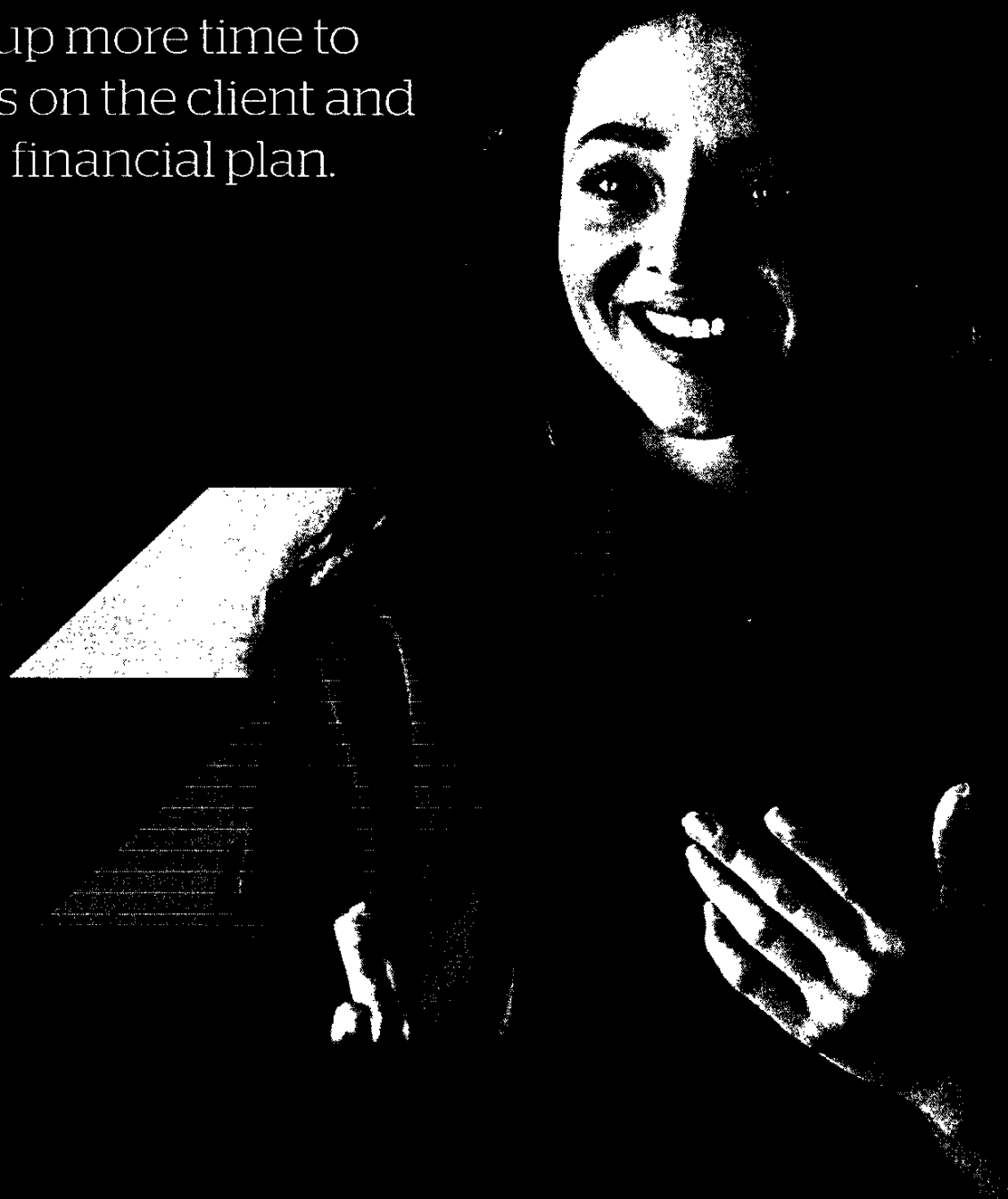
[illegible]

Both the advisers and the clients have been able to take advantage of our new online portal – InvestBM – to view their investments with us quickly and securely.





By choosing our MPS solution, the adviser was able to free up more time to focus on the client and their financial plan.



# Our strategy

**Brooks Macdonald is delivering strong performance and has put in place foundations for our continued future success. Our strategy is clear and we are making substantial progress, ready to capitalise on the growth opportunities we see ahead.**

## **Our Purpose - Realising ambitions and securing futures**

Brooks Macdonald was founded to give clients wealth management driven by purpose and principles, and that remains as true as ever.

We have multiple stakeholders - clients always come first, and if we look after our clients, our employees, and our intermediaries, then our shareholders will get the returns they seek. For all of them, the reason Brooks Macdonald is here is to help them realise their ambitions and secure their futures.

We work every day to protect and enhance our clients' wealth through high quality investment management and financial planning, underpinned by exceptional client service.

We are dedicated to the highest professional standards. Inspired by our guiding principles, we do the right thing, we are connected, we care, and we make a difference. We are proud of the powerful blend of talented people we have in Brooks Macdonald, and together we are confident and ambitious in what we can achieve and the difference we can make for our clients.

## **Looking forward**

We are moving to align our business around our two key distribution channels - intermediaries and private clients. Our proposition is different in the two channels - outsourced discretionary investment management for intermediaries and advice-led integrated wealth management for private clients. Aligning the organisation to the needs of the different propositions will make us more effective and efficient in delivering for clients and advisers.

## **Our medium-term targets**

We have set three medium-term targets:

1

**Our ambition is to be a Top 5 wealth manager in the UK and Crown Dependencies**

2

**We aim at market-leading organic growth with 8-10% net flows, and**

3

**We are committed to top quartile underlying profit margin.**



### **What**

#### **Intermediary**

- › Outsourced discretionary investment management for advisers
- › FUM

#### **Private Clients**

- › Advice-led integrated wealth management
- › AUM/A



### **Why**

- › Propositions, target audience and therefore business models are different and need dedicated management.
- › Clarity of business models will facilitate better alignment with functions.
- › Exposing different business characteristics will increase investor insight.

## Our strategy

Our strategy is based on the three value drivers of strong organic growth, service and operational excellence, and selective high quality acquisitions, and we have been delivering against all three.

Strategy	Delivery
<b>Market-leading organic growth</b>	
<ul style="list-style-type: none"> <li>› We aim to deliver best in class client service and adviser experience</li> <li>› Our rigorous Centralised Investment Process gives consistently good client outcomes</li> <li>› We have a compelling investment proposition</li> </ul>	<ul style="list-style-type: none"> <li>› We delivered over 5% net flows in FY23, with positive net flows every month, despite volatile markets and weak investor sentiment</li> <li>› Our Platform MPS product had net flows of over 65%</li> <li>› We have continued to see positive net flows and FUM growth in our specialist BPS products and in Private Clients.</li> </ul>
<b>Service and operational excellence</b>	
<ul style="list-style-type: none"> <li>› We work continuously to make Brooks Macdonald easy to do business with</li> <li>› We are building on our SS&amp;C partnership to deliver a digital transformation in our products and services</li> <li>› We will continue to drive for margin improvement through our scalable business model.</li> </ul>	<ul style="list-style-type: none"> <li>› We migrated all our investment management processes to the SS&amp;C platform</li> <li>› We implemented Intelliflo for our financial planning activities</li> <li>› We again delivered robust underlying profit margin despite revenue coming under pressure from weaker markets</li> </ul>
<b>Selective high-quality acquisitions</b>	
<ul style="list-style-type: none"> <li>› We have ambitious inorganic growth plans - we will not make Top 5 without M&amp;A</li> <li>› Nonetheless, we rigorously apply our acquisition criteria - we only acquire good businesses, with a compelling strategic rationale, good cultural fit, and strong economics.</li> <li>› We focus on the delivery of benefits</li> </ul>	<ul style="list-style-type: none"> <li>› We completed the acquisition of Integrity Wealth Solutions and Adroit Financial Planning, building our capabilities in advice and financial planning leadership.</li> <li>› We reviewed and assessed many others, but continued to strictly apply our criteria</li> </ul>

# Key performance indicators

The following financial and strategic measures have been identified as the key performance indicators (KPIs) of the Group's overall performance for the financial year. The underlying figures represent the results for the Group's activities, excluding underlying adjustments as listed on page 39. These represent alternative performance measures (APMs) for the Group. Refer to the Non IFRS financial information section on page 182 for a glossary of the Group's APMs, their definition, and the criteria for how underlying adjustments are considered.

1

## FUM and revenue

### Funds under management (£bn)

↑ 7.5%

FY21	16.5
FY22	15.7
<b>FY23</b>	<b>16.8</b>

#### Definition

Total funds under management at the end of the year

#### Relevance

The value of funds under management has a direct impact on the Group's revenue

2

## Underlying performance

### Underlying profit before tax (£m)

↓ (12.2)%

FY21	30.6
FY22	34.5
<b>FY23</b>	<b>30.3</b>

#### Definition

Revenue less underlying costs before tax

#### Relevance

This measures the Group's performance excluding the impact of certain one-off costs or credits so as to provide an appropriate year-on-year comparison

### Organic net fund flows (£m)

↑ £32m

FY21	(275)
FY22	785
<b>FY23</b>	<b>817</b>

#### Definition

Value of net organic discretionary flows

#### Relevance

Net organic growth measures the new business generated by the Group excluding the impact of acquired assets and other allowing for first business

### Underlying profit margin before tax (%)

↓ (3.7)pts

FY21	25.9
FY22	28.2
<b>FY23</b>	<b>24.5</b>

#### Definition

Underlying profit before tax as a percentage of revenue

#### Relevance

This is a key measure of the Group's underlying performance reflecting key drivers of long-term profitability

### Revenue (£m)

↑ 1.3%

FY21	118.2
FY22	122.2
<b>FY23</b>	<b>123.8</b>

#### Definition

Total revenue less one-off credits and charges

#### Relevance

Revenue is the primary driver of the Group's performance and is a key indicator of its ability to generate cash

### Underlying diluted earnings per share (p)

↓ (10.5)%

FY21	150.6
FY22	168.7
<b>FY23</b>	<b>151.0</b>

#### Definition

Total underlying profit before tax divided by the number of shares in issue

#### Relevance

This is a key measure of the Group's underlying performance reflecting key drivers of long-term profitability



## 3

## Shareholder return and Balance Sheet strength

Statutory profit  
before tax (£m)

↓ (24.7)%

FY21	251
FY22	295
<b>FY23</b>	<b>22.2</b>

## Definition

Statutory profit before tax as a percentage of revenue

## Relevance

This measures the Group's profitability reflecting key drivers of long term profitability

Total dividend  
per share (p)

↑ 5.6%

FY21	630
FY22	710
<b>FY23</b>	<b>75.0</b>

## Definition

Total dividend per share paid out to shareholders

## Relevance

Distributions by the Group in the form of dividends represent an important part of the returns to shareholders

Statutory profit  
margin before tax (%)

↓ (6.2)pts

FY21	21.2
FY22	24.1
<b>FY23</b>	<b>17.9</b>

## Definition

Statutory profit before tax as a percentage of revenue

## Relevance

This measures the Group's profitability reflecting key drivers of long term profitability

Own Funds  
adequacy ratio (%)

↓ (28.8)pts

FY21	269.9
FY22	356.9
<b>FY23</b>	<b>328.1</b>

## Definition

The Group's total regulatory capital resources relative to its Fixed Overhead Requirement

## Relevance

The Group must hold a minimum amount of regulatory capital in line with the IFRB. This ratio measures the amount of capital in relation to the external minimum capital requirement as an indication of resilience

Statutory diluted earnings  
per share (p)

↓ (22.0)%

FY21	121.3
FY22	144.4
<b>FY23</b>	<b>112.6</b>

## Definition

Total statutory profit after tax divided by the diluted weighted average number of ordinary shares

## Relevance

This measures the Group's profitability after tax divided by the diluted weighted average number of ordinary shares issued during the year and the number of shares outstanding at the end of the financial reporting period

## Total net assets (£m)

↑ 6.0%

FY21	134.0
FY22	148.4
<b>FY23</b>	<b>157.3</b>

## Definition

The Group's total net assets (or the consolidated statement of financial position) being gross assets less liabilities

## Relevance

This demonstrates the Group's balance sheet strength

# CEO's review

The Group's  
fundamental market  
opportunity is  
excellent.



**Andrew Shepherd**  
CEO

## Introduction

I am happy to report that this has been another successful year for Brooks Macdonald, with our strategy and business model continuing to deliver solid performance despite challenging macroeconomic conditions.

Our focus on our purpose of realising ambitions and securing futures ensures we keep our clients at the forefront of our minds, while also providing for our other stakeholders – our employees, intermediaries and shareholders.

## Delivering our strategy

Three value drivers underpin our strategy: strong organic growth, service and operational excellence, and selective high-quality acquisitions. We are committed to delivering top quartile underlying profit margins, and we have also set medium-term ambitions of delivering 8-10% net flows and becoming a Top 5 wealth manager in the UK and Crown Dependencies. The sustainable and scalable business model we have put in place positions us well to achieve those ambitions and we continue to make progress, ready to capitalise on the growth opportunities we see ahead.

We completed two acquisitions in the first half of the financial year – first, Integrity Wealth Solutions ("Integrity") based in Nuneaton and then Adroit Financial Planning ("Adroit") in Manchester. We have worked with both firms over a number of years, delivering outsourced investment management. These acquisitions add critical financial planning capability and leadership as we build our Private Clients business. We continue to see a steady pipeline of potential acquisitions and M&A will remain an important contributor to achieving our goals.

We have spent considerable time putting in place sound foundations for our Private Clients business and, looking forward, we are now moving to make it increasingly visible. The business proposition for our Private Clients business – integrated wealth management – is quite distinct from the outsourced investment management we offer to our intermediaries and we will increasingly manage the two businesses separately. Of course, both will continue to be underpinned by the rigour and quality of our Centralised Investment Process, which is embedded across the Group.

# £30.3m

Underlying profit down 12.2% from the FY22 figure of £34.5m

# £16.8bn

FUM up 75% over the year from £15.7bn at 30 June 2022

## Financial performance

We had a year of solid financial performance in FY23, continuing to deliver on our medium term commitment to top quartile margins, although the underlying margin fell 3.7 points to 24.5%, reflecting market conditions and cost pressures. We delivered solid revenue and underlying profit levels of £123.8 million and £30.3 million respectively.

Statutory profit before tax also fell, to £22.2 million (FY22: £29.5 million).

Our year end closing FUM was £16.8 billion. Net flows were positive in all quarters (and indeed months), 5.2% at Group level for the full year, peaking at an annualised level of 9.2% in the third quarter. Total FUM was up 75% over the year, with strong flows supported by solid investment performance. We have a healthy pipeline going into FY24, although market conditions are keeping client sentiment subdued.

## Investment performance and market conditions

Investment performance for the year came in at 2.3%, slightly ahead of the MSCI PIMFA Private Investor Balanced Index, which rose 1.6%. Our investment performance was ahead of the ARC peer benchmark for the year, and remains ahead of ARC for the 10 year measure, and in line with peers over the medium term.

Financial markets remained volatile over the year with sticky inflation pressures keeping central bank monetary policy tight.

While inflation has been steadily falling in the United States, UK inflation has remained stubborn and it is less clear at what level it will settle in the post COVID-19 world. Against this backdrop central banks have been eager to show their commitment to battle inflation, causing bond markets to price in higher interest rates for longer. Our short duration bond allocation was well positioned for this repricing of bond markets and allowed portfolios to weather the recent rises in gilt yields as well as those around the UK mini budget of last year. We have maintained our overweight to equity markets, which has supported performance over the year, although some of these gains in international equities have been offset by a stronger sterling in the second half of the financial year. Brooks Macdonald outperformed the peer benchmark for all risk profiles over the year.

Looking ahead, we expect inflation to continue to fall in Europe and the UK, but for uncertainty around the new 'normal' level of inflation to lead to further volatility within bond and equity markets. We are retaining our overweight position to equity markets but maintaining our balance between value and growth investment styles to allow portfolios to perform in multiple economic scenarios.

## Review of business performance

### UK Investment Management

Across UK Investment Management ("UKIM"), our people have once again worked incredibly hard to provide exceptional levels of support to their clients and intermediaries. We have seen positive net flows throughout the year, reaching an annualised rate of 12.0% at UKIM level in the third quarter. BM Investment Solutions ("BMIS"), our business to business offering, where we work with an adviser firm to provide a tailored service aligned to the objectives of the clients and the firm, was once again the strongest performer for net flows, followed by our Platform Managed Portfolio Service ("PMPS").

In our flagship Bespoke Portfolio Service ("BPS") product, UKIM has continued to see good growth in our specialist offerings, the AIM Portfolio Service, the Responsible Investment Service, our Decumulation Service, and our Court of Protection service. We have also successfully delivered portfolios based on short dated UK Government bonds for investors looking to take advantage of higher interest rates while retaining access to funds. Beyond the specialist offerings and the gilt portfolios, however, BPS saw net outflows driven by a broad market trend, exacerbated by the impact of higher interest rates and macroeconomic uncertainty.

Read more about **how we engage with our stakeholders** on pages 50 to 53

Read more about our **people** on pages 54 to 61

# CEO's review continued

Although our Funds business had another challenging year, with persistent net outflows in line with much of the sector, we continue to see multi-asset funds as a major potential source of growth for Brooks Macdonald. We have confidence in the actions we have already taken to drive medium term growth and we are reviewing what further steps we should be taking.

During the year, we added Integrity's office in Nuneaton to our portfolio of Offices, bringing the total to 15 across the UK and the Crown Dependencies.

## Private Clients

We have continued to develop our Private Clients business, adding Integrity and Adroit to our existing activities. We were delighted to welcome Martin Lindsey and Neil Jefferies, and their respective teams, to the Group and look forward to working with them to enhance and grow our capabilities in this area. We are increasingly offering clients an integrated wealth management proposition with robust financial planning linked to a Brooks Macdonald investment management solution, retaining our independent financial advice for more complex cases or where the client specifically requests it.

## International

In International, Richard Hughes and team have had a difficult year commercially, with continued elevated outflows, but we see improving prospects in the coming months, with new products and focus bringing renewed confidence. The International business is now fully integrated with the Group and is leading the way on our private client focus.

## People

I am personally committed to a strong people agenda and I see our client-centric culture as one of our greatest assets. We continue both to invest in our people and to bring in strong new hires to add to our talent pool. I was pleased to announce in December that our General Counsel, Simon Broomfield, was in addition taking on the role of Chief People Officer ("CPO"), and Simon is now driving forward our people strategy. Simon taking on the CPO role was one of a number of changes in the Executive Committee this year, as several colleagues left the business – our Chief Financial Officer, Ben Thorpe, our Chief Operating Officer, Lynsey Cross, and our Chief Risk Officer, Priti Verma, as well as our previous CPO, Tom Emery, all moved on and they leave with our gratitude and best wishes. This allowed us to promote internal talent, Simon, to CPO and Caroline Abbondanza from Chief Technology Officer to Chief Operating Officer and to bring in two new hires from outside the organisation.

Andrea Montague became our new Chief Financial Officer on 1 August and Louis Petherick as Chief Risk Officer on 4 September, both subject to regulatory approval. Andrea was most recently Group Chief Risk Officer at Aviva, having been previously Group Chief Financial Controller, and Louis joins from FNZ UK, where he was Chief Risk Officer. I am delighted to welcome Andrea and Louis to the Group, and I am pleased with the strength of our new management team.

## Outlook

The fundamental market opportunity for the Group is excellent, with an ageing population and a supportive policy environment alongside growing wealth. As we continue to deliver robust investment performance and supportive financial planning, plus exceptional client service, helping our stakeholders realise their ambitions and secure their futures, we can expect to see further strong business growth.

Our strategy remains based on the three value drivers of strong organic growth, service and operational excellence, and selective high quality acquisitions. We are committed to delivering top quartile underlying profit margins, we are aiming to deliver 8-10% annual net flows in the medium term, now potentially delayed by short-term headwinds, and we aspire to be a Top 5 wealth manager in the UK and Crown Dependencies.

I have confidence in our team, who bring a wide range of expertise and experience as well as real passion and ambition to see Brooks Macdonald succeed. I would like to finish, as ever, by thanking our clients, the intermediaries we work with, and our people for their continuing support. I look forward to an exciting future together.

The Strategic report in its entirety has been approved by the Board of Directors and is signed on its behalf by

**Andrew Shepherd**  
CEO

13 September 2023





# Financial review

I am excited about the structural market opportunities and our ambitious growth strategy.



**Andrea Montague**  
Chief Financial Officer

## £123.8m

Revenue up 13% from the FY22 figure of £122.2m

## 24.5%

Underlying profit margin down 37 points from the FY22 margin of 28.2%

## £22.2m

Statutory profit before tax down 247% from the FY22 figure of £295m

### Review of results for the year

The Group delivered a solid set of results for FY23, despite a backdrop of a challenging macroeconomic environment and volatile markets impacting client sentiment. The Group achieved positive net flows of £0.8bn or 5.2% in FY23 ahead of the rate achieved in FY22 of 4.8%. The Group also continued to deliver on its ambitious growth strategy, completing the acquisitions of Integrity Wealth Solutions and Adroit Financial Planning in the year.

As experienced across the industry, the weaker markets seen during the financial year have impacted the Group's revenue growth, whilst the inflationary pressures prevailing during the year, along with increased costs in connection to the Group's digital transformation and costs incurred for terminated M&A processes, amongst other non-staff cost movements, have resulted in an uplift in total costs. This resulted in an underlying profit for the year of £30.3 million, representing a decrease of 12.2% on the prior year. The underlying profit margin was of 24.5% (FY22: 28.2%).

## Group financial results summary

The table below shows the Group's financial performance for the year ended 30 June 2023 with the comparative period and provides a reconciliation between the underlying results, which the Board considers to be an appropriate reflection of the Group's underlying performance, and the statutory results. Underlying profit represents an alternative performance measure ("APM") for the Group. Refer to the Non IFRS financial information section on page 182 for a glossary of the Group's APMs, their definition, and the criteria for how underlying adjustments are considered. A breakdown of the underlying adjustments is shown on page 39.

**Table 1 - Group financial results summary**

	<b>FY23</b>	<b>FY22</b>	
	<b>£m</b>	<b>£m</b>	<b>Change</b>
<b>Revenue</b>	<b>123.8</b>	122.2	1.3%
Fixed staff costs	(45.2)	(40.5)	11.6%
Variable staff costs	(10.9)	(14.8)	(26.4)%
<b>Total staff costs</b>	<b>(56.1)</b>	(55.3)	1.4%
Non staff costs	(36.9)	(31.3)	17.9%
FSCS levy	(0.5)	(1.1)	(54.5)%
<b>Total non-staff costs</b>	<b>(37.4)</b>	(32.4)	15.4%
<b>Total underlying costs</b>	<b>(93.5)</b>	(87.7)	6.6%
<b>Underlying profit before tax</b>	<b>30.3</b>	34.5	(12.2)%
Underlying adjustments	(8.1)	(5.0)	62.0%
<b>Statutory profit before tax</b>	<b>22.2</b>	29.5	(24.7)%
Taxation	(4.1)	(6.1)	(32.8)%
<b>Statutory profit after tax</b>	<b>18.1</b>	23.4	(22.6)%
Underlying profit margin before tax	<b>24.5%</b>	28.2%	(3.7)ppt
Underlying basic earnings per share	<b>153.8p</b>	174.1p	(11.7)%
Underlying diluted earnings per share	<b>151.0p</b>	168.7p	(10.5)%
Statutory profit margin before tax	<b>17.9%</b>	24.1%	(6.2)ppt
Statutory basic earnings per share	<b>114.7p</b>	149.0p	(23.0)%
Statutory diluted earnings per share	<b>112.6p</b>	144.4p	(22.0)%
Own Funds adequacy ratio	<b>328.1%</b>	356.9%	(28.8)ppt
Dividends per share	<b>75.0p</b>	71.0p	5.6%

# Financial review continued

## FUM movement in the year

The table below shows the opening and closing FUM position and the flows for the year broken down by segment and by the key services within UK Investment Management ("UKIM")

**Table 2 - Movements in funds under management**

Year ended 30 June 2023 (£m)										
	Opening FUM 1 Jul 22	Organic net new business					Total inv. perf.	Closing FUM 30 Jun 23	Total organic net new business	Total mvmnt
		Q1	Q2	Q3	Q4	Total				
<b>BPS</b>	<b>8,581</b>	<b>(6)</b>	<b>(82)</b>	<b>(43)</b>	<b>(76)</b>	<b>(207)</b>	<b>153</b>	<b>8,527</b>	<b>(2.4)%</b>	<b>(0.6)%</b>
MPS Custody	960	(3)	2	(/)	(17)	(25)	31	966	(2.6)%	0.6%
MPS Platform	2,053	243	297	505	302	1,347	89	3,489	65.6%	69.9%
<b>MPS total</b>	<b>3,013</b>	<b>240</b>	<b>299</b>	<b>498</b>	<b>285</b>	<b>1,322</b>	<b>120</b>	<b>4,455</b>	<b>43.9%</b>	<b>47.9%</b>
<b>UKIM discretionary</b>	<b>11,594</b>	<b>234</b>	<b>217</b>	<b>455</b>	<b>209</b>	<b>1,115</b>	<b>273</b>	<b>12,982</b>	<b>9.6%</b>	<b>12.0%</b>
Funds DCF	439	(14)	(1/)	(20)	(35)	(86)	(15)	338	(19.6)%	(23.0)%
Funds Other	1,418	(20)	(24)	(14)	(37)	(95)	47	1,370	(6.7)%	(3.4)%
<b>Funds total</b>	<b>1,857</b>	<b>(34)</b>	<b>(41)</b>	<b>(34)</b>	<b>(72)</b>	<b>(181)</b>	<b>32</b>	<b>1,708</b>	<b>(9.7)%</b>	<b>(8.0)%</b>
<b>UKIM total</b>	<b>13,451</b>	<b>200</b>	<b>176</b>	<b>421</b>	<b>137</b>	<b>934</b>	<b>305</b>	<b>14,690</b>	<b>6.9%</b>	<b>9.2%</b>
<b>International</b>	<b>2,216</b>	<b>(9)</b>	<b>(20)</b>	<b>(48)</b>	<b>(40)</b>	<b>(117)</b>	<b>58</b>	<b>2,157</b>	<b>(5.3)%</b>	<b>(2.7)%</b>
<b>Total</b>	<b>15,667</b>	<b>191</b>	<b>156</b>	<b>373</b>	<b>97</b>	<b>817</b>	<b>363</b>	<b>16,847</b>	<b>5.2%</b>	<b>7.5%</b>
Total investment performance										23%
MSCI PIMFA Private Investor Balanced Index										16%

1 Capital only index

The Group achieved positive net flows of £0.8 billion or 5.2% during the year, up on the rate achieved in FY22 of 4.8%. Investment performance contributed £0.4 billion, leading to an overall growth in the Groups closing FUM of 7.5% from the start of the financial year to £16.8 billion (FY22: £15.7 billion)

Investment performance for the year was 23%, surpassing the MSCI PIMFA Private Investor Balanced Index benchmark, which increased by 16% over the same period. Investment performance was ahead of the ARC peer benchmark for the year, and remains ahead of ARC for the 10 year measure, and in line with peers over the medium term

Within UKIM, the BPS offering recorded net outflows of £0.2 billion during the year (FY22: £0.1 billion net inflows) with the prevailing market volatility impacting investor sentiment and higher interest rates driving increased trends towards higher cash holdings debt repayment and investment in money market funds in the short term. Within BPS, we continue to see good traction in our specialist products – the AIM Portfolio Service, the Responsible Investment Service, the Decumulation Service, and the Court of Protection Service – all focused on meeting different client needs.

Platform MPS and, within that, the Group's B2B offering BM Investment Solutions ("BMIS") continued to grow and had a strong year recording net inflows of £1.3 billion (FY22: £0.8 billion) which has continued to be an area of strategic focus for the Group in FY23

The Funds business recorded total net outflows of £0.2 billion during the year (FY22: £0.1 billion) driven by market conditions and in line with observed sector wide behaviour

The International business reported net outflows for the year of £0.1 billion (FY22: break even) also driven by market and economic headwinds



## Revenue

**Table 3 – Breakdown of the Group's total revenue**

	FY23 £m	FY22 £m	Change %
Fee income	91.5	101.8	(10.1)
Transactional and FX income	13.3	14.7	(9.5)
Financial planning income (excluding acquisitions)	4.1	4.1	
Financial planning income (acquired)	2.5		N/A
Interest income	12.4	1.6	675.0
<b>Total revenue</b>	<b>123.8</b>	<b>122.2</b>	<b>1.3</b>

Total revenue for the Group increased by 1.3% to £123.8 million in FY23 (FY22: £122.2 million).

Fee income of £91.5 million declined by 10.1% compared to the prior year (FY22: £101.8 million) driven by lower average FUM levels as a result of prevailing market conditions during the financial year, and the relative change in product mix, with the growth in net flows primarily driven by the MPS service. The implementation of a new competitive rate card for the Cornelian Risk Managed Funds range introduced in FY23 to drive asset growth has also contributed to the reduction of fee income in FY23. Transactional and FX income reduced by 9.5% on last year due to lower trading volume in the year and the continuing trend of clients moving to the fee-only rate card.

Financial planning fees totalled £6.6 million in FY23, representing an increase of £2.5 million on FY22, primarily attributable to the income generated by the Integrity Wealth Solutions and Adroit Financial Planning businesses acquired during the year. Interest income increased significantly from £1.6 million to £12.4 million, driven by the rise in the Bank of England base rates during FY23, net of amounts paid out to clients on cash holdings.

**Table 4 – Revenue, average FUM and yields**

	Revenue			Average FUM			Yield <sup>3</sup>		
	FY23 £m	FY22 £m	Change £m	FY23 £m	FY22 £m	Change %	FY23 bps	FY22 bps	Change bps
BPS fees	54.2	59.9	(5.7)				65.1	65.8	(0.7)
BPS non fees (transactional & FX)	10.4	12.7	(2.3)				12.5	13.9	(1.4)
BPS non fees (interest income)	9.7	1.0	8.7				11.7	1.1	10.6
<b>Total BPS</b>	<b>74.3</b>	<b>73.6</b>	<b>0.7</b>	<b>8,318</b>	<b>9,108</b>	<b>(8.7)</b>	<b>89.3</b>	<b>80.8</b>	<b>8.5</b>
MPS Custody	5.7	6.1	(0.4)	967	1,029	(6.0)	59.1	59.3	(0.2)
MPS Platform	5.2	3.5	1.7	2,750	1,808	52.1	18.8	19.2	(0.4)
MPS non fees (interest income)	1.1	0.3	0.8				11.7	3.3	8.4
<b>Total MPS</b>	<b>12.0</b>	<b>9.9</b>	<b>2.1</b>	<b>3,717</b>	<b>2,837</b>	<b>31.0</b>	<b>32.3</b>	<b>34.9</b>	<b>(2.6)</b>
<b>UKIM discretionary</b>	<b>86.3</b>	<b>83.5</b>	<b>2.8</b>	<b>12,035</b>	<b>11,945</b>	<b>0.7</b>	<b>71.7</b>	<b>69.9</b>	<b>1.8</b>
Funds	9.6	12.8	(3.2)	1,997	2,220	(10.0)	48.3	57.8	(9.5)
<b>Total UKIM</b>	<b>95.9</b>	<b>96.3</b>	<b>(0.4)</b>	<b>14,032</b>	<b>14,165</b>	<b>(0.9)</b>	<b>68.4</b>	<b>68.0</b>	<b>0.4</b>
International fees	16.1	18.5	(2.4)	2,198	2,443	(10.0)	73.3	75.5	(2.2)
International non fees	4.2	2.1	2.1				18.9	8.6	10.3
<b>Total International</b>	<b>20.3</b>	<b>20.6</b>	<b>(0.3)</b>	<b>2,198</b>	<b>2,443</b>	<b>(10.0)</b>	<b>92.2</b>	<b>84.1</b>	<b>8.1</b>
<b>Total FUM-related revenue</b>	<b>116.2</b>	<b>116.9</b>	<b>(0.7)</b>	<b>16,230</b>	<b>16,608</b>	<b>(2.3)</b>	<b>71.6</b>	<b>70.4</b>	<b>1.2</b>
Financial planning income-	6.6	4.1	2.5						
Other income	1.0	1.2	(0.2)						
<b>Total non-FUM-related revenue</b>	<b>7.6</b>	<b>5.3</b>	<b>2.3</b>						
<b>Total Group revenue</b>	<b>123.8</b>	<b>122.2</b>	<b>1.6</b>						
MSCI PIMFA Private Investor Balanced Index				1,665	1,774	(6.1)			

<sup>1</sup> The revenue and yields in respect of the Jersey Channel Islands previously acquired businesses are included within the International fees line in the above table as these businesses are now fully embedded.

<sup>2</sup> Following corporate restructure of the business in FY23 fees earned in financial planning advice at the international businesses are included in the Annual Management Charge and are no longer billed separately. Comparatives have been updated to reflect a like-for-like comparison with a fee-of-fees shown in the International fees line for both years. As a result, the financial planning revenue in the table above relates to solely UK financial planning income.

<sup>3</sup> Capital only index (average) based on quarterly closing balances.

## Financial review continued

The Group's average FUM fell by 2.3% from FY22 to FY23, ahead of the average monthly movement in the MSCI PIMFA Private Investor Balanced Index, which fell by 6.1% over the same period.

The yield on BPS fees for UKIM decreased by 0.7bps to 65.1bps during the year (FY22: 65.8bps), driven by fee pressure and rates achieved on new business. The BPS non-fee transactional and FX income yield reduced by 1.4bps in the year, as a result of lower trading volumes and a relatively lower proportion of dealing accounts. On the other hand, the yield on interest income saw significant growth from 1.1bps to 11.7bps driven by the increases in the Bank of England base rates during the year, partly offset by interest paid out by the Group on clients' cash balances.

The yield on MPS Custody of 59.1bps remained relatively stable on FY22, whereas the yield on MPS Platform fell slightly by 0.4bps to 18.8bps due to the impact of product mix as Platform MPS includes our BM Investment Solutions offering that attracts relatively larger mandates and benefit from discounted tiered rates. The MPS non-fee yield on interest income increased substantially, from 3.3bps last year to 11.7bps in FY23.

The Funds fee yields reduced by 9.5bps to 48.3bps during FY23, in line with expectations, driven by the Cornelian Risk Managed Fund range moving onto a more competitive rate card in July 2022. As part of our growth strategy, we are targeting a significant increase in market share with advisers and networks that predominately use multi-asset funds to deliver their investment offering.

International fee income yield reduced by 2.2bps to 7.3bps during FY23, driven by a change in mix and the impact of the timing of inflows and outflows recorded during the year. Similarly to UKIM, non-fee income yield increased significantly by 10.3bps as a result of the rise in rates earned on both GBP and foreign currency account balances, along with increased foreign exchange trading activity.

### Underlying costs

Total underlying costs increased by 6.6% from £87.7 million in FY22 to £93.5 million in FY23, including £2.0 million incurred in respect of the two acquired businesses during the year. The key movements are set out in the bridge chart and explained below.

**Table 5 - Underlying expenditure bridge FY23**

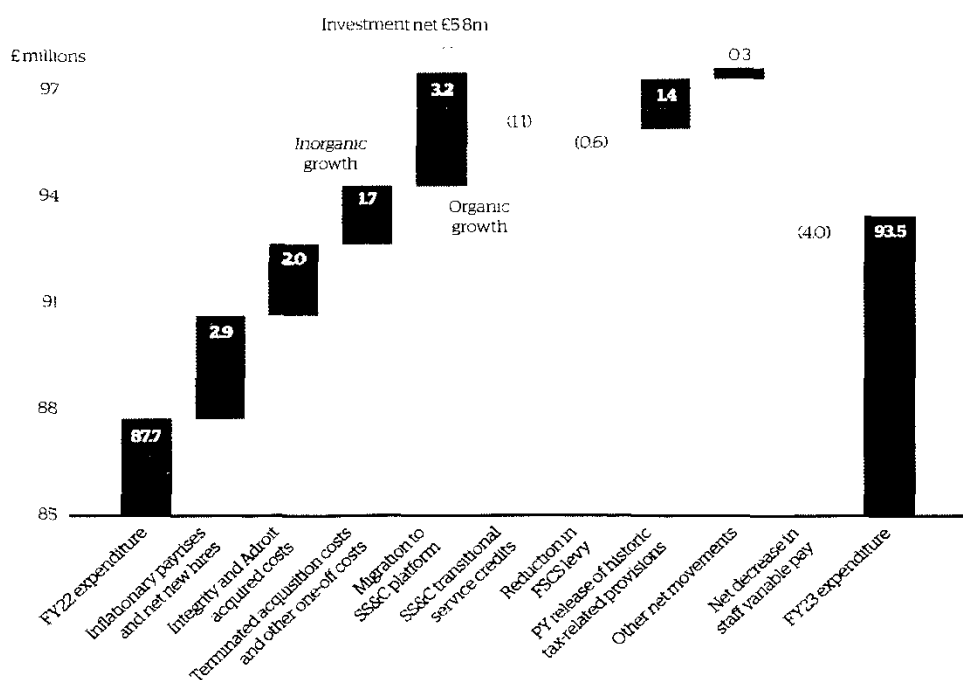


Table 6 – Breakdown of net movement in total underlying costs into staff and non-staff costs

	Total £m	Integrity & Adroit £m	BM Core £m
Staff costs increase/(decrease)	0.8	1.6	(0.8)
Non staff costs increase	5.0	0.4	4.6
<b>Total FY23 underlying cost increase</b>	<b>5.8</b>	<b>2.0</b>	<b>3.8</b>

### Staff costs

Total staff costs increased by £0.8 million to £56.1 million. Of this, £1.6 million was driven by the incremental costs arising from the two acquisitions. Excluding acquired costs, staff costs decreased by £0.8 million, from £55.3 million to £54.5 million.

Excluding the impact of acquisitions, fixed staff costs increased by £3.2 million as a result of inflationary pay rises and the impact of net joiners. The increase in fixed staff costs was offset by a decrease in the variable staff costs from £14.8 million to £10.9 million driven by the reduction in pre variable pay profit. Within this, the share-based payments charge was down £0.8 million on the prior year due to lapses recognised in FY23 as a result of leavers, and a reduction in the Group's share price impacting the associated employer national insurance contributions.

### Non-staff costs

Non-staff costs amounted to £37.4 million, representing an increase of 15.4% on the prior year. Excluding the cost impact of the two recently acquired businesses of £0.4 million, non-staff costs increased by £4.6 million or 14.2%. In addition to generic inflationary increases seen across the industry during the year, the following items contributed to the net increase:

During the year, the Group migrated investment management processes onto the SS&C technology suite, delivering brand new capabilities and supporting the Group's digital transformation, whilst providing a scalable platform for future growth. The platform migration resulted in a net increase of £2.1 million in FY23, comprising £3.2 million additional spend on the enhanced capabilities, offset by a transitional service credit of £1.1 million recognised during the embedding period.

Furthermore, during the year, the Group incurred £1.0 million in connection with terminated M&A processes and £0.7 million in legal fees in respect of legacy matters cases, now fully settled. In the prior year, the Group recognised a release of historic tax provisions amounting to £1.4 million, which was not repeated in FY23.

The above noted uplift in non-staff costs were offset by a reduction in Financial Services Compensation Scheme ('FSCS') levy of £0.6 million from £1.1 million in FY22 to £0.5 million in FY23 as a result of lower compensation forecasts expected by the FSCS for FY23.

### Profit before tax

Combined, the above gave rise to an underlying profit before tax for the year of £30.3 million, a decrease of 12.2% on the prior year (FY22: £34.5 million) and resulting in a profit margin of 24.5%, down by 3 / points on last year (FY22: 28.2%).

The Group's statutory profit before tax was of £22.2 million (FY22: £29.5 million). A breakdown of the underlying adjustments together with an explanation of each is included on page 39.

# Financial review continued

## Segmental analysis

For FY23, the Group reported its results across two key operating segments, UK Investment Management and International. The tables below provide a breakdown of the full year performance broken down by these segments, with comparatives. The operations in relation to Integrity Wealth Solutions and Adroit Financial Planning have been included in the UK Investment Management segment from the respective acquisition dates.

UKIM, which includes the Group's Private Clients business, reported a 25% increase in revenue, driven by higher financial planning and interest income, offset by a decline in fee income and transactional income. Total underlying costs increased by 62% as a result of the factors outlined previously. This gave rise to an underlying profit for FY23 of £34.5 million (FY22: £36.0 million) and an underlying profit margin of 33.3%.

The volatile markets and economic uncertainties experienced in FY23 also impacted the International segment, which reported a decrease in underlying profit to £0.1 million (FY22: £0.2 million). The decline in profitability was driven by a reduction in fee income within revenues as discussed previously and an uplift in total costs, partly driven by legal and professional fees.

**Table 7 - Segmental analysis**

<b>FY23 (£m)</b>	<b>UK Investment Management</b>	<b>International</b>	<b>Group and consolidation adjustments</b>	<b>Total</b>
Revenue	103.5	20.3	-	123.8
Direct costs	(4.4)	(13.6)	(33.4)	(94.4)
Operating contribution	56.1	6.7	(33.4)	29.4
Indirect cost recharges and net finance income	(21.6)	(6.6)	29.1	0.9
<b>Underlying profit/(loss) before tax</b>	<b>34.5</b>	<b>0.1</b>	<b>(4.3)</b>	<b>30.3</b>
Underlying adjustments	(4.8)	(3.0)	(0.3)	(8.1)
<b>Statutory profit/(loss) before tax</b>	<b>29.7</b>	<b>(2.9)</b>	<b>(4.6)</b>	<b>22.2</b>
<b>Underlying profit margin before tax</b>	<b>33.3%</b>	<b>0.5%</b>	<b>N/A</b>	<b>24.5%</b>
<b>Statutory profit/(loss) margin before tax</b>	<b>28.7%</b>	<b>(14.3)%</b>	<b>N/A</b>	<b>17.9%</b>

<b>FY22 (£m)</b>	<b>UK Investment Management</b>	<b>International</b>	<b>Group and consolidation adjustments</b>	<b>Total</b>
Revenue	101.0	21.2	-	122.2
Direct costs	(43.4)	(12.8)	(31.2)	(94.4)
Operating contribution	57.6	8.4	(31.2)	34.8
Indirect cost recharges and net finance costs	(21.6)	(3.2)	29.5	(0.3)
<b>Underlying profit/(loss) before tax</b>	<b>36.0</b>	<b>0.2</b>	<b>(1.7)</b>	<b>34.5</b>
Underlying adjustments	(1.9)	(3.0)	(0.1)	(5.0)
<b>Statutory profit/(loss) before tax</b>	<b>34.1</b>	<b>(2.8)</b>	<b>(1.8)</b>	<b>29.5</b>
<b>Underlying profit margin before tax</b>	<b>35.6%</b>	<b>0.9%</b>	<b>N/A</b>	<b>28.3%</b>
<b>Statutory profit/(loss) margin before tax</b>	<b>33.8%</b>	<b>(13.2)%</b>	<b>N/A</b>	<b>24.1%</b>

## Restatement of segmental view

We have undertaken a review of cost allocations across the Group to support branch and team level performance reporting, ensuring the costs are allocated consistently across the Group. As a result, the prior year segmental reporting has been restated to ensure consistent reporting with the current year reporting.

## Reconciliation between underlying and statutory profits

Underlying profit before tax is considered by the Board to be an appropriate reflection of the Group's performance compared to the statutory results as it excludes income and expense categories, which are deemed to be of a non recurring nature or a non cash operating item. Reporting at an underlying basis is also considered appropriate for external analyst coverage. Underlying profit is deemed to be an alternative performance measure ("APM") (refer to the Non IFRS financial information section on page 182 for a glossary of the Group's APMs, their definitions, and the criteria for how underlying adjustments are considered). A reconciliation between underlying and statutory profit before tax for the year ended 30 June 2023 with comparatives is shown in the table below.

**Table 8 - Reconciliation between underlying profit and statutory profit before tax**

	FY23 £m	FY22 £m
<b>Underlying profit before tax</b>	<b>30.3</b>	34.5
Amortisation of client relationships	(5.7)	(5.5)
Dual running operating platform costs	(1.6)	(2.4)
Acquisition and integration-related costs	(0.6)	-
Changes in fair value and finance cost of deferred contingent consideration	(0.2)	(0.1)
Other non-operating income	-	3.0
<b>Total underlying adjustments</b>	<b>(8.1)</b>	(5.0)
<b>Statutory profit before tax</b>	<b>22.2</b>	29.5

### Amortisation of client relationship contracts (£5.7 million charge)

These intangible assets are created in the course of acquiring funds under management and are amortised over their useful life, which have been assessed to range between 6 and 30 years. The increase in the charge from last year is due to the additional assets recognised as part of the acquisitions of Integrity Wealth Solutions and Adroit Financial Planning. This amortisation charge has been excluded from the underlying profit since it is a significant non cash item. (Refer to Note 14 to the Consolidated financial statements for more details).

### Dual running operating platform costs (£1.6 million charge)

The Group is in a partnership agreement with SS&C to transform our adviser and client service including the onboarding process and digital experience, as well as enhancing our operating platform. As part of the transition process, the Group has incurred net incremental costs in running two operating platforms concurrently, with the dual running costs finishing at the end of H1 FY23. The dual running costs have been excluded from underlying profit in view of their non-recurring nature.

### Acquisition and integration-related costs (£0.6 million charge)

These represent costs incurred in relation to the acquisitions of Integrity Wealth Solutions on 31 October 2022 and Adroit Financial Planning on 15 December 2022. The acquisition-related costs incurred include stamp duty and legal fees and the integration related costs include the cost of retention based share option awards.

### Changes in fair value and finance cost of deferred contingent consideration (£0.2 million charge)

This comprises the associated net finance costs arising on deferred contingent consideration payments from acquisitions carried out by the Group, together with their fair value measurements, where applicable. The deferred contingent consideration for Integrity Wealth Solutions was revalued at 30 June 2023. (Refer to Note 24 of the Consolidated financial statements for more details).

### FY22 - Other non-operating income (£3.0 million credit)

During the prior year ended 30 June 2022, the Group received confirmation from HMRC that the supply of certain Group services was exempt from VAT. As a result, the Group received a refund from HMRC in respect of VAT arising on those services during the period from 1 July 2017 to 30 June 2020 of £3.0 million. This was treated as an adjusting item to the underlying profit in view of its non recurring nature.

# Financial review continued

## Reconciliation between profits and earnings before interest, tax, depreciation and amortisation ("EBITDA")

The tables below provide reconciliations between the Group's underlying and statutory profit before tax and the underlying and statutory earnings before interest, tax, depreciation and amortisation ("EBITDA"), which constitutes an APM, and which the Board considers to be an appropriate alternative measure to the Group's BAU performance

**Table 9 - Underlying EBITDA reconciliation**

	FY23 £m	FY22 £m	Change %
<b>Underlying profit before tax</b>	<b>30.3</b>	34.5	(12.2)
<i>Add back:</i>			
Net finance (income)/costs	(0.9)	0.2	(550.0)
Depreciation and amortisation	3.8	4.0	(5.0)
<b>Underlying EBITDA</b>	<b>33.2</b>	38.7	(14.2)

**Table 10 - EBITDA reconciliation**

	FY23 £m	FY22 £m	Change %
<b>Statutory profit before tax</b>	<b>22.2</b>	29.5	(24.7)
<i>Add back:</i>			
Net finance (income)/costs	(0.8)	0.3	(366.7)
Depreciation and amortisation	9.5	9.5	-
<b>EBITDA</b>	<b>30.9</b>	39.3	(21.4)

## Taxation

The Group's total tax charge for the year was £4.1 million, representing a decrease of 32.8% from last year (FY22: £6.1 million). The Group's underlying effective tax rate has decreased from 20.8% to 19.7% and the statutory effective tax rate has decreased from 20.8% to 18.4%. The reduction is primarily due to an R&D credit on FY22 qualifying expenditure recognised as a prior period tax adjustment in FY23, and additional deferred tax credits recognised in the current year. (Details on taxation are provided in Note 9 of the Consolidated financial statements)

## Earnings per share

Basic statutory earnings per share for the Group in FY23 was 114.7p (FY22: 149.0p). On an underlying basis, basic earnings per share was 153.8p, a decrease of 11.7% on the prior year (FY22: 174.1p) driven by the decrease in underlying earnings. (Details on the basic and diluted earnings per share are provided in Note 12 of the Consolidated financial statements)

## Dividend

The Board recognises the importance of dividends to shareholders and the benefit of providing sustainable shareholder returns. In determining the level of dividend in any year, the Board considers a number of factors, such as the level of retained earnings, future cash commitments, statutory profit cover, capital and liquidity requirements and the level of profit retention required to sustain the growth of the Group. The Board has proposed a final dividend of 47.0p per share (FY22: 45.0p). Including the interim dividend of 28.0p per share (FY22: 25.0p), this results in a total dividend for the year of 75.0p per share (FY22: 71.0p), which is an overall increase of 4.0p or 5.6%. (Refer to Note 13 to the Consolidated financial statements for more details). The recommended dividend is subject to shareholders' approval, which will be sought at the Company's Annual General Meeting on 26 October 2023.

## Financial position and regulatory capital

Net assets increased by 6.0% to £157.3 million at 30 June 2023 (FY22: £148.4 million), demonstrating the Group's continued strong financial position. The Group's tangible net assets (net assets excluding intangibles) was £56.7 million at 30 June 2023 (FY22: £62.5 million). As at 30 June 2023, the Group had regulatory capital resources of £64.6 million (FY22: £70.0 million). As at 30 June 2023, the Group had an own funds adequacy ratio of 328.1% (FY22: 356.9%). The own funds adequacy ratio is defined as the Group's own funds as a proportion of the fixed overhead requirement. The total net assets and the own funds adequacy ratio calculation take into account the respective periods profits (net of the declared interim dividends) as these are deemed to be verified at the date of publication of the annual results.

Table 11 – Own funds reconciliation

	FY23 £m	FY22 £m
Share capital	0.2	0.1
Share premium	81.8	79.1
Other reserves	9.1	10.0
Retained earnings	66.2	59.2
<b>Total equity</b>	<b>157.3</b>	<b>148.4</b>
Intangible assets (net book value)	(100.6)	(85.9)
Deferred tax adjustment	7.9	7.5
<b>Own funds</b>	<b>64.6</b>	<b>70.0</b>

Brooks Macdonald Asset Management Limited, the Group's main operating subsidiary, is an IFPRU 125k Limited Licence Firm regulated by the Financial Conduct Authority ("FCA"). In view of this, the Group is classified as a regulated group and subject to the same regime. As required under FCA rules, and those of both the Jersey and Guernsey Financial Services Commission, the Group assesses its regulatory capital and liquidity on an ongoing basis through the Internal Capital Adequacy and Risk Assessment ("ICARA") and Adjusted Net Liquid Asset ("ANLA") assessments, which include performing a range of stress tests and scenario analysis to determine the appropriate level of regulatory capital and liquidity that the Group needs to hold. Surplus levels of capital and liquidity are forecast, taking into account known outflows and proposed dividends to ensure that the Group maintains sufficient capital and liquidity at all times.

The FY22 ICARA review was conducted for the year ended 30 June 2022 and signed off by the Board in December 2022. Regulatory capital forecasts are performed monthly and take into account expected dividends and intangible asset acquisitions and disposals where applicable, as well as budgeted and forecast trading results. The Group's IFPR Public Disclosures are published annually on the Group's website ([www.brooksmacdonald.com](http://www.brooksmacdonald.com)) and provide further details about the Group's regulatory capital resources and requirements. The Group monitors a range of capital and liquidity statistics on a daily and monthly basis.

### Cash flow and capital expenditure

The Group continues to have strong levels of cash generation from operations. Total cash resources at the end of the year were £53.4 million (FY22: £61.3 million) and the Group had no borrowings at 30 June 2023. This reduction was contributed by the Group financing the recent acquisitions of Integrity Wealth Solutions and Adroit Financial Planning from its own resources, resulting in a net cash outflow of £15.1 million.

The Group incurred capital expenditure of £3.7 million (FY22: £3.2 million). This comprised technology related development of £3.0 million (FY22: £2.9 million), property-related costs of £0.5 million (FY22: £0.2 million) and IT and office equipment of £0.2 million (FY22: £0.1 million). The technology related spend was primarily incurred in connection with our partnership with SS&C and amortisation started at the end of July 2022 following the migration, with the capital expenditure amortised over the remaining eight years of the ten year agreement entered into with SS&C.

### FY24 guidance and outlook

Looking ahead, financial markets remain volatile presenting short-term headwinds, expected to impact flows, particularly in H1 FY24. Moreover, the continued change in product mix is expected to impact fee yields. Whilst the Group continues to focus on cost discipline, inflationary cost pressures are expected to lead to mid single digit cost growth.

Despite the short-term headwinds on financial performance, the Group continues to be well placed to deliver on its ambitious strategic objectives in the medium term and continue to grow the business.

#### Andrea Montague

Chief Financial Officer

13 September 2023

# Risks

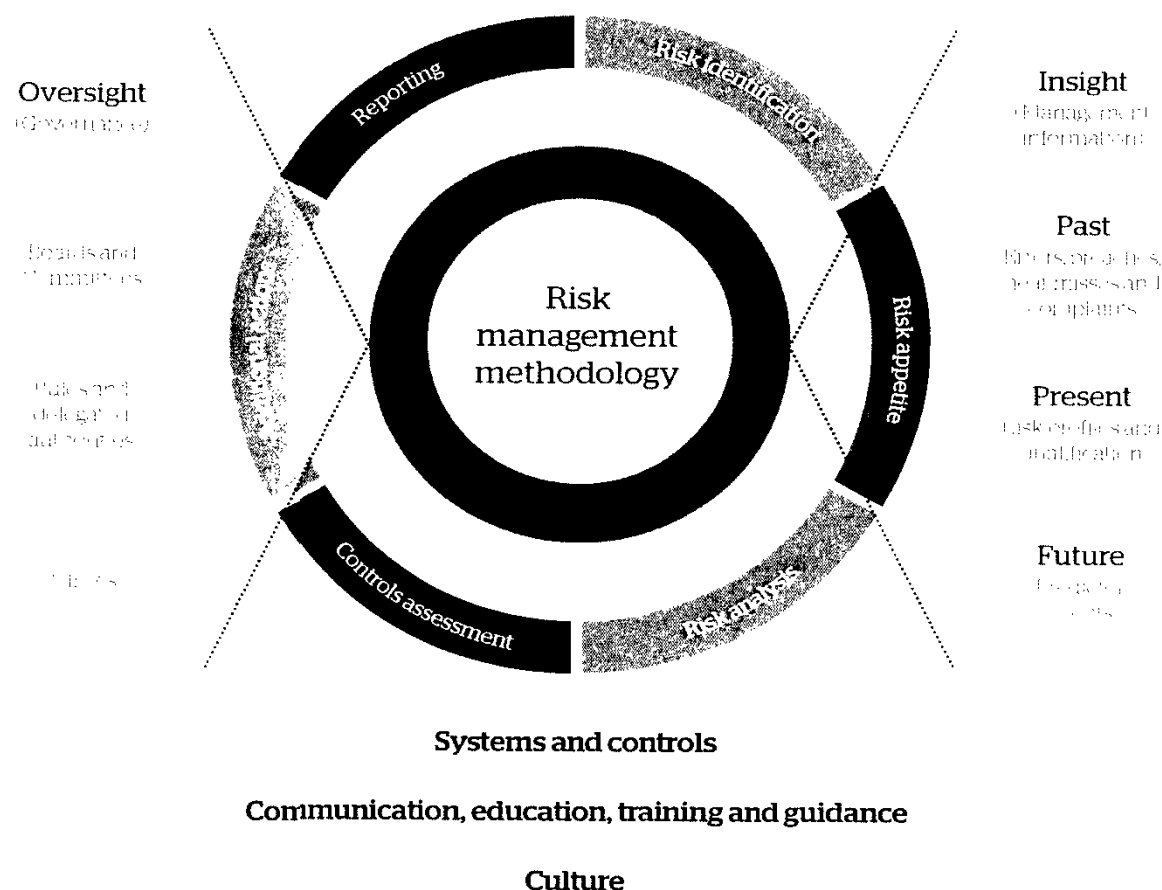
## A dynamic approach to risk management in order to support positive client outcomes

We continue to develop and enhance our risk management processes across the Group as the risk landscape under which the firm operates changes, and the impact of the current geopolitical and macroeconomic uncertainties are monitored.

The Group continues to respond to regulatory developments and has implemented changes to our risk management framework to reflect the requirements of these new regulations, such as the Task Force on Climate-related Financial Disclosures ("TCFD") and the Consumer Duty. The Group remains focused on embedding and enhancing the risk management framework, through its work on resilience, third parties, and client outcomes.

The Group has also maintained its drive towards efficient, data-driven and evidenced-based risk management, which facilitates the transition to a more agile and dynamic approach to identifying, assessing, managing and monitoring risks.

Overall, the Group remains well capitalised and liquid, with significant buffers above all regulatory requirements.





## How we manage risk

### The Group risk management framework

Risk management starts with oversight through appropriate governance, an efficient board and committee structure, with individual and collective roles and delegated authorities and a set of core policies to provide guidance to staff.

Effective risk management relies on insight through robust and timely management information. We manage our risks by learning lessons from past events, such as errors, breaches, near misses and complaints, by conducting point in time risk assessments and attempting to predict what the future risk landscape might look like through our suite of key indicators.

The risk management methodology within the Group's risk management framework ("RMF") consists of the following six interlinked steps.

**Risk identification.** This takes place through regular business monitoring and periodic reviews, including risk mapping exercises and the risks arising from change or new products and services.

**Risk appetite.** Once we have identified risks, we set an appetite for each material risk. This defines the amount of risk that the Board is prepared to accept in order to deliver its business objectives. Risk appetite reflects culture, strategic goals and the existing operating and control environment.

**Risk analysis.** Having set the risk appetite, we can assess the impact and probability of each material risk against the agreed risk appetite. This can include the quantification of capital risk as part of the Internal Capital Adequacy and Risk Assessment ("ICARA").

**Controls assessment.** We also assess the effectiveness of controls in reducing the probability of a risk occurring, or should it materialise, in mitigating its impact.

**Additional actions.** Where differences exist between our risk appetite and the current residual risk profile, we take action to either accept, avoid or transfer part or all of those risks that are outside our risk appetite, or to reconsider the risk appetite.

**Reporting.** Ongoing reporting of risks to senior management provides insight to inform risk based decision-making and allocation of resources to achieve business objectives.

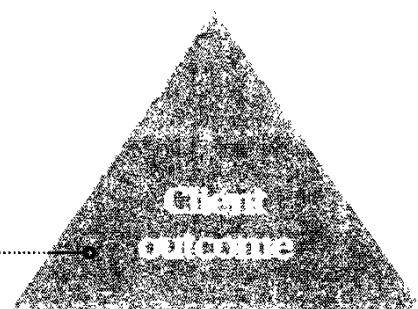


# Risks continued

## Overarching risk appetite statement

- › The Group's overarching risk appetite statement ("ORAS"), as defined by the Board, sets out the acceptable level of current and emerging risk we are willing to take to achieve our strategic business objectives. It provides a framework to allow the Group to effectively balance the risk and reward relationship in decision-making.
- › Clients, both existing and prospective, are at the heart of everything we do. As such, we aim to operate a sustainable business that conducts itself in a reputable and prudent manner, taking into account the interests of our clients through providing products and services suited to their needs and risk profile, which demonstrate value for money.
- › As the business continues to grow through sustainable organic growth and strategic value adding acquisitions, the ORAS helps ensure our key stakeholder obligations are met, supported by internal policies and regulatory requirements. We commit to using this framework to ensure we make strategic and business decisions that do not exceed our overarching risk appetite.
- › In all of the Group's decisions and operations, we balance risk versus reward and we consider the below three dimensions.

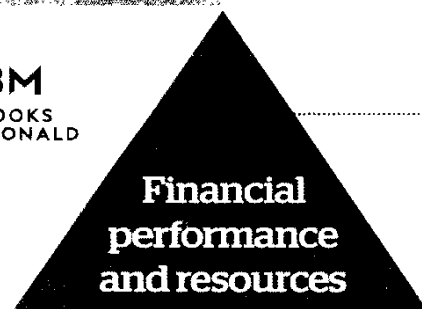
- › We put client interests at the heart of everything we do to ensure appropriate client outcomes.



**BM**  
BROOKS  
MACDONALD

## Financial performance and resources

- › We optimise profitability and use resources efficiently to drive financial performance
- › We, at all times, maintain adequate capital and liquid assets to meet financial and funding obligations as they fall due
- › We invest in the development and wellbeing of our employees



- › We at all times operate within our risk appetite, operational risk parameters and regulatory framework, ensuring a robust control and oversight environment

## Key risks

We have identified our risks at Group and business line levels to help manage our key risks in a consistent and uniform way with oversight from relevant Committees and Boards.

### Group level risks

Definition	Key risks identified by risk management framework	Change since last year	Rationale for change
<b>1. Credit risk</b> The risk of loss arising from a client or counterparty failing to meet their financial obligations to a Brooks Macdonald entity as and when they fall due.	<ul style="list-style-type: none"> <li>› Cash deposits with external banks</li> <li>› Client credit risk</li> <li>› Counterparty credit risk</li> <li>› Custodian related credit risk</li> <li>› Indirect counterparty risk in respect of referrals</li> </ul>	Unchanged →	The risk continues to remain unchanged given the strong credit risk control environment, including ongoing monitoring and due diligence on all counterparties
<b>2. Liquidity risk</b> The risk that assets are insufficiently liquid and/or Brooks Macdonald does not have sufficient financial resources available to meet liabilities as they fall due, or can secure such resources only at excessive cost. Liquidity risk also includes the risk that the Group is unable to meet regulatory prudential liquidity ratios.	<ul style="list-style-type: none"> <li>› Corporate cash deposited with external banks</li> <li>› Client cash deposited with external banks (CASS rules)</li> <li>› Failed trades</li> <li>› Indirect liquidity risk associated with client portfolios</li> <li>› Indirect liquidity risks associated with dealing</li> <li>› Indirect risk in respect of the liquidity of individual holdings in a fund</li> <li>› Indirect risk in respect of the overall liquidity of our funds</li> </ul>	Unchanged →	The Group has adequate liquidity resources significantly above its Minimum Liquidity Requirement and maintains appropriate banking facilities. The Group regularly monitors forecast against actual cash flows and matches the maturity profiles of financial assets and liabilities. The Group has robust contingency funding arrangements, which are tested on a periodic basis.
<b>3. Market risk</b> The risk that arises from fluctuations in the value of, or income arising from, movements in equity, bonds, or other traded markets, interest rates or foreign exchange rates that have a financial impact.	<ul style="list-style-type: none"> <li>› Failed trades</li> <li>› Indirect market risk associated with advising on client portfolios</li> <li>› Indirect market risks associated with dealing</li> <li>› Indirect market risk associated with managing client portfolios</li> </ul>	Increasing ↑	The continued conflict in Ukraine and the associated geopolitical tensions, coupled with significant global inflationary pressure gives rise to increased volatility and heightened downside risk.

# Risks continued

## Business level risks

Definition	Key risks identified by risk management framework	Change since last year	Rationale for change
<b>4. Business and strategic risk</b> The risk of having an inadequate business model or making strategic decisions that may result in lower than anticipated profit or losses, or exposes the Group to unforeseen risks.	<ul style="list-style-type: none"> <li>› Adviser concentration</li> <li>› Acquisitions</li> <li>› Business growth</li> <li>› Extreme market events</li> <li>› Investment performance</li> <li>› Product governance</li> </ul>	Unchanged →	Despite current macro economic and geological challenges, the Group continues to post positive net flows, therefore highlighting the resiliency of its business model
<b>5. Conduct risk</b> The risk of causing detriment to clients, stakeholders or the integrity of the wider market because of inappropriate execution of Brooks Macdonald's business activities.	<ul style="list-style-type: none"> <li>› Suitability and conduct risk</li> </ul>	Unchanged →	The Group continues to work on numerous initiatives to promote good risk and compliance culture and awareness to ensure positive client outcomes.
<b>6. Operational risk</b> The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. It includes legal and fraud risk but, not strategic, reputational and business risks.	<ul style="list-style-type: none"> <li>› Data quality</li> <li>› Cyber/data security</li> <li>› Change management</li> <li>› IT infrastructure and capability</li> <li>› Operational maturity</li> <li>› Third party suppliers</li> <li>› People</li> <li>› Resilience</li> </ul>	Unchanged →	The Group continues to monitor and enhance its oversight framework to mitigate any external threats brought about by the current geopolitical environment, coupled with idiosyncratic risks linked to the Group's transition to a new operating model
<b>7. Prudential risk</b> The risk of adverse business and/or client impact resulting from breaching regulatory capital/liquidity requirements, or market/credit risk internal limits.	<ul style="list-style-type: none"> <li>› Prudential requirements</li> </ul>	Unchanged →	The Group continues to maintain capital resources and liquid assets above its minimum regulatory requirement and internal thresholds
<b>8. Legal and regulatory risk</b> Legal and regulatory risk is defined as the risk of exposure to legal or regulatory penalties, financial forfeiture and material loss due to failure to act in accordance with industry laws and regulations.	<ul style="list-style-type: none"> <li>› Reputational risk</li> <li>› Financial crime</li> <li>› Governance</li> <li>› Legacy issues</li> <li>› Regulatory tax and legal compliance</li> </ul>	Unchanged →	This risk continues to remain unchanged given that the regulatory landscape and focus on the wealth management industry has not changed
<b>9. Climate risk</b> The potential financial impacts associated with the transition to a low carbon economy and the longer-term physical climate risks.	<ul style="list-style-type: none"> <li>› Resilience</li> <li>› Investment risk</li> <li>› People</li> <li>› Third party suppliers</li> <li>› Operation maturity</li> </ul>	Unchanged →	This risk remains unchanged as the business embeds the various ICFD disclosure requirements

## Emerging risks

Definition	Context
<b>10. Margins pressure</b> The potential risk to profits as a result of market instability.	A declining bond market (owing to rising interest rates) and an unstable equity market, may have an impact on profit margins.
<b>11. Geopolitical landscape</b> In light of an ongoing energy crisis and cost-of-living issues.	Geopolitical events have a direct impact on market risk listed previously. Prolonged economic downturn also has an impact on client sentiment and thus business and strategic risk as listed previously.
<b>12. Generational wealth change</b> The potential decrease in AUM as financial assets are passed down from one generation to the next.	With generational wealth poised to change hands, primarily from the baby boomers to Gen X and millennials through the next decade, younger investors may have different priorities and views on how their inheritance is managed.
<b>13. Cyber threats</b> The threat of a malicious attack by individuals or organisations attempting to gain access to the Company's network to corrupt data, disrupt, and steal confidential information.	With the continuing geopolitical events, the cyberthreat landscape is worsening. There has been an increase in the sophistication of cyber threat activity.
<b>14. Disruptive technologies</b> The risk that innovative technologies significantly alter the way businesses operate.	With the introduction of new technologies such as AI, the industry is being impacted particularly in automated trading, investment advice, fraud detection, customer service, and portfolio management.



# Viability statement

In accordance with the UK Corporate Governance Code, the Board has assessed the Group's viability over a five year period. The decision to do so is to be aligned with the Group's strategy, its budgeting and forecasting process and the scenarios set out in the 2022 Internal Capital Adequacy and Risk Assessment ("ICARA")

The Board has carried out a robust assessment of the principal risks facing the Group along with the stress tests and scenarios that would threaten the sustainability of its business model, future performance, solvency or liquidity. This assessment is based on the Group's Medium Term Plan ("MTP"), the ICARA and an evaluation of the Group's emerging and principal risks, as set out in the Risks section on pages 42 to 47 and outlined in the Risk and Compliance Committee report on pages 112 to 115

In assessing the future viability of the overall business, the Board has considered the current and future strategy. The Board has also considered the business environment of the Group and the potential threats to its business model arising from regulatory, demographic, political and technological changes. Moreover, the Board's assessment considered the current macroeconomic environment, the impact of volatile markets and the prevailing high inflation and interest rates, on the Group's profitability, regulatory capital and liquidity forecasts. The Board's assessment of the Group's capital and liquidity position also considers the implications of meeting the Group's proposed interim and final dividend pay outs

The five-year MTP forms part of the Group's annual business planning process. The model translates the Group's current and future strategy into a detailed year one budget, followed by higher level forecasts for years two through to five. The combination of this detailed budgeting, longer term forecasting and various stress tests provides a transparent and holistic view of the forward looking financial prospects of the Group. The Board reviews and challenges the Group's MTP annually. The MTP covering the five year period from FY23 to FY27, which underpins the 2022 ICARA was challenged and approved by the Board in June 2022. The MTP for the five-year period covering FY24 to FY28 was reviewed and challenged by the Board in June 2023.

In addition to the annual MTP preparation process, a re-forecast is carried out by management and reviewed by the Board on a quarterly basis. These reflect updates for prevailing trading conditions and other changes required to the budget assumptions set at the start of the year.

As part of the ICARA, the Group models a range of downside scenarios and a severe but plausible stress scenario designed to assess the Group's ability to withstand a market wide shock such as a sharp market decline triggered by a global recession, Group specific stresses, such as the loss of an investment management team or key introducer and a combination of both.

The Group modelled a multi-layered scenario involving a significant decline in financial markets over a five-year period (a drop of 23% and 5% in years one and two respectively, followed by a gradual recovery), combined with the loss of a key investment management team. This scenario would have a material impact on the Group's profitability compared to the MTP base case, giving rise to a small regulatory capital deficit by the end of FY27, before putting in place any mitigating management actions.

Management identified a number of mitigating actions that could be implemented in the event of such severe stresses. In this scenario, the mitigation actions implemented were to reduce discretionary compensation and reduce the dividend payments to ensure a capital surplus was maintained against the minimum capital requirement. No additional actions were taken with regards to profitability as although the Group experiences a sharp decline in profitability, the reduction was temporary, and profits were forecast to increase from FY25 onwards. In the Group's modelling on the above-mentioned multi-layered scenario, post the implementation of the management mitigating actions the Group would revert to a healthy capital surplus position. If deemed appropriate, mitigating actions could include a broader and more significant reduction in the Group's cost base (IT, property, change initiatives and others). The implementation of the above actions depends on the nature of the specific stress events and the time frames over which they occur.

These scenarios are refreshed on a regular basis to ensure they remain relevant and continue to be a suitable tool for developing our controls and mitigating actions. The latest ICARA refresh exercise took place in spring 2023, where it was confirmed that the stress tests modelled previously in the 2022 ICARA were still deemed appropriate and materially relevant. Management also considers a reverse stress case and carries out an assessment of the cost to the Group of a wind down in the event of a non-recoverable shock to the operating model. Moreover, management has identified a number of actions that could be implemented in the event of severe stresses.

Taking into consideration the assessment of the above factors, including the results of the latest ICARA, the Group's risk management framework and the mitigating actions that can be put in place, the Board has reasonable expectations the Group will be able to continue in operation and meet its liabilities as they fall due over the period under assessment. This assessment also supports the Group's Consolidated financial statements to be prepared on a going concern basis, as discussed in Note 2 of the Consolidated financial statements.



# How we engage with our stakeholders

## Section 172, employee and other stakeholder engagement

This part of the Annual Report serves as our statement regarding Section 172 of the Companies Act 2006. This piece of legislation states that a director of a company must act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, a director of a company must have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The following summarises how the Company's Board fulfils its duties under Section 172 and how we balance the interests of our stakeholders and consider the long term consequences of its decisions.

## Guiding principles

Our guiding principles are at the core of the culture at Brooks Macdonald and set the standards for the decisions we make and the way we treat our clients, partners, and each other. For more information on our culture and guiding principles, see the Chairman's statement on pages 8 and 9, the CEO's review on pages 28 to 31, and the Corporate responsibility report on pages 54 to 67.

## Stakeholder engagement

Engaging with stakeholders is fundamental to our business success. By listening to, and collaborating with our stakeholders, we can grow our business and deliver for our customers and society over the long term.

## Principal decisions

The Board engages with a variety of stakeholders, including clients, regulators, and suppliers, to inform and enable balanced decisions that incorporate multiple viewpoints, whilst following the Company's strategy. In making decisions, the Board considers outcomes from engagements with stakeholders, as well as the importance of maintaining the Company's integrity, brand and reputation and the long-term consequences of any decisions. For an example of how this happens in practice, see the Consumer Duty case study on pages 52 and 53.

## Consideration of stakeholders and outcomes

When considering their decisions and in setting the policies and strategy for Brooks Macdonald, the Directors are aware there are a number of other stakeholders, in addition to shareholders, who will be affected by the actions of the Group. These include, for example, our clients and advisers along with our employees. The below table outlines how we consider these stakeholders and how we engage with them to continue driving our growth.

### How we engage with our stakeholders and make informed decisions

	Why we engage	How we engage	Outcomes
<b>Clients</b>	Our clients are the main focus of the business. By engaging with them, we are able to gain a better understanding of their needs, develop long term relationships with them and ensure that we can provide them with the products and services that best suit their individual circumstances.	We engage with our clients in a variety of ways, driven by their requirements and preferences. With all our clients across investment management and financial planning, we hold face-to-face meetings, provide investment updates and quarterly statements, and provide market commentary. Since the COVID-19 pandemic, online interaction has complemented face-to-face meetings, with the hybrid environment giving more choice to clients. We have also increased the content available to clients on our website, including providing podcasts and regular market commentary.	Our desire to give our clients better access to information about their investments resulted in the development of the InvestBM platform as part of our partnership with SS&C. ESG continues to be an important topic for our clients and is reflected in the Group's ESG strategy, objectives and initiatives.



## How we engage with our stakeholders and make informed decisions

	Why we engage	How we engage	Outcomes
<b>Intermediaries</b>	Our focus is on working with intermediaries (financial advisers, trustees, etc.) to provide investment management services to their clients, freeing up the intermediary's time to focus on client service and financial planning. We work closely with advisers to help them make their businesses more successful which in turn helps us achieve our growth ambitions.	We work closely with our advisers, offering them a range of services, and aim to make Brooks Macdonald easy to do business with, and to help them serve their, and our, clients' needs. Again, our engagement is driven by the individual adviser's requirements and preferences, from high touch ongoing strategic relationships with a small number of larger firms, through to a more arms length provision of our consistent high quality investment management to others. In uncertain times and difficult markets, we review the frequency and method of adviser engagement, making use of investment bulletins, webinars and online academies, amongst others.	We have built long-standing relationships with mutual benefits with many advisers. The services we provide to them have grown to include business to business investment solutions offerings, explicitly tailored to the adviser's requirements and preferences. In response to demand from advisers, we continue to develop our Decumulation service, allowing clients to secure a flexible, long term income from their investments.
<b>Shareholders</b>	We value our shareholders' support and want to give them a better understanding of our business. In addition, we have obligations as an AIM listed company to provide information to our shareholders.	This is done through face to face or virtual meetings and by the provision of detailed financial reports and presentations on the business at the half year and full year points. We engage with shareholders frequently to discuss delivery of our strategy, current performance and our plans for the business through our Executive Directors, Chairman and Committee Chairs.	This ongoing engagement has helped us preserve the Group's reputation for integrity and earned the trust and confidence of our large, long term, committed shareholders in the business.
<b>Employees</b>	Our employees are central to the delivery of our offering for advisers and clients and we strive to attract and retain the best people. Developing an engaged and motivated workforce is key to our desire to be a great employer and to the success of the business.	We have a comprehensive internal communication programme to keep employees fully aware of developments in the business's strategy and performance. The CEO and other members of senior management frequently engage with staff in forums, ranging from formal communications including all staff town hall video conferences, to more informal small group discussions. In accordance with the 2018 Corporate Governance Code, John Linwood is the designated Non-Executive Director with responsibility for engagement with the workforce. He and other Non-Executive Directors have made office visits and held meetings with groups of staff to better understand their views.	The wellbeing of our staff is a key focus for the Group. We run regular employee engagement surveys, the results of which are closely monitored by the Executive Committee and other senior leaders. The results continue to show strong engagement across the Group, and the results of the recent survey can be seen on page 56.

# How we engage with our stakeholders continued

## How we engage with our stakeholders and make informed decisions

	Why we engage	How we engage	Outcomes
<b>Regulators</b>	We focus on having positive and interactive relationships with our regulators, who provide oversight and guidance in how we run our business. Working constructively with our regulators helps us to best service the needs and interests of our clients.	Regulated entities within the Group correspond with relevant regulators during the financial year in respect of their supervision activity. We also send proactive correspondence to our regulators throughout the year with respect to any changes and developments in our business.	<p>We make all relevant regulatory reporting submissions and respond to any regulatory requests.</p> <p>We have a constructive relationship to ensure alignment with the relevant regulatory frameworks and have met the regulators' expectations on the topics of discussion.</p> <p>We regularly attend meetings with, and provide input to, the industry bodies and associations we are affiliated with to ensure we are engaged with the latest issues impacting our industry and clients.</p>
<b>Community and the environment</b>	We are a responsible Group and seek to both support our community and to reduce our impact on the environment as much as possible.	The BM Foundation was set up in 2010 with the aim of supporting charities that staff are enthusiastic about. It acts as a conduit for donations to be made to charity, and staff members are able to request donations to a registered charity of their choice. Staff are also encouraged to do voluntary work and are able to use a paid volunteering day each year. We seek to reduce our carbon footprint through the better use of technology and an associated reduction in energy use and we regularly review our processes to see if we can reduce our impact on the environment.	<p>The Foundation made donations of over £25,000 during the year to a variety of charities that are important to our people, including 2 Wish Upon A Star, Stand Against Racism, and Inequality &amp; Safer LGB.</p> <p>We have introduced a structured procurement process in order to ensure that we select business partners who are aligned with our beliefs.</p>



### Stakeholder engagement in action

#### Consumer Duty and its impact on our stakeholders

Brooks Macdonald is committed to implementing the new Consumer Duty rules in a way that will deliver good outcomes for its clients.

For new and existing products or services that are open to sale or renewal, the following FCA rules came into force on 31 July 2023:

- › A new Consumer Principle that requires firms to act to deliver good outcomes for retail customers.
- › Cross-cutting rules providing greater clarity on our expectations under the new Principle and helping firms interpret the four outcomes.
- › Rules relating to the four outcomes we want to see under the Consumer Duty. These represent key elements of the firm-consumer relationship, which are instrumental in helping to drive good outcomes for customers.

These four outcomes relate to:

1. products and services
2. price and value
3. consumer understanding
4. consumer support

The FCA's rules require firms to consider the needs, characteristics and objectives of their customers, including those with characteristics of vulnerability, and how they behave at every stage of the customer journey. As well as acting to deliver good customer outcomes, firms need to understand and evidence whether those outcomes are being met.

## Clients

Consumer Duty places a significant emphasis on enhancing client protection and ensuring fair treatment of clients. Brooks Macdonald recognises the importance of fostering trust and maintaining transparency with its clients. Through the implementation of Consumer Duty, Brooks Macdonald is committed to providing transparent communication to clients about fees, charges and services. This aligns with the Consumer Duty principles of clear information, reasonable value, and appropriate support. We want to empower clients to make well informed decisions by ensuring they understand our offerings and receive the assistance they require. We have processes in place to ensure clients with characteristics of vulnerability are not disadvantaged. Brooks Macdonald appreciates that vulnerable clients may have needs that are more challenging and complex than the average client. Our staff will respond in a considered and tailored way and facilitate the necessary arrangements to assist vulnerable clients. By enhancing the client experience, Brooks Macdonald expects to build stronger relationships and improve client satisfaction.

## Regulators

Consumer Duty regulations aim to enhance consumer protection and prevent potential misconduct within the financial sector with the new rules setting higher and clearer standards of consumer protection across financial services and requiring firms to put their customers' needs first. As a compliant organisation, Brooks Macdonald welcomes the regulatory framework associated with Consumer Duty. By improving on our governance and robust compliance processes, ensuring fair treatment, and maintaining transparency, Brooks Macdonald will strengthen its relationship with regulators. This will foster a culture of trust and collaboration, leading to a more stable and well regulated financial industry.

## Community and environment

Brooks Macdonald acknowledges its responsibility towards the community and environment. By prioritising Consumer Duty, the Company commits to promoting responsible financial practices that align with sustainable development goals. This includes offering environmentally friendly investment options and supporting initiatives that contribute positively to the local community. Our Responsible Investment Service ("RIS") is already a demonstration of Brooks Macdonald's increasing focus on sustainability factors throughout the advice and portfolio management process. Brooks Macdonald's adherence to Consumer Duty will drive social and environmental sustainability benefitting both the community and environment whilst also delivering on our financial objectives and helping our customers to achieve their own.

## Advisers

Advisers play a crucial role in the financial decision making process for clients. Consumer Duty emphasises the importance of providing suitable and tailored advice that meets the individual needs of clients. Brooks Macdonald recognises the significance of well trained and ethical advisers. Through Consumer Duty, Brooks Macdonald will continue to ensure that the advisers we work with have the tools they need to deliver for clients and that they are equipped with the necessary knowledge to deliver good outcomes for their clients. Brooks Macdonald have a new 'Due diligence toolkit' page on our website which satisfied the FCA's requirement to "share with distributors by the end of April 2023 the information necessary for them to meet their obligations under the Duty". We also have resources on our website to help advisers better understand and tackle the issues behind client vulnerability.

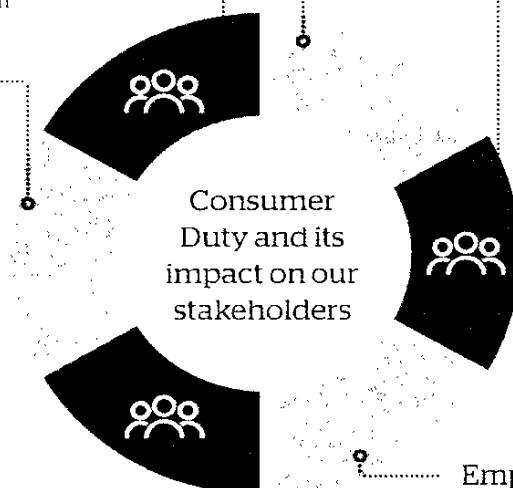
## Shareholders

Consumer Duty can have a positive impact on shareholder value by fostering a culture of trust and integrity. As Brooks Macdonald demonstrates its commitment to Consumer Duty, shareholders can expect improved business performance, increased client retention, and enhanced brand reputation. The emphasis on fair treatment and transparency will attract responsible investors who prioritise ethical business practices. Shareholders will benefit from a more sustainable and resilient financial institution.

## Employees

Consumer Duty is closely tied to an organisation's internal culture, values and the treatment of its employees. Brooks Macdonald recognises the importance of an engaged and motivated workforce. By prioritising Consumer Duty, Brooks Macdonald will empower its employees to act in the best interest of clients, fostering a culture of ethics and professionalism. Enhanced training programmes and clear guidelines on fair treatment will ensure employees feel supported and aligned with Brooks Macdonald's commitment to Consumer Duty.




Consumer Duty serves as a guiding principle for Brooks Macdonald in its interactions with clients, the community and environment, regulators, advisers, shareholders, and employees. By prioritising consumer protection, fair treatment, transparency, and responsible financial practices, Brooks Macdonald aims to create a positive impact across its stakeholder groups. Through the implementation of Consumer Duty, Brooks Macdonald expects to build stronger relationships, improve business performance, and contribute to a more sustainable and well regulated financial services industry.



# Corporate responsibility report

Brooks Macdonald's corporate responsibility strategy aims to ensure that social, environmental and ethical considerations are central to the way that we run our business. We are focused on protecting the environment, supporting communities, and ensuring the wellbeing of our employees. The Group continues to actively seek opportunities to play its part as a good employer and contribute to the communities in which our clients and employees live and work.

## Our sustainability strategy

Pillars	Our objectives	Our progress in the year
<b>Our people</b>  <p>Our people are our greatest strength. We are focused on developing our people to be the best they can be.</p>	<ul style="list-style-type: none"> <li>› Embed our promise to support Brooks Macdonald being an inclusive, inspiring place to work.</li> <li>› Develop leaders who prioritise engagement, diversity and wellbeing</li> <li>› Increase employee engagement.</li> <li>› Have fun and celebrate our achievements.</li> </ul>	<ul style="list-style-type: none"> <li>› Reviewed and improved our Your Team At Its Best training programme for people managers, ensuring how we manage is aligned to our guiding principles.</li> <li>› Improved on our employee engagement score.</li> <li>› Further embedded our At Our Best performance management approach.</li> <li>› Continued to enhance our employee policies and benefits.</li> </ul>
<b>Our community</b>  <p>We support and invest in our communities and encourage our people to do the same.</p>	<ul style="list-style-type: none"> <li>› Continue to develop the BM Foundation.</li> <li>› Support community causes and events.</li> <li>› Encourage staff to complete voluntary work.</li> </ul>	<ul style="list-style-type: none"> <li>› The BM Foundation made over 25 donations, totalling over £25,000 during the year.</li> <li>› The Group matches all donations made by the BM Foundation.</li> <li>› All staff are able to use a paid volunteering day.</li> <li>› The Group continued its partnership with the Kelly Holmes Trust in FY23.</li> <li>› Employees voted for two further charities to fund raise and support during the year.</li> </ul>
<b>Our environment</b>  <p>We are a responsible Group committed to improving our environmental and social impact.</p>	<ul style="list-style-type: none"> <li>› Continue to evolve our environmental procurement strategy and apply the waste hierarchy to all we do in our offices.</li> <li>› Our target remains to be net zero across all our operations by 2030.</li> <li>› Continue reducing our Tier 1 and 2 impacts.</li> <li>› Identifying Tier 3 data to target and outline any gaps.</li> </ul>	<ul style="list-style-type: none"> <li>› Reused office refurbishments and transferred excess furniture to other offices as part of our Wales office refurbishment.</li> <li>› Increased utilisation of our electric green car scheme where colleagues can reduce the cost of purchasing a car, whilst benefitting the environment.</li> <li>› Our overall energy consumption has remained within a 1% margin and our total greenhouse gas emissions have decreased by 7%.</li> </ul>

June 2023 'Speak Up'  
employee engagement score:

69

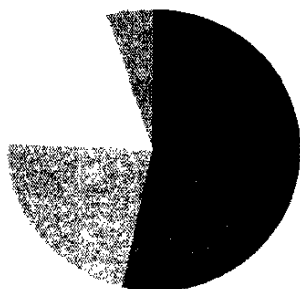
(FY22: 67)

June 2023 'Speak Up'  
employee response rate:

81%

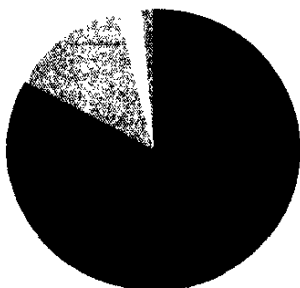
(FY22: 84%)

Number of employees by age  
(years) (as at 30 June 2023):



● 18-29	120	50-59	98
● 30-39	154	● 60+	27
✱ 40-49	113	Total	512

Number of employees by  
length of service (years)  
(as at 30 June 2023):



● Under 1 year	85	20-29 years	12
● 1-9 years	340	✱ 30+ years	7
✱ 10-19 years	68	Total	512

# Corporate responsibility report continued

## Our people

**At Brooks Macdonald we have an inclusive culture that inspires people to do their best work, build strong and valuable relationships, and enjoy themselves. We know that having a motivated and engaged workforce will lead to better outcomes for our customers.**

The aim of our people agenda is simple: to enable our strategy by attracting, engaging and retaining the best talent in the industry. We welcome talented people from all backgrounds who live and breathe our guiding principles and want to make a difference for our customers and their advisers.

Our Chief People Officer, Tom Emery, left the business at the end of the 2022 calendar year, and was replaced by Simon Broomfield in a new, expanded role of General Counsel and Chief People Officer. We remain focused on 'realising ambitions and securing futures', both for our customers and our people.

### Our culture

We are proud of the strong culture we have built at Brooks Macdonald. We know culture is a primary driver for attracting talent, and for achieving the right outcomes for our customers. As our business grows and evolves, we work hard to maintain the culture and values that are important to us.

### Guiding principles

Our guiding principles are at the core of our culture and set the standards for the decisions we make and the way we treat our customers, partners, and each other. Our values are absolutely non-negotiable.

The guiding principles form the foundation of our capabilities and performance evaluation frameworks. When recruiting, we assess candidates against our foundations to make sure

we recruit people who share our values. When we evaluate our people, we review performance against the foundations, not just against financial targets.

In November each year we celebrate our annual 'above and beyond' awards, nominated and voted for by our people. We present awards for each of our guiding principles, with our diamond award presented to the person who has shown outstanding and unwavering commitment to all four throughout the year.



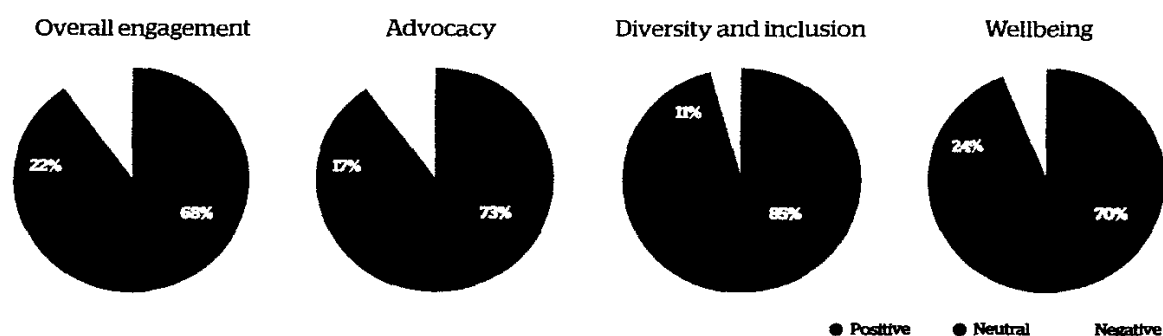
### Speak Up highlights

91% of our people completed our most recent Speak Up survey in June 2023, compared to 84% in June 2022, and 74% in November 2021. This high level of engagement with the survey shows it is a trusted feedback channel that our people are comfortable using.

Our survey asks questions across a broad range of areas important to our people, including strategy, diversity, equity and inclusion ('DE&I'), leadership, wellbeing (including flexible working), autonomy and communication. It gives us insights into the overall engagement levels of our workforce, and the opportunity to obtain both quantitative and qualitative data.

### Engagement with our people

June 2023 Speak Up score - 69 (+2 from June 2022)



The results show continued strong engagement across the Group. Particularly pleasing are the results for DE&I across the Group, which show that 85% of our people responded positively, and only 4% reported negatively on diversity and inclusion in our organisation. There are some variances between individual business and functional scores but no pronounced differences. The survey continues to illustrate that what people love most about working at Brooks Macdonald are the people and the culture.

We produce individualised reports for each business area so that individual managers can focus on the areas pertinent to their people. This allows us to gain further insight and put in place robust actions to improve engagement in each area.

### Leadership development

We know that our people leaders set the tone and drive the culture. We focus leadership skills on three core areas: leading the business, leading others, and leading self.

We have continued our leadership development programme, 'your team at its best', which was originally rolled out during 2022. 'Your team at its best' is a leadership development programme that aims to support all people leaders. The programme focuses on:

- › **What it means to be a leader at Brooks Macdonald**  
alignment to our vision, guiding principles and leadership development framework, plus the latest theory and insights.
- › **How to ensure your team is at its best everyday**  
conscious role modelling, inspiring trust, ownership and responsibility, resilience, and personal/team development.
- › **Processes and procedures**  
everything leaders need to know and where to find it, the culture of performance management, and signposting of further support.
- › **Live examples and practice sessions**  
bringing to life key learning using 'live' examples in break out groups.

The programme is in the form of a self-directed learning guide as well as facilitated face-to-face training.

In addition, our 'your team at its best' community provides support through insights, discussion, and best practice for all leaders, using the Microsoft Teams platform. We hold 'your team at its best' group sessions periodically so that all new leaders joining the organisation experience the same development programme. This helps us to maintain a consistent approach to leadership across our business.

We are committed to developing the leadership capability of our people, developing high performing teams, and a high performance culture, whilst maintaining a psychologically safe and inclusive team environment. We focus on effective coaching for leaders, which research suggests is a key element of effective leadership.

### Talent and development

Nurturing our employees to reach their full potential is central to our success as a business and a clear focus of our people strategy.

On an annual basis, we assess the potential of our senior employees and ensure development plans are in place for all. We invest in our talent in several ways, including apprenticeships, flagship development programmes, coaching and various industry events. We foster a culture of on-the-job learning and empower people managers to support the personal development of their people.

Last year we introduced 'at our best', a performance management framework that focuses on nurturing a coaching culture for high performance that encourages everyone to be at their best. The framework provides a flexible tool focused on more regular quality conversations and better access to personal development tools for all our people to use. The key elements of the 'at our best' framework are our foundations, and the group capability framework, which are based on our guiding principles. The performance of our people is measured against these foundations, and our managers are held accountable for investing time and focus into the leadership and growth of their teams.



'At our best' works together with 'your team at its best' and forms the basis of ongoing performance conversations, as well as performance evaluation and talent mapping.

We recognise the value in taking on talented people at the beginning of their careers and our emerging talent programmes are central to our aim of realising ambitions and securing futures. Graduate and trainee programmes have long been recognised as a great way of bringing in diverse, high-potential talent that can contribute to the commercial performance of a firm and will support the development of our emerging talent pipeline.

# Corporate responsibility report continued

## Investment 20/20

One of the ways we develop our emerging talent is through our successful partnership with Investment 20/20 where, to date, we have successfully recruited over 40 trainees since 2019. A number of these trainees have since taken up full time positions in a variety of roles across the company, including technology, risk and compliance, finance, and investment management.

Trainees join the Company on an initial 12 month, fixed term contract. During this time, they are assigned to a specific business area and gain the key skills required to carry out their role. They also attend several events hosted by Investment 20/20 designed to help build and develop wider industry knowledge.

The premise of the scheme is to encourage people from wider socio-economic backgrounds to consider a career in wealth management. For school leavers, a traineeship presents an opportunity to explore an alternative route to university. For Brooks Macdonald, the benefits of taking trainees allow for greater diversity at entry level roles, as well as the opportunity to develop young people with no prior experience and making a positive contribution to the wider community.

## Graduate trainee programme

In January 2022, 10 graduate trainees started with Brooks Macdonald. As part of our recruitment strategy, we partnered with Investment 20/20 to ensure we continue to recruit from diverse, socio-economic backgrounds. As a firm, we are committed to improving both demographic and cognitive diversity of future recruits and breaking down barriers in the wealth management industry. All 10 remain with the firm.

Building on the success of our 2022 graduate trainee intake, we launched our new graduate recruitment programme in January 2023. Our application process was designed to remove as much bias as possible from the selection process and to align fully with our guiding principles and Group capability framework. We used a video application process, on the Modern Hire platform, and engaged Thrive to provide psychometric testing. We sought to recruit graduates in our Marketing, Research, Risk and Compliance, and Investment Management teams, and had more than 400 applicants across all graduate roles. Our new graduates joined in September 2023.

## Gender pay gap

In April 2023, we published our gender pay gap report, which reflected the remuneration paid to our UK-based employees within the reporting period up to 5 April 2022.

The hourly pay gap and bonus pay gap metrics measure the difference in the average earnings of men and women across all roles. It is not an equal pay comparison, which would compare the earnings of men and women doing the same or similar value work.

Our gender pay gap report showed marginal improvement in some metrics and our deeper analysis provides certainty that men and women are paid equally for performing equivalent work. However, the difference between average (median) remuneration for men and women remains. This results from the under representation of women in higher paid, client facing roles. This is an industry wide issue in wealth management, and addressing it remains a significant challenge.

## Diversity, Equity and Inclusion ("DE&I")

At Brooks Macdonald, we aim to nurture a culture that values and supports our people and their views, regardless of their background. We are committed to creating a culture that is inclusive by design, in which the diverse perspectives, experiences and backgrounds of our people are valued and our people are free to be creative and dynamic.

Currently, two out of seven of our Group Board are women and we have three women out of ten on our Executive Committee. Across senior management as a whole, 69% are male and 31% are female.

We have a suite of policies to support nurturing an inclusive culture, including:

- Domestic abuse;
- Menopause at work;
- Mental health at work;
- Dignity at work;
- Gender transitioning guidance; and
- Family leave to include miscarriage still birth, abortion and babies born prematurely or with health issues.

To support our continued commitment to gender diversity and reducing our gender pay gap, we offer enhanced parental and adoption leave, supporting this with six months full pay.

We are fortunate to have amongst our people a number of very active and passionate advocates for diversity, equity and inclusion. We continue to meet with our DE&I group to gain different views, insights and feedback and have celebrated several DE&I events across the financial year. We still have lots more to do as a business and within the industry, but we aim to make diversity, equity and inclusion central to everything that we do so that we are inclusive by design.



We continue to partner with organisations that help to break down barriers, promote social mobility, and provide greater representation of marginalised groups in our industry. Over the last financial year, we have partnered with:

- › LGBT+ Great,
- › City Hive,
- › #10000blackinterns,
- › Investment 20/20,
- › EY Foundation,
- › Girls Are Investors ('GAIN'),
- › Employers Initiative on Domestic Abuse,
- › Neurodiversity in Business,
- › Talking Talent, and
- › Women in Finance Charter

See our case study on the recent progress and work the DE&I group have carried out on page 61

### Flexible working and wellbeing

We take a flexible approach to working, which we see as an important factor in attracting and retaining the best talent, and a key enabler to improving diversity, equity and inclusion.

We are focused on empowering our leaders and our people to work in the way that enables their teams to be at their best, to deliver the best possible service for our clients, and ensure our people are provided with opportunities for learning, collaboration and innovation.

### Recognising and rewarding our people

To support our people to give their best and recognise their changing social responsibility, wellbeing and flexible working needs, we continue to review our total rewards offering. We have continued to invest in our personal development budget to support all our people in exploring their personal growth and skills improvement. We are currently exploring new ways to enhance our package of benefits, with a particular focus on DE&I, and hope to be able to announce further changes soon.

Our 2023 Sharesave scheme was launched in April and saw over half of the company's eligible employees (51%) take up the offer. This was an amazing participation rate which enables a significant proportion of our people to participate in the success of the business.

Currently, our flexible benefits package offers a wide range of benefits including:

- › Pension;
- › Minimum 27 days' holiday with the option to purchase additional days;
- › Enhanced family leave benefits (maternity, paternity, shared parental leave, adoption leave);
- › Private medical cover;
- › Income protection insurance;
- › Critical illness cover;
- › Life assurance;
- › Electric car scheme;
- › Discounts on products and services;
- › Personal development budget to learn new skills not related to work;
- › Cycle to work scheme, and
- › Sharesave scheme.

We make sure the pay we offer to all our people is fair and competitive by conducting rigorous annual benchmarking and having a clear understanding of the contribution each of our people makes. New roles are benchmarked as they come up, and salaries and total compensation for all roles are benchmarked as part of our annual pay review process.

Our discretionary bonus scheme plays a key role in enabling our business to attract, engage and retain our people. Its design considers regulatory best practice for firms in our sector, the financial performance of our business in the year, our values and guiding principles, and delivering the right outcomes for our customers.

Alongside our pay and benefits offering, we also foster an environment in which both individual and team successes are celebrated, and achievements are recognised.

# Corporate responsibility report continued

## Our community

### Charity

We are committed to supporting the communities that our customers and people live and work in. This year, the Brooks Macdonald Charity Committee was set up to focus our charitable efforts, to help us make a real difference to certain charities that have a clear link to our guiding principles – to care, do the right thing, stay connected, and make a difference. Following personal nominations from employees and a vote across the Group, the chosen charities for FY23 were The Trussell Trust and Women's Aid.

The BM Charity Committee, made up of representatives from across the Group, meets every month to oversee BM's corporate charity donations, and to shape an exciting calendar of events to help fundraise for our chosen charities. Recent BM charity fundraising events have included the Standard Chartered Great City Race and a walk along the Dorset coast.

In addition, the Group's employees can donate to charity through the BM Foundation, which is funded primarily by employees' Give As You Earn ("GAYE") donations through payroll. Anyone at BM can apply to the BM Foundation for a one off donation to a charity of their choice, meaning we can support all types of amazing causes and organisations. The BM Foundation was established in 2010, with the entire board of trustees being employees of the Group. The BM Foundation has made charitable donations of just over £329,900 since being founded. The Group also makes ad hoc donations to the BM Foundation throughout the year.



### Community

We support giving back to causes that are important to our people. Everyone at Brooks Macdonald can take one paid day away from work to undertake volunteer work in the community or for charity. We can use our day to support any cause that's important to us or to take part in a Brooks Macdonald charities event.

In June, our Guernsey team volunteered with La Societe Guernesaise, cleaning up their local beach and filling up multiple bin bags with rubbish.

Our International team also hosted the Cancer Research UK Jersey annual charity golf day and were overwhelmed by the support of colleagues, clients and finance industry peers, with the event raising an amazing £30,000 for charity.





## Diversity, Equity and Inclusion group

The last few years have seen a great amount of growth and progression, driven by the Group's internal DE&I group.

The working group has seen the business sign up to a number of different charters to help aid and improve inclusion for its employees, customers, and future recruits. The DE&I group are pushing forward and addressing areas of weakness, always looking to do more and promote inclusion at the core of the business. The latest motto reflects this, "Inclusive by Design", showing commitment to placing DE&I as a matter of importance in all business decisions.

The last 12 months have seen a number of employee-run events which support this. Black History Month has become a pivotal point in the calendar, with members of the black, Asian and minority ethnic ("BAME") employee resource group ("ERG") organising the theme - "Time for Change: Action Not Words" - which centred around allyship for the black community.

The DE&I group further brought people together to learn more during the year, through social visits and promotion of available visits to further education and connection, with the BAME ERG visiting the Black Cultural Archives to learn about black heritage in Britain.

Pride month also holds a prominent feature, encouraging and supporting LGBTQ+ persons within our industry. The Group heard from multiple speakers during the year, who proudly represented and explained the importance of inclusivity within financial services, and the real-life benefits of being a front runner in this area.

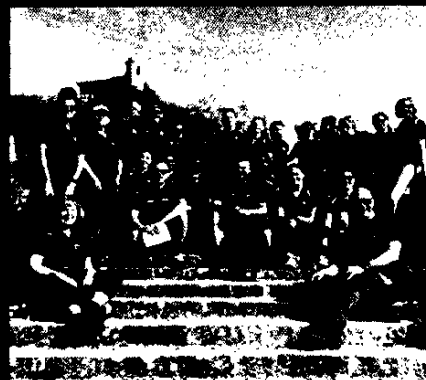
Ensuring we encourage participation and promote inclusion properly - versus falling foul of performative allyship - is a hot topic on the DE&I agenda. We continue to have open and honest discussions to further improve on our position within the industry, and for our employees, the heart of our business.



## Charity event: Jurassic Coastal walk

The Group's Charity Committee are always looking at fundraising events for the Group and the employees, and one of the events held during the year was the Jurassic Coastal walk. There were two options for the walk, 12 or 21 miles and it was a great event to provide fresh air and exercise, conversation amongst colleagues from all locations and take in the beautiful Dorset coastline - all while raising money for the Group's carefully and thoughtfully selected charities - The Trussell Trust and Women's Aid.

During the walk, the BM ramblers of all abilities faced varying hiking conditions, with steep climbs, sharp descents, stream crossings, the notorious "dancing ledge" and a mix of weather conditions, from bright sunshine to thunderstorms. The views along the walk were breathtaking, and at times, it was mentally and physically tough, however it also brought to light how much resilience everyone had, and the brilliant teamwork resulted in strong new bonds being built across the Group, all while raising much needed funds for the two charities.



# Corporate responsibility report continued

## Our environment

**We are committed to improving our environmental and social impact and we continue to build our understanding in this field and to review our methods, to make sure they are the best they can be. Our focus is on encouraging emissions reduction and bringing about behaviour change; we only look to offset emissions as a last resort.**

Our target remains to be net zero across all our operations by 2030. By the end of 2023, we will set out a clear plan for how we will achieve this, which will include our short-term and long term greenhouse gas ("GHG") emission reduction goals. These goals will provide the direction and prioritisation needed to accurately calculate our emissions.

Our progress toward our GHG reduction targets will be tracked and communicated through annual public reporting, aligned with Article 4.9 of the Paris Agreement.





### Sustainable procurement

Over the last few years, we have ramped up our efforts to ensure we can meet our target of 90% renewable energy by 2024, and we are now scrutinising our supply chain. We have a choice about the businesses we partner with, and we choose only to work with suppliers who have ethical business practices that support ours.

To ensure this is the case, and that we are minimising those emissions we are indirectly responsible for across our value chain, we have introduced an enhanced matrix for all departments to follow as part of the onboarding of new suppliers or contract renewal of old ones.

So how are we doing?

### Environment enhancements 2021 - 2023

Workspace	Engagement	Wellness	Resources
			
<ul style="list-style-type: none"> <li>Holistic, enhanced workspaces that support different workstyles.</li> <li>Minimised environmental impact from office fitouts with solvent free paints and cradle to grave furniture reusing and repurposing of old furniture and surplus donated to charities.</li> <li>Serviced offices for small teams to provide a complete working environment without the hassle of managing the office spaces and facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Cycle to work scheme.</li> <li>Electric car scheme.</li> <li>Fairtrade and locally sourced produce.</li> <li>Sustainable interest group.</li> <li>Chemical free cleaning.</li> <li>Family day in the office (launched in 2022).</li> <li>We are working with an external provider to set out short term and long term greenhouse gas ("GHG") emission reduction targets by year end 2023 providing a pathway to achieving our operational net zero target.</li> </ul>	<ul style="list-style-type: none"> <li>Biophilia to improve the air and reduce stress in the workplace.</li> <li>Contemplation rooms for relaxation, meditation and prayer.</li> <li>Inclusive office signage including braille pictures and colours to assist those with sight and neurodiversity challenges.</li> <li>Twelve trained mental health first aiders on hand to support colleagues across the Group.</li> <li>Enhanced air quality management.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced, measurable procurement strategy.</li> <li>Supplier and contract management.</li> <li>ESG governance ongoing.</li> <li>Printers default double-sided, black and white.</li> <li>Recycling and recycled products.</li> <li>Removal of single use plastic.</li> <li>Sustainable merchandising for clients which is proving an enjoyable conversation starter.</li> </ul>

## Our property and workplaces

Our property strategy undergoes an annual review and is continually updated to safeguard the health, safety, and welfare of colleagues, as well as considering the bigger picture and the future view in terms of environmental credentials.

We have grown to 15 offices across the UK and Crown Dependencies. All our offices are designed to provide colleagues with a variety of options to match various work styles and set the stage for higher engagement and productivity. We want our workplaces to cater to everyone's wellbeing, which is why each office includes a choice of working styles for quiet focused work, collaboration spaces, biophilia, a space away from the desk to eat, and places to relax. We have also consciously sought out office spaces that not only successfully safeguard the health, safety, and welfare of colleagues, but also cater to potential team expansion and our environmental goals.

When choosing where our offices should be based, on top of the office space itself, we also consider other key requirements such as accessibility, good public transport links, being at the heart of a community, and options to shop locally, exercise, and build relationships with local businesses and the wider community.

Occupying serviced offices has significantly reduced the amount of moving and clearing out we must do, and we continue to work with charities and companies to repurpose any old office furniture, helping to cut down on waste and giving back to the local community.

### Why serviced offices?

Environmentally serviced offices with shared spaces reduce the built environment impact, and 66% of our office portfolio space is now in serviced space. Individual businesses with individual suppliers and services creates more time, travel and cost and has a direct impact on the total amount of energy used.

Our colleagues no longer need to navigate areas like maintenance, reconciling multiple bills, completing assessments, ordering supplies, cleaning etc. Social interaction is also a key component as landlords organise and celebrate special days such as World Earth Day and the Coronation.

Additional services and facilities offered by serviced offices include, but not limited to

- › Shower facilities for cycling to work - high end gym quality service;
- › Gyms;
- › Golf simulators;
- › Terraces to relax and provide outside space; and
- › Wellbeing talks around topics such as nutrition, designed to boost employee mental health and wellbeing

## Our office movers and shakers in the last year

- › Cardiff refurbishment - minimised impact on the team, and 60% of the furniture reused and refurbished
- › Bury St Edmunds renewed and reviewed, with excess furniture transferred to Cardiff
- › Guernsey office relocation to a newly refurbished building reducing the space by more than 50% with a living wall and space to relax and come together as a team.
- › We welcomed Adroit in Manchester moving them into our Broom building there. It was great to see them hold an event in their new space too.
- › We also welcomed Integrity, based in Nuneaton, bringing their office up to our health and safety ("H&S") and wellbeing standards, with ergonomic chairs, an efficient, safe technology upgrade, relaxed spaces with soft furnishings, and all furniture refurbished or nearly new

# Corporate responsibility report continued

## Reduce, reuse, recycle

Traditionally in office refurbishments office furniture has often been treated as a short term disposable item. However, we are now integrating reuse and recycling into all office refurbishments to deliver improved working environments, alongside costs savings. Any budget made or saved is then diverted to create better meeting, break out or relaxation areas.

Where possible, we recycle and recirculate office furniture within our own network. When clearing redundant items from an office, we prioritise reuse and avoid stripping out existing finishes and furniture, as this is less wasteful and contributes towards our environmental goals.

When moving offices, we review all items with a view as to how they can be reused or repurposed. In recent refits, we have donated furniture and equipment to schools, charities, and social enterprises through our partnership with Clear Environment. This not only benefits the recipients, but also contributes to our corporate social responsibility agenda.

For incoming tenants, we negotiate the sale of our existing furniture and fittings for a donation to our charity – the BM Foundation. If we must buy new materials, we prioritise carbon neutrality and make sure we use the most sustainable products available, with long life cycles, made from reclaimed and reused materials.

## Energy

As a business, we continue to assess our impact on the environment with a view to mitigation or reduction, where possible. Our main environmental impacts are energy related emissions from our network of offices in the UK and Crown Dependencies, and from employee travel – as we have come out of the pandemic this has increased but not to pre pandemic numbers.

In line with the Streamlined Energy and Carbon Reporting ("SECR") legislation, Brooks Macdonald is required to report its energy consumption and greenhouse gas emissions arising in the UK. In addition to disclosing mandatory Scope 1 and 2 sources of energy and emissions (those relating to our direct and indirect emissions), we have also willingly disclosed some Scope 3 that are related to our value chain.

## Energy efficiency

In the last year our overall energy consumption has remained within a 1% margin, despite our return to work ramping up and our total greenhouse gas emissions have decreased by 7%. The distribution of the consumption has slightly changed along with the greening of the national grid resulting in a slight variation of Carbon Dioxide equivalent. Our Cardiff office has moved to biogas which is better for the environment because the carbon in biogas comes from plant matter, so its production is carbon-neutral and does not add to greenhouse gas emissions.

We have used the same turnover as last year for reporting purposes.

“ You are the largest company that not only recycles their furniture through us but purchases it from us – living and breathing the circular economy. ”

**Richard Ryll**  
Clear Environment

Source of energy and emissions	Energy consumption (MWh)		GHG Emissions (tCO <sub>2</sub> e)	
	2023	2022	2023	2022
<b>Measured Scope 1 emissions<sup>1</sup></b>				
Combustion of natural gas	89.6	90.5	16.3	16.6
Combustion of biogas	22.1	-	-	-
<b>Scope 1 total</b>	<b>111.7</b>	<b>90.5</b>	<b>16.3</b>	<b>16.6</b>
<b>Measured Scope 2 emissions<sup>1</sup></b>				
Generation of purchased electricity	508.5	556.0	98.3	118.1
of which from renewable supplies	484.6	534.3	-	-
<b>Scope 2 total</b>	<b>508.5</b>	<b>556.0</b>	<b>98.3</b>	<b>118.1</b>
<b>Measured Scope 3 emissions<sup>2</sup></b>				
Combustion of fuel in staff vehicles (category 6)	261.8	239.2	65.5	58.8
<b>Scope 3 total</b>	<b>261.8</b>	<b>239.2</b>	<b>65.5</b>	<b>58.8</b>
<b>Gross total</b>	<b>882.0</b>	<b>885.7</b>	<b>180.1</b>	<b>193.5</b>
<b>Carbon offset projects</b>			<b>(7.0)</b>	<b>(5.9)</b>
<b>Renewable supplies</b>			<b>(93.7)</b>	<b>(113.4)</b>
<b>Net total</b>			<b>79.4</b>	<b>74.2</b>
Intensity per 1,000 m <sup>2</sup> gross floor area	200.2	185.4	18.0	15.5
Intensity per £m turnover	7.2	7.3	0.7	0.6

<sup>1</sup> The Scope 1 and 2 data shown above is measured through invoices provided by our energy suppliers with minor estimations made due to the availability of data from a small number of these suppliers.

<sup>2</sup> Our Scope 3 data currently depicts the emissions produced as a result of fuel consumption in employee vehicles and as part of our strategy and improving procurement process, we are considering additional measures in order to capture and monitor data relating to further Scope 3 emissions in categories 3 to 6.

## Utility calculation

Where possible, energy consumption expressed in kilowatt hours has been taken from suppliers' invoices, and in the absence of invoices, estimates have been made. Estimates used equate to approximately 2,132 kWh less than 1% of the total consumption. The electricity supplies that have been estimated are all from carbon neutral sources and so have no impact on the Company's carbon footprint. One natural gas site has 2,604 consumption data estimated (3% of the total). Biogas sites also has a minor assumption of 1,755, which is 8% of that sites total. The energy consumption from electricity and natural gas consumption has been multiplied by locally based kgCO<sub>2</sub>e/kWh conversion factors for the average UK grid supply to calculate the gross location based greenhouse gas emissions. 88% of energy supplied is from carbon neutral contracts. The emissions from these supplies have been deducted to show the net market based emissions.

## Transport

Some members of staff use their personal vehicles for work related purposes and are reimbursed through mileage claims. The fuel type and size of the vehicles' engines are recorded when submitting the claims enabling 99% accurate calculations. The kWh/mile and kg CO<sub>2</sub>e mile conversion factors from the category 'Cars (by size)' have been used to calculate greenhouse gas emissions and underlying energy use.

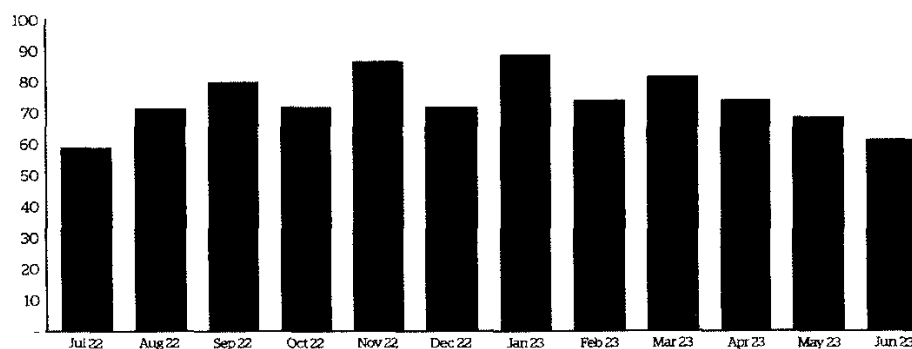
The green car salary sacrifice scheme enables colleagues to access Ultra Low Emission Vehicles ("ULEVs"), which has had 23 employees take it up since it was launched.

## Other fuels and emissions

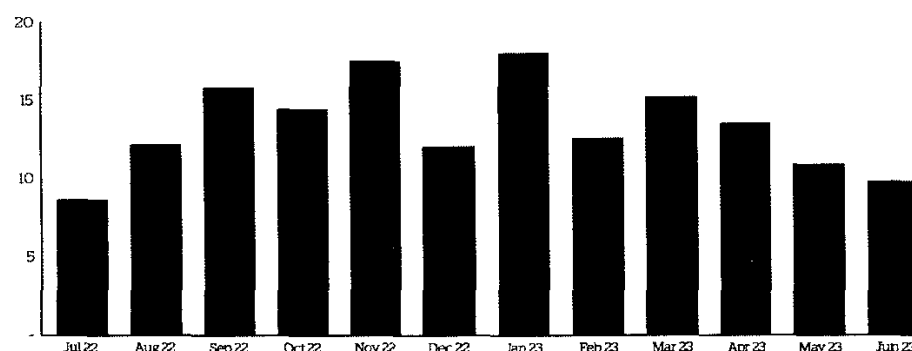
No other fuels are used by the Group. Air conditioning maintenance records did not contain any instances of refrigerant leaks during the reference period.

# Corporate responsibility report continued

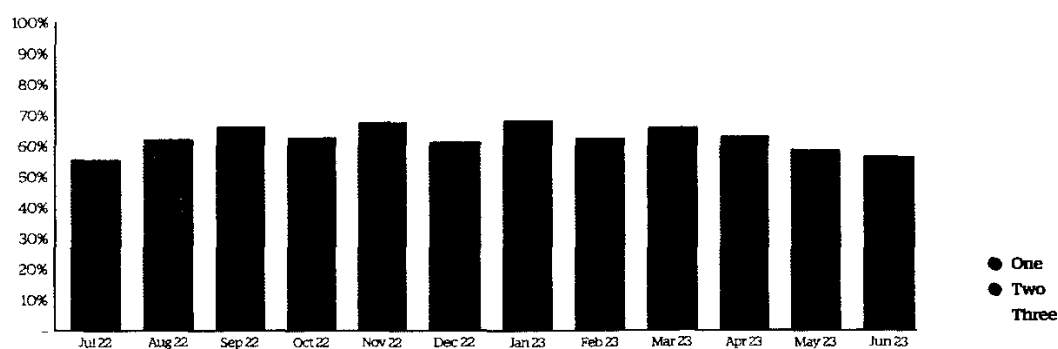
**Total energy consumption per month (MWh)**



**Total greenhouse gas emissions per month (tonnes CO<sub>2</sub>e)**

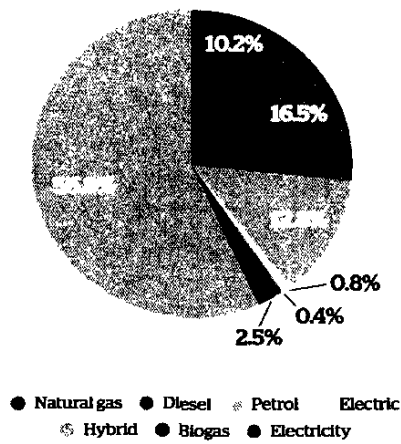


**Distribution of monthly emissions by scope**

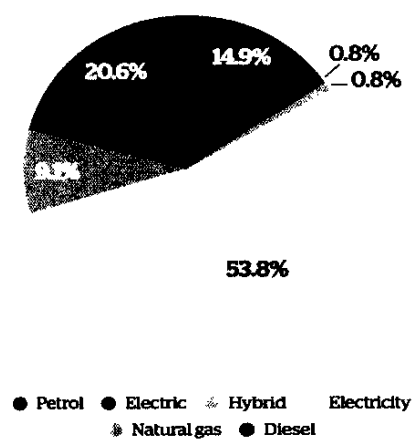




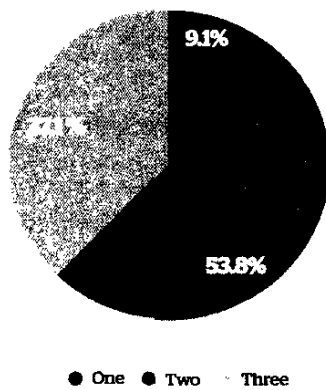
Distribution of annual energy consumption by fuel



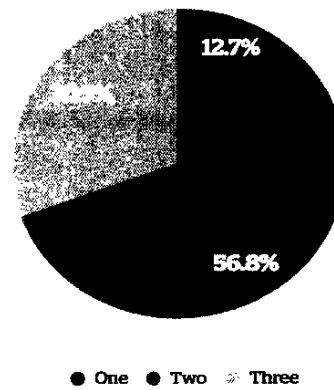
Distribution of annual emissions by fuel



Distribution of annual emissions by scope



Distribution of annual energy consumption by scope

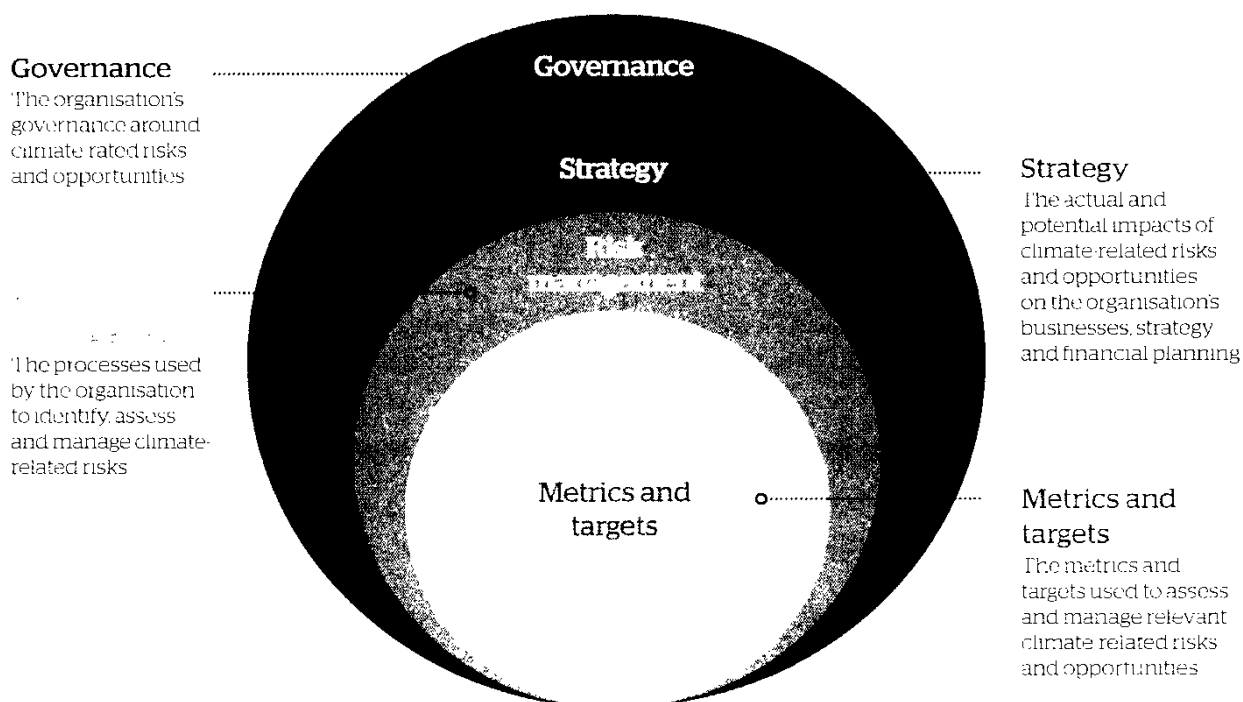


# Task Force on Climate-related Financial Disclosures report summary

As a Group, we recognise the impact of climate change on the world around us and are committed to help tackle climate change, through our investment management approach, operations and supply chain. We are supportive of the UK Government's initiative in driving net zero requirements for firms such as Brooks Macdonald. In outlining our commitment to these requirements we have published our first report in line with the recommendations from the Task Force on Climate-related Disclosures ("TCFD"). The Task Force is a group convened by the Financial Stability Board with the goal of producing a global framework for companies to report how climate change will impact their businesses.

Our inaugural report sets out the Group's approach to climate related governance, including how climate risks and opportunities are considered in our decision making processes. We look at the impact of climate-related risks and opportunities on our business strategy and outline our risk management approach, including how we identify, assess and manage climate related risks. Lastly we discuss how we measure and track the carbon footprint of our business, setting out data on our emissions over the past year. We look at both our investment activities and our operations, as we believe that having the right approach in each of these areas is key to building a sustainable model for the future.

## Pillars of the recommended climate-related financial disclosures



In each section of the report, we outline our evolving approach to the integration of climate-related risks and opportunities into our investment and operational processes. We have made progress in understanding and assessing our exposure to climate-related risks and opportunities, and in developing our climate strategy, and we expect to continue making enhancements to our approach as we engage with our stakeholders and build our expertise and incorporate advancements in climate science, disclosure standards and best practice. The information presented in the report will be enhanced in the future as the quality and completeness of our data and methodologies continue to improve.

We believe that integrating climate considerations into our operations and investment processes is not only necessary for long-term value creation but also essential in safeguarding the interests of the broader communities in which we operate.

To see our full TCFD report and detailed approach on climate-related matters within the Group, please visit our website. The standalone detailed report is built around the four key pillars of governance, strategy, risk management and metrics and targets. The key disclosures and updates from the report are included below.

## Governance

Description	TCFD recommended disclosure	Key information	Further information
Disclose the organisation's governance around climate-related risks and opportunities	<p>a. Describe the Board's oversight of climate-related risks and opportunities</p> <p>b. Describe management's role in assessing and managing climate-related risks and opportunities</p>	<ul style="list-style-type: none"> <li>• The Board is ultimately responsible for identifying and responding to all forms of climate-related risk and opportunities which may impact the firm's business strategy and financial planning.</li> <li>• The Board has delegated overall responsibility for the delivery of the Group's strategy to the Group CEO. The CEO and Executive Committee are responsible for the day-to-day management of Brooks Macdonald and have ultimate responsibility for the integration of climate risks and opportunities across the business, and for bringing climate-related matters to the Board.</li> <li>• The Executive Risk Management Committee ("ERMC") has responsibility for ensuring the effective management of risk throughout the group, in line with the risk appetite and risk management framework approved by the Board.</li> <li>• The Investment Committee ("IC") establishes and oversees the execution of the firm's responsible investment policy, which includes climate-related considerations and is updated on an annual basis.</li> <li>• The COO Management and Risk Committees are responsible for oversight of ESG and climate-related risks and opportunities in the Group's operational activities. The COO Risk Committee also maintains oversight of reported incidents relating to climate and environment.</li> </ul>	<p>TCFD report Governance</p> <p>Board and Committee structure on pages 78 to 81.</p> <p>The Board of Directors and Executive Committee on pages 82 to 85.</p>

# Task Force on Climate-related Financial Disclosures report summary continued

## Strategy

Description	TCFD recommended disclosure	Key information	Further information
Disclose the actual and potential impacts of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<p>a. Describe the climate related risks and opportunities the organisation has identified over the short, medium, and long term</p> <p>b. Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning</p> <p>c. Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios</p>	<ul style="list-style-type: none"> <li>The greatest impact to Brooks Macdonald from climate risks is to our investment portfolios</li> <li>The Group has identified the risks and opportunities according to TCFD typology, and has assessed the breakdown of the risks and opportunities to Brooks Macdonald, estimated likelihood of them taking effect, over which time horizons and the estimated significance to our business</li> <li>The climate related risks identified have been split into the following two groups <ul style="list-style-type: none"> <li>Transition risks, policy and legal, market, technology and reputational risks</li> <li>Physical risks, acute and chronic risks</li> </ul> </li> <li>The climate related opportunities considered have been split into five sources: products and services, resource efficiency, markets, energy source and resilience</li> <li>Our response to climate related risks across our Group operations involves measures to improve environmental practices</li> <li>Our response to climate related risks and opportunities in our investments involves embedding climate related considerations into our Centralised Investment Process and offering a Responsible Investment Service</li> <li>Our approach to net zero is in development, across our operations and investments</li> <li>We have conducted initial BM Group climate scenario analysis, exploring the potential impacts of three climate scenarios on our investments</li> </ul>	<p>TCFD report, Strategy</p> <p>Our strategy section on pages 24 and 25</p> <p>Marketplace assessment on pages 10 to 13</p> <p>The Group Centralised Investment Process on pages 16 and 17</p>

## Risk management

Description	TCFD recommended disclosure	Key information	Further information
Disclose how the organisation identifies, assesses, and manages climate related risks	<p>a Describe the organisation's processes for identifying and assessing climate related risks</p> <p>b Describe the organisation's processes for managing climate related risks</p> <p>c Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management</p>	<p>› Progress has been made in embedding climate risk within our existing risk management framework, with further enhancements planned over the next 12 months</p> <p>› The Group assesses the climate risks faced by the business on a six monthly basis by using our 'top down' and 'bottom up' risk map ('TDRM' &amp; 'BURM') assessment process</p> <p>› Our strategy for managing climate related risks within our investment activity centres around, embedding climate related risks into our wider ESG integration approach, engagement activities and voting activities</p>	<p>TCFD report Risk management</p> <p>Risk management on pages 12 to 47</p> <p>Risk and Compliance Committee report on pages 112 to 115</p>

## Metrics and targets

Description	TCFD recommended disclosure	Key information	Further information
Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material.	<p>a Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process</p> <p>b Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks</p> <p>c Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p>	<p>› The Group uses various metrics to measure and manage the climate related impacts and risks of its investments, including weighted average carbon intensity, financed emissions, financed emissions per M\$ invested, fossil fuel exposure, temperature alignment and net zero alignment. These are informing progress towards setting climate related targets</p> <p>› The Group has also disclosed its emissions produced through its own operational activities. These are disclosed in the full report, as well as our Corporate responsibility report on pages 65 to 67. This data will allow us to set emission based targets on our journey to achieving net zero in our operations by 2030</p>	<p>TCFD report, Metrics and targets</p> <p>Our environmental impact on pages 62 to 67</p>

# Corporate governance

An introduction to our Board of Directors, Executive Committee, and our approach to Corporate governance and remuneration

Introduction to Corporate governance	74
Board overview	76
FY23 Company timeline	76
Consumer Duty project	77
Board and Committee structure	78
Board of Directors	82
Executive Committee	84
Audit Committee report	86
Nominations Committee report	90
Remuneration Committee report	94
Risk and Compliance Committee report	112
Report of the Directors	116
Statement of Directors' responsibilities	118
Independent Auditors' report	120



# Introduction to Corporate governance

The Brooks Macdonald Board is committed to maintaining a strong governance framework to support our mission to protect and enhance our clients' wealth.

As such, the Board has responsibility for promoting the long-term strategy and success of the Group by providing leadership, shaping the Group's culture, and agreeing the risk appetite and the appropriate systems of control for risk management. The Board is also focused on ensuring that the risk and compliance framework is, appropriately embedded within the Group's day-to-day activities. The Board delegates the day-to-day management of the Group to the CEO, who is supported by an Executive Committee. Refer to pages 84 and 85 for the composition of the Executive Committee.

As well as having operational oversight of the Group's day-to-day activities, the Executive Committee focuses on the formation and implementation of the Group's strategy and makes decisions that are not otherwise reserved for the Board. The Executive Committee meets regularly, with a mixture of formal and informal scheduled meetings, together with ad hoc meetings as required, such as in relation to the completion of the transition to SS&C platforms and systems as part of the digital transformation project.

The Group's Board and Committee structure is detailed on pages 78 to 81, together with the biographies of Board and Committee members on pages 82 and 83.

The roles and responsibilities of each of the Committees, and the activities carried out during the year, are set out in the reports of the respective Committee Chairs. The Company Secretary also plays a role in ensuring that Board procedures are complied with, and applicable rules are followed.

The Board, on the recommendation of the Nominations Committee, considers that all the Non-Executive Directors are independent. While it can vary through the year, typically, the Company would expect each Non-Executive Director to devote around two days per month to the Group's business. All Board members are required to disclose any external positions or interests that might conflict with their directorship of Brooks Macdonald, prior to their appointment and, thereafter, on a continuous basis so that any potential conflict can be properly assessed. If any conflicts of interest do arise, then they can generally be managed by due process.

The Group follows the 2018 UK Corporate Governance Code ("the Code"). This report, together with the Report of the Directors and the Strategic report, describes how the Group has applied the principles and complied with the provisions of the Code, or sets out explanations of where the Group is not complying with the Code. A copy of the Code can be found on the Financial Reporting Council's website at [www.frc.org.uk](http://www.frc.org.uk).

Section of the Code	How Brooks Macdonald have applied the Code	Further information
Board leadership and company purpose	The Board seeks to promote the long-term sustainable success of the Company, setting out the Company's purpose, values and strategy and ensuring that these and the Company's culture are aligned.	Read more in our Strategic and Corporate responsibility report on pages 54 to 67.
Division of responsibilities	The Group Board, led by the Chairman, sits at the top of the Company's governance framework. The Board and its Committees have clearly defined roles, with the list of matters reserved for the Board and the Committees' terms of reference being available on the Company's website. The majority of the Board are independent Non-Executive Directors.	Read more in our Board overview on page 75 and Committee structure on page 78, plus reports of the Committees on pages 86 to 115.
Composition and effectiveness of the Board	The Nominations Committee oversees formal procedures both to evaluate the Board and to ensure its composition provides an appropriate balance of skills and experience. It also considers succession planning within the Group. The Company seeks to promote diversity at both Board and senior management level.	Read more about our Board composition on page 80 and Nominations Committee on pages 90 to 93.
Audit, risk and internal controls	The Board and its Committees oversee procedures and processes by which the Company manages the risks it is willing to take in order to achieve its long-term objectives. This includes ensuring the independence and effectiveness of the internal and external audit functions and monitoring the integrity of the Company's financial statements and formal announcements.	Read more about our Audit Committee on pages 86 to 89 and our Risk and Compliance Committee on pages 112 to 115.
Remuneration	The Board and the Remuneration Committee develop and oversee policies and practices that are designed to promote the Company's strategy and its long-term success, and to align the interests of senior management with those of the Company's shareholders.	Read more about our Remuneration Committee on pages 94 to 111.



# Board overview

The Brooks Macdonald Board is responsible for the Group's corporate governance system and is committed to maintaining a strong governance framework to support our mission to protect and enhance our clients' wealth. In order to achieve this, the Board meets on a regular basis. During the year to 30 June 2023, there were eight scheduled Board meetings and details of attendance at these is shown on page 80. In addition, further unscheduled meetings may be convened where necessary to consider matters that are time-sensitive in nature and cannot wait until the next scheduled meeting. Historically, subjects have included acquisitions and the Group's response to the COVID-19 pandemic.

## Board responsibilities and key decisions

Business performance	Financial performance	Acquisitions and disposals	Corporate governance	Other
<ul style="list-style-type: none"> <li>› CEO's report, including business performance</li> <li>› Chief Financial Officer's report</li> <li>› Chief Investment Officer's report</li> <li>› Chief People Officer's report</li> <li>› Committee Chairs' updates</li> </ul>	<ul style="list-style-type: none"> <li>› Annual and Interim Report and Accounts</li> <li>› Dividend payments recommendations</li> <li>› Budget and Medium-Term Plan</li> </ul>	<ul style="list-style-type: none"> <li>› Acquisitions of Integrity Wealth Solutions and Adroit Financial Planning</li> <li>› Partnership with SS&amp;C</li> <li>› Consumer Duty</li> <li>› TCFD</li> </ul>	<ul style="list-style-type: none"> <li>› Reviews of Committee terms of reference</li> <li>› AGM arrangements</li> <li>› SMCR regime</li> <li>› Board effectiveness review</li> <li>› Modern Slavery statement</li> <li>› ICARA review</li> </ul>	<ul style="list-style-type: none"> <li>› Strategy refresh</li> <li>› M&amp;A</li> <li>› Acquisition integration</li> </ul>

## Alignment with the Group's purpose and strategy

The Board monitors the Group's culture through regular reports from the CEO and the Chief People Officer to ensure this is aligned with the Group's purpose and strategy. In addition, we have a designated Non-Executive Director, who has responsibility for engaging with the workforce and who regularly holds meetings with different members of staff. Other Non-Executive Directors have also held informal meetings with employees from across the business to help the Board better understand the views of the Group's staff. The results of the Group's regular staff surveys are also reviewed and discussed at Board meetings. For further information on this, see 'How we engage with our stakeholders' on pages 50 to 53 and our Corporate responsibility report on pages 54 to 67 of the Strategic report.

## Induction and ongoing training for Directors

On appointment to the Board, new Directors are given a comprehensive induction programme. This allows them to familiarise themselves with the Group's business, policies and key issues. The induction programme is tailored to the individuals concerned and involves meetings with key individuals within the Group, as well as external advisers to the Company Peel Hunt LLP, the Group's NOMAD, also provide an overview of the Directors' responsibilities as a Board member of an AIM-listed entity.

Training is provided for Directors on an ongoing basis. During the year, the Board received training on the AIM rules and regulations, among other matters.

## External appointments of Directors

Directors are only permitted to take on external appointments with the approval of the Board. Such approval will only be given where the appointment will not impact on the Director's ability to devote sufficient time to their responsibilities with the Group. The Board did not consider that any new appointments taken on during the year raised an issue in this respect.

## Annual evaluation of the Board

The Board undergoes an annual evaluation of its performance. Further details of this are set out in the Nominations Committee report on pages 90 to 93.

# FY23 Company timeline

		Group Board meetings and topics
July 2022	<ul style="list-style-type: none"> <li>▶ <b>Transformation 2023: Agenda</b></li> </ul>	<ul style="list-style-type: none"> <li>› Q4 trading update</li> <li>› Transforming culture</li> </ul>
September 2022	<ul style="list-style-type: none"> <li>▶ <b>Announcement of acquisition of Amlin, Board meeting, Strategic update</b></li> </ul>	<ul style="list-style-type: none"> <li>› FY22 results, dividend and annual report</li> <li>› AGM arrangements</li> <li>› Operational resilience</li> </ul>
October 2022	<ul style="list-style-type: none"> <li>▶ <b>Group AGM</b></li> </ul>	<ul style="list-style-type: none"> <li>› Insurance</li> <li>› ICARA</li> <li>› Consumer Duty</li> </ul>
December 2022		<ul style="list-style-type: none"> <li>› ICARA</li> <li>› Modern Slavery statement</li> </ul>
January 2023	<ul style="list-style-type: none"> <li>▶ <b>First and last of the year, Strategic Group, Finance, Group and Agency, Group Chief Executive Officer, working to bring the business</b></li> </ul>	<ul style="list-style-type: none"> <li>› Q2 trading update</li> </ul>
February 2023	<ul style="list-style-type: none"> <li>▶ <b>Alan Gosselin, President, Chairman of the Group Board, Senior Independent Director, Richard Phipps appointed, Acting Chairman</b></li> </ul>	<ul style="list-style-type: none"> <li>› Interim Report and Accounts</li> <li>› International strategy</li> </ul>
March 2023	<ul style="list-style-type: none"> <li>▶ <b>James Phipps, Senior Independent Director, North-Western Director</b></li> </ul>	
April 2023		<ul style="list-style-type: none"> <li>› Consumer Duty</li> <li>› Strategy</li> </ul>
May 2023	<ul style="list-style-type: none"> <li>▶ <b>James Phipps, Senior Independent Director, North-Western Director</b></li> </ul>	
June 2023	<ul style="list-style-type: none"> <li>▶ <b>The appointment of Andrew, Chairman of the Board, Chairman and Chief Executive Officer, James Phipps, Chairman</b></li> </ul>	<ul style="list-style-type: none"> <li>› Medium-Term Plan</li> <li>› TCFD</li> </ul>

# Consumer Duty project

In July 2022, the FCA set out the final rules and guidance for a new Consumer Duty, which sets clearer and higher standards of consumer protection across financial services. In order to develop the necessary robust governance framework for the implementation of the new Duty and to embed the standards and expectations required, the Group appointed a Consumer Duty Champion and established a project steering committee to coordinate and deliver the project objectives across the business and drive a consistent approach. Regular reports were provided to the Board so that they could give their input and guidance, as well as providing any necessary approvals.

## 31 October 2022

The FCA set out the expectation that by the end of October 2022, the Board should have agreed its plans for implementing the Duty and be able to evidence that the plans have been scrutinised and challenged to ensure that they were deliverable and robust enough to meet the new standards of the Duty.

On 27 October 2022, an implementation plan was presented to the Board for review and challenge to ensure that the implementation work was being appropriately prioritised and that the new, substantive requirements were being embedded. It was noted that a gap analysis had been carried out against each new rule under the Duty. Key workstreams and milestones were identified, and internal and external dependencies set out. It was proposed that a Board champion be appointed to support the Chair and CEO in raising the Duty in all relevant discussions to challenge the Group's management of the implementation of the Duty. John Linwood was nominated as the Board champion.

## 30 April 2023

By 30 April 2023, manufacturers needed to have completed all the reviews necessary to meet the outcome rules for their existing open products and services so they could share with distributors to meet their obligations under the Duty and identify where changes needed to be made. As part of this, the Group developed a new due diligence toolkit, including a value assessment report, satisfying the requirement to share the necessary information with distributors. Drafts of these documents were provided to the Board in April for their comment. The Board commended those involved in the project for their endeavours, noting that their high-quality output would be beneficial for all of the Company's stakeholders.

## 31 July 2023

On 31 July 2023, for new and existing products or services that are open to sale or renewal, the Duty came into effect and became enforceable.

Prior to this deadline, the project established six workstreams to ensure that each of the four outcome areas of the Duty was addressed, that the Group could identify, monitor and evidence client outcomes and experiences, that the Group's culture and people strategies focused on delivering good consumer outcomes, and that all staff understood their responsibilities under the Duty.

Again, the Board were asked for their input and approval prior to the Duty coming into effect. As well as complimenting the team for their work up to this point, the Board highlighted the importance of continuing efforts post implementation to further embed the Duty across the business.

# Board and Committee structure

## The Board

The Board has responsibility for promoting the long-term strategy and success of the Group by providing leadership, shaping the Group's culture, and agreeing the risk appetite and the appropriate systems of control for risk management. The Board delegates certain responsibilities to the Committees shown below.

### Audit Committee

The Audit Committee assists the Board in meeting its responsibilities for the integrity of the Group's internal financial controls and its financial reporting. In particular, this involves reviewing and challenging the Group's accounting policies and significant judgement areas and the integrity of its financial reporting. It also provides oversight and monitoring of the internal and external audit functions and works in conjunction with the Risk and Compliance Committee to review the effectiveness of the Group's risk management framework and internal controls.

### Nominations Committee

The Nominations Committee is responsible for recommending Board and Committee appointments and reviewing the composition of the Board and the Board Committees to ensure they are suitably constituted, with an appropriate balance of skills, experience, knowledge and diversity. This includes conducting the annual Board effectiveness review. The Committee also monitors succession planning at the Group's leadership levels to ensure the Group's continued ability to implement its strategy and operate effectively. The Committee is also responsible for reviewing and recommending to the Board any material changes to the structure, size and composition of the Group's regulated subsidiary company boards.

### Remuneration Committee

The Remuneration Committee exercises independent judgement in the determination, implementation and operation of the overall Remuneration Policy for the Group. It provides oversight of the design and application of the Remuneration Policy and makes recommendations to the Board of the overarching principles for all Group employees, it ensures the Policy is consistent with the risk appetite of the Group and its strategic goals and it reviews and approves the remuneration policies and remuneration for the Executive Directors, members of the Executive Committee, Material Risk Takers and any other employees for whom enhanced oversight is either appropriate, or a regulatory requirement.

### Risk and Compliance Committee

The Risk and Compliance Committee assists the Board in meeting its risk management, regulatory, compliance and internal control responsibilities. In discharging these governance responsibilities, the Committee Chair liaises closely with the Chair of the Audit Committee to ensure a clear allocation of responsibilities between the two Committees, ensuring governance completeness across the risk landscape.

## Brooks Macdonald Group Board

### Current

Richard Price (Acting Chairman)<sup>1</sup>  
 Andrew Shepherd  
 Andrea Montague<sup>2</sup>  
 John Linwood  
 Dagmar Kershaw  
 Robert Burgess  
 James Rawlingson<sup>3</sup>

### Non-Current

Alan Carruthers (Chairman)<sup>4</sup>  
 Ben Thorpe<sup>5</sup>  
 Lynsey Cross<sup>5</sup>

- <sup>1</sup> Appointed as Acting Chairman on 7 February 2023
- <sup>2</sup> Appointed as Executive Director on 1 August 2023
- <sup>3</sup> Appointed as Non-Executive Director on 2 March 2023
- <sup>4</sup> Resigned as Chairman on 7 February 2023
- <sup>5</sup> Resigned as Executive Director on 19 January 2023

### Audit Committee

- › James Rawlingson (Chair)<sup>6</sup>
- › Richard Price
- › John Linwood
- › Dagmar Kershaw
- › Robert Burgess

### Nominations Committee

- › Richard Price (Chair)
- › John Linwood
- › Dagmar Kershaw
- › Robert Burgess
- › James Rawlingson<sup>7</sup>

### Remuneration Committee

- › John Linwood (Chair)
- › Richard Price
- › Dagmar Kershaw
- › Robert Burgess
- › James Rawlingson<sup>7</sup>

### Risk and Compliance Committee

- › Robert Burgess (Chair)
- › Richard Price
- › John Linwood
- › Dagmar Kershaw
- › James Rawlingson<sup>7</sup>

<sup>6</sup> Appointed as Non-Executive Director on 2 March 2023 and Chair of the Audit Committee on 3 May 2023

<sup>7</sup> Appointed as Non-Executive Director on 2 March 2023

## Executive Committee

Andrew Shepherd (Chair)  
 Caroline Abbondanza  
 Sarah Ackland<sup>8</sup>  
 Simon Broomfield  
 Robin Eggar

Richard Hughes  
 Alick Mackay  
 Andrea Montague<sup>9</sup>  
 Edward Park  
 Louis Petherick<sup>10</sup>

<sup>8</sup> Appointed 5 September 2022

<sup>9</sup> Appointed 1 August 2023

<sup>10</sup> Appointed 4 September 2023

# Board and Committee structure continued

## Table 1: Board and Committee structure

Position	Board (Max 8 Meetings)	Audit (Max 6 Meetings)	Nominations (Max 1 Meeting)	Remuneration (Max 4 Meetings)	Risk and Compliance (Max 5 Meetings)	Disclosure (Max 1 Meeting)
<b>Acting Chair</b>						
Richard Price	8	6	1	4	5	1
<b>Non-Executive Directors</b>						
John Linwood	8	6	1	4	5	-
Dagmar Kershaw	8	6	1	4	5	-
Robert Burgess	8	6	1	3	5	-
James Rawlingson <sup>1</sup>	2	1	1	1	1	-
<b>Executive Director</b>						
Andrew Shepherd	8	-	-	-	-	1
<b>Former Directors</b>						
Alan Carruthers <sup>2</sup>	5	-	-	-	-	1
Ben Thorpe <sup>3</sup>	5	-	-	-	-	1
Lynsey Cross <sup>3</sup>	3	-	-	-	-	-

<sup>1</sup> Appointed as Non-Executive Director on 2 March 2023

● Attended

⌘ Meetings

<sup>2</sup> Resigned as Chairman on 7 February 2023

<sup>3</sup> Resigned as Executive Director on 19 January 2023

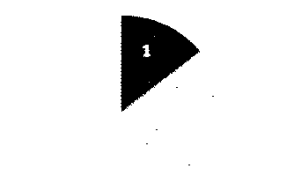
## Further information on the Board as at 30 September 2023

### Gender diversity



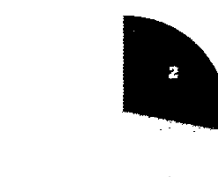
● Male  
● Female

### Independence



● Acting Chairman  
● Executive Directors  
● Non-Executive Directors

### Board tenure



● <2 years  
● 2-4 years  
● >4 years

# Board of Directors

## Chairman of the Board

### Role and responsibilities

- › Leading and managing the Board and is responsible for its overall effectiveness.
- › Setting the agenda, including discussion of issues of strategy, performance, accountability and risk.
- › Providing and promoting constructive challenge to management and facilitating the contribution of the Non-Executive Directors.
- › Setting clear expectations on culture, values and behaviours.
- › Performance evaluation of the Board and CEO.

## CEO

### Role and responsibilities

- › Leading the Group and day-to-day responsibility for running the Group's business.
- › Developing, recommending and executing strategies and strategic priorities.
- › Maintaining relationships with shareholders and other stakeholders.
- › Developing the Group's executive management capability.
- › Overall development of Group policies and communicating the Company's values.

## Chief Financial Officer

### Role and responsibilities

- › Supporting the CEO in developing and implementing strategy.
- › Providing strategic financial leadership.
- › With the CEO, explaining performance to shareholders.
- › Responsibility and oversight for the Group's finance and company secretarial function.

## Senior Independent Director

### Role and responsibilities

- › Acting as a sounding board for the Chairman.
- › Acting as an intermediary for the other Directors.
- › Providing an alternative channel of communication for investors, primarily on corporate governance matters.
- › Leading the evaluation of the Chairman and leading the search for a new Chairman when necessary.

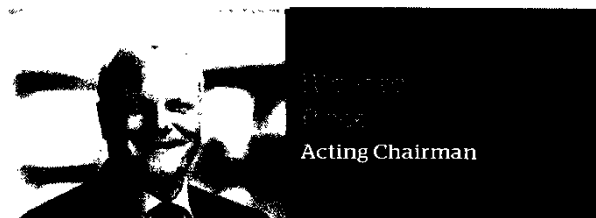
## Independent Non-Executive Directors

### Role and responsibilities

- › Contributing independent oversight and constructive, rigorous challenge.
- › Assisting in the development of the Company's strategy.
- › Ensuring the integrity of financial information, controls and risk management processes.
- › Scrutinising the performance of the Executive Directors against agreed goals and objectives.
- › Serving on Board Committees.

# Board of Directors

## Acting Chairman



**Richard  
Brooks Macdonald**  
Acting Chairman

### Key skills and experience

- Appointment as Acting Chairman reflects his deep understanding of the Group's history and strategy
- Big Four accounting experience brings financial rigour to the role of Acting Chairman.

Richard joined Brooks Macdonald in 2014 as a Non Executive Director. He is a member of the Risk and Compliance, Remuneration, Nominations and Audit Committees, having previously chaired the latter.

Prior to joining Brooks Macdonald, Richard was a partner at KPMG for 17 years, where he had considerable exposure to financial services clients, holding a number of roles, including the UK Head of KPMG's Financial Sector Transaction Services practice.

Richard is also a Non Executive Director of Hampshire Trust Bank plc.

Read more about our **Audit Committee's activities over the year** on pages **86 to 89**

Read more about our **Nominations Committee's activities over the year** on pages **90 to 93**

Read more about our **Remuneration Committee's activities over the year** on pages **94 to 111**

Read more about our **Risk and Compliance Committee's activities over the year** on pages **112 to 115**

## Executive Directors



**Andrew  
Shepherd**  
CEO

### Key skills and experience

- Distinctive people leader
- Unrivalled experience of the industry
- Deep affinity with the Brooks Macdonald culture

Andrew joined Brooks Macdonald in 2002 and was appointed CEO in 2021. He has held numerous roles across the Group including Group Deputy CEO since 2016, and most recently CEO of the International business since 2019.

Andrew has worked in investment management and financial services since 1994. Prior to joining Brooks Macdonald, Andrew worked at Shepherd Associates Financial Management, holding the position of investment director.

Andrew is also a Member of the Board of the Pension Investment Management & Financial Services Association (PIMFSA).



**Andrea  
Montague**  
Chief Financial Officer

### Key skills and experience

- Commercial drive and a depth of M&A and integration experience
- Substantial experience of transformation and leading finance and risk functions in a highly regulated environment

Andrea joined Brooks Macdonald in August 2023 as Chief Financial Officer, bringing an impressive track record across the UK long term savings and asset management sector.

Most recently, Andrea was Group Chief Risk Officer at Aviva, where she had previously been Group Chief Financial Controller. Prior to that, Andrea held senior leadership roles including Deputy Group CEO at Royal London, and Group Chief Internal Auditor at Standard Life. Her formative years were spent at PricewaterhouseCoopers where she qualified as a chartered accountant before taking her first industry role with Scottish & Newcastle plc.



## Non-Executive Directors



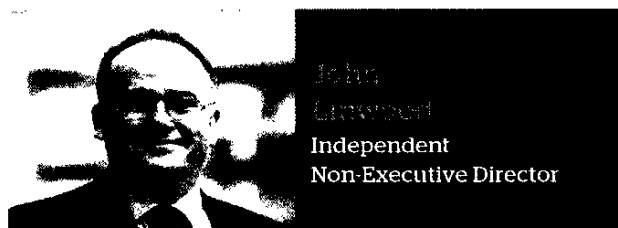
**Robert Craig**  
Senior Independent  
Non-Executive Director

### Key skills and experience

- Brings significant executive and non executive experience to the Board and the role of Risk and Compliance Chair
- Broad financial services experience, particularly in wealth management, asset management, banking and fintech
- Significant experience of high growth businesses.

Robert joined Brooks Macdonald as a Non Executive Director in August 2020 and is Chair of the Risk and Compliance Committee and a member of the Audit, Remuneration and Nominations Committees. Robert was appointed Senior Independent Director in May 2023. Currently a Non Executive Director at OakNorth Bank, Robert chairs both the Risk and Compliance Committee and the Credit Committee. Robert is also the Chairman of Invest & Fund, a specialist fintech business.

Robert has over 25 years of financial services experience across leading banking, wealth, asset management and fintech firms. He has held senior executive positions including at Lloyds Banking Group and Scottish Widows, and he was previously a Board Director of Alliance Trust plc and CEO of Alliance Trust Savings.



**John Unwin**  
Independent  
Non-Executive Director

### Key skills and experience

- A deep understanding of technology, cyber security, AI and digital transformation having held senior roles at some of the world's largest global organisations in the technology and media industries
- Brings wide ranging business and leadership experience to the role of Remuneration Committee Chair
- Experienced Non Executive Director across FTSE, AIM and private companies as well as Government institutions

John joined Brooks Macdonald as a Non Executive Director in 2018. He is Chair of the Remuneration Committee and is a member of the Audit, Risk and Compliance and Nominations Committees. Prior to joining Brooks Macdonald, John was the Executive Vice President and Chief Technology Officer of Wood Mackenzie, Chief Technology Officer for the BBC and a Senior Vice President of International Engineering at Yahoo Inc. He has also held a number of senior positions at Microsoft Corp (1993 – 2000). John is a Non Executive Director of National Grid ESO and Infradeck Group plc.



**Dagmar Knapik**  
Independent  
Non-Executive Director

### Key skills and experience

- Senior financial services professional with broad experience, particularly in business development.
- Significant expertise across the investment management sector

Dagmar joined Brooks Macdonald as a Non Executive Director in July 2020. She is a member of the Audit, Risk and Compliance, Remuneration and Nominations Committees.

Currently a senior adviser to Strategic Value Partners and Non Executive Chair of both Volta Finance and Aberdeen Smaller Companies Income Trust plc, Dagmar has over 25 years' experience in debt and fixed income markets, with a particular focus on alternative and structured investing.

Dagmar previously spent eight years at Intermediate Capital Group as Head of Credit Fund Management, and 10 years in senior positions at M&G Investments.

Dagmar is a Trustee of Lauris Trust.



**James Fawcington**  
Independent  
Non-Executive Director

### Key skills and experience

- Deep financial services experience specialising in Wealth Management
- Wide governance expertise including public and regulated entities in the UK and internationally
- Broad experience in driving transformational growth

James joined Brooks Macdonald as a Non Executive Director in March 2023 becoming Chair of the Audit Committee in May 2024. He is also a member of the Risk and Compliance, Remuneration, and Nominations Committees.

James is currently a non executive director on the boards of Citibank UK and Wilton Park which is an arms length body of the British Foreign Office. He is also Chairman of Novent Ltd.

Previously he has enjoyed a long executive and non executive career featuring Board level roles at Coutts, Charles Stanley plc, Adam & Co and FBS Wealth. He is a Chartered Accountant and a Chartered Member of the Chartered Institute for Securities and Investments.

# Executive Committee

## Executive Committee Members



**Caroline Abbondanza**  
Chief Operating Officer

Caroline Abbondanza is the Chief Operating Officer of the Brooks Macdonald Group and a member of the Executive Committee. Caroline is responsible for advancing how the Group serves its advisers and clients and leads the Group's investment in technology, systems and processes. Caroline joined Brooks Macdonald in 2019. Prior to her current role, she was Brooks Macdonald's Chief Technology Officer, where she owned all areas of the technology, digital and cyber strategy and delivery agenda. Caroline has 25 years' experience working in technology in financial services, previously holding group executive committee positions at F&Z and Travelex. She also chairs the Investment Association Technology Forum. Caroline has a degree in social anthropology and politics and has completed the executive leadership programme at the University of Cambridge.



**Sarah Ackland**  
Global Head of  
Distribution & Marketing

Sarah Ackland is Global Head of Distribution and Marketing for the Brooks Macdonald Group, and a member of the Executive Committee. Joining Brooks Macdonald in 2022, Sarah leads the distribution, marketing and product strategy teams across the UK and International markets. Sarah has spent more than 25 years in investment management and has a deep knowledge and understanding of distribution and marketing in the sector. She joined Brooks Macdonald from Liontrust, where she was Head of Multi Asset Business. She was previously Head of UK Funds at the Architas UK Investment Business, prior to its purchase by Liontrust. Sarah has a BA in Psychology and Art from Liverpool University and is FMC qualified.



**Simon Broomfield**  
General Counsel &  
Chief People Officer

Simon Broomfield joined Brooks Macdonald in 2008 and he is the Group's General Counsel and Chief People Officer. As CPO, Simon is responsible for building and leading our people strategy, and is responsible for all aspects of HR, including talent recruitment and development. In his General Counsel role, Simon advises the Group Directors and employees on all legal matters affecting the Group in all jurisdictions. He is also responsible for managing the Group legal team and acts as the Company's data protection officer. Simon was called to the Bar of England & Wales in 2002 and admitted as a Solicitor of the Senior Courts of England & Wales in 2009. He has significant experience in civil litigation, corporate and commercial law, banking and financial services law, M&A, consumer credit, and data protection. Simon has an MBA from Imperial College and is Vice President and former Chair of the Bar Association for Commerce Finance and Industry. He is a Chartered Member of the Chartered Institute of Securities and Investments.



**Robin Eggar**  
Managing Director,  
Head of UK Investment  
Management

Robin is Managing Director, Head of UK Investment Management at Brooks Macdonald Group and a member of the Executive Committee. In his role, Robin has overall responsibility for running the UK Investment Management and Private Clients arm of the business and a focus to deliver on the agreed strategy of the Group. Robin joined Brooks Macdonald in 2001 as a Trainee Investment Manager as part of the Group's graduate training programme. Before becoming MD, Robin established his career in Brooks Macdonald by building and growing his own investment team before assuming management of the wider London Investment Teams. Robin is a qualified Investment Manager, holds a master's degree in Economic History from the University of Edinburgh and is a chartered member of the Chartered Institute for Securities & Investment (CISI).



**Richard Hughes**  
CEO International

Richard joined Brooks Macdonald in 2013 and oversaw the firm's international marketing, distribution and business development strategy. In 2019, Richard assumed the role of Deputy CEO International before taking over as CEO International in 2021, sitting on the Executive Committee.

Richard previously held the position of Business Development Director at Vistra Group. Prior to this, Richard was a Relationship Manager at BNP Paribas Securities Services, where he advised global asset manager clients around the provision of fund administration, custodian and depository services.

Richard is a Chartered Member of the CISI and the Institute of Directors (IoD).

Richard is Chairman of Cancer Research UK Jersey, a voluntary position.



**Alick Mackay**  
Strategy & Corporate Development Director

Alick Mackay is the Strategy and Corporate Development Director of the Brooks Macdonald Group, and a member of the Executive Committee.

Joining Brooks Macdonald in 2017, Alick owns all areas of the strategy and corporate development agenda, including the Group's approach to potential acquisitions and disposals.

Alick has spent over 30 years working in financial services, principally in wealth management and banking, in roles covering strategy, consulting, COO and technology.

Immediately prior to joining Brooks Macdonald, Alick worked at the Royal Bank of Scotland for 10 years, leading the strategy team in the investment bank and playing a COO role in the capital markets business. He has also worked for ABN AMRO and McKinsey.

Alick has a degree in Mathematics and Natural Philosophy from the University of Aberdeen, an MSc in Mathematics from the Open University and an MBA from Columbia Business School, New York.



**Edward Park**  
Chief Investment Officer

Edward joined Brooks Macdonald in 2009 and is the Chief Investment Officer sitting on the Executive Committee.

He is responsible for the construction and implementation of our investment process through oversight of the investment buylist, our investment rules and the firm's asset allocation positioning. Edward sits on the Investment, Asset Selection and Asset Allocation Committees and is a leading spokesperson for Brooks Macdonald.

In addition to his role within the Centralised Investment Proposition, Edward retains private client relationships to ensure he is involved throughout the investment process.

Edward is a Chartered Financial Analyst (CFA) Charterholder.



**Louis Petherick**  
Chief Risk Officer

Louis joined Brooks Macdonald in September 2023 and is the Chief Risk Officer and a member of the Executive Committee.

Louis is responsible for the Group Risk, Investment Risk, Compliance and Financial Crime functions and has day to day oversight of the outsourced internal audit relationship.

Louis has 30 years' experience in financial services, predominantly overseeing risk, compliance and conduct across insurance, wealth management, retail banking, investment management and, most recently for FNZ, a technology and outsource service provider, as the UKMEFA CRO.

Louis has delivered multiple risk and regulatory projects throughout his career and has extensive experience in interacting with regulators.

## Executive directors



**Andrew Shepherd**  
CEO



**Andrea Montague**  
Chief Financial Officer

# Audit Committee report

“ I am pleased to join a very strong Committee, where we placed additional emphasis on control oversight in the year as a result of the migration to SS&C’s operating platform. ”



**James Rawlingson**  
Audit Committee Chair

## Role and responsibilities

The Audit Committee assists the Board in meeting its responsibilities for the integrity of the Group’s internal financial controls and its financial reporting. The Audit Committee’s responsibilities can be grouped into the following aspects:

- › To review and challenge the Group’s accounting policies and significant judgement areas and the integrity of its financial reporting;
- › To provide oversight and monitoring of the internal and external audit functions, including appraising their performance and approving their fees; and
- › To work in conjunction with the Risk and Compliance Committee to review the effectiveness of the Group’s risk management framework and internal controls.

The full responsibilities of the Audit Committee are set out in its Terms of Reference, which are reviewed annually and are available on the Group’s website.

## Composition and meetings

Richard Price was the Chair of the Audit Committee until 3 May 2023, at which point James Rawlingson was appointed as Chair, following regulatory approval. James Rawlingson was appointed as a Non-Executive Director to the Company on 2 March 2023 and possesses recent and relevant financial experience to support his appointment as Chair of the Audit Committee. Richard Price continues to be a member of the Audit Committee, along with John Linwood, Dagmar Kershaw and Robert Burgess. Membership of the Audit Committee is restricted to independent Non-Executive Directors. The CEO, Chief Financial Officer, Chief Risk Officer, and representatives of the internal and external auditors routinely attend meetings. The Committee meets with representatives of the internal and external auditors without management present at least once a year. The Company believes that the Audit Committee as a whole has competence relevant to the sector in which the Company operates.

The Audit Committee’s attendance during the year ended 30 June 2023 is set out in the summary table on page 30.

<p>Financial reporting</p>	<ul style="list-style-type: none"> <li>Reviewed the Interim and Annual Report and Accounts, ensuring these are fair, balanced and understandable for shareholders and other end users;</li> <li>Reviewed the policies, key assumptions and judgements applied in the preparation of the Interim and Annual Report and Accounts, including the external auditors' feedback on financial reporting changes and the Group's financial controls;</li> <li>Reviewed the acquisition accounting, assumptions and judgements applied and disclosures in the Interim and Annual Report and Accounts in respect of the Integrity Wealth Solutions and Adroit Financial Planning businesses acquired during the year;</li> <li>Reviewed the accounting, judgements applied and presentation of the costs and capital expenditure incurred by the Group in connection with the transition to the new operating platform and the SS&amp;C technology suite;</li> <li>Reviewed the overall presentation of alternative performance measures (APMs) to ensure they are not given undue prominence, reviewed the nature of the adjusting items excluded from the statutory results and evaluated the clarity and explanations of APM reconciliations;</li> <li>Reviewed the key reporting considerations for the Group's Interim and Annual Report and Accounts presented by management with reference to the Financial Reporting Council thematic reviews issued during the year on judgement and estimates; earnings per share; deferred tax assets and business combinations;</li> <li>Reviewed the key reporting considerations and the first-year disclosures in the Annual Report and Accounts on the Task Force on Climate-Related Financial Disclosures ("TCFD"); and</li> <li>Reviewed the Group's going concern assumptions and the Viability statement.</li> </ul>
<p>External audit</p>	<ul style="list-style-type: none"> <li>Approved the annual external audit plan, the terms of reappointment, remuneration, and Terms of Engagement;</li> <li>Provided oversight of the Group's external auditors, PricewaterhouseCoopers LLP ("PwC"), including assessing their independence, objectivity and effectiveness;</li> <li>Reviewed audit findings, including key issues, accounting and audit judgements and recommendations, guidance and observations around the Group's internal controls environment; and</li> <li>Reviewed management representation letters and associated responses.</li> </ul>
<p>Internal audit</p>	<ul style="list-style-type: none"> <li>Developed an internal audit plan alongside the Group's internal auditors, KPMG. Monitored and reviewed the effectiveness of the plan and its alignment to key risks;</li> <li>Provided oversight of the internal auditors and considered and approved the scope of each engagement;</li> <li>Reviewed the results of individual internal audit reports and considered the effectiveness of actions agreed with management; and</li> <li>Received regular summary reports from the internal auditors, including their conclusions on the changes to controls and processes made by management.</li> </ul>
<p>Internal financial controls</p>	<ul style="list-style-type: none"> <li>In conjunction with the Risk and Compliance Committee, reviewed the adequacy and effectiveness of the Group's internal financial controls;</li> <li>Monitored and reviewed the migration of the Group's custody assets to the SS&amp;C Technologies' operating platform and systems at the beginning of the financial year;</li> <li>Reviewed and considered CASS-related matters, including PwC's CASS audit findings;</li> <li>Reviewed and approved the Group's policy on non-audit services (for both external and internal audit); and</li> <li>Reviewed the adequacy and security of the Group's whistleblowing policy and procedures, including ensuring employees are able to raise concerns confidentially and without repercussion.</li> </ul>
<p>Audit Committee</p>	<ul style="list-style-type: none"> <li>Welcomed the appointment of new Audit Committee Chair, James Rawlingson on 3 May 2023.</li> <li>Reviewed and updated the Committee's Terms of Reference in line with the Chartered Governance Institute UK &amp; Ireland published guidance to reflect changes to legislation and regulation and developments in the UK Corporate Governance Code and changes to good practice; and</li> <li>Reviewed the Committee's composition and minutes of prior meetings.</li> </ul>

# Audit Committee report continued

## Internal audit function

The Group has outsourced its internal audit function to KPMG since September 2018. KPMG formally report to James Rawlingson, Chair of the Audit Committee, with the Chief Risk Officer, being the principal point of day-to-day contact.

A risk-based audit plan is developed by the Audit Committee and KPMG, with input from the Risk and Compliance Committee, the CEO and the Chief Risk Officer, seeking to provide assurance in areas of high risk and of importance across the industry. The plan is reviewed by the Audit Committee at regular intervals, taking into account any changes in areas deemed high risk.

## External auditors

The Group's external auditors are PricewaterhouseCoopers LLP ("PwC"), who have been appointed since 2011. Jeremy Jensen is the audit partner in charge of the Group's audit, with the current year being his third year. As an AIM-listed company, Brooks Macdonald is not required to rotate its audit firm after 10 years, although the Group will consider undertaking a tender process when it feels the time is appropriate.

During the year, the Audit Committee monitored the Group's policy on external audit and evaluated and reviewed the independence and effectiveness of PwC in their role. No material issues were raised during the course of the year. The Committee agreed the external audit and assurance fees and reviewed the audit engagement letter. Details of the auditors' remuneration is provided in Note 7 to the Consolidated

financial statements included within the Annual Report and Accounts.

The Audit Committee is satisfied that PwC has conducted an effective audit for the year ended 30 June 2023.

## Non-audit services provided by the auditors

The Audit Committee recognises the fact that, given their knowledge of the business, there are advantages in using PwC and KPMG to provide certain non-audit services on particular occasions. If there is a business case to use the auditors to provide non-audit services, sign-off is required from the Committee to ensure that there is no impact on the auditors' objectivity and independence. Monetary sign-off limits are provided within the framework of the Non-Audit Services Policy, which was reviewed by the Committee during the year, and any non-audit services provided to the Group reviewed in line with this Policy.

## Significant issues reviewed

The Committee reviewed the significant issues set out below in relation to the Group's Annual Report and Accounts for the year ended 30 June 2023. Discussions were held with management throughout the year and the Committee is comfortable the Consolidated financial statements included within the Annual Report and Accounts address the judgements and estimates applied, as well as the disclosures agreed. These significant issues were also reviewed with the external auditors with the Committee's conclusions being in line with those of the auditors.

Goodwill (see Note 14)	The Committee reviewed the output of the value-in-use calculations presented by management supporting the value of goodwill held on the Group's balance sheet in respect of previously acquired businesses. The Committee is satisfied that the goodwill value is adequately supported by the respective value-in-use calculations.
Amortisation of client relationships (see Note 14)	In determining the useful economic life of the Group's client relationship intangible assets, the Committee reviewed relevant analysis presented by management. The Committee was in agreement and satisfied that the client relationship intangible assets are adequately supported by the respective impairment tests and reviews.
Acquisition of Integriti and Adroit (see Note 11)	The Committee reviewed management's accounting of the Integriti and Adroit acquisitions, including the methodology for valuing the intangible assets, and concluded that the recognition was appropriate.
Transition costs relating to platform (see Note 12)	The Committee reviewed management's accounting of the costs incurred in connection with the transition to the new operating platform and is in agreement with the treatment of the capitalised costs on the balance sheet and the dual running costs excluded from the Group's underlying profit as an APM recognised during the year.

## Approval

This report, in its entirety, has been approved by the Audit Committee and the Board of Directors on its behalf by:

**James Rawlingson**  
Audit Committee Chair  
13 September 2023



# Nominations Committee report

“ The Committee has overseen a number of changes during the year and I take great pleasure in welcoming Andrea Montague and James Rawlingson to the Board. ”



**Richard Price**  
Nominations  
Committee Chair

## Role and responsibilities

The Nominations Committee is responsible for reviewing the composition of the Board and the Board Committees to ensure they are suitably constituted, with an appropriate balance of skills, experience, knowledge and diversity. This includes conducting the annual Board effectiveness review. The Committee also recommends Board and Board Committee appointments and monitors succession planning at the Group's leadership levels to ensure the Group's continued ability to implement its strategy and operate effectively. The Committee is also responsible for reviewing and recommending to the Board any material changes to the structure, size and composition of the Group's regulated subsidiary company boards.

The full responsibilities of the Committee are set out in the Committee's Terms of Reference, which are reviewed annually and are available on the Group's website.

## Composition and meetings

The Committee comprises Richard Price (Chair), John Linwood, Dagmar Kershaw, Robert Burgess and James Rawlingson. Only members of the Committee may vote on Committee business but other members of the Board and the General Counsel and Chief People Officer may attend all, or part, of a meeting by invitation. The attendance of each Committee member during the year is shown on page 80.

## Main activities during the year

The Nominations Committee has overseen a number of Board changes during the last year. In January, it was announced that both Ben Thorpe, Chief Financial Officer, and Lynsey Cross, Chief Operating Officer, would be leaving the business. With the re-platforming of the business to SS&C Technologies, much of the operation of the business is now outsourced and the Directors agreed that a Board-level replacement for Lynsey was not required. A search for a suitable candidate to replace Ben, however, began immediately and in June, we were delighted to announce the appointment of Andrea Montague as our new Chief Financial Officer with effect from 1 August. A full description of Andrea's recruitment process accompanies this report on page 82.



In February we announced that our Chairman, Alan Carruthers, was leaving the Board due to ill health. After discussions amongst the Board, it was agreed that Richard Price, the Company's Senior Independent Director, should assume the role of Acting Chairman until such time as a permanent Chair could be recruited. Robert Burgess took on the role of Senior Independent Director in Richard's place.

Richard joined the Board in 2014 and has chaired the Audit Committee for most of his time with the Company. Under the UK Corporate Governance Code, Directors are no longer deemed to be independent after serving on the Board for nine years. With Richard's period of independence expiring, the Company had already commenced a formal process to appoint a new Non-Executive Director who could replace Richard as Chair of the Audit Committee. The Company had engaged Nurole to assist with this search, an agency that had been used previously in recruiting Non-Executive Directors for the Group. Nurole had been instructed to look for a diverse list of candidates with recent and relevant financial experience, who could chair the Audit Committee effectively. The search had been led by the Company's former Chairman, who interviewed a number of candidates, with a short list also meeting the then CFO and outgoing Chairman of the Audit Committee. The preferred candidate then met with other members of the Board and, on 16 February, the Company announced that James Rawlingson had been appointed as a Non-Executive Director of the Company with effect from 2 March. James subsequently received FCA consent to take on the responsibility of Chair of the Audit Committee on 3 May. The Company arranged an induction programme for James, which involved a variety of presentations and meetings with people both inside and from outside the Company. These included an overview of the Group, its structure, strategy and performance as well as sessions with those responsible for each individual business area. External meetings included those around Directors' SMCR and other regulatory responsibilities, together with a briefing from the Company's NOMAD giving a market overview and explaining AIM requirements. Subsequent to the formal induction programme, management remained available to answer any questions about the business that James had.

The search for a permanent Chair is currently ongoing, with the focus being on securing a top-quality appointment. The Company have engaged the services of an external search agency, Spencer Stuart, to lead the selection process. The Company has not previously used the services of Spencer Stuart. The Board were asked to provide input on the qualities and attributes they would want to see in the new Chair and their responses were used to shape the profile of candidate being sought.

#### Succession planning and leadership development

The Committee is committed to maintaining an effective policy for the orderly succession of Executive Directors. Executive Committee members and other senior management roles across the business. Last year's report highlighted the elevation of Simon Broomfield and Caroline Abbondanza to the Executive Committee. Since joining the Executive Committee, both have seen their roles and responsibilities further expanded. Following the departure of our previous Chief People Officer, Simon has taken on that role in addition to his responsibilities as General Counsel and Caroline's role has grown to become that of Chief Operating Officer.

The Committee is also committed to maintaining an appropriate balance of skills, experience, independence and diversity across the wider Group. Further information on the Group's approach to succession planning and leadership development can be found in the Corporate responsibility report on page 57.

#### Recruitment and diversity of the Board

The Committee takes an active role in setting and monitoring diversity objectives and strategies undertaken by the Group and embraces the benefits of having a diverse Board drawing on the knowledge, understanding, skills, experience and expertise of directors from a range of backgrounds. The Committee will also take the opportunity to improve the Board's diversity, where appropriate. Whenever external search consultancies are used in the recruitment of Board and senior members of management, they are asked to provide diverse lists of candidates. The Committee strongly supports management's efforts to nurture an inclusive culture within the Group. Diverse perspectives, experiences and backgrounds across our workforce help us better understand the needs of our clients and, therefore, to grow the business. Further details on the Group's approach to diversity are included in the Corporate responsibility report on page 58, with details of the gender balance of the Company's senior management also shown on that page.

The Committee is responsible for overseeing an annual evaluation of the Board, its Committees, the Chair and individual Directors. This includes a review of the composition, diversity and effectiveness of the Board and its Committees and the contribution of each Director. This year's Board evaluation was carried out internally in June and July 2023. A secure, online questionnaire was employed, which ensured the anonymity of responses received.

# Nominations Committee report continued

This provided an opportunity for each of the Directors to review the processes and procedures of the Board and to scrutinise the performance of themselves and their colleagues. The feedback received was very positive in nature, both concerning the Board as a whole and its Committees. A small number of points were raised for further consideration:

- › The Board are keen to see a greater use of data when shaping and justifying strategy
- › More deep dives on topics of interest
- › Earlier circulation of meeting minutes

The Chair undertook to discuss these matters with his colleagues and agree an action plan to address them. The progress against these actions will be reported on in next year's Annual Report and Accounts. The use of an externally facilitated Board evaluation is also under consideration for a future year.

Last year, a small number of issues for consideration were raised in the Board evaluation. Over the course of the year, the Company took steps to address these matters in order to assist the Board in improving its performance. Further details of the actions involved are given below.

- › Directors would like more information on competitors and market intelligence - A structured market study was produced by KPMG to assist with the formation of the Company's International strategy. In addition, analysts' note on the wealth management sector have been provided to the Board as well as information on market trends to assist with the discussion around the Company's medium-term plan.
- › Greater use of NED-only sessions and informal Board meetings to allow wider discussion and the socialisation of ideas and observations - A NED-only session was held with the Interim Chief Risk Officer in order to gain his views on the Company's risk governance. In addition, a dinner in December and regular Board lunches have been held where Directors were able to discuss matters of interest in an informal setting.
- › Earlier NED involvement in some business decisions - M&A opportunities, in particular, are raised by the CEO in his regular reports to the Board even when they are at initial stages.

The Company has chosen to follow the Corporate Governance Code and this is the third year that the Company has reported against the 2018 version of the Code.

This report in its entirety has been approved by the Committee and the Board of Directors on its behalf by:

**Richard Price**  
Nominations Committee Chair  
13 September 2023



## Recruitment of New CFO

On 19 January 2023, it was announced that Ben Thorpe, the Company's existing Chief Financial Officer, would be leaving the Company. The Company then began a search process to identify a suitable replacement.

### Commencement of Search

Through a process of direct introductions, the Company began to put together a diverse list of potential candidates. In addition, Redgrave, an executive search firm, were engaged to assist with the search. This is the first time the Company has used the services of Redgrave.

### Potential Candidates

This initial search produced around 30-40 potential candidates. Redgrave held conversations with some of these in order to reduce the list of candidates down to a more manageable number. This narrowing down process resulted in a long list of candidates who were invited to meet with the Company's CEO, Andrew Shepherd.

### Long List

Andrew Shepherd met with more than a dozen candidates in order to assess their suitability for the role, both in terms of their expertise and background but also how well they would align with the Company's values. Those individuals who he felt were best matched for the position were then invited to further meetings with members of the Company's Executive Committee.

### Short List

The three candidates who emerged from this process next met with the Acting Chairman and the Chair of the Audit Committee. As a result of these meetings, a preferred candidate emerged, Andrea Montague. The Company then engaged an external consultant to perform a leadership assessment on Andrea, gauging her leadership capability against the role requirements.

### Nominations Committee Meeting

On 6 June the Company's Nominations Committee met to consider the preferred candidate. The Committee discussed her skills and experience, as well as her likely cultural fit. Following the discussion, it was agreed to offer Andrea the role, subject to satisfactory references.

### Appointment of Andrea Montague

On 15 June 2023 the Company announced the appointment of Andrea Montague as Executive Director and Chief Financial Officer effective 1 August, subject to regulatory approval.



# Remuneration Committee report

“ In navigating a year of challenging conditions and markets, our remuneration policy has ensured an appropriate alignment between the reward given to our people and returns to our shareholders. ”



**John Linwood**  
Remuneration  
Committee Chair

## Introduction

On behalf of the Remuneration Committee and the Board, I am pleased to present the Directors' remuneration report for the financial year ended 30 June 2023, which contains the Annual Remuneration Report (describing both the remuneration paid to directors during the year ended 30 June 2023, and the intended implementation of the policy for the year ending 30 June 2024, including the remuneration arrangements for the Group's incoming Chief Financial Officer) and the Directors' Remuneration Policy.

The Annual Remuneration Report describes how the policy has been put into practice over the past year, providing a detailed account of each Director's total remuneration and explaining how these outcomes appropriately align to the Group's pay for performance philosophy. The Directors' Remuneration Policy sets out the framework within which Executive Directors are paid.

## Activities of the Committee

During the reporting period the Remuneration Committee continued to monitor and oversee the effective implementation of the Group's remuneration policies, ensuring they supported the attraction and retention of new executive leaders and the wider workforce, maintained their underpins of the Group's risk culture, and delivered outcomes at all levels that fairly reflected the returns received by shareholders and that would reinforce the long-term interests of the Group and its customers.

Key activities of the Committee during the year have included:

- › Oversight and approval of remuneration arrangements for senior leaders joining the Group in the reporting period, including the Global Head of Distribution and Marketing and Chief Risk Officer roles as members of the Group's Executive Committee; and also the Executive Director appointment of the new Chief Financial Officer.
- › Reviewing the effective implementation and first year outcomes of the Group's new performance management approach: 'At Our Best' and evidencing of pay for performance relationships and appropriate risk outcome alignments across the wider workforce.
- › Oversight and approval of variable pay arrangements for the legal entities acquired by the Group in the reporting period.

- › Ensuring the effective coordination of Executive Director fixed and variable pay planning and approval with that of the all-employee population to ensure fair and proportionate outcomes across the whole Group.
- › Regulatory governance activities including oversight of the evolution of the Group's remuneration policies to consider new MIFIDPRU Remuneration Code and Consumer Duty requirements, such as the establishment of the Group's maximum variable to fixed pay ratio, re-testing of its Material Risk Taker Identification criteria, incorporation of additional customer outcome information into variable pay decisions, as well as the effective execution and embedding of the Group's risk adjustment principles at both bonus pool and the employee level for variable pay.
- › Examination of the attribution factors behind the Group's sixth annual gender pay gap statistics and support for further Diversity, Equity and Inclusion strategic planning to be conducted.
- › Oversight of all long-term and short-term variable pay funding and guaranteed variable pay commitments against affordability and remuneration policy principles and share plan rules requirements.
- › Agreeing the remuneration terms for Executive Directors leaving the Group during the year.
- › The appointment of Korn Ferry (UK) Limited as advisers to the Remuneration Committee.

#### Executive Director remuneration – Lynsey Cross

##### Lynsey Cross – Chief Operating Officer

In view of the material changes to the Chief Operating Officer role brought about by the migration of the Group's operations platform to a third party in early FY23, Lynsey Cross stepped down from Executive Director responsibilities on 19 January 2023 with the agreement of the Board, and left employment with the Group at 30 June 2023. The Remuneration Committee determined that Lynsey be treated as a Good Leaver, and her entitlement to incentives be treated in line with the remuneration policy.

Lynsey was paid salary in lieu of notice of £176,167 for the unworked portion of her notice period, together with an amount of £95,000 to cover legal expenses and related risks to the Group, as provided for under the remuneration policy. Her Executive Director annual bonus opportunity was pro-rated for her period of Executive Director service, and assessed in line with the performance targets that were set at the start of the year. The bonus was paid in a mix of cash and deferred shares as set out within the remuneration policy.

Lynsey's outstanding LTIP awards will be treated in accordance with the remuneration policy. A time pro-rata reduction has been applied to the awards, and the balance will vest on their normal vesting dates, subject to the performance assessment.

##### Ben Thorpe – Chief Financial Officer

Ben Thorpe resigned as an Executive Director on 19 January 2023. He remained in employment with the Group until 30 June 2023 and was paid salary, pension and benefits for the duration of his period of service only, with no payment in lieu of notice following cessation of his employment.

The Remuneration Committee determined that his entitlement to annual bonus for the year ended 30 June 2023 would be forfeited. He also forfeited all outstanding LTIP awards and outstanding deferred share awards connected to bonuses earned in previous years. Vested shares that remain subject to holding periods will continue to require to be held until the end of their holding periods.

#### Financial performance – FY23

The Group delivered a solid financial performance in FY23, in line with market expectations. This was accomplished against a challenging commercial and macro-economic circumstances, with declining markets and higher interest rates, leading investor sentiment to seek higher cash holdings, debt repayment and short-term investment in money market funds. Contrary to these constraints, the Group produced net organic growth in funds under management of 5.2% (and overall growth in funds under management of 75%), using this platform to make steady and encouraging progress against the expansion of its high-quality financial advice proposition and other key strategic and transformational priorities.

In the prior FY22 reporting period, the Board comprised three Executive Directors (CEO, Chief Financial Officer and Chief Operating Officer). With the Chief Financial Officer and Chief Operating Officer stepping down from the Board mid-way through FY23 in January, only the CEO remained as an Executive director at the close of the FY23 reporting period.

As such, the CEO is eligible for a full-year annual bonus, the Chief Operating Officer a pro-rata consideration for Executive Director service during the reporting period and the Chief Financial Officer is not eligible for bonus.

In continuing to be relevant to assessing the financial performance of the Group, the same financial measures were applied to the Executive Director bonuses as in the previous year, comprising 60% of overall opportunity, these being net organic growth in funds under management, underlying profit before tax, and underlying profit before tax margin. Similarly, the strategic and personal objective categories of strategy, people, client and risk, comprising 40% of overall opportunity, were also retained. The relative weightings of the financial metrics remained the same as previous years with each metric comprising one third of overall financial performance opportunity.

The challenging market conditions meant that the Group was unable to deliver the same absolute level of underlying profit before tax and underlying profit before tax margin as was delivered for FY22, albeit the delivery of £30.3 million underlying profit before tax and underlying profit before tax margin of 24.5% achieved the returns expected by the market.

# Remuneration Committee report continued

The realisation of net organic growth in funds under management of 5.2% was however a significant achievement and exceeded the growth attained in FY22 of 4.8%. The blended outturns of these three financial measures achieved 70.1% of maximum financial measure bonus opportunity, equivalent to 63.1% of Executive Director salary, a reduction of 7.8 percentage points or 11.0% change on the 70.9% of Executive salary awarded for FY22 financial performance.

The CEO was awarded 63.8% of maximum non-financial measure opportunity, equivalent to 38.2% of salary, a full description of which is made available later in this report. The overall annual bonus outturn for FY23 for the CEO was therefore 67.5% of maximum bonus opportunity or 101.3% of salary, a reduction of 29.6 percentage points, or 22.6% reduction in realised bonus opportunity year on year. This decrease is consistent with the level of change to bonuses being awarded to strong performers across the wider workforce.

The Remuneration Committee is satisfied that the CEO's FY23 bonus outcome appropriately reflects the holistic performance of the Group over the reporting period and correctly balances the long-term interests of all the Group's stakeholders. This award is subject to the Group's malus and clawback policy and one third of its value will continue to be awarded in deferred share options, providing ongoing alignment of interests between senior leadership and shareholders.

The CEO and Chief Operating Officer had no Long-Term Incentive Plan ("LTIP") awards scheduled to vest in the FY23 reporting period.

The conditional award over 7001 shares, granted in 2019 under the 2018 Long-Term Incentive Plan to the former Chief Financial Officer Ben Thorpe, vested in full on 30 September 2022, following the Remuneration Committee's assessment of the award's performance underpins. The vesting of this award occurred prior to the former Chief Financial Officer's resignation. In line with the remuneration policy, Ben Thorpe is required to retain the shares for two years following vesting, even though he is no longer employed.

In determining the pay-out values of either bonus awards being made in respect of the reporting period, or LTIP awards vesting within the reporting period, the Remuneration Committee has not applied any discretion, or made any amendment to, the calculated financial metric outturns.

In the first half of the FY23 reporting period, performance share awards were made to the Executive Directors under the 2018 Long-Term Incentive Plan. The grant occurred on 31 October 2022, prior to the Chief Operating Officer and former Chief Financial Officer stepping down from Executive Director responsibilities.

The performance measures for the awards granted were based on underlying, diluted earnings per share ("EPS") and a basket of ESG metrics, with 90% of overall opportunity relating to EPS performance and 10% to ESG performance. In accordance with the Directors' Remuneration Policy, the grant levels for the CEO and former Chief Financial Officer were 200% of base salary and the Chief Operating Officer receiving 100% of base salary. Stretch targets, subject to Remuneration Committee assessment prior to vesting in October 2025, were established for both performance measures. As explained above, the award for the former Chief Financial Officer has now lapsed in full and the award for the Chief Operating Officer has partially lapsed.

During FY23, John Linwood continued to be the designated Non-Executive Director to lead the Board's engagement with our people. Throughout the year, a number of the Non-Executive Directors participated in 'skip-level' discussions, providing an opportunity for members of the Board to hear feedback, discuss ideas and better understand the experience and expectations, including those around executive pay, of employees outside of the Group's senior leadership cohort. In FY23, the Group also revised its employee engagement survey, 'Speak Up', to give more opportunities for employees to give their views and collect more detailed feedback, leading to changes in family friendly benefits and a clearer understanding of employee opinion on individual components of pay and benefits. Executive Directors regularly meet with employees and answer employee questions at the series of monthly town halls webinars, as well as at focus groups, during regional office visits and team meeting drop-ins. The lifting of COVID-19 restrictions has also enabled Executive Director sponsored all-Group team-building activities, such as the Brooks Macdonald Sports Day, in partnership with the Dame Kelly Holmes Trust ("DKHT").

In July 2023, following a review of workforce fixed pay changes and aligned executive compensation benchmarks, the Remuneration Committee undertook a review of the CEO's salary. This review resulted in the approval of a 4% increase, raising his salary from £416,000 to £432,640 with effect from 1 July 2023. This percentage increase is in line with the average increase made to the wider workforce over the same review period. The Remuneration Committee considers this salary level to be both affordable and commensurate with the skills, competencies and experience necessary to successfully lead an organisation of the Group's commercial and regulatory complexity and strategic ambition.

The implementation of the Executive Director annual bonus plan for FY24 will see no change to the maximum opportunity for both eligible Executive Directors, which will remain at 150% of base salary, or base salary earnings, where the full reporting period is not served. At the present time of writing, the Remuneration Committee is finalising its review of annual bonus performance measures with a view

to selecting the measures that are most closely aligned to the Group's identified priorities within the next operating cycle. Notwithstanding any changes to individual measures, the annual bonus structure will continue to operate a majority weighting of financial measures, enabling a continued focus on the delivery of a strong financial return to investors. These financial measures will be complemented by targeted non-financial objectives, which will underpin and measure the necessary transformations identified in the Group's strategy. These measures, along with their performance outturns, will be disclosed in next year's report.

In FY24, in seeking to align long-term incentive outcomes with those experienced by shareholders and customers, the Group will continue to operate a performance share approach at the existing percentage of salary opportunity levels of 200% of base salary, for both the CEO and incoming Chief Financial Officer.

With the long-term delivery of strong earnings and the Group's ESG-offering remaining central to its continuing success, the measures used to assess performance for long-term awards will continue to be underlying, diluted EPS, complimented by a basket of ESG-based metrics. The relative weightings of the performance measures will remain the same with 90% of overall opportunity being aligned to EPS performance and 10% to ESG. These awards will only vest if challenging targets, as set by the Remuneration Committee prior to grant, are achieved. Vesting occurs on a graduated basis from threshold performance (at which 25% of the award vests), rising to full vesting only in the event significant over-performance is delivered. Formulaic adjustments for actual dilution and effective tax rates operate within the underlying, diluted EPS performance assessment to ensure the final outturn reflects executive management contribution and performance.

At present, no changes are proposed to key benefits in FY24. However, the Group will continue to review levels of retirement benefits it currently offers. In the event any future changes are approved by the Remuneration Committee, they would apply to the Executive Directors and the wider workforce alike.

The Committee believes that the Policy's performance-based principles, in tandem with its overall opportunity level, will not only be effective in retaining and appropriately incentivising the CEO and Chief Financial Officer, but will deliver outcomes that balance the interests of all stakeholders and drive the Group's long-term success.

## Andrea Montague Chief Financial Officer

Following Ben Thorpe's resignation as an Executive Director of the Group on 19 January 2023, the Group undertook an extensive search to find a candidate with the requisite leadership, experience and skills to drive forward the Group's ambitious growth strategy. Amongst an exceptional field, Andrea Montague was identified as the outstanding candidate, and in June 2023 the Group announced her appointment from 1 August 2023 as Chief Financial Officer and Executive Director of the Company.

The Chief Financial Officer was appointed on a base salary of £375,000, broadly equivalent to the salary trajectory of her predecessor, with variable pay opportunities in accordance with the current Directors' Remuneration Policy. Pension benefits for the new Chief Financial Officer are aligned with the wider workforce and no guaranteed variable remuneration or prior employers buy-out commitments were offered or made.

The Chief Financial Officer will be eligible for consideration for an LTIP grant in September/October 2023 as part of the regular annual cadence. As noted above, this policy opportunity is 200% of salary.

## Chairman's statement

This report will be presented to shareholders at the upcoming Annual General Meeting in October 2023 and I hope that you will join the Board in supporting this non-binding resolution.

# Remuneration Committee report continued

## Annual report on remuneration

Total remuneration for the financial year ended 30 June 2023

£000		Salary and fees <sup>1</sup>	Pension-related benefits	Taxable benefits <sup>2</sup>	Annual bonus <sup>3</sup>	Long-term incentives <sup>4</sup>	Sharesave <sup>5</sup>	Other <sup>6</sup>	Total	Total fixed remuneration	Total variable remuneration
<b>Executive Directors</b>											
Andrew Shepherd	2023	416	23	3	421	-	15	-	878	442	436
	2022	400	28	3	524	469	-	-	1,424	431	993
Ben Thorpe <sup>7</sup>	2023	201	12	1	-	132	-	-	346	214	132
	2022	350	25	2	458	576	-	-	1,411	377	1,034
Lynsey Cross <sup>6,8</sup>	2023	167	10	1	206	-	-	271	655	178	477
	2022	290	20	3	380	-	-	-	693	313	380
	<b>2023</b>	<b>784</b>	<b>45</b>	<b>5</b>	<b>627</b>	<b>132</b>	<b>15</b>	<b>271</b>	<b>1,879</b>	<b>834</b>	<b>1,045</b>
	<b>2022<sup>12</sup></b>	<b>1,040</b>	<b>73</b>	<b>8</b>	<b>1,362</b>	<b>1,045</b>	<b>-</b>	<b>-</b>	<b>3,528</b>	<b>1,121</b>	<b>2,407</b>
<b>Non-Executive Directors</b>											
Richard Price <sup>9</sup>	2023	135	-	-	-	-	-	-	135	135	-
(Acting Chairman)	2022	84	-	-	-	-	-	-	84	84	-
Robert Burgess	2023	77	-	-	-	-	-	-	77	77	-
	2022	74	-	-	-	-	-	-	74	74	-
Dagmar Kershaw	2023	67	-	-	-	-	-	-	67	67	-
	2022	64	-	-	-	-	-	-	64	64	-
John Linwood	2023	77	-	-	-	-	-	-	77	77	-
	2022	74	-	-	-	-	-	-	74	74	-
James Rawlingson <sup>10</sup>	2023	24	-	-	-	-	-	-	24	24	-
	2022	-	-	-	-	-	-	-	0	0	-
Alan Carruthers <sup>11</sup>	2023	124	-	-	-	-	-	-	124	124	-
	2022	200	-	-	-	-	-	-	200	200	-
	<b>2023</b>	<b>504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>504</b>	<b>504</b>	<b>-</b>
	<b>2022</b>	<b>496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>496</b>	<b>496</b>	<b>-</b>
<b>Total remuneration</b>	<b>2023</b>	<b>1,288</b>	<b>45</b>	<b>5</b>	<b>627</b>	<b>132</b>	<b>15</b>	<b>271</b>	<b>2,383</b>	<b>1,338</b>	<b>1,045</b>
	<b>2022</b>	<b>1,536</b>	<b>73</b>	<b>8</b>	<b>1,362</b>	<b>1,045</b>	<b>-</b>	<b>-</b>	<b>4,024</b>	<b>1,617</b>	<b>2,407</b>

### Notes to the total remuneration table

- The salary and fee amounts shown reflect the value paid for Executive Director/Non-Executive Director service within the relevant financial year.
- Taxable benefits relate to the provision of medical insurance and company car (electric vehicle) benefit.
- The annual bonus amounts shown reflect the value awarded for Executive Director service within the relevant financial year, comprising both cash and share-based components. For both FY22 and FY23, the cash payment comprised 66.7% of total annual bonus value and the deferred share award comprised 33.3%. Ongoing tenure and malus and clawback provisions apply to deferred share awards.
- Represents the market value of the LTIP award on the LTIP vesting date where LTIP vesting date is within the relevant financial year.
- Reflects the value of the gain of the Sharesave contract calculated related to the discount price for the 2020 Sharesave contract that matured in the FY23 financial year.
- Other values reported reflect the total of payments to Lynsey Cross in relation to her stepping down from Executive Director responsibilities as described earlier in this report.
- Ben Thorpe resigned as an Executive Director on 19 January 2023.
- Lynsey Cross resigned as an Executive Director on 19 January 2023.
- Richard Price was appointed Acting Chairman in February 2023 and his fees reflect a blend of Acting Chairman's fee and Senior Independent Director's fees over the FY23 financial year.
- James Rawlingson was appointed as a Non-Executive Director on 2 March 2023.
- Alan Carruthers resigned as Chairman on 7 February 2023.
- A variance of £12,000 operates against the total (£3,516,000) and total fixed pay (£1,109,000) values reported in the table last year for FY22. This variation relates to company car lease deductions no longer being reported as deductions to fixed pay.



## Executive Director remuneration – FY23 bonus outcomes

FY23 bonus outcomes for Executive Directors were determined by performance against a balanced scorecard of performance measures and target range sliding scales designed to achieve an appropriate relationship between holistic and sustainable performance delivered by the Executive Directors and the value of incentives delivered to them. Under the existing Directors' Remuneration Policy, a maximum bonus opportunity of 150% of base salary applies to each Executive Director.

### Performance measures and bonus weighting

For the financial year ended 30 June 2023, the bonus was based on the following four metrics (percentage weighting within total bonus opportunity indicated), all of which are aligned to the Group's strategic targets.

- › Underlying profit before tax compared to the budget (20%);
- › Net organic growth in funds under management ("Net flows") compared to the target (20%);
- › Underlying profit before tax margin (20%); and
- › Strategic and personal objectives (40%).

For all three financial metrics, a sliding scale of targets were set around the budget for the year and account was taken of market consensus and sector performance. Strategic, non-financial objectives were set with a focus on strategy, client, risk and people deliverables.

### Financial performance delivery – FY23 bonus outcomes

Financial performance delivery was consistent across all measures, with near or above target performance being delivered for each measure.

	FY22 bonus opportunity		FY23 bonus opportunity		FY23 bonus outcome		FY23 bonus outcome as a percentage of opportunity	
	Weighting	Target range	Weighting	Target range	Actual performance	Actual performance	Actual performance	Actual performance
Underlying PBT	20.0%	30.0%	20.0%	30.0%	£25.7m	£29.4m	£37.0m	£30.3m
Net flows	20.0%	30.0%	20.0%	30.0%	2.5%	5.0%	7.5%	5.2%
Underlying PBT margin (%)	20.0%	30.0%	20.0%	30.0%	22.0%	24.1%	28.0%	24.5%
<b>Total bonus</b>	<b>60.0%</b>	<b>90.0%</b>	<b>60.0%</b>	<b>90.0%</b>			<b>70.1%</b>	<b>63.1%</b>

1. 33.3% of maximum is payable for Threshold performance, 66.7% of maximum for Target performance and 100% of maximum for Maximum performance

Whilst the Committee has the discretion to adjust the final outcome to take account of overall performance and exceptional events, no discretion has been applied to the outturns of the financial metric calculations. The Committee considers that the Remuneration Policy has operated as intended in delivering appropriate incentive compensation relative to Company performance and 70.1% of maximum opportunity was approved as the financial outturn for both the CEO and the Chief Operating Officer.

The award of 63.1% of base salary for financial objectives, reflects a reduction of 7.8 percentage points or 11.0% change on the 70.9% of Executive salary awarded for FY22 financial performance. This rate of reduction is highly correlated to the year-on-year rate of change in underlying profit before tax delivered of 12.1%.

# Remuneration Committee report continued

The CEO's non-financial objectives and assessment are as follows:

Strategic Objective	Key Performance Indicators	Assessment
Continued delivery of organic growth strategy including successful implementation of business transformation initiatives, complemented by selective high-quality acquisitions and successful integration of previous acquisitions.	<ul style="list-style-type: none"> <li>Successful expansion of Group wealth adviser capability through the successful acquisition and integration of Integrity Wealth Solutions and Adroit Financial Planning during reporting period.</li> <li>Strong organic FUM inflows resulting from effective design and execution of multi-asset product sub-strategies.</li> <li>Effective reorganisation of the Group's Private Client strategy via the implementation of an appropriate platform. Now positioned for growth and improved client outcomes.</li> <li>Ongoing review of the Group's operating model.</li> </ul>	Good
Ongoing leadership, capability and career development as part of a broader high-performing culture, with continued focus on employee engagement and diversity.	<ul style="list-style-type: none"> <li>Successful re-organisation of Executive Committee roles and responsibilities following changes to operating model and departures of CPO and COO incumbents in the year.</li> <li>Oversaw improvement in employee engagement score as measured by the Group's all employee 'Speak Up' survey and by falling levels of voluntary employee turnover.</li> <li>Played critical role in external CFO, CRO and Non-Executive appointments in FY23.</li> </ul>	Strong
Focus on consistent delivery of high-quality client and IFA experience, leveraging process and digital improvements, making us easier to do business with. Continued focus on proposition development to meet client needs and support IFAs	<ul style="list-style-type: none"> <li>Continued focus on delivery of high-quality client and IFA experience, leveraging process improvements and digital capabilities to make the Group easier to do business with.</li> <li>Improvements delivered in client portal performance and client digital experience since operational platform migration in July 2023.</li> <li>Further development of multi-asset propositions (BMIS and BPS) with improved collateral and debt product investment options.</li> </ul>	Good
Ongoing evolution and embedding of risk management framework and supporting culture and mitigating risk appropriately. Maintain a positive and proactive relationship with regulators and high standards in managing regulatory matters.	<ul style="list-style-type: none"> <li>Ongoing evolution and embedding of the Group's risk management framework.</li> <li>Maintained active regulatory engagement in both the UK and Crown Dependencies to support regulatory requirements and business objectives.</li> <li>Strong leadership of UK Regulator relationship following dialogue arising from migration of operational platform in July 2023 and oversight of regulatory responses across the Group.</li> </ul>	Satisfactory

The CEO was awarded 63.8% of maximum non-financial bonus opportunity, equivalent to 38.2% of salary for performance against strategic and personal objectives, which were assessed across the spectrum of the objectives as being achieved at close to on-target performance. For the portion of the reporting period that the Chief Operating Officer performed Executive Director responsibilities, she was assessed to have achieved all her personal and strategic objectives and was awarded the maximum non-financial bonus opportunity, equivalent to 60% of base salary.

In addition to the Remuneration Committee's assessment of financial and non-financial performance, an additional risk adjustment review was also conducted by the Remuneration Committee to consider if any adjustments to bonus were appropriate to reflect crystallised or emerging material risks. No risk adjustment recommendations were presented or made for any Executive Director.

The final overall bonus award values that are payable, are detailed in the table below:

Executive Director		Target bonus	Actual bonus	Actual bonus as a percentage of target bonus	Target bonus	Actual bonus	Actual bonus as a percentage of target bonus
Andrew Shepherd	CEO	70.1%	63.8%	67.5%	421	281	101.3%
Lynsey Cross	Chief Operating Officer	70.1%	100.0%	82.0%	206	137	123.1%

<sup>1</sup> Base salary of the CEO (£410,000) and the Chief Operating Officer (£302,000) respectively.

<sup>2</sup> Shows bonus value payable, reflecting the portion of reporting period the Chief Operating Officer served as an Executive Director.

A third of the overall bonus value is payable in deferred shares (nil price options) for Executive Directors. These vest in three equally weighted tranches over three years to encourage further alignment with our shareholders' interests and support the Group's minimum shareholding requirements. Both cash and share portions are subject to malus and clawback provisions.

Executive Director		Target bonus	Actual bonus	Actual bonus as a percentage of target bonus
Andrew Shepherd		175	832	1,007
Ben Thorpe		153	728	881
Lynsey Cross		127	302	429
<b>Total</b>		<b>455</b>	<b>1,862</b>	<b>1,317</b>

<sup>1</sup> Value shown reflects the maximum opportunity. The number of shares delivered, and realised value of the award, will be determined by performance delivered against the performance metrics.

One-third of the FY22 bonus was awarded to the Executive Director in the form of deferred nil price share options. These awards will vest over three years in three equal tranches at 12, 24 and 36 months from date of award.

Executive Director	Tranche	Grant date	Grant value	Grant value	Grant value
Andrew Shepherd	1/3 of annual bonus	30 Sep 2022	8,905	175	30 Sept 2023/2024/2025
Ben Thorpe	1/3 of annual bonus	30 Sep 2022	7,792	153	Now lapsed
Lynsey Cross	1/3 of annual bonus	30 Sep 2022	6,456	127	30 Sept 2023/2024/2025

<sup>1</sup> Based on a share price of £1960, being the average mid-market closing price over the five-day period prior to 30 September 2022.

# Remuneration Committee report continued

Andrew Shepherd	200% of salary	17 Oct 2022	43,413	832	17 Oct 2025	17 Oct 2027
Ben Thorpe	200% of salary	17 Oct 2022	37,986	728	Now lapsed	Now lapsed
Lynsey Cross	100% of salary	17 Oct 2022	15,758	302	17 Oct 2025	17 Oct 2027

A performance share award under the LTIP was granted to the Executive Directors in October 2022 with a face value of 100% of base salary (Lynsey Cross) or 200% of base salary (Andrew Shepherd and Ben Thorpe) based on a share price of £1917, being the average mid-market closing price over the five-day period prior to grant date. The performance period for the awards is the three reporting periods FY23, FY24 and FY25, with vesting occurring in October 2025 and the awards being subject to a further two-year, post-vesting holding period.

The LTIP awards are subject to continued service and performance conditions relating to:

- › underlying diluted earnings per share (90% weighting); and
- › a basket of ESG metrics (10% weighting).

The EPS measure is structured as an absolute target value for the third year of vesting (FY25 underlying diluted EPS) and the targets set will be disclosed when the awards vest.

The awards will also be subject to the following underpin:

- › the maintenance of a satisfactory risk, compliance, governance and internal control environment; and
- › general good health of the Company as assessed by the Remuneration Committee.

All LTIP awards are subject to malus and clawback provisions in the event of circumstances including, but not limited to, material misstatement of financial results, material adverse event (e.g., regulatory censure, regulator sanction, reputational damage), error in the calculation of the awards and personal misconduct. The Committee is able to exercise discretion in circumstances where it considers the award outcomes do not reflect the true performance of the business or individual over that period.

The LTIP award made to Ben Thorpe has lapsed following him leaving the Group and the LTIP award made to Lynsey Cross will be subject to service-based pro-rata in accordance with the plan rules, as detailed earlier in this report.

To the extent that they vest, the awards for Andrew Shepherd and Lynsey Cross will be reported in the total remuneration table for the financial year ending 30 June 2026.

All share awards are made in accordance with the Board's dilution policy so that in any rolling period of 10 years, not more than 10% of the issued ordinary share capital of the Company (adjusted for bonus and rights issues) will be issued for all share incentive schemes operated by the Company. In addition, a further limit within this has been set on a 5% ten-year dilution level with respect to Executive Long-Term Incentive Plan awards. The Company satisfies the various equity-based schemes it operates using a combination of market purchased and newly issued shares. The dilutive effect of LTIP awards issued to date is nil, as these awards are satisfied using market purchased shares.

## Directors' shareholdings

At 30 June 2023, active Directors' shareholdings were as set out below

Director	Value of shareholdings					
	Percentage of ordinary shares of 1p each in the company	Number of ordinary shares of 1p each in the company	Number of restricted shares of 1p each in the company	Number of restricted shares of 1p each in the company	Number of restricted shares of 1p each in the company	Number of restricted shares of 1p each in the company
Andrew Shepherd	200%	51,997	7,428	13,027	1,565	368%
Ben Thorpe <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Lynsey Cross <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Richard Price (Acting Chairman)	N/A	1,450	-	-	N/A	N/A
Robert Burgess	N/A	3,044	-	-	N/A	N/A
Dagmar Kershaw	N/A	840	-	-	N/A	N/A
John Linwood	N/A	300	-	-	N/A	N/A
James Rawlingson	N/A	500	-	-	N/A	N/A
Alan Carruthers <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>		<b>58,131</b>	<b>7,428</b>	<b>13,027</b>	<b>1,565</b>	

<sup>1</sup> Value based on mid-market close average share price on 30 June 2023 of £21.60.

<sup>2</sup> Individuals no longer Directors as at 30 June 2023.

## Directors' share awards and vesting profile

The following tables set out details of the Directors' share awards and their vesting profile.

# Remuneration Committee report continued

## Long-Term Incentive Plan

The Long-Term Incentive Plan was approved by shareholders at the 2018 Annual General Meeting and encompasses deferral of both annual bonuses (DBP) and conditional awards (LTIP).

The Deferred Bonus Plan awards have no performance conditions attached but are subject to continued employment by the Group.

### A Shepherd

Grant date	Year	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP
31/10/2019	-	1,120	-	(1,120)	24	-	-	-	-	-	-	30/09/2021	30/09/2029
31/10/2019	-	1,122	-	-	-	-	-	-	1,122	-	-	30/09/2022	30/09/2029
30/09/2020	-	1,289	-	(1,289)	28	-	-	-	-	-	-	30/09/2021	30/09/2030
30/09/2020	-	1,289	-	-	-	-	-	-	1,289	-	-	30/09/2022	30/09/2030
30/09/2020	-	1,290	-	-	-	-	-	-	1,290	-	-	30/09/2023	30/09/2030
30/09/2021	-	1,415	-	-	-	-	-	-	1,415	-	-	30/09/2022	30/09/2031
30/09/2021	-	1,415	-	-	-	-	-	-	1,415	-	-	30/09/2023	30/09/2031
30/09/2021	-	1,417	-	-	-	-	-	-	1,417	-	-	30/09/2024	30/09/2031
30/09/2022	-	-	2,968	-	-	-	-	-	2,968	-	-	30/09/2023	30/09/2032
30/09/2022	-	-	2,968	-	-	-	-	-	2,968	-	-	30/09/2024	30/09/2032
30/09/2022	-	-	2,969	-	-	-	-	-	2,969	-	-	30/09/2025	30/09/2032
Total		10,657	2,968	(2,809)	87	-	-	-	10,657	-	-		

### B Thorpe

Grant date	Year	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP
31/10/2019	-	1,589	-	(1,589)	31	-	-	-	-	-	-	30/09/2022	30/09/2029
30/09/2020	-	1,829	-	(1,829)	35	-	-	-	-	-	-	30/09/2022	30/09/2030
30/09/2020	-	1,831	-	-	-	-	-	(1,831)	-	-	-	30/09/2023	30/09/2030
30/09/2021	-	1,825	-	(1,825)	35	-	-	-	-	-	-	30/09/2022	30/09/2031
30/09/2021	-	1,825	-	-	-	-	-	(1,825)	-	-	-	30/09/2023	30/09/2031
30/09/2021	-	1,826	-	-	-	-	-	(1,826)	-	-	-	30/09/2024	30/09/2031
30/09/2022	-	-	2,597	-	-	-	-	(2,597)	-	-	-	30/09/2023	30/09/2032
30/09/2022	-	-	2,597	-	-	-	-	(2,597)	-	-	-	30/09/2024	30/09/2032
30/09/2022	-	-	2,598	-	-	-	-	(2,598)	-	-	-	30/09/2025	30/09/2032
Total		10,657	2,968	(2,809)	87	-	-	-	10,657	-	-		

### L Cross

Grant date	Year	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP	DBP	LTIP
30/09/2021	-	1,323	-	-	-	-	-	-	1,323	-	-	30/09/2022	30/09/2031
30/09/2021	-	1,323	-	-	-	-	-	-	1,323	-	-	30/09/2023	30/09/2031
30/09/2021	-	1,325	-	-	-	-	-	-	1,325	-	-	30/09/2024	30/09/2031
30/09/2022	-	-	2,152	-	-	-	-	-	2,152	-	-	30/09/2023	30/09/2032
30/09/2022	-	-	2,152	-	-	-	-	-	2,152	-	-	30/09/2024	30/09/2032
30/09/2022	-	-	2,152	-	-	-	-	-	2,152	-	-	30/09/2025	30/09/2032

### Long-Term Incentive Plan conditional awards – FY23

The Long-Term Incentive Plan conditional awards are discretionary awards subject to the performance conditions as determined by the Remuneration Committee (specific conditions for FY23 awards are detailed earlier in this report) and continued employment with the Group. All LTIP awards are subject to a two-year holding period post vest date.

Other than the exceptional award in 2020, awards made prior to 2021 were granted as Restricted Shares, without performance conditions. Awards granted under the LTIP in 2021 onwards are Performance Shares and vest subject to performance conditions as detailed above. The first vesting of Performance Shares will be in respect of the year ending 30 June 2024.

#### A Shepherd

Long-Term Incentive Plan conditional awards – FY23										
Awards made	Shareholder	Number of shares	Value	Number of shares	Value	Number of shares	Value	Number of shares	Value	Notes
01/04/2020 <sup>1</sup>	-	5,727	-	(5,727)	123	-	-	-	-	30/06/2022 None
24/11/2020	-	2,040	-	-	-	-	-	2,040	30/09/2023	24 months
09/06/2021	-	8,715	-	-	-	-	-	8,715	09/06/2024	24 months
30/09/2021	-	33,086	-	-	-	-	-	33,086	30/09/2024	24 months
17/10/2022	-	-	43,413	-	-	-	-	43,413	17/10/2025	24 months
<b>Total</b>		<b>48,968</b>	<b>43,413</b>	<b>(5,727)</b>	<b>123</b>			<b>84,834</b>		

<sup>1</sup> Exceptional long-term incentive award with specific performance conditions relating to the growth of the international business

#### B Thorpe

Long-Term Incentive Plan conditional awards – FY23										
Awards made	Shareholder	Number of shares	Value	Number of shares	Value	Number of shares	Value	Number of shares	Value	Notes
31/10/2019	-	7,001	-	(7,001)	132	-	-	-	-	30/09/2022 24 months
30/09/2020	-	7,870	-	-	-	-	(7,870)	-	-	30/09/2023 24 months
09/06/2021	-	7,626	-	-	-	-	(7,626)	-	-	09/06/2024 24 months
30/09/2021	-	28,950	-	-	-	-	(28,950)	-	-	30/09/2024 24 months
17/10/2022	-	-	37,986	-	-	-	(37,986)	-	-	17/10/2025 24 months
<b>Total</b>		<b>42,427</b>	<b>37,986</b>	<b>(7,001)</b>	<b>132</b>		<b>(74,426)</b>			

#### L Cross

Long-Term Incentive Plan conditional awards – FY23										
Awards made	Shareholder	Number of shares	Value	Number of shares	Value	Number of shares	Value	Number of shares	Value	Notes
30/09/2020	-	4,466	-	-	-	-	(375)	4,091	30/09/2023	24 months
09/06/2021	-	6,319	-	-	-	-	(1,989)	4,330	09/06/2024	24 months
30/09/2021	-	11,994	-	-	-	-	(5,012)	6,982	30/09/2024	24 months
17/10/2022	-	-	15,758	-	-	-	(12,077)	3,681	17/10/2025	24 months
<b>Total</b>		<b>22,769</b>	<b>15,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,473)</b>	<b>14,784</b>		

# Remuneration Committee report continued

The CSOP was approved by shareholders at the Annual General Meeting on 17 October 2013 and by HMRC on 21 November 2013.

The scheme is a discretionary scheme whereby employees or Directors are granted an option to purchase the Company's shares in the future at a price set on the date of the grant. The maximum award under the terms of the scheme for an individual at any one time is a total market value of £30,000. There are performance conditions attaching to the scheme whereby there must be an increase in the underlying diluted EPS of the Company of at least 2% more than the increase in RPI over the three years starting with the financial year in which the option is granted. No awards were made under the scheme during FY23.

## A Shepherd

Grant date	Exercise price	Number of shares	Exercise period	Exercise period	Exercise period	Exercise period	Exercise period	Exercise period
21/11/2013	1,452.0	2,067	-	-	-	2,067	21/11/2016	21/11/2023
Total		2,067	-	-	-	2,067		

All Directors are entitled to take part in the HMRC-approved Brooks Macdonald Group Sharesave Scheme on the same terms as all other employees. Annual invitations to participate in the scheme, which commences each year on 1 June, are sent to Directors and option grants are made at 80% of the closing mid-market price on the day of the offer.

The benefit shown in the total remuneration table is the value of the discount on the Sharesave options granted in the year.

## A Shepherd

Grant date	Exercise price	Number of shares	Exercise period	Exercise period	Exercise period	Exercise period	Exercise period	Exercise period
13/05/2020	1,172.0	1,535	-	-	-	1,535	01/06/2023	01/12/2023
12/05/2023	1,434.0	-	1,255	-	-	1,255	01/06/2026	01/12/2026
Total		1,535	1,255	-	-	2,790		

## B Thorpe

Grant date	Exercise price	Number of shares	Exercise period	Exercise period	Exercise period	Exercise period	Exercise period	Exercise period
13/05/2020	1,172.0	1,535	-	-	(1,535)	-	01/06/2023	01/12/2023
Total		1,535	-	-	(1,535)			

## L Cross

Grant date	Exercise price	Number of shares	Exercise period	Exercise period	Exercise period	Exercise period	Exercise period	Exercise period
11/05/2021	1,704.0	1,056	-	-	-	1,056	01/06/2024	01/12/2024
Total		1,056	-	-	-	1,056		

Ben Thorpe and Lynsey Cross both stepped down from Executive Director responsibilities on 19 January 2023 and left the Group on 30 June 2023. Full details of their leaving arrangements can be found in my letter earlier in this report.

The Group has service contracts with its Executive Directors with a notice period of 12 months and it is Group policy that such contracts should not normally contain notice periods of more than 12 months.



## Remuneration Committee

James Rawlingson became a member of the Remuneration Committee following his appointment to the Board on 2 March 2023. The other members of the Remuneration Committee as at the end of the FY23 reporting period are me as Chair, Richard Price, Dagmar Kershaw and Robert Burgess.

There were four scheduled Remuneration Committee meetings during FY23, with members also attending a number of additional ad hoc meetings. Member's attendance of schedule meetings is set out in the summary table on page 80.

The Committee exercises independent judgement in the determination, implementation and operation of the overall Remuneration Policy for the Group. The Committee also:

- › provides oversight of the design and application of the Remuneration Policy and makes recommendation to the Board of the overarching principles for all Group employees;
- › ensures the policy mitigates identified conflicts of interest and is consistent with the risk appetite of the Group and supports the delivery of its strategic goals; and
- › reviews and approves the remuneration policies and remuneration for the Executive Directors, members of the Executive Committee, Material Risk Takers ("MRTs") and any other employees for whom enhanced oversight is either appropriate or a regulatory requirement.

The full responsibilities of the Committee are set out in the Committee's Terms of Reference, which are reviewed annually and are available on the Group's website.

During the year, the Remuneration Committee received independent advice from Korn Ferry (UK) Limited (Korn Ferry). Korn Ferry were appointed by the Remuneration Committee in FY23 and provided advice in relation to executive long-term incentive design and director market benchmarking. Fees were charged on a time and materials basis; the total fees paid to Korn Ferry in respect of its services to the Remuneration Committee were £12,500 + VAT. No other services were provided by Korn Ferry during the year, and the Committee is satisfied that the advice received is objective and independent.

## Chairman's fee and Non-Executive Director fee

Following a market-based review, the Chairman's fee and the Non-Executive Director base fee were increased in FY23. No changes were made to the Senior Independent Director fee or the Committee Chair fee.

Confirmation of the change in fee structure between FY22 and FY23 is shown in the below table.

		FY22 £'000	Change in fees
Chairman fee <sup>1</sup>	200	200	5.0%
Non-Executive Director base fee	65	65	3.8%
Senior Independent Director fee	10	10	-
Committee Chair fee	10	10	-

<sup>1</sup> The Chairman fee is also payable to the Acting Chair.

# Remuneration Committee report continued

## Base salary review

The Committee undertook a review of the CEO's base salary in July 2023 and approved a salary increase of 4% for the FY24 reporting period, effective from 1 July 2023. This uplift is aligned to the average remuneration increase of the wider workforce. The Remuneration Committee considers the new salary level to be commensurate with the contribution, experience and calibre of the CEO and is supported by executive pay market data.

The base salaries of the Executive Directors for the year ending 30 June 2024 are £432,640 for the CEO, and £375,000 for the Chief Financial Officer.

## Performance targets for the FY24 annual bonus

As mentioned earlier in this report, at the present time of writing the Remuneration Committee is finalising its review of FY24 annual bonus performance measures. With the Group's evolving strategy, it is essential that the balance of financial and non-financial measures reflects this. Notwithstanding any changes to the component metrics, the annual bonus structure will continue to operate a majority weighting of financial measures, enabling a continued focus on the delivery of a strong financial return to investors. These financial measures will be complemented by targeted non-financial objectives, which will help target the necessary milestones required to achieve an effective transition to the next level of the Group's success for its customers, workforce, and shareholders.

These measures and their weightings, along with their performance outturns, will be disclosed in next year's report.

## LTP

The Group will continue to operate the performance share approach to long-term incentive awards in FY24 that operated in FY23. The metrics for the award to be granted in FY24 will again be based on underlying diluted EPS as well as a basket of ESG-based metrics. The proportional weightings of the measures will be 90% for EPS performance and 10% for ESG performance. The EPS target is considered by the Remuneration Committee to be market sensitive and will be disclosed in the Annual Report and Accounts in September 2026. The grant levels for both the CEO and the Chief Financial Officer will be 200% of base salary, in accordance with the current Directors' Remuneration Policy. These awards will only vest based on achieving significantly challenging targets. We believe that continuing to use performance shares will promote engagement from the Executive Directors and fully align their long-term remuneration arrangements with shareholder and broader stakeholder outcomes.

	2023	2024	2025	2026	
Absolute underlying diluted EPS	90%	22.5%	45%	90%	Measured in the third year of the vesting period (FY26)
ESG outcomes aligned to the following policy areas:	10%	2.5%	5%	10%	
- Diversity Policy					
- Anti-slavery Policy					
- Carbon zero plan					
- Regular employee pulse surveys					
- ESG Policy					
Total as % of award		25%	50%	100%	
Total as % of base salary for CEO and CFO		50%	100%	200%	
Total as % of base salary for COO		25%	50%	100%	

### Non-Executive Director fees and the Investment Committee fee for FY24

Following the annual review of Non-Executive Director fees to be paid for the FY24 reporting period it was agreed that no changes would be made to the Chairman Fee and the Non-Executive Director base fee at this time. Increases to the Senior Independent Director fee and Committee Chair fee of £2,500 per annum each, were supported on the basis of evidence for the sector-based premiums observed for these roles, and a further fee of £5,000 per annum was made available to compensate Non-Executive time and effort in supporting the Group's Investment Committee. One Non-Executive is expected to be eligible for the Investment Committee fee in FY24.

Confirmation of the change in fee structure between FY23 and FY24 is shown in the below table.

	FY23 £'000	FY23 £'000	Change in fees
Chairman fee <sup>1</sup>	210	210	0.0%
Non-Executive Director base fee	675	675	0.0%
Senior Independent Director fee	10	10	25.0%
Committee Chair fee	10	10	25.0%
Investment Committee attendance fee	-	-	N/A

<sup>1</sup> The Chairman fee is also payable to the Acting Chair

### Employer pension

All Executive Directors and employees of the Group currently receive the same employer pension benefit of 6% of base salary. The Group regularly reviews the competitive positioning of the pension benefit it offers. In the event any change is made to the level of pension benefit offered, the new rate of benefit would apply to both Executive Directors and all employees.

### Remuneration Committee review of the Group's remuneration policies and practices

The Remuneration Committee reviews the Group's remuneration policies and practices against the requirements of the MIFIDPRU Remuneration Code on an annual basis to ensure that the policies and the way in which they are implemented remain appropriate and proportionate to the nature, scale and complexity of the risks that exist in the Group's business model and activities.

### Shareholder approval of the Directors' Remuneration report

	2023 Voting Shareholders	2023 Voting Shareholders	2023 Voting Shareholders	2023 Voting Shareholders
Approval of the Directors' Remuneration report	9,988,501	96.2%	396,719	3.8%

### Directors' Remuneration Policy

The Directors' Remuneration Policy (the "Policy") is determined by the Committee.

### Design of the Directors' Remuneration Policy

The Policy is designed to:

- › provide a 'pay for performance' framework to attract, motivate, retain and reward employees;
- › align remuneration outcomes with the delivery of our business strategy, objectives, Guiding Principles and long-term interests and outcomes of the Group's employees, customers and shareholders;
- › ensure that remuneration is set at an appropriate level, taking into account market rates and best practice;
- › ensure the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk-taking;
- › manage and mitigate any identified conflict of interest;
- › be consistent with and promote sound and effective risk management; and
- › comply with all regulatory requirements.

# Remuneration Committee report continued

Below is a summary of the Remuneration Committee's policy for Executive Directors:

Policy	Policy	Policy	Policy
Base Salary	Provides fixed remuneration at an appropriate level to attract and retain talent	Individual levels of base salary are reviewed annually with any increases effective from 1 July, unless there are any exceptional reasons for increases at another time of the year.	Benchmarked against relevant market levels
Pension	To aid retention of key talent.	Executive Directors receive a pension contribution from the Company equal to 6% of salary, which can either be paid into the Group's defined contribution pension scheme, paid into an alternative pension scheme, or taken in cash (in part or in full).	6% of base salary.
Benefits	To provide valued benefits to the individual.	Executive Directors receive benefits including private medical insurance, income protection insurance, life assurance, critical illness insurance, as well as an annual health assessment.	In line with Group Policy.
Annual Bonus	Rewards annual Group and personal performance and aligns reward with longer-term performance and shareholder outcomes through deferral into shares.	Award value determined by performance achieved against financial and non-financial performance measures agreed by the Remuneration Committee.  One-third of annual bonus is deferred into parent company shares which vest in three equal portions at 12, 24 and 36 months from grant.  Malus and clawback provisions apply to annual bonus awards under the Group's malus and clawback policy.	150% of base salary
LTIP	Rewards performance over the long term.	Executive Directors may be considered for performance-based LTIP awards.  Awards vest after three years subject to meeting performance targets determined at grant. The performance metrics applicable to awards proposed to be granted in Q1 of FY24, are:  FY26 underlying diluted EPS - 90% of overall opportunity ESG-related performance metrics - 10% of overall opportunity  The Remuneration Committee may apply different measures and weightings for future awards under the plan.  Post-vesting, recipients are required to hold the shares, net of any sales to settle income tax and National Insurance contributions that may be due on vesting, for a further two years. This will create further long-term alignment with shareholders' interests by creating a combined vesting and holding period of five years.  Malus and clawback provisions apply under the Group's malus and clawback policy.	Up to 200% of base salary (£ face value of shares at grant).

In accordance with the 2018 Corporate Governance Code, the Committee has ensured that the remuneration structure above is clear, transparent, and predictable, given that the maximum opportunity of variable pay is capped. The annual bonus metrics and deferral have been kept simple and easy to measure.

The delivery of variable pay, part in cash and share awards that are subject to malus and clawback mitigates risks and potential conflicts of interest and ensures that the Executive Directors are aligned to the interests of shareholders. The balanced scorecard of metrics and targets provides a clear link between performance against the Group's strategic and commercial goals and individual awards, with behaviours consistent with Our Guiding Principles forming a key part of this assessment.

### Executive Director shareholding

Executive Directors are required to build and maintain a holding in Brooks Macdonald shares or rights to shares equal to 200% of base salary within five years of commencing in role, or the date of adoption of the Policy. A formal post-employment shareholding policy has been considered with it being concluded that this was not appropriate for the Group at present. This is a departure from the Corporate Governance Code, however, we believe the five-year combined vesting and holding period on all LTIPs as well as the Group's Malus and Clawback Policy is sufficient. The Group, nonetheless, has committed to continue to review this position in the future.

### Consultation with major investors on the Remuneration Policy

The Committee regularly compares the Policy with shareholder guidelines and takes account of the results of shareholder votes on remuneration. The Remuneration Committee Chair consults with major investors ahead of any material changes to the Policy and is available to meet with institutional shareholders to discuss any of the policy-related disclosures or outcomes contained in this Directors' Remuneration Report. During FY21, consultations with major investors took place to seek feedback on proposed changes to Executive Director LTIPs and their views taken into account when determining the performance metrics.

### Consistent remuneration philosophy applied to all employees across the Group

A consistent remuneration philosophy is applied to all employees across the Group. For the financial year ended 30 June 2023, all employees continue to be eligible for discretionary performance-related annual bonus based on a balanced scorecard of financial and non-financial objectives. The principle of mandatory bonus deferral applies to all MRTs and to employees whose bonuses exceed certain monetary thresholds.

Employees are able to provide direct feedback on the Group's remuneration policies to their manager or the HR department and as part of our regular 'Speak Up' employee engagement survey. In addition, the Chief People Officer brings items around people and the people agenda to meetings of the Executive Committee, which cover, inter alia feedback on the effectiveness of the Group's Remuneration Policy and how it is viewed by employees. The Chief People Officer also provides similar updates to the Board.

### Executive Director appointments

Executive Directors are normally permitted to take on one external appointment as a Non-Executive Director. Prior Board approval is required for any new appointment. Fees in excess of £15,000 per annum are paid to the Group.

### Executive Director contracts and remuneration packages

The Executive Director contracts have no fixed duration. The remuneration package for a new Executive Director is set in line with the terms and maximum levels of the Group's approved Remuneration Policy in force at the time of appointment. Currently, for annual bonus and LTIPs, the maximum opportunity is 150% and 200% of base salary, respectively. The Committee may also offer additional cash and/or share-based elements to replace awards or potential earnings forgone on becoming an Executive Director (if in the interests of the Group and shareholders and in accordance with regulatory requirements). In considering any such payments, the Committee could take account of the amount forgone and its nature, vesting dates and any performance requirements attached.

### Service contracts and termination of Executive Directors

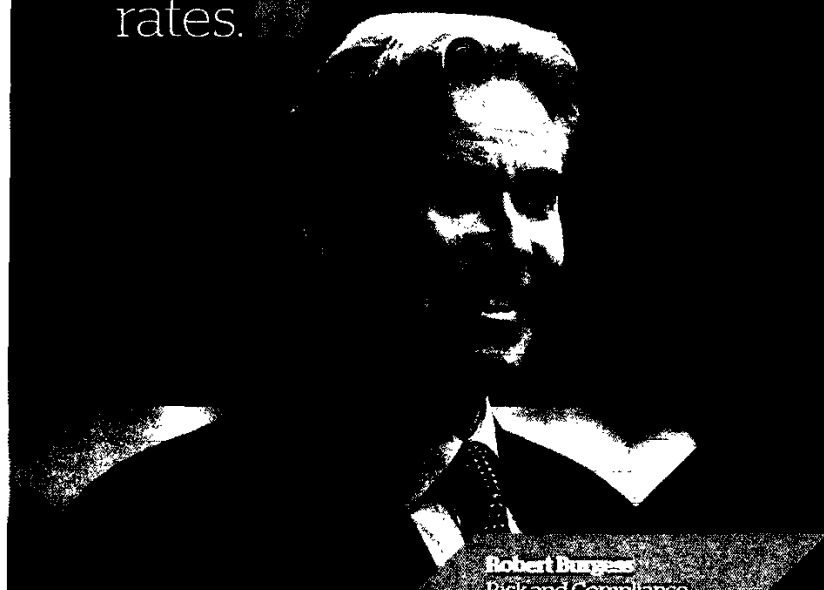
Service contracts normally continue until the Executive Director's retirement date unless otherwise agreed, and the service contracts provide a mechanism for early termination. The Group is able to enter into settlement agreements with Executive Directors and to pay compensation in resolution of potential legal claims. The default treatment of any outstanding share-based entitlements granted to an Executive Director under the Group's LTIP or other share plans is that any outstanding awards lapse on cessation of employment. In certain prescribed circumstances, such as death, disability, redundancy, retirement or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure), 'good leaver' status can be applied. In such cases, the normal practice is for LTIP awards held to be retained and prorated (where necessary) on the original vesting schedule, with the performance conditions continuing to apply, with the exception of Deferred Bonus shares, which vest in full on the original vesting schedule.

This report in its entirety has been approved by the Committee and the Board of Directors on its behalf by:

**John Linwood**  
Remuneration Committee Chair  
13 September 2023

# Risk and Compliance Committee report

“ The Committee continued to focus on the resilience of the firm following significant operational changes, whilst also addressing the broader macroeconomic challenges brought about by geopolitical events, and both rising inflation and interest rates. ”



**Robert Burgess**  
Risk and Compliance  
Committee Chair

Our risk governance and risk processes are designed to enable our firm to manage risk effectively and support the delivery of our strategic objectives. Over the past year, the Risk and Compliance Committee (“RCC”) has supported this through its continued focus on the ongoing geopolitical challenges and the uncertain macroeconomic climate brought about by rising inflation and the subsequent increases in interest rate. The Risk and Compliance Committee has also focused on the UK’s regulatory agenda, notably Consumer Duty and TCFD, which comes into force this year, as well as the Group’s changing idiosyncratic risks, particularly as the firm continues to embed a new operating model.

## Role and responsibilities

The Risk and Compliance Committee assists the Board in meeting its risk management, regulatory, compliance and internal control responsibilities. In discharging these governance responsibilities, the Committee Chair liaised closely with the Chair of the Audit Committee to ensure a clear allocation of responsibilities between the two Committees, ensuring governance completeness across the risk landscape. The commonality in the membership of each Committee ensures effective management of any remaining risks.

The Committee considers best practice, taking account of the requirements of the Code, where appropriate, and those of the FCA and other relevant regulatory bodies, including guidance on risk management and internal controls, as well as other requirements set by the Board.

The full responsibilities of the Committee are set out in the Committee’s Terms of Reference, which are reviewed annually and available on the Group’s website.

### Committee membership

The Committee comprises only independent Non-Executive Directors. The members include Robert Burgess, John Linwood, Richard Price, Dagmar Kershaw, and James Rawlingson. Robert Burgess was the Chair of the Committee during the year.

Collectively, the Committee considers that its membership has the appropriate expertise to discharge its responsibilities effectively, including relevant wealth management, financial, risk management, compliance, regulatory, legal, and cyber and resilience experience.

The Committee's attendance during the year ended 30 June 2023 is set out in the summary table on page 80.

Risk and capital strategy and assessment	<ul style="list-style-type: none"> <li>Overseeing and recommending to the Board, the Group's Risk Appetite Statement, and limits and policies for controlling risk within the Board's stated appetite;</li> <li>Reviewing any red-rated risks and assessing the adequacy of mitigating or remedial actions;</li> <li>Monitoring steps taken by management to bring red-rated risks in line with the Board's Risk Appetite; and</li> <li>Assessing regularly and updating, where appropriate, the Risk Appetite Statement, involving a regular reassessment of the Group's principal risks and uncertainties, underpinned by key metrics, which articulate the status and tolerance levels of key business risks. The process is underpinned by the capture of outputs from the assessment of risks undertaken by the Executive Committee and independent challenge provided by the CRO and the Group Risk team.</li> </ul>
Capital and liquidity management	<ul style="list-style-type: none"> <li>Overseeing the Group's 2022/23 Internal Capital Adequacy and Risk Assessment ("ICARA") process and its compliance with regulatory capital and liquidity requirements;</li> <li>Recommending the harm scenarios to be considered and stress tested in the 2022/23 ICARA, as well as liquidity stress tests to be undertaken;</li> <li>Reviewing and challenging the methodology and output of stress tests, considering recommended management responses, and ensuring that results are incorporated appropriately in the Group's capital and liquidity planning; and</li> <li>Ensuring that ongoing consideration is given to capital and liquidity matters as decisions are taken by the Group Board and Executive Committee.</li> </ul>
Long-term and sustainability issues	<ul style="list-style-type: none"> <li>Monitoring external developments, for example competition, market conditions, macroeconomic and regulatory environment, taxation and legal developments, in order to assess the potential impact on the Group;</li> <li>Periodically reviewing the Group's potential risk exposures, and considering and challenging management's methodology to identify and address such exposures; and</li> <li>Recommending to the Board the principal risks and uncertainties to be reported in the Annual Report and Accounts.</li> </ul>

# Risk and Compliance Committee report continued

<p>1.3.1 Management responsibilities</p>	<ul style="list-style-type: none"> <li>› Reviewing, on at least an annual basis, the adequacy and effectiveness of the Group's risk and control processes to support its strategy and objectives, and monitoring the implementation of enhancements identified;</li> <li>› Reviewing the Group's approach to the management of outsourcing arrangements;</li> <li>› Maintaining oversight of material issues, errors, breaches and complaints, including consideration of the adequacy of management actions proposed and any consequent implications for the Group's Risk Appetite status and framework;</li> <li>› Overseeing the scope and effectiveness of second line assurance work, whilst considering the results of work undertaken by the third line insofar as it affects the Committee's areas of responsibilities; and</li> <li>› Ensuring that the second line assurance programme is adequate in view of the complexity and risk profile of the Group, whilst monitoring completion of its work and overseeing remedial actions arising as appropriate.</li> </ul>
<p>1.3.2 Overseeing regulatory compliance</p>	<ul style="list-style-type: none"> <li>› Considering regulatory developments and the potential impact on the Group;</li> <li>› Reviewing key regulatory topics through reports prepared by second line teams; and</li> <li>› Overseeing regulatory-related projects.</li> </ul>
<p>1.3.3 Oversight and effectiveness of the Risk and Compliance functions</p>	<ul style="list-style-type: none"> <li>› Safeguarding the independence of the Risk and Compliance teams, and reviewing the adequacy of resources, reporting any concerns to the Board;</li> <li>› Receiving reports from second-line teams, and in particular the CRO, and promoting an open and transparent risk culture;</li> <li>› Maintaining effective oversight of the Risk and Compliance functions, monitoring performance against plan; and</li> <li>› Reviewing key communications with regulators and fostering a culture of cooperation and compliance.</li> </ul>



Some of the Committee's key considerations are outlined in the table below:

Key risks and risk appetite	Reviewed key risks faced by the Group, including emerging risks with particular focus on operational, investment, resilience, outsourcing and suitability risks that could impact the business strategy and operational model.
Third-party outsourcing	Reviewed the third-party outsourcing oversight process by the first and second line, particularly the impact to the firm as it embeds a new operating model.
Regulatory developments	Reviewed key risks in relation to regulatory change with specific focus on Consumer Duty and TCFD.
Cyber security and resilience	Reviewed activities undertaken by the Cyber Security function and the ongoing programme of enhancements made in response to current geopolitical events, including heightened attacks from Russia.
ICARA Urgency Risk Scenario and Financial Outlook and Ward Case, PRA CWDR	Supervised the 2022/23 ICARA process undertaken in the year, including the development of harm scenarios and stress tests, and reporting to the Board the level of capital and liquidity resources required.
External impact Russia	Reviewed the assessment of the continued impact of the Russian invasion of Ukraine on global markets, the economic environments, and the outcome of continuous monitoring and review carried out as part of the Centralised Investment Process.

#### Future priorities

Key priorities for the Committee in the coming year continue to include ensuring business model resilience in the current challenging geopolitical and economic environment, maintaining a sustained focus on investment and suitability risks, along with further enhancements to the operational resilience, Consumer Duty, TCFD and third-party oversight frameworks, and embedding the new operating model.

#### Approval

This report, in its entirety, has been approved by the Committee and the Board of Directors on its behalf by:

**Robert Burgess**

Risk and Compliance Committee Chair

13 September 2023

# Report of the Directors

**The Directors present herewith their Annual Report, together with the audited Financial statements of the Group for the year ended 30 June 2023.**

## Principal activities and business review

Brooks Macdonald specialises in providing investment management services in the UK and internationally. The Company is a public limited company whose shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange. A review of the business, together with its strategic outlook and future developments is set out in the Strategic report on pages 8 to 72, which is incorporated by reference in this Report.

## Section 172, employee and other stakeholder engagement

When making decisions and setting the Company's strategy, the Directors of Brooks Macdonald consider the long-term interests of the Group. In doing so, they weigh the competing interests of the Company's stakeholders and the effect their decision may have on the Company's reputation. Further information on how the Company considers the interests of its stakeholders can be found on pages 50 to 53 and more details of how the Company seeks to limit its impact on the environment are provided in the Corporate responsibility report starting on page 62.

## Results and dividends

The Group's statutory profit before taxation for the year ended 30 June 2023 was £22,239,000 (FY22: £29,546,000) and the statutory profit after taxation was £18,149,000 (FY22: £23,411,000).

The Directors recommend a final dividend of 470p (FY22: 450p) per share subject to approval by the shareholders at the AGM on 26 October 2023. Once approved, this will be paid on 3 November 2023 to shareholders on the Company's register at close of business on 22 September 2023. An interim dividend of 28.0p (FY21: 26.0p) per share was paid on 6 April 2023. This results in total dividends for the year ended 30 June 2023 of 75p (FY22: 71.0p) per share, representing a total estimated distribution to shareholders of £7,448,000 (FY22: £7,031,000).

## Share capital

Details of the Company's authorised and issued share capital, and movements thereof, are set out in Note 28 of the Consolidated financial statements. The Company has no preference shares in issue and has one class of ordinary shares, which carry no right to fixed income. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

## Directors and their interests

The Directors of the Company, who were in office during the year and up to the date of signing the Financial statements, are listed below, together with their beneficial interests in the share capital of the Company.

	At 30 June 2023	At 30 June 2022
<b>Number of shares</b>		
<b>Chairman</b>		
Alan Carruthers <sup>1</sup>	N/A	1,450
<b>Acting Chair</b>		
Richard Price	1,450	1,450
<b>Executives</b>		
Andrew Shepherd <sup>2</sup>	51,997	45,583
Ben Thorpe <sup>3</sup>	N/A	21,321
Lynsey Cross <sup>3</sup>	N/A	-
Andrea Montague <sup>4</sup>	N/A	N/A
<b>Non-Executives</b>		
John Linwood	300	300
Dagmar Kershaw	840	840
Robert Burgess	3,044	3,044
James Rawlingson <sup>5</sup>	500	N/A

<sup>1</sup> Alan Carruthers resigned as a Director of the Company on 7 February 2023

<sup>2</sup> As at 30 June 2023, Andrew Shepherd held 7428 share options that had vested, but had not yet been exercised, net of tax.

<sup>3</sup> Ben Thorpe and Lynsey Cross resigned as Directors of the Company on 19 January 2023

<sup>4</sup> Andrea Montague was appointed after 30 June 2023

<sup>5</sup> James Rawlingson was appointed as Non-Executive Director on 2 March 2023 and did not have any beneficial interest in the share capital of the Company on this date.

Details of share options held by the Directors at the beginning and end of the year can be found in the Remuneration Committee report on pages 94 to 111.

## Employee share plans

Details of employee share plans are outlined in Note 30 to the Consolidated financial statements. Our Employee Sharesave Scheme is administered by Morgan Stanley Shareworks. Our share-based long-term incentive plans are administered by Investec.

## Employee Benefit Trust

In 2010, the Group established an Employee Benefit Trust ("EBT") to acquire shares in the Company to satisfy awards made under the Group's share-based incentive schemes. JTC Employer Solutions Trustee Limited act as the trustee of the EBT. During the year, the EBT purchased 140,495 shares and sold or transferred out 168,668 shares.

## Retirement and reappointment of Directors

All of the Directors of the Group Board will retire at the AGM and are eligible to nominate themselves for election or re-election.

### Employment practices

Details of the Group's employment practices, and its policies on diversity and inclusion, are set out in the Corporate responsibility report on pages 54 to 61.

### Political donations

The Group did not make any political donations during the year (FY22: £nil).

### Insurance cover for Directors and Officers

The Company maintains appropriate insurance cover in respect of litigation against Directors and Officers. The Company has granted indemnities to all of its Directors on terms consistent with the applicable statutory provisions. Accordingly, qualifying third-party indemnity provisions, as defined by Section 234 of the Companies Act 2006, were in place during the financial year and remain in force at the date of this Report.

### Robust assessment of the emerging and principal risks

The Directors confirm that they have carried out a robust assessment of the emerging and principal risks facing Brooks Macdonald, including those that could threaten the Group's business model, future performance, solvency or liquidity. The Board considers that the information it receives enables it to review the effectiveness of the Group's internal controls in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Details on how the Board monitors the Group's risk management and internal controls are contained in the Risk management and principal risks section of the Strategic report, starting on page 42.

### Shareholders of the Company

As at 30 June 2023, the Company's largest shareholders were as follows:

	Number of shares	Percentage
Liontrust Asset Management	3,101,939	18.91%
Octopus Investments	2,644,562	16.13%
Gresham House Asset Management	1,174,281	7.16%
Brooks Macdonald Asset Management	883,615	5.39%
Invesco	846,644	5.16%
Amati Global Investors	780,391	4.76%
Canaccord Genuity Wealth Management	735,961	4.49%
Chelverton Asset Management	683,000	4.16%
Charles Stanley	620,523	3.78%
Brooks Macdonald Employee Benefit Trust	552,633	3.37%

### Financial risk management objectives and policies

Details of the Group's financial risk management objectives and policies are set out in Note 31 to the Consolidated financial statements.

### Events after the reporting date

Details of events after the reporting date are set out in Note 36 to the Consolidated financial statements.

### Audit Committee Recommendation

The Audit Committee has recommended to the Board that the incumbent auditors, PricewaterhouseCoopers LLP ("PwC"), are reappointed for a further term. PwC have expressed their willingness to continue in office as the Group's appointed auditors and a resolution to reappoint them will be proposed at the forthcoming AGM.

Each of the Directors in office at the date of the signing of this report confirms that, so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware. Each Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

### Business activities

The Group's business activities, performance and position, together with the risks it faces and the factors likely to affect its future development are set out in the Strategic report.

In view of the market volatility and economic uncertainty experienced during the financial year, the Directors reviewed the Group financial forecasts prepared by management. These covered the Group's expected future profitability, dividend policy and capital and liquidity projections, including stressed scenarios, such as a prolonged market downturn. Management's mitigating actions, should these scenarios unveil, were also assessed by the Directors.

As noted in the Viability statement on page 48, the Directors have considered the Group's prospects for a period exceeding 12 months from the date the Financial statements are approved, and have concluded that the Group has adequate financial resources over that period and, accordingly, are satisfied that the going concern basis for the preparation of these Financial statements is appropriate.

### 2023 AGM – Details

The 2023 AGM will be held on 26 October 2023 at 21 Lombard Street, London EC3V 9AH. The notice of the meeting, together with details of the resolutions proposed and explanatory notes, are enclosed with this Report and can also be found on the Group's website. Full details of the meeting arrangements are given in the AGM Notice of Meeting.

By order of the Board of Directors

**Phil Naylor**  
Company Secretary  
13 September 2023



# Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and the parent Company Financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 Group and parent Company and of the profit or loss of the Group for that period. In preparing the Financial statements, the Directors are required to:

- › select suitable accounting policies and then apply them consistently;
- › state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial statements;
- › make judgements and accounting estimates that are reasonable and prudent; and
- › prepare the Financial statements on a going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the Financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Directors' responsibilities

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and parent Company's position and performance, business model and strategy.

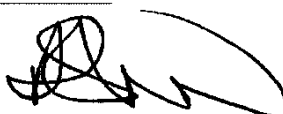
In the case of each Director in office at the date the Report of the Directors is approved:

- › so far as the Director is aware, there is no relevant audit information of which the Group's and parent Company's auditors are unaware; and
- › they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's and parent Company's auditors are aware of that information.

The Statement of Directors' responsibilities has been approved by the Board of Directors and signed on its behalf by:

**Andrew Shepherd**  
CEO

13 September 2023





# Independent auditors' report to the members of Brooks Macdonald Group plc

In our opinion, Brooks Macdonald Group plc's group financial statements and company financial statements (the "financial statements"):

- › give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2023 and of the group's profit and the group's and company's cash flows for the year then ended;
- › have been properly prepared in accordance with UK-adopted international accounting standards; and
- › have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated statement of financial position and Company statement of financial position as at 30 June 2023; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows and Company statement of cash flows, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Overview

### Audit scope

- › The scope of our audit and the nature, timing and extent of audit procedures performed were determined based on our risk assessment. The group comprised 18 legal entities across the UK and Channel Islands during the reporting period. We conducted audit testing over 9 legal entities, including 2 entities in the Channel Islands. Taken together, our audit work accounted for more than 95% of group revenues.

### Key audit matters

- › Recognition of investment management fees (group)
- › Impairment of investment in subsidiaries (parent)

### Materiality

- › Overall group materiality: £1100,000 (FY22: £1,400,000) based on 5% of profit before tax.
- › Overall company materiality: £1,200,000 (FY22: £1,087,000) based on 1% of net assets.
- › Performance materiality: £825,000 (FY22: £1,050,000) (group) and £900,000 (FY22: £815,000) (company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.



#### **Recognition of investment management fees (group)**

Investment management fees are generated by Brooks Macdonald Asset Management Limited ("BMAM") and Brooks Macdonald Asset Management (International) Limited ("BMI") and are set out in Note 4 to the financial statements. Investment management fees of £78m represent approximately 62% of the group's £124m total revenue. Recognition of investment management fees is a key audit matter due to its size and the significant audit effort involved in testing this revenue stream. Investment management fees are calculated by applying each client's fee rate to their funds under management ("FuM"). The calculation is largely automated, however there are a number of inherent risks including the manual input of fee rates from client contracts and the existence and valuation of funds under management, which could result in errors.

We performed the following procedures in relation to investment management fees:

- › We understood and evaluated the design and implementation of key controls, including relevant Information Technology ("IT") controls, in place around the investment management fee process;
- › For quarter ends, we reperformed the reconciliations of client cash and stockholding positions to external custody and bank confirmations and obtained evidence for any differences on a sample basis;
- › We agreed, on a sample basis, fee rates to client contracts;
- › We tested the valuation for a sample of investment positions by agreeing the prices used to calculate FuM to independent market prices, and
- › We tested the accuracy of investment management fees, by performing a recalculation of fees on a sample basis

Based on the audit procedures performed and evidence obtained, our testing did not identify any evidence of material misstatement.

#### **Impairment of investment in subsidiaries (parent)**

The Parent company holds investment in subsidiaries of £111m which is set out in Note 41 of the company financial statements. The impairment assessment of the investment in subsidiaries balance is a key audit matter due to the magnitude of the balance in the context of the net assets of the company. Management performed an impairment assessment where judgement is required to be applied in considering whether an impairment trigger has occurred utilising a number of assumptions, such as forecast cash flows, discount rates and long-term growth rates.

We performed the following procedures in relation to the impairment of investment in subsidiaries on a sample basis:

- › Obtained and assessed management's impairment assessment;
- › Assessed the forecast cash flows generated by the company's subsidiaries; and
- › Assessed the appropriateness of the discount rates and long-term growth rate assumptions applied.

Based on the audit procedures performed and evidence obtained, our testing did not identify any evidence of material misstatement.

#### **How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group comprised 18 legal entities across the UK and Channel Islands during the reporting period. We conducted audit testing over 9 legal entities, including 2 entities in the Channel Islands, one of which is audited by PwC Channel Islands under our instruction and oversight. Across these legal entities, 4 were considered financially significant due to their contribution to the group's and company's results, and were subject to an audit of their complete financial information.

A further 3 legal entities were scoped in due to a statutory audit being performed over their financial information therefore this was leveraged for group coverage. We performed audit testing on specific FSIs for two more legal entities on judgemental risk based criteria. Together with the audit procedures performed at the group level on the consolidation, our audit work gave us the evidence we needed for our opinion on the financial statements as a whole.

A significant proportion of the group's trading, operational and financial processes are based in the UK resulting in the majority of the audit procedures being performed by the group audit team in the UK. The group audit team issued instructions to PwC Channel Islands for the legal entity, Brooks Macdonald International Fund Management Limited

# Independent Auditors' report continued

(BMIFML), because that entity's trading, operational and financial processes are based in the Channel Islands. We received inter-firm reporting from PwC Channel Islands with respect to their audit of BMIFML and performed appropriate oversight of their audit work.

## The impact of climate risk on our audit

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Management concluded that there was no material impact on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	£1100,000 (FY22: £1,400,000)	£1,200,000 (FY22: £1,087,000)
<b>How we determined it</b>	5% of profit before tax	1% of net assets
<b>Rationale for benchmark applied</b>	The most appropriate benchmark for group materiality is profit before tax on the basis that the group is primarily measured on its financial performance via its consolidated statement of comprehensive income.	A benchmark of net assets has been used as the company's primary purpose is to act as a holding company with investments in the group's subsidiaries, not to generate operating profits and therefore a profit based measure was not considered appropriate. 1% of net assets was the benchmark used in the prior year.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £9,299 and £1,045,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (FY22: 75%) of overall materiality, amounting to £825,000 (FY22: £1,050,000) for the group financial statements and £900,000 (FY22: £815,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during

This included evaluating the long-term threats posed by climate change to some of the Group's key operating territories and the impact this may have on the risk of impairment of the related Goodwill balance.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

our audit above £55,000 (group audit) (FY22: £65,000) and £60,000 (company audit) (FY22: £54,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors' annual going concern assessment and challenging the rationale for assumptions including review of management's stress testing and scenario analyses using our knowledge of the business.
- Assessing management's forecasts for 12 months from the point of signing the June 2023 year end audit opinion to determine the adequacy of the going concern basis.
- Performing an assessment over the variances between PY budget and CY actuals in order to conclude over management's ability to prepare forecasts.
- Reviewing the Group's latest Internal Capital Adequacy and Risk Assessment (ICARA) document including the financial forecasts and various stress test scenarios contained within.
- Performing additional sensitivity tests over the stress test scenarios outlined within the ICARA.



- › Reviewing the company's minimum capital requirements and regulatory capital requirements and assessing the net assets of the company against them.
- › Reviewing and challenging the MTP which forms the basis of trading and profitability forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information in the Annual Report

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

#### Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the corporate governance section is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- › The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- › The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- › The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- › The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- › The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

# Independent Auditors' report continued

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- › The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- › The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- › The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

*For information, the directors' statement relating to the company's compliance with the Code is set out on page 29.*

## Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to risk of fraud in revenue recognition through the posting of inappropriate journal entries. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- › Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; entries posted containing unusual account descriptions and entries posted with unusual amounts, where any such journals were identified;
- › Reviewing relevant board minutes;
- › Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- › Enquiries with management, risk, compliance and legal, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- › Assessing methods, significant assumptions and data used by management in making significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

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.

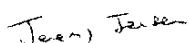
### Other required reporting

#### Companies Act 2006 exception reporting

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

- › we have not obtained all the information and explanations we require for our audit; or
- › adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- › certain disclosures of directors' remuneration specified by law are not made; or
- › the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



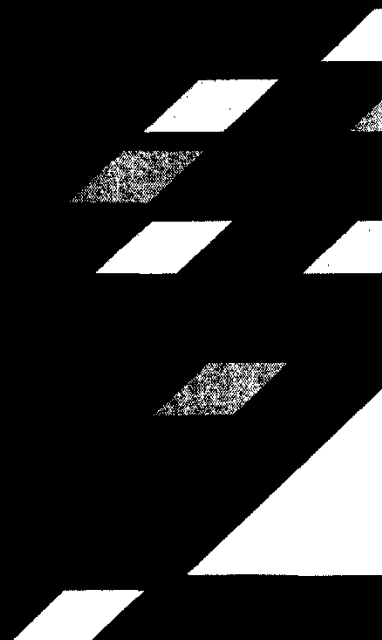
#### Jeremy Jensen

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

13 September 2023

# Consolidated financial statements

Consolidated statement of comprehensive income	128
Consolidated statement of financial position	129
Consolidated statement of changes in equity	130
Consolidated statement of cash flows	131
Notes to the consolidated financial statements	132





# Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Note	2023 £'000	2022 £'000
Revenue	4	<b>123,777</b>	122,210
Administrative costs	5	<b>(102,207)</b>	(95,288)
<b>Gross profit</b>		<b>21,570</b>	26,922
Other gains/(losses) - net	6	<b>(162)</b>	(55)
<b>Operating profit</b>	7	<b>21,408</b>	26,867
Finance income	8	<b>1,127</b>	68
Finance costs	8	<b>(296)</b>	(372)
Other non-operating income	10	-	2,983
<b>Profit before tax</b>		<b>22,239</b>	29,546
Taxation	9	<b>(4,090)</b>	(6,135)
<b>Profit for the year attributable to equity holders of the Company</b>		<b>18,149</b>	23,411
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>18,149</b>	23,411
<b>Earnings per share</b>			
Basic	12	<b>114.7p</b>	149.0p
Diluted	12	<b>112.6p</b>	144.4p

The accompanying notes on pages 132 to 169 form an integral part of the Consolidated financial statements.

# Consolidated statement of financial position

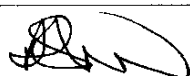
As at 30 June 2023

	Note	30 June 2023 £'000	30 June 2022 <sup>1</sup> £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	14	100,582	85,887
Property, plant and equipment	15	2,123	2,202
Right-of-use assets	16	4,329	4,971
Financial assets at fair value through other comprehensive income	17	500	500
<b>Total non-current assets</b>		<b>107,534</b>	<b>93,560</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	18	825	784
Trade and other receivables	20	33,542	30,473
Cash and cash equivalents	21	53,355	61,328
<b>Total current assets</b>		<b>87,722</b>	<b>92,585</b>
<b>Total assets</b>		<b>195,256</b>	<b>186,145</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	22	(3,181)	(4,075)
Provisions	23	(322)	(326)
Net deferred tax liabilities	19	(6,033)	(4,957)
Other non-current liabilities	26	(783)	(570)
<b>Total non-current liabilities</b>		<b>(10,319)</b>	<b>(9,928)</b>
<b>Current liabilities</b>			
Lease liabilities	22	(1,960)	(1,952)
Provisions	23	(1,000)	(819)
Deferred contingent consideration	24	(1,467)	(327)
Trade and other payables	25	(22,521)	(23,861)
Current tax liabilities		(645)	(833)
<b>Total current liabilities</b>		<b>(27,593)</b>	<b>(27,792)</b>
<b>Net assets</b>		<b>157,344</b>	<b>148,425</b>
<b>Equity</b>			
Share capital	28	164	162
Share premium account	28	81,830	79,141
Other reserves	29	9,112	9,962
Retained earnings	29	66,238	59,160
<b>Total equity</b>		<b>157,344</b>	<b>148,425</b>

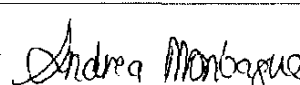
<sup>1</sup> The Group has reclassified the deferred tax balances to offset deferred tax assets and liabilities and present net deferred tax balances by jurisdiction to ensure consistent reporting with the current period. In the prior year, the reported deferred tax asset was £3,002,000, which has been netted off in the deferred tax liabilities balance.

The Consolidated financial statements on pages 128 to 169 were approved by the Board of Directors and authorised for issue on 13 September 2023, and signed on their behalf by:

Andrew Shepherd  
CEO



Andrea Montague  
Chief Financial Officer



Company registration number: 4402058

The accompanying notes on pages 132 to 169 form an integral part of the Consolidated financial statements.

# Consolidated statement of changes in equity

For the year ended 30 June 2023

	Note	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 July 2021</b>		161	78,703	8,467	46,672	134,003
<b>Comprehensive income</b>						
Profit for the year		-	-	-	23,411	23,411
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	23,411	23,411
<b>Transactions with owners</b>						
Issue of ordinary shares	28	1	438	-	-	439
Share-based payments		-	-	2,779	-	2,779
Share options exercised		-	-	(2,494)	2,494	-
Purchase of own shares by Employee Benefit Trust		-	-	-	(3,100)	(3,100)
Tax on share options		-	-	1,210	-	1,210
Dividends paid	13	-	-	-	(10,317)	(10,317)
<b>Total transactions with owners</b>		1	438	1,495	(10,923)	(8,989)
<b>Balance at 30 June 2022</b>		162	79,141	9,962	59,160	148,425
<b>Comprehensive income</b>						
Profit for the year		-	-	-	18,149	18,149
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	18,149	18,149
<b>Transactions with owners</b>						
Issue of ordinary shares	28	2	2,689	-	-	2,691
Share-based payments		-	-	2,686	-	2,686
Share options exercised		-	-	(3,201)	3,201	-
Purchase of own shares by Employee Benefit Trust		-	-	-	(2,850)	(2,850)
Tax on share options		-	-	(335)	-	(335)
Dividends paid	13	-	-	-	(11,422)	(11,422)
<b>Total transactions with owners</b>		2	2,689	(850)	(11,071)	(9,230)
<b>Balance at 30 June 2023</b>		164	81,830	9,112	66,238	157,344

The accompanying notes on pages 132 to 169 form an integral part of the Consolidated financial statements.



# Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 £'000	2022 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	<b>30,093</b>	32,826
Corporation tax paid		<b>(5,134)</b>	(5,269)
Tax refund	10	-	2,983
<b>Net cash generated from operating activities</b>		<b>24,959</b>	30,540
<b>Cash flows from investing activities</b>			
Purchase of computer software	14	<b>(2,954)</b>	(2,912)
Purchase of property, plant and equipment	15	<b>(745)</b>	(289)
Purchase of financial assets at fair value through profit or loss	18	<b>(30)</b>	(215)
Consideration paid	11	<b>(15,111)</b>	-
Deferred contingent consideration paid	24	<b>(334)</b>	(6,000)
Interest received	8	<b>1,127</b>	68
<b>Net cash used in investing activities</b>		<b>(18,047)</b>	(9,348)
<b>Cash flows from financing activities</b>			
Proceeds of issue of shares	28	<b>1,691</b>	439
Payment of lease liabilities	22	<b>(2,304)</b>	(1,785)
Purchase of own shares by Employee Benefit Trust	28	<b>(2,850)</b>	(3,100)
Dividends paid to shareholders	13	<b>(11,422)</b>	(10,317)
<b>Net cash used in financing activities</b>		<b>(14,885)</b>	(14,763)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(7,973)</b>	6,429
Cash and cash equivalents at beginning of year		<b>61,328</b>	54,899
<b>Cash and cash equivalents at end of year</b>	21	<b>53,355</b>	61,328

The accompanying notes on pages 132 to 169 form an integral part of the Consolidated financial statements.

# Notes to the consolidated financial statements

For the year ended 30 June 2023

## 1. General information

Brooks Macdonald Group plc ("the Company") is the Parent Company of a group of companies ("the Group"), which offers a range of investment management services to private high net worth individuals, pension funds, institutions, charities and trusts. The Group also provides financial planning as well as international investment management, and acts as fund manager to a range of onshore and international funds.

The Company is a public limited company by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and listed on AIM. The address of its registered office is 21 Lombard Street, London, EC3V 9AH, England.

## 2. Principal accounting policies

The general accounting policies applied in the preparation of these Financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

### a. Basis of preparation

The Group's Consolidated financial statements for the year ended 30 June 2023 have been prepared in accordance with UK-adopted International Accounting Standards ("IAS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These Consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of financial assets at fair value through other comprehensive income, financial assets and financial liabilities at fair value through profit or loss, and deferred contingent consideration such that they are measured at their fair value.

At the time of approving the Financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial statements. For further details on the Group's going concern assessment, see the Viability statement on page 48 and Audit Committee report on pages 86 to 89. There have been no post balance sheet events that have materially impacted the Group's liquidity headroom and going concern assessment.

### b. Basis of consolidation

The Group's Financial statements are a consolidation of the financial statements of the Company and its subsidiaries. The underlying financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Subsidiaries and structured entities are all entities controlled by the Company, deemed to exist where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included from the date on which control is transferred to the Group to the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated on consolidation.

The Group has interests in structured entities, with one consolidated structured entity, being the Brooks Macdonald Group Employee Benefit Trust (Note 28). The Group has interests in other structured entities as a result of contractual arrangements arising from the management of assets on behalf of its clients, but are not consolidated as the Group does not commit to financially support its funds, nor guarantee for repayment of any borrowings (Note 35). The Group has disclosed all of its subsidiary undertakings in Note 41 of the Company's Financial statements.

### c. Changes in accounting policies

The Group's accounting policies that have been applied in preparing these Financial statements are consistent with those disclosed in the Annual Report and Accounts for the year ended 30 June 2022, except as explained below.

#### New accounting standards, amendments and interpretations adopted in the year

In the year ended 30 June 2023, the Group did not adopt any new standards or amendments issued by the International Accounting Standards Board ("IASB") or interpretations by the International Financial Reporting Standards Interpretations Committee ("IFRS IC") that have had a material impact on the Consolidated financial statements.

Certain new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Standard, Amendment or Interpretation	Effective date
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (amendments to IFRS 4)	1 January 2018
COVID-19-Related rent concessions beyond 30 June 2021 (amendment to IFRS 16)	1 April 2021
Reference to the conceptual framework (amendments to IFRS 3)	1 January 2022
Property, Plant and Equipment – proceeds before intended use (amendments to IAS 16)	1 January 2022
Onerous Contracts – cost of fulfilling a contract (amendments to IAS 37)	1 January 2022
Annual improvements to IFRS Standards 2018-2020	1 January 2022

## 2. Principal accounting policies continued

### d. Critical accounting estimates and significant judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of currently available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, the Directors believe that the accounting policies, where important estimations are used, relate to the measurement of intangible assets and the estimation of the fair value of share-based payments.

The preparation of the Group's Consolidated financial statements includes the use of estimates and assumptions. The significant accounting estimates, being those with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1, 'Presentation of Financial Statements', are the useful economic life estimates for property, plant and equipment, computer software and acquired client-relationship contracts, additionally the pre-tax discount rate and perpetuity growth rate used to calculate the International cash-generating unit ("CGU") goodwill impairment review (Note 14).

The Consolidated financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties. The other areas of judgement and accounting estimates are the pre-tax discount rate and perpetuity growth rate used within the Braemar and Cornelian CGU goodwill impairment reviews (Note 14), additionally the inputs into the Black-Scholes model used to value the Group's equity-settled share-based payments (Note 30).

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

Further information about key assumptions and sources of estimation uncertainty are set out below.

#### Intangible assets

The Group has acquired client relationships and the associated investment management and financial advice contracts as part of business combinations, through separate purchase or with newly employed teams of fund managers, as described in Note 14. In assessing the fair value of these assets, the Group has estimated their finite life based on information about the typical length of existing client relationships. Acquired client relationship contracts are amortised on a straight-line basis over their estimated useful lives, ranging from 6 to 20 years.

Of the client relationship intangible assets held by the Group at 30 June 2023, the expected amortisation charge for the year ending 30 June 2024 is £5,808,000. If the useful economic lives were to reduce by one year, the estimated charge would increase by £2,033,000.

Goodwill recognised as part of a business combination is reviewed annually for impairment, or when a change in circumstances indicates that it might be impaired. The recoverable amounts of CGUs are determined by value-in-use calculations, which require the use of estimates to derive the projected future cash flows attributable to each unit. Details of the more significant assumptions and sensitivity analysis are given in Note 14.

In assessing the value of client relationships and the associated investment management and financial advice contracts and goodwill, or gain on bargain purchase arising as part of a business combination, the Group prepares forecasts for the cash flows acquired and discounts to a net present value. The Group uses a pre-tax discount rate, adjusting from a post-tax discount rate calculated by the Group's weighted average cost of capital ("WACC"), adjusted for any specific risks for the relevant CGU. The Group uses the capital asset pricing model ("CAPM") to estimate the WACC, which is calculated at the point of acquisition for a business combination, or the relevant reporting period date. The key inputs are the risk-free rate, market risk premium, the Group's adjusted beta with reference to beta data from peer-listed companies, small company premium and any risk-adjusted premium for the relevant CGU. See Note 14 for further details on the discount rate for the various CGUs.

#### Share-based payments

The Group operates various share-based payment schemes in respect of services received from certain employees. Estimating the fair value of these share-based payments requires the Group to apply an appropriate valuation model and determine the inputs to that model (Note 30). The charge to the Consolidated statement of comprehensive income in respect of share-based payments is calculated using assumptions about the number of eligible employees that will leave the Group and the number of employees that will satisfy the relevant performance conditions. These estimates are reviewed regularly. A decrease of 10% in the total options would decrease the estimated share-based payment charge and the associated national insurance charge in the Consolidated statement of comprehensive income for the year by £591,000 and £121,000, respectively. The key inputs into the fair value calculations for the options granted during the year are disclosed in Note 30.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 2. Principal accounting policies continued

### e. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the aggregate amount of the consideration transferred at the acquisition date, irrespective of the extent of any minority interest. Acquisition and integration-related costs are charged to the Consolidated statement of comprehensive income when incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. If the business combination is achieved in stages, the fair value of the Group's previously held equity interest is remeasured at the acquisition date and the difference is credited or charged to the Consolidated statement of comprehensive income. Identifiable assets and liabilities assumed on acquisition are recognised in the Consolidated statement of financial position at their fair value at the date of acquisition.

Any deferred contingent consideration to be paid by the Group to the vendor is recognised at its fair value at the acquisition date, in accordance with IAS 39. Subsequent changes to the fair value of deferred contingent consideration are recognised in accordance with IFRS 9 in the Consolidated statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the acquired company's net identifiable assets and liabilities assumed. If the consideration is lower than the fair value of the net assets acquired, the difference is recognised in full as a gain on a bargain purchase in the Consolidated statement of comprehensive income.

### Impairment

Goodwill and other intangible assets with an indefinite life are tested annually for impairment. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units. The carrying amount of each CGU is compared to its recoverable amount, which is determined using a discounted future cash flow model.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

### f. Revenue

#### Investment management fees

Investment management fees are earned for the management services provided to clients. Fees are billed quarterly in arrears, but are recognised over the period the service is provided. Fees are calculated based on a percentage of the value of the portfolio at the billing date. Fees are only recognised when the fee amount can be estimated reliably, and it is probable that the fee will be received. Amounts are shown net of rebates paid to significant investors.

Performance fees are earned from some clients when contractually agreed performance levels are exceeded within specified performance measurement periods. They are only recognised, at the end of these performance periods when a reliable estimate of the fee can be made and it is virtually certain that it will be received.

#### Fund management fees

Fund management fees are earned for the management services provided to several open-ended investment companies ("OEICs"). Fees are billed monthly in arrears, but are recognised over the period the service is provided. Fees are calculated daily based on a percentage of the value of each fund. Fees are only recognised when the fee amount can be estimated reliably, and it is probable that the fee will be received. Amounts are shown net of rebates paid to significant investors.

#### Transactional income and foreign exchange trading

Transactional income is earned through dealing and admin charges levied on trades at the time a deal is placed for a client. Revenue is recognised at the point of the trade being placed.

Foreign exchange trading fees are charged on client trades placed in non-base currencies, which therefore require a foreign currency exchange to action the trade. Revenue is recognised at the point of the trade being placed.

#### Financial planning

Financial planning income relates to fees for the provision of financial advice. Fees are charged to clients using an hourly rate, by a fixed fee arrangement, or by a fund-based arrangement, whereby fees are calculated based on a percentage of the value of the portfolio at the billing date. All fees are recognised over the period the service is provided. Commissions receivable and payable are accounted for in the period in which they are earned.

## 2. Principal accounting policies continued

### Interest income

Interest income is bank interest earned on client cash deposits. Income is recognised over the period for which the deposit is held with the bank. Amounts shown are net of any interest passed on to clients.

### g. Cash and cash equivalents

Cash comprises cash in hand and call deposits held with banks. Cash equivalents comprise short-term, highly liquid investments, with a maturity of less than three months from the date of acquisition.

### h. Share-based payments

The Group engages in equity-settled share-based payment transactions in respect of services received from certain employees. The fair value of the services received is measured by reference to the fair value of the shares or share options on the grant date. This cost is then recognised in the Consolidated statement of comprehensive income over the vesting period, with a corresponding credit to equity.

The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk-free rate of interest, the expected volatility of the Company's share price over the life of the award and other relevant factors.

### i. Segmental reporting

The Group determines and presents operating segments based on the information that is provided internally to the Group Board of Directors, which is the Group's chief operating decision-maker.

### j. Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these Financial statements, as they are not assets of the Group.

The Group holds money on behalf of some clients in accordance with the client money rules of the Financial Conduct Authority ("FCA"). Such monies and the corresponding liability to clients are not included within the Consolidated statement of financial position as the Group is not beneficially entitled thereto.

### k. Property, plant and equipment

All property, plant and equipment is included in the Consolidated statement of financial position at historical cost less accumulated depreciation and impairment. Costs include the original purchase cost of the asset and the costs attributable to bringing the asset into a working condition for its intended use.

Provision is made for depreciation to write off the cost less estimated residual value of each asset, and is charged to administrative expenses in the Consolidated statement of comprehensive income using a straight-line method, over its expected useful life as follows:

Leasehold improvements - over the lease term

Fixtures, fittings and office equipment - five years

IT equipment - four or five years

The assets' residual values and useful economic lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Gains and losses arising on disposal are determined by comparing the proceeds with the carrying amount. These are included in the Consolidated statement of comprehensive income.

### l. Intangible assets

Amortisation of intangible assets is charged to administrative expenses in the Consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets (4 to 20 years).

#### Acquired client relationship contracts and contracts acquired with fund managers

Intangible assets are recognised where client relationship contracts are either separately acquired or acquired with investment managers who are employed by the Group. These are initially recognised at cost, and are subsequently amortised on a straight-line basis over their estimated useful economic life. Separately acquired client relationship contracts are amortised over 6 to 20 years and those acquired with fund managers over five years. Both types of intangible asset are reviewed annually to determine whether there exists an indicator of impairment or an indicator that the assumed useful economic life has changed.

#### Computer software

Costs incurred on internally developed computer software are initially recognised at cost, and when the software is available for use, the costs are amortised on a straight-line basis over an estimated useful life of four years. Initial research costs and planning prior to a decision to proceed with development of software are recognised in the Consolidated statement of comprehensive income when incurred.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 2. Principal accounting policies continued

### Goodwill

Goodwill arising as part of a business combination is initially measured at cost, being the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. In accordance with IFRS 3 'Business Combinations', goodwill is not amortised, but is reviewed annually for impairment and is therefore stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the Consolidated statement of comprehensive income and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. On acquisition, any goodwill acquired is allocated to CGUs for the purposes of impairment testing. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated statement of comprehensive income as a gain on bargain purchase.

### m. Financial investments

The Group classifies financial assets in the following categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. The classification is determined by management on initial recognition of the financial asset, which depends on the purpose for which it was acquired.

#### Fair value through profit or loss

Financial investments are classified as fair value through profit or loss if they are either held for trading or specifically designated in this category on initial recognition. Assets in this category are initially recognised at fair value and subsequently remeasured, with gains or losses arising from changes in fair value being recognised in the Consolidated statement of comprehensive income.

Financial assets at fair value through profit or loss include investments in regulated OEICs, which are managed and evaluated on a fair value basis in line with the market value.

#### Fair value through other comprehensive income

Financial investments are classified as fair value through other comprehensive income if the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and that the asset's contractual cash flows represents solely payment of principal and interest. Assets in this category are initially recognised at fair value and subsequently remeasured, with gains or losses arising from changes in fair value being recognised in other comprehensive income.

Financial assets at fair value through other comprehensive income relates to an investment of redeemable preference shares, which are held to collect contractual cash flows via an annual fixed preferential dividend.

#### Amortised cost

Financial instruments are classified as amortised cost if the asset is held to collect contractual cash flows and the asset's contractual cash flows represent solely payment of principal and interest.

### n. Foreign currency translation

The Group's functional and presentational currency is Pound Sterling (£). Foreign currency transactions are translated using the exchange rate prevailing at the transaction date. At the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the prevailing rates on that date. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of period-end monetary assets and liabilities are recognised in the Consolidated statement of comprehensive income.

### o. Retirement benefit costs

Contributions in respect of the Group's defined contribution pension scheme are charged to the Consolidated statement of comprehensive income as they fall due.

### p. Taxation

Tax on the profit for 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 adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's Financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled based on tax rates (and laws) that have been enacted or substantively enacted at the reporting date.

## 2. Principal accounting policies *continued*

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax balances are presented on the Consolidated statement of financial position as the net deferred tax balance by each jurisdiction the Group operates within. The gross deferred tax assets and liabilities are disclosed within the deferred tax Note 19.

### q. Trade receivables

Trade receivables represent amounts due for services performed in the ordinary course of business. They are recognised in trade and other receivables and, if collection is expected within one year, they are recognised as a current asset. If collection is expected in greater than one year, they are recognised as a non-current asset. Trade receivables are measured at amortised cost less any expected credit losses.

### r. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These 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). Otherwise, they are presented as non-current liabilities in the Consolidated statement of financial position.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

### s. Employee Benefit Trust ("EBT")

The Company provides finance to an EBT to purchase the Company's shares on the open market in order to meet its obligation to provide shares when an employee exercises certain options or awards made under the Group's share-based payment schemes. The administration and finance costs connected with the EBT are charged to the Consolidated statement of comprehensive income. The cost of the shares held by the EBT is deducted from equity. A transfer is made between other reserves and retained earnings over the vesting periods of the related share options or awards to reflect the ultimate proceeds receivable from employees on exercise. The trustees have waived their rights to receive dividends on the shares held by the EBT.

The EBT is considered to be a structured entity, as defined in Note 35. In substance, the activities of the trust are being conducted on behalf of the Group according to its specific business needs, in order to obtain benefits from its operation. On this basis, the assets held by the trust are consolidated into the Group's Financial statements.

### t. 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.

Where the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly incremental costs (i.e. net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included within equity attributable to the Company's equity holders.

### u. Dividend distribution

The dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial statements in the period in which the dividend is authorised and no longer at the discretion of the Company. Final dividends are recognised when approved by the Company's shareholders at the Annual General Meeting and interim dividends are recognised when paid.

### v. Other non-operating income

Other non-operating income is that which, in the opinion of the Board, is material by size and irregular in nature and therefore requires separate disclosure within the Consolidated statement of comprehensive income in order to assist the users of the Consolidated financial statements in understanding the underlying business performance of the Group.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 3. Segmental information

For management purposes, the Group's activities are organised into two operating divisions: UK Investment Management and International. The Group's other activity, offering nominee and custody services to clients, is included within UK Investment Management. These divisions are the basis on which the Group reports its primary segmental information to the Group Board of Directors, which is the Group's chief operating decision-maker. In accordance with IFRS 8 'Operating Segments', disclosures are required to reflect the information which the Board of Directors uses internally for evaluating the performance of its operating segments and allocating resources to those segments. The information presented in this Note is consistent with the presentation for internal reporting.

The UK Investment Management segment offers a range of investment management services to private high net worth individuals, pension funds, institutions, charities and trusts, as well as wealth management services to high net worth individuals and families, giving independent 'whole of market' financial advice, enabling clients to build, manage and protect their wealth. The International segment is based in the Channel Islands and the Isle of Man, offering a similar range of investment management and wealth management services as the UK Investment Management segment. The Group segment principally comprises the Group Board's management and associated costs, along with the consolidation adjustments.

Following the acquisitions of Integrity and Adroit (Note 11), the activities since the two acquisitions were completed have been included in the UK Investment Management segment.

Revenues and expenses are allocated to the business segment that originated the transaction. Sales between segments are carried out at arm's length. Centrally incurred expenses are allocated to business segments on an appropriate pro rata basis.

Year ended 30 June 2023	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total revenue	109,737	20,319	-	130,056
Inter segment revenue	(6,279)	-	-	(6,279)
<b>External revenue</b>	<b>103,458</b>	<b>20,319</b>	<b>-</b>	<b>123,777</b>
Underlying administrative costs	(47,405)	(13,576)	(33,373)	(94,354)
<b>Operating contribution</b>	<b>56,053</b>	<b>6,743</b>	<b>(33,373)</b>	<b>29,423</b>
Allocated costs	(22,127)	(6,844)	28,971	-
Net finance income	590	226	88	904
<b>Underlying profit/(loss) before tax</b>	<b>34,516</b>	<b>125</b>	<b>(4,314)</b>	<b>30,327</b>
Amortisation of client relationships	(3,205)	(2,465)	-	(5,670)
Dual running costs of operating platform	(1,424)	(192)	-	(1,616)
Acquisition and integration related costs	(499)	-	(69)	(568)
Changes in fair value of deferred contingent consideration	-	-	(173)	(173)
Finance cost of deferred contingent consideration	-	(7)	(54)	(61)
Profit/(loss) mark-up on Group allocated costs	299	(299)	-	-
<b>Total underlying adjustments</b>	<b>(4,829)</b>	<b>(2,963)</b>	<b>(296)</b>	<b>(8,088)</b>
<b>Profit/(loss) before tax</b>	<b>29,687</b>	<b>(2,838)</b>	<b>(4,610)</b>	<b>22,239</b>
Taxation				(4,090)
<b>Profit for the year attributable to equity holders of the Company</b>				<b>18,149</b>

Year ended 30 June 2023	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Statutory operating costs included the following:				
- Amortisation	3,429	912	2,491	<b>6,832</b>
- Depreciation	1,943	689	17	<b>2,649</b>
- Interest income	762	279	51	<b>1,092</b>



### 3. Segmental information continued

Year ended 30 June 2022 <sup>1</sup>	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total revenue	105,550	21,156	-	126,706
Inter segment revenue	(4,496)	-	-	(4,496)
<b>External revenue</b>	101,054	21,156	-	122,210
Underlying administrative costs	(43,469)	(12,783)	(31,165)	(87,417)
<b>Operating contribution</b>	57,585	8,373	(31,165)	34,793
Allocated costs	(21,327)	(8,187)	29,514	-
Net finance costs	(254)	(15)	-	(269)
<b>Underlying profit/(loss) before tax</b>	36,004	171	(1,651)	34,524
Amortisation of client relationships	(2,978)	(2,465)	-	(5,443)
Other non-operating income	2,983	-	-	2,983
Dual running costs of operating platform	(2,119)	(309)	-	(2,428)
Finance cost of deferred contingent consideration	-	(12)	(78)	(90)
Profit/(loss) mark-up on Group allocated costs	214	(214)	-	-
<b>Total underlying adjustments</b>	(1,900)	(3,000)	(78)	(4,978)
<b>Profit/(loss) before tax</b>	34,104	(2,829)	(1,729)	29,546
Taxation				(6,135)
<b>Profit for the year attributable to equity holders of the Company</b>				<b>23,411</b>

<sup>1</sup> As discussed in the Financial review within the Strategic report on page 38, the segmental results for the year ended 30 June 2022 have been restated to be consistent with the current year. For the year ended 30 June 2022, the reported UKIM segment allocated costs have changed from £25,129,000 to £21,327,000, a movement of £3,802,000, and underlying profit before tax changed from £32,202,000 to £36,004,000, a movement of £3,802,000. The reported International segment underlying administrative costs changed from £14,016,000 to £12,783,000, a movement of £1,233,000, allocated costs changed from £3,152,000 to £8,187,000, a movement of £5,035,000, and underlying profit before tax changed from £3,973,000 to £171,000, a movement of £3,802,000. The reported Group segment underlying administrative costs changed from £29,932,000 to £31,165,000, a movement of £1,233,000, and allocated costs changed from £28,281,000 to £29,514,000, a movement of £1,233,000.

Year ended 30 June 2022	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Statutory operating costs included the following:				
- Amortisation	2,888	917	3,117	6,922
- Depreciation	2,014	498	-	2,512
- Interest income	20	23	-	43

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 4. Revenue

	UK Investment Management £'000	International £'000	Total £'000
<b>Year ended 30 June 2023</b>			
Investment management fees	65,626	12,292	<b>77,918</b>
Transactional income and foreign exchange trading fees	10,578	2,704	<b>13,282</b>
Fund management fees	9,983	3,739	<b>13,722</b>
Financial planning income	6,446	-	<b>6,446</b>
Interest income	10,825	1,584	<b>12,409</b>
<b>Total revenue</b>	<b>103,458</b>	<b>20,319</b>	<b>123,777</b>

	UK Investment Management £'000	International £'000	Total <sup>1</sup> £'000
<b>Year ended 30 June 2022</b>			
Investment management fees	70,161	14,014	84,175
Transactional income and foreign exchange trading fees	12,209	2,491	14,700
Fund management fees	13,187	4,441	17,628
Financial planning income	4,082	-	4,082
Interest income	1,377	210	1,587
Other income	38	-	38
<b>Total revenue</b>	<b>101,054</b>	<b>21,156</b>	<b>122,210</b>

<sup>1</sup> The Group has restated the prior year Financial planning income within International to Investment management fees to align to the current reporting period, see page 35 of the Financial review for further details

### a. Geographic analysis

The Group's operations are located in the United Kingdom, the Channel Islands and the Isle of Man. The following table presents external revenue analysed by the geographical location of the Group subsidiary entity providing the service.

	2023 £'000	2022 £'000
United Kingdom	<b>103,458</b>	101,054
Channel Islands	<b>20,173</b>	21,079
Isle of Man	<b>146</b>	77
<b>Total revenue</b>	<b>123,777</b>	<b>122,210</b>

### b. Major clients

The Group is not reliant on any one client or group of connected clients for the generation of revenues.

## 5. Employee information

Administrative costs are recognised as the services are received. The biggest component of the Group's administrative costs is the costs of employee benefits as shown below. Other costs incurred in administrative costs can be seen in Note 7.

### a Payroll costs

	2023 £'000	2022 £'000
Wages and salaries	44,330	43,528
Social security costs	5,419	5,751
Other pension costs	2,029	2,303
Share-based payments	1,845	2,184
Redundancy costs	413	104
<b>Total payroll costs</b>	<b>54,036</b>	<b>53,870</b>

Pension costs relate entirely to a defined contribution scheme.

### b. Number of employees

The average monthly number of employees during the year, including Directors, was as follows.

	2023 Number of employees	2022 Number of employees
Business staff	310	264
Functional staff	199	190
<b>Total staff</b>	<b>509</b>	<b>454</b>

Details of Directors' engagement with employees can be found on page 51, and information on how the Directors' have had regard to employee interests is detailed within the Corporate responsibility report on pages 54 to 61.

### c. Key management compensation

The compensation of the key management personnel of the Group, defined as the Group Board of Directors including both the Executives and Non-Executives, is set out below.

	2023 £'000	2022 £'000
Short-term employee benefits	2,065	2,894
Post-employment benefits	44	73
Share-based payments	132	1,045
<b>Total compensation</b>	<b>2,241</b>	<b>4,012</b>

The current year total compensation includes one Executive Director, including bonuses, plus two further Executive Directors until their resignation during the year. The prior year total compensation includes three Executive Directors.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 5. Employee information continued

### d. Directors' emoluments

Further details of Directors' emoluments are included within the Remuneration Committee report on pages 94 to 111.

	2023 £'000	2022 £'000
Salaries and bonuses	1,411	2,390
Non-Executive Directors' fees	504	496
Other payment	271	-
Benefits in kind	5	8
	<b>2,191</b>	<b>2,894</b>
Pension contributions	45	73
Amounts receivable under long-term incentive schemes	147	1,045
<b>Total Directors' remuneration</b>	<b>2,383</b>	<b>4,012</b>

The aggregate amount of gains made by Directors on the exercise of share options during the year was £446,000 (FY22: £1,045,000). Retirement benefits are accruing to one Director (FY22: three) under a defined contribution pension scheme.

Other payment reflects the total of payments to an Executive Director in relation to stepping down from Executive Director responsibilities as described in the Remuneration Committee report on pages 94 to 111.

The remuneration of the highest paid Director during the year was as follows:

	2023 £'000	2022 £'000
Remuneration and benefits in kind	841	950
Amounts received under long-term incentive schemes	-	469
<b>Total remuneration</b>	<b>841</b>	<b>1,419</b>

The amount of gains made by the highest paid Director on the exercise of share options during the year was £175,000 (FY22: £469,000).

## 6. Other gains/(losses) - net

Other (losses) - net represent the net changes in the fair value of the Group's financial instruments and intangible assets recognised in the Consolidated statement of comprehensive income.

	2023 £'000	2022 £'000
Changes in fair value of deferred contingent consideration (Note 24)	(173)	-
Changes in fair value of financial assets at fair value through profit or loss (Note 18)	11	(55)
Other (losses) - net	(162)	(55)

## 7. Operating profit

Operating profit is stated after charging:

	2023 £'000	2022 £'000
Payroll costs (Note 5)	54,036	53,870
Amortisation of client relationships (Note 14)	5,670	5,443
Depreciation of right-of-use assets (Note 16)	1,825	1,669
Dual running costs of operating platform	1,616	2,428
Auditors' remuneration (see below)	1,355	995
Amortisation of computer software (Note 14)	1,162	1,479
Depreciation of property, plant and equipment (Note 15)	824	843
Acquisition and integration-related costs (Note 11)	568	-
Financial Services Compensation Scheme levy (see below)	458	1,234

## 7. Operating profit continued

A more detailed analysis of auditors' remuneration is provided below:

	2023 £'000	2022 £'000
Fees payable to the Company's auditors for the audit of the consolidated Group and Parent Company financial statements	405	267
Fees payable to the Company's auditors and its associates for other services:		
– Audit of the Company's subsidiaries pursuant to legislation	416	416
– Audit-related assurance services	532	310
– Non-audit-related services	2	2
<b>Total remuneration</b>	<b>1,355</b>	<b>995</b>

### Financial Services Compensation Scheme levies

Administrative costs for the year ended 30 June 2023 include a charge of £458,000 (FY22: £1,234,000) in respect of the Financial Services Compensation Scheme ('FSCS') levy, all of which is in respect of the estimated levy for the 2023/24 scheme year.

## 8. Finance income and finance costs

	2023 £'000	2022 £'000
<b>Finance income</b>		
Dividends on preference shares	35	25
Bank interest on deposits	1,092	43
<b>Total finance income</b>	<b>1,127</b>	<b>68</b>
<b>Finance costs</b>		
Finance cost of lease liabilities (Note 22)	235	282
Finance cost of deferred contingent consideration (Note 24)	61	90
<b>Total finance costs</b>	<b>296</b>	<b>372</b>

## 9. Taxation

The tax charge on profit for the year was as follows:

	2023 £'000	2022 £'000
UK Corporation Tax at 20.5% (FY22: 19.0%)	5,703	6,441
Over provision in prior years	(834)	(307)
<b>Total current tax</b>	<b>4,869</b>	<b>6,134</b>
Deferred tax credits	(1,189)	(211)
Under provision of deferred tax in prior years	410	212
<b>Income tax expense</b>	<b>4,090</b>	<b>6,135</b>

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

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 9. Taxation continued

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the time apportioned tax rate applicable to profits of the consolidated entities in the UK as follows, split out between underlying and statutory profits:

	Underlying profit £'000	Underlying profit adjustments £'000	Statutory profit £'000
<b>Year ended 30 June 2023</b>			
<b>Profit before taxation</b>	<b>30,327</b>	<b>(8,088)</b>	<b>22,239</b>
<b>Profit multiplied by the standard rate of tax in the UK of 20.5%</b>	<b>6,217</b>	<b>(1,658)</b>	<b>4,559</b>
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
- Depreciation and amortisation	604	(285)	319
- Non-taxable income	(124)	-	(124)
- Overseas tax losses not available for UK tax purposes	67	-	67
- Lower tax rates in other jurisdictions in which the Group operates	(107)	-	(107)
- Disallowable expenses	263	48	311
- Share-based payments	(512)	-	(512)
- Over provision in prior years	(423)	-	(423)
<b>Income tax expense</b>	<b>5,985</b>	<b>(1,895)</b>	<b>4,090</b>
<b>Effective tax rate</b>	<b>19.7%</b>	<b>n/a</b>	<b>18.4%</b>
<b>Year ended 30 June 2022</b>			
<b>Profit before taxation</b>	<b>34,524</b>	<b>(4,978)</b>	<b>29,546</b>
<b>Profit multiplied by the standard rate of tax in the UK of 19.0%</b>	<b>6,560</b>	<b>(946)</b>	<b>5,614</b>
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
- Depreciation and amortisation	609	(207)	402
- Non-taxable income	(8)	-	(8)
- Overseas tax losses not available for UK tax purposes	(293)	-	(293)
- Lower tax rates in other jurisdictions in which the Group operates	(201)	92	(109)
- Disallowable expenses	309	15	324
- Share-based payments	315	-	315
- Over provision in prior years	(110)	-	(110)
<b>Income tax expense</b>	<b>7,181</b>	<b>(1,046)</b>	<b>6,135</b>
<b>Effective tax rate</b>	<b>20.8%</b>	<b>n/a</b>	<b>20.8%</b>

It was outlined in the Finance Bill 2021 (11 March 2021) and substantively enacted having received royal assent on the 10 June 2021, that the UK Corporation Tax rate would increase from 19.0% to 25.0% from 1 April 2023. As a result, the effective rate of Corporation Tax applied to the taxable profit for the year ended 30 June 2023 is 20.5% (FY22: 19.0%). The relevant deferred tax balances have been remeasured at this increased rate. Deferred tax assets and liabilities are calculated at the rate that is expected to be in force when the temporary differences unwind, however limited to the extent that such rates have been substantively enacted.

## 9. Taxation continued

The deferred tax (credits)/charges for the year arise from:

	2023 £'000	2022 £'000
Share-based payments	(1)	399
Accelerated capital allowances	(27)	73
Accelerated capital allowances on research and development	(117)	(63)
Dilapidations	(54)	12
Amortisation of acquired client relationship contracts	(934)	(880)
Trading losses carried forward	(56)	248
Under provision in prior years	410	212
<b>Deferred tax (credit)/charge</b>	<b>(779)</b>	<b>1</b>

## 10. Other non-operating income

During the prior year ended 30 June 2022, the Group received confirmation from HMRC that the supply of certain group services were exempt from VAT. As a result, the Group received a refund from HMRC in respect of VAT arising on those services during the period from 1 July 2017 to 30 June 2020 of £2,983,000. This was treated as non-operating income in view of its non-recurring nature and given that it is outside the ordinary course of business. This other non-operating income was fully taxable for Corporation Tax purposes.

## 11. Business combinations

### Integrity

On 31 October 2022, the Group acquired Integrity Wealth Bidco Limited and Integrity Wealth (Holdings) Limited, together with its subsidiary Integrity Wealth Solutions Limited ("IWS"), (collectively "Integrity"). The acquisition brings a successful and rapidly growing Independent Financial Adviser ("IFA") business into the Group and brings scale to the Group's Private Clients business, adding distinctive expertise in their specialist area. The acquisition consisted of acquiring 100% of the issued share capital of Integrity Wealth (Holdings) Limited and Integrity Wealth Bidco Limited (intermediate holding company), which was funded through existing financial resources. On 14 April 2023, the Group acquired an additional client book, which has been incorporated into the Integrity business and acquisition accounting.

The acquisition was accounted for using the acquisition method and details of the purchase consideration are as follows:

	Note	£'000
Initial cash consideration		4,246
Shares consideration	i	1,000
Excess for net assets	ii	601
Deferred contingent consideration at fair value	iii	1,240
<b>Total purchase consideration</b>		<b>7,087</b>

- The Group issued 52,084 ordinary shares to the previous shareholders of Integrity Wealth (Holdings) Limited and Integrity Wealth Bidco Limited at a price of £19.20 per share. The amount of shares issued was based on the share price at the completion date to provide the equivalent consideration value of £1,000,000.
- In accordance with the Sale and Purchase Agreement ("SPA"), the Group was required to pay the difference between the available capital and the required regulatory capital for Integrity.
- The total estimated cash deferred contingent consideration for the original Integrity acquisition was £1,505,000, payable in a period between one and three years following completion, based on revenue criteria and client attrition of the acquired business. As outlined in the SPA, the maximum cash deferred contingent consideration payable was up to £2,746,000 if certain revenue criteria are met.

On 30 June 2023, the Group agreed to renegotiate the deferred contingent consideration, which resulted in the Group recognising a change in fair value of deferred contingent consideration of £173,000 on 30 June 2023. See Note 24 for further details.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 11. Business combinations continued

Client relationship intangible assets of £3,156,000 were recognised on acquisition in respect of the expected cash inflows and economic benefit from the acquired business. An associated deferred tax liability of £787,000 was recognised in relation to the expected cash inflows on the acquired client relationship intangible asset. Goodwill of £3,945,000 was recognised on acquisition in respect of the expected growth in the acquired business and associated cash inflows. The fair value of the assets acquired were the gross contractual amounts and were all considered to be fully recoverable. The fair value of the identifiable assets and liabilities acquired, at the date of acquisition, are detailed below.

### Net assets acquired through business combination

	£'000
Trade and other receivables	268
Cash at bank	804
Trade and other payables	(167)
Corporation tax payable	(132)
<b>Total net assets recognised by acquired companies</b>	<b>773</b>
Fair value adjustments:	
– Client relationship contracts	3,156
– Deferred tax liabilities	(787)
<b>Net identifiable assets</b>	<b>2,369</b>
<b>Goodwill</b>	<b>3,945</b>
<b>Total purchase consideration</b>	<b>7,087</b>

The trade and other receivables were recognised at their fair value, being the gross contractual amounts, which were deemed fully recoverable.

### Adroit

On 15 December 2022, the Group acquired Adroit Financial Planning Limited ("Adroit"), a successful and rapidly growing IFA business. The acquisition brings further scale to the Group's Private Clients business, adding distinctive expertise in their specialist area. The acquisition consisted of acquiring 100% of the issued share capital of Adroit Financial Planning Limited, which was funded through existing financial resources.

The acquisition was accounted for using the acquisition method and details of the purchase consideration are as follows:

	Note	£'000
Initial cash consideration		10,991
Additional consideration	i	270
<b>Total purchase consideration</b>		<b>11,261</b>

i. In accordance with the Sale and Purchase Agreement ("SPA"), the Group was required to pay an additional amount based on the number of days between the date of exchange and the date of completion.



## 11. Business combinations continued

Client relationship intangible assets of £2,931,000 were recognised on acquisition in respect of the expected cash inflows and economic benefit from the acquired business. An associated deferred tax liability of £733,000 was recognised in relation to the expected cash inflows on the acquired client relationship intangible asset. Goodwill of £8,541,000 was recognised on acquisition in respect of the expected growth in the acquired business and associated cash inflows. The fair value of the assets acquired were the gross contractual amounts and were all considered to be fully recoverable. The fair value of the identifiable assets and liabilities acquired, at the date of acquisition, are detailed below.

### Net assets acquired through business combination

	£'000
Trade and other receivables	533
Cash at bank	193
Trade and other payables	(204)
<b>Total net assets recognised by acquired company</b>	<b>522</b>
Fair value adjustments:	
– Client relationship contracts	2,931
– Deferred tax liabilities	(733)
<b>Net identifiable assets</b>	<b>2,198</b>
<b>Goodwill</b>	<b>8,541</b>
<b>Total purchase consideration</b>	<b>11,261</b>

The trade and other receivables were recognised at their fair value, being the gross contractual amounts, which were deemed fully recoverable.

### Acquisition impact on reported results

Directly attributable acquisition and integration-related costs of £568,000 were incurred in relation to the acquisitions, which were charged to administrative costs in the Consolidated statement of comprehensive income, but excluded from underlying profit.

In the period from acquisition to 30 June 2023, the two acquisitions earned revenue of £2,484,000 and statutory profit before tax of £285,000. Had the acquisitions been consolidated from 1 July 2022, the Consolidated statement of comprehensive income would have included revenue of £4,068,000 and statutory profit before tax of £585,000.

### Net cash outflow resulting from business combinations

	£'000
Total purchase consideration	18,348
Less shares issued as consideration	(1,000)
Less deferred cash contingent consideration at fair value	(1,240)
Cash paid to acquire business combinations	16,108
Less cash held by acquired entities	(997)
<b>Net cash outflow - investing activities</b>	<b>15,111</b>

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 12. Earnings per share

The Directors believe that underlying earnings per share provides an appropriate reflection of the Group's performance in the year. Underlying earnings per share, which is an alternative performance measure ('APM'), is calculated based on 'underlying earnings', which is also an APM. Refer to page 182 for a glossary of the Group's APMs, their definition and criteria for how underlying adjustments are considered. The tax effect of the underlying adjustments to statutory earnings has also been considered, refer to Note 9 for the taxation on underlying and statutory profit.

Earnings for the year used to calculate earnings per share as reported in these Consolidated financial statements were as follows:

	2023 £000	2022 £000
<b>Earnings attributable to ordinary shareholders</b>	<b>18,149</b>	<b>23,411</b>
Amortisation of acquired client relationship contracts (Note 14)	5,670	5,443
Dual running costs of operating platform	1,616	2,428
Acquisition and integration-related costs (Note 11)	568	-
Changes in fair value of deferred contingent consideration (Note 24)	173	-
Finance cost of deferred contingent consideration (Note 24)	61	90
Other non-operating income (Note 10)	-	(2,983)
Tax impact of adjustments (Note 9)	(1,895)	(1,046)
<b>Underlying earnings attributable to ordinary shareholders</b>	<b>24,342</b>	<b>27,343</b>

Basic earnings per share is calculated by dividing earnings attributable to ordinary shareholders by the weighted average number of shares in issue throughout the period. Included in the weighted average number of shares for basic earnings per share purposes are employee share options at the point all necessary conditions have been satisfied and the options have vested, even if they have not yet been exercised.

Diluted earnings per share represents the basic earnings per share adjusted for the effect of dilutive potential shares issuable on exercise of employee share options under the Group's share-based payment schemes, weighted for the relevant period. The diluted weighted average number of shares in issue and diluted earnings per share considers the effect of all dilutive potential shares issuable on exercise of employee share options. The potential shares issuable includes the contingently issuable shares that have not yet vested and the vested unissued share options that are either nil cost options or have little or no consideration.

The weighted average number of shares in issue during the year was as follows:

	2023 Number of shares	2022 Number of shares
<b>Weighted average number of shares in issue</b>	<b>15,825,397</b>	<b>15,707,706</b>
Effect of dilutive potential shares issuable on exercise of employee share options	293,992	502,259
<b>Diluted weighted average number of shares in issue</b>	<b>16,119,389</b>	<b>16,209,965</b>

Earnings per share for the year attributable to equity holders of the Company were:

	2023 p	2022 p
<b>Based on reported earnings:</b>		
Basic earnings per share	114.7	149.0
Diluted earnings per share	112.6	144.4
<b>Based on underlying earnings:</b>		
Basic earnings per share	153.8	174.1
Diluted earnings per share	151.0	168.7

### 13. Dividends

Amounts recognised as distributions to equity holders of the Company in the year were as follows:

	2023 £'000	2022 £'000
Final dividend paid for the year ended 30 June 2022 of 45.0p (FY21: 40.0p) per share	<b>7,021</b>	6,251
Interim dividend paid for the year ended 30 June 2023 of 28.0p (FY22: 26.0p) per share	<b>4,401</b>	4,066
<b>Total dividends</b>	<b>11,422</b>	10,317

Final dividend proposed for the year ended 30 June 2023 of 47.0p (FY22: 45.0p) per share	<b>7,448</b>	7,031
--	--------------	-------

The interim dividend of 28.0p (FY22: 26.0p) per share was paid on 6 April 2023.

A final dividend for the year ended 30 June 2023 of 47.0p (FY22: 45.0p) per share was declared by the Board of Directors on 13 September 2023 and is subject to approval by the shareholders at the Company's Annual General Meeting. It will be paid on 3 November 2023 to shareholders who are on the register at the close of business on 22 September 2023. In accordance with IAS 10 'Events After the Reporting Period', the aggregate amount of the proposed dividend expected to be paid out of retained earnings is not recognised as a liability in these Consolidated financial statements.

### 14. Intangible assets

	Goodwill £'000	Computer software £'000	Acquired client relationship contracts £'000	Contracts acquired with fund managers £'000	Total £'000
<b>Cost</b>					
At 1 July 2021	51,887	11,398	70,011	3,521	136,817
Additions	-	2,912	-	-	2,912
Disposals	-	(7,380)	-	-	(7,380)
At 30 June 2022	51,887	6,930	70,011	3,521	132,349
Additions	12,486	2,954	6,087	-	21,527
Disposals	-	(1,054)	-	(3,521)	(4,575)
<b>At 30 June 2023</b>	<b>64,373</b>	<b>8,830</b>	<b>76,098</b>	<b>-</b>	<b>149,301</b>
<b>Accumulated amortisation and impairment</b>					
At 1 July 2021	11,213	6,152	26,034	3,521	46,920
Amortisation charge	-	1,479	5,443	-	6,922
Accumulated amortisation on disposals	-	(7,380)	-	-	(7,380)
At 30 June 2022	11,213	251	31,477	3,521	46,462
Amortisation charge	-	1,162	5,670	-	6,832
Accumulated amortisation on disposals	-	(1,054)	-	(3,521)	(4,575)
<b>At 30 June 2023</b>	<b>11,213</b>	<b>359</b>	<b>37,147</b>	<b>-</b>	<b>48,719</b>
<b>Net book value</b>					
At 1 July 2021	40,674	5,246	43,977	-	89,897
At 30 June 2022	40,674	6,679	38,534	-	85,887
<b>At 30 June 2023</b>	<b>53,160</b>	<b>8,471</b>	<b>38,951</b>	<b>-</b>	<b>100,582</b>

The amortisation charge of intangible assets is recognised within administrative costs in the Consolidated statement of comprehensive income.

At 30 June 2023, intangible assets totalling £87,825,000 are recognised in the United Kingdom and £12,757,000 are recognised in the Channel Islands.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 14. Intangible assets continued

### a. Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill in respect of these CGUs within the operating segments of the Group comprises:

	2023 £'000	2022 £'000
<b>Funds</b>		
Braemar Group Limited ("Braemar")	3,320	3,320
<b>International</b>		
Brooks Macdonald Asset Management (International) Limited ("Brooks Macdonald International")	21,243	21,243
<b>Cornelian</b>		
Cornelian Asset Managers Group Limited ("Cornelian")	16,111	16,111
<b>Integrity</b>		
Integrity Wealth (Holdings) Limited ("Integrity")	3,945	-
<b>Adroit</b>		
Adroit Financial Planning Limited ("Adroit")	8,541	-
<b>Total goodwill</b>	<b>53,160</b>	<b>40,674</b>

Goodwill is reviewed annually for impairment and its recoverability has been assessed at 30 June 2023 by comparing the carrying amount of the CGUs to their expected recoverable amount, estimated on a value-in-use basis. The value-in-use of each CGU has been calculated using pre-tax discounted cash flow projections based on the most recent budgets and forecasts approved by the relevant subsidiary company boards of directors. The most recent budgets prepared are part of the detailed budget process for the year ending 30 June 2023, and then extrapolated over a longer period for the following four years, resulting in the budgets and forecasts covering a period of five years. Cash flows are then extrapolated beyond the five-year budget and forecast period using an expected long-term growth rate, with the long-term growth rate considered reasonable against the budgeted and forecast growth.

### Cornelian

The Cornelian CGU recoverable amount was calculated as £46,836,000 at 30 June 2023 (FY22: £61,502,000), giving a surplus over the Cornelian CGU carrying amount of £16,468,000, indicating that there is no impairment. The key underlying assumptions of the calculation are the discount rate, the medium-term growth in earnings and the long-term growth rate of the business. The revenue growth forecasts range between 11% and 13% annually over the five-year period. Revenue growth is forecast using new business targets, expected outflows and estimated impact of market performance on FUM, multiplied by estimated fee yields for both the discretionary and fund management business. Expenditure growth is forecast to increase by up to 7% annually over the five-year period. Both the revenue growth and expenditure growth reflect historic actual growth and planned management actions and are considered to be reasonable in the current market and industry conditions. A pre-tax discount rate of 15% has been used (FY22: 16%), based on the Group's assessment of the risk-free rate of interest and specific risks relating to Cornelian. The recoverable amount was based on the estimated cash inflows over the next five financial years, the period covered by the most recent forecasts, which reflect planned management actions and are considered to be reasonable in the current market and industry conditions. The 2% long-term growth rate applied is considered prudent in the context of the long-term average growth rate for the funds and investment management industries in which the CGU operates.

The Directors do not believe that any reasonably possible change would result in an impairment; however, to provide additional analysis, sensitivity analysis has been performed to show what may be required for an impairment to be recognised.

- › An increase of the pre-tax discount rate by 6% (FY22: 12%), from 15% to 21%, would result in an impairment.
- › The 2% perpetuity growth rate would need to reduce by 10% (FY22: 24%) to -8% to trigger an impairment.
- › The forecast pre-tax cash inflows would need to reduce by 28% (FY22: 40%) each year to result in an impairment.

## 14. Intangible assets continued

### International

Based on a value-in-use calculation, the recoverable amount of the Brooks Macdonald International CGU at 30 June 2023 was £33,642,000 (FY22: £64,453,000), giving a surplus over the Brooks Macdonald International CGU carrying amount of £4,023,000, indicating that there is no impairment. The key underlying assumptions of the calculation are the discount rate, the medium-term growth in earnings and the long-term growth rate of the business. A pre-tax discount rate of 13% (FY22: 14%) has been used, based on the Group's assessment of the risk-free rate of interest and specific risks relating to Brooks Macdonald International. The key input in forecasting revenue is FUM, which is forecast to grow based on new business targets, attrition, and estimated impact of market performance. FUM is multiplied by estimated fee yields for the business resulting in annual revenue growth between 3% and 7% annually over the five-year period. Expenditure growth is forecast to increase by between 4% and 7% annually over the five-year period, which includes consideration for reasonable allocated costs. The underlying methodology for allocating costs is reviewed by management each year when preparing the value-in-use calculations to ensure the methodology remains appropriate. In the current year this resulted in a change to the allocation metrics used within the five-year forecast. The period covered is five years and the forecasts are based on management's growth projections for the business based on its strategic objectives, taking into account historic performance and prevailing market and economic conditions. The 2% long-term growth rate applied is considered prudent in the context of the long-term average growth rate for the funds, investment management and financial planning industries in which the CGU operates.

The Directors do not believe that any reasonably possible change would result in an impairment; however, to provide additional analysis, sensitivity analysis has been performed to show what may be required for an impairment to be recognised.

- › An increase of the pre-tax discount rate by 2% (FY22: 10%), from 13% to 15%, would result in an impairment.
- › The 2% perpetuity growth rate would need to reduce by 2% (FY22: 23%) to nil to trigger an impairment.
- › The forecast pre-tax cash inflows would need to reduce by 11% (FY22: 47%) each year to result in an impairment.

### Funds

Based on a value-in-use calculation, the recoverable amount of the Braemar CGU at 30 June 2023 was £14,463,000 (FY22: £17,847,000), giving a surplus over the Braemar CGU carrying amount of £10,243,000 indicating that there is no impairment. A pre-tax discount rate of 16% (FY22: 17%) has been used, based on the Group's assessment of the risk-free rate of interest and specific risks relating to Braemar. The key underlying assumptions of the calculation are the discount rate, the growth in FUM of the funds business and the long-term growth rate. The revenue generated in the cash flow forecasts is based on FUM forecasts multiplied by the relevant yields, with FUM growth ranging between 11% and 20% annually over the five-year period. FUM growth is forecast using estimated new business targets, expected outflows and estimated impact of market performance. Expenditure growth is forecast at 3% annually over the five-year period. The inputs to the forecast cash inflows over the next five financial years, reflect historic actual growth and planned management activities and are considered to be reasonable in the current market and industry conditions. The 2% long-term growth rate applied is considered prudent in the context of the long-term average growth rate for the funds industry in which the CGU operates.

The Directors do not believe that any reasonably possible change would result in an impairment; however, to provide additional analysis, sensitivity analysis has been performed to show what may be required for an impairment to be recognised.

- › An increase of the pre-tax discount rate by 28% (FY22: 48%), from 16% to 44%, would result in an impairment.
- › The 2% perpetuity growth rate could reduce by 100% (FY22: 100%) to -98% and an impairment would still not be triggered.
- › The forecast pre-tax cash inflows would need to reduce by 52% (FY22: 83%) each year to result in an impairment.

### Integrity

During the year ended 30 June 2023, the Group completed the acquisition of Integrity Wealth Bidco Limited, Integrity Wealth (Holdings) Limited and Integrity Wealth Solutions Limited, and subsequently recognised goodwill on acquisition of £3,945,000. See Note 11 for further details.

### Adroit

During the year ended 30 June 2023, the Group completed the acquisition of Adroit Financial Planning Limited, and subsequently recognised goodwill on acquisition of £8,541,000. See Note 11 for further details.

At 30 June 2023, headroom exists in the calculations of the respective recoverable amounts of these CGUs over the carrying amounts of the goodwill allocated to them. On this basis, the Directors have concluded that there is no impairment required to the goodwill balances at 30 June 2023.

### b. Computer software

Costs incurred on internally developed computer software are initially recognised at cost and when the software is available for use, the costs are amortised on a straight-line basis over an estimated useful life of four years, with some specific projects being given longer UELs based on their size and usability.

During the year ended 30 June 2023, the Group conducted a review of the computer software assets and retired assets from the fixed asset register with a £nil net book value, and no longer used in the business. This resulted in disposals of computer software, with cost and accumulated amortisation both totalling £1,054,000.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 14. Intangible assets continued

### c. Acquired client relationship contracts

This asset represents the fair value of future benefits accruing to the Group from acquired client relationship contracts. The amortisation of client relationships is charged to the Consolidated statement of comprehensive income on a straight-line basis over their estimated useful lives (6 to 20 years).

During the year ended 30 June 2023, the Group acquired client relationship contracts totalling £3,156,000 and £2,931,000, as part of the Integrity and Adroit acquisitions, respectively (Note 11), which were recognised as separately identifiable intangible assets in the Condensed consolidated statement of financial position, with useful economic lives of 15 years.

### d. Contracts acquired with fund managers

This asset represents the fair value of the future benefits accruing to the Group from contracts acquired with fund managers. Payments made to acquire such contracts are stated at cost and amortised on a straight-line basis over an estimated useful life of five years.

During the year ended 30 June 2023, the Group conducted a review of the contracts acquired with fund managers assets with a £nil net book value, and no longer used in the business. This resulted in disposals of contracts acquired with fund managers, with cost and accumulated amortisation both totalling £3,521,000.

## 15. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	IT equipment £'000	Total £'000
<b>Cost</b>				
At 1 July 2021	2,630	724	1,942	5,296
Additions	146	28	115	289
Disposals	(88)	(11)	(811)	(910)
At 30 June 2022	2,688	741	1,246	4,675
Additions	477	74	194	745
Disposals	(19)	(173)	(474)	(666)
<b>At 30 June 2023</b>	<b>3,146</b>	<b>642</b>	<b>966</b>	<b>4,754</b>
<b>Accumulated depreciation</b>				
At 1 July 2021	773	423	1,344	2,540
Depreciation charge	446	101	296	843
Depreciation on disposals	(88)	(11)	(811)	(910)
At 30 June 2022	1,131	513	829	2,473
Depreciation charge	535	102	187	824
Depreciation on disposals	(19)	(173)	(474)	(666)
<b>At 30 June 2023</b>	<b>1,647</b>	<b>442</b>	<b>542</b>	<b>2,631</b>
<b>Net book value</b>				
At 1 July 2021	1,857	301	598	2,756
At 30 June 2022	1,557	228	417	2,202
<b>At 30 June 2023</b>	<b>1,499</b>	<b>200</b>	<b>424</b>	<b>2,123</b>

During the year ended 30 June 2023, the Group conducted a review of the property, plant and equipment assets and retired assets from the fixed asset register with a £nil net book value, and no longer used in the business. This resulted in disposals of property, plant and equipment with cost and accumulated depreciation both totalling £666,000.

Property, plant and equipment totalling £1,655,000 at 30 June 2023 are recognised in the United Kingdom and £468,000 are recognised in the Channel Islands.

## 16. Right-of-use assets

	Cars £'000	Property £'000	Total £'000
<b>Cost</b>			
At 1 July 2021	-	9,092	9,092
Additions	328	333	661
At 30 June 2022	328	9,425	9,753
Additions	470	713	1,183
<b>At 30 June 2023</b>	<b>798</b>	<b>10,138</b>	<b>10,936</b>
<b>Accumulated depreciation</b>			
At 1 July 2021	-	3,113	3,113
Depreciation charge	37	1,632	1,669
At 30 June 2022	37	4,745	4,782
Depreciation charge	158	1,667	1,825
<b>At 30 June 2023</b>	<b>195</b>	<b>6,412</b>	<b>6,607</b>
<b>Net book value</b>			
At 1 July 2021	-	5,979	5,979
At 30 June 2022	291	4,680	4,971
<b>At 30 June 2023</b>	<b>603</b>	<b>3,726</b>	<b>4,329</b>

The Group offers a car leasing arrangement to provide a salary sacrifice car leasing scheme for employees. Each vehicle leased to individual employees creates a separate right-of-use asset and lease liability measured at present value of the remaining lease payments, discounted using the lessee's estimated incremental borrowing rate (see Note 22).

The property additions relate to three new leases that commenced during the year ended 30 June 2023.

Right-of-use assets totalling £4,039,000 at 30 June 2023 are recognised in the United Kingdom and £290,000 are recognised in the Channel Islands.

## 17. Financial assets at fair value through other comprehensive income

	2023 £'000	2022 £'000
At 1 July	500	500
Change in fair value	-	-
<b>At 30 June</b>	<b>500</b>	<b>500</b>

At 30 June 2023, the Group held an investment of redeemable £500,000 preference shares in an unlisted company incorporated in the UK. The preference shares carry an entitlement to a fixed preferential dividend at a rate of 4% per annum. Unlisted preference shares are classified as financial assets at fair value through other comprehensive income.

The following table provides an analysis of the financial assets and liabilities that, subsequent to initial recognition, are measured at fair value. These are grouped into the following levels within the fair value hierarchy, based on the degree to which the inputs used to determine the fair value are observable:

- › Level 1 - derived from quoted prices in active markets for identical assets or liabilities at the measurement date;
- › Level 2 - derived from inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly; and
- › Level 3 - derived from inputs that are not based on observable market data.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 17. Financial assets at fair value through other comprehensive income continued

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets</b>				
At 1 July 2022	784	-	500	1,284
Additions	30	-	-	30
Changes in fair value	11	-	-	11
<b>At 30 June 2023</b>	<b>825</b>	<b>-</b>	<b>500</b>	<b>1,325</b>

### Comprising:

Financial assets at fair value through other comprehensive income	500
Financial assets at fair value through profit and loss (Note 18)	825
<b>Total financial assets</b>	<b>1,325</b>

The Level 3 assets include unlisted preference shares, which are valued using a perpetuity income model, based upon the preference dividend cash flows. The fair value of the assets are not deemed to be impacted by changes in the unobservable inputs as the dividend cash flows are contractual.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities</b>				
At 1 July 2022	-	-	327	327
Finance cost of deferred contingent consideration	-	-	61	61
Additions	-	-	1,240	1,240
Change in fair value	-	-	173	173
Payments made	-	-	(334)	(334)
<b>At 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>1,467</b>	<b>1,467</b>

### Comprising:

Deferred contingent consideration (Note 24)	-	-	1,467	1,467
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,467</b>	<b>1,467</b>

The Level 3 financial liabilities consist of deferred contingent consideration, valued using the net present value of the expected future amounts payable. The key inputs are management-approved forecasts and expectations against the criteria of the deferred contingent consideration to set expectations of future amounts payable. The deferred contingent consideration is reviewed and revalued at regular intervals over the deferred contingent consideration period (Note 24). The fair value is sensitive to the change in management-approved forecasts; however, at each reporting date, the relevant management-approved forecasts are deemed to be the most accurate and relevant input to the fair value measurement.

## 18. Financial assets at fair value through profit or loss

	2023 £'000	2022 £'000
At 1 July	784	624
Additions	30	215
Changes in fair value	11	(55)
<b>At 30 June</b>	<b>825</b>	<b>784</b>

The Group holds 500,000 shares in five of the SVS Cornelian Risk Managed Passive Funds. During the year ended 30 June 2023, the Group recognised a gain on these investments of £4,000. The Group's holding in the SVS Cornelian Risk Managed Passive Funds at 30 June 2023 was £593,000.

The Group previously invested £215,000 in the Blueprint Multi Asset Fund range across the various models within the fund range. During the year ended 30 June 2023, a further £30,000 was invested, and the Group recognised a gain on the total investments of £7,000. The Group's holding in the Blueprint Multi Asset Fund range at 30 June 2023 was £232,000.



## 19. Deferred income tax

Deferred income tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. An analysis of the Group's deferred assets and deferred tax liabilities is shown below.

	2023		
	UK £'000	CI £'000	Total £'000
<b>Deferred tax assets</b>			
Share based payments	2,333	-	2,333
Trading losses carried forward	-	363	363
Dilapidations	92	27	119
Accelerated capital allowances	164	-	164
<b>Total deferred tax assets</b>	<b>2,589</b>	<b>390</b>	<b>2,979</b>
<b>Deferred tax liabilities</b>			
Intangible asset amortisation	(7,404)	(752)	(8,156)
Accelerated capital allowances on research and development	(856)	-	(856)
<b>Total deferred tax liabilities</b>	<b>(8,260)</b>	<b>(752)</b>	<b>(9,012)</b>
<b>Net deferred tax liability</b>	<b>(5,671)</b>	<b>(362)</b>	<b>(6,033)</b>

	2022		
	UK £'000	CI £'000	Total £'000
<b>Deferred tax assets</b>			
Share based payments	2,667	-	2,667
Trading losses carried forward	-	133	133
Dilapidations	56	9	65
Accelerated capital allowances	137	-	137
<b>Total deferred tax assets</b>	<b>2,860</b>	<b>142</b>	<b>3,002</b>
<b>Deferred tax liabilities</b>			
Intangible asset amortisation	(6,758)	(812)	(7,570)
Accelerated capital allowances on research and development	(389)	-	(389)
<b>Total deferred tax liabilities</b>	<b>(7,147)</b>	<b>(812)</b>	<b>(7,959)</b>
<b>Net deferred tax liability</b>	<b>(4,287)</b>	<b>(670)</b>	<b>(4,957)</b>

The gross movement on the deferred income tax account during the year was as follows:

	2023 £'000	2022 £'000
At 1 July	(4,957)	(6,166)
Additional liability on acquisition of client relationship intangible assets (Note 11)	(1,520)	-
Credit/(charge) to the Consolidated statement of comprehensive income (Note 9)	779	(1)
(Charge)/credit recognised in equity	(335)	1,210
<b>At 30 June</b>	<b>(6,033)</b>	<b>(4,957)</b>

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 19. Deferred income tax continued

The change in deferred income tax assets and liabilities during the year was as follows:

	Share-based payments £'000	Trading losses carried forward £'000	Dilapidations £'000	Accelerated capital allowances £'000	Total £'000
<b>Deferred tax assets</b>					
At 1 July 2021	1,856	641	29	210	2,736
(Under)/over provision in prior years		(260)	48	-	(212)
Charge to the Consolidated statement of comprehensive income	(399)	(248)	(12)	(73)	(732)
Credit to equity	1,210	-	-	-	1,210
At 30 June 2022	2,667	133	65	137	3,002
Over provision in prior years	-	174	-	-	174
Credit to the Consolidated statement of comprehensive income	1	56	54	27	138
Charge to equity	(335)	-	-	-	(335)
<b>At 30 June 2023</b>	<b>2,333</b>	<b>363</b>	<b>119</b>	<b>164</b>	<b>2,979</b>

	2023 £'000	2022 £'000
<b>Deferred tax assets</b>		
Deferred tax assets to be settled after more than one year	1,198	1,486
Deferred tax assets to be settled within one year	1,781	1,516
<b>Total deferred tax assets</b>	<b>2,979</b>	<b>3,002</b>

The carrying amount of the deferred tax asset is reviewed at each reporting date and is only recognised to the extent that it is probable that future taxable profits of the Group will allow the asset to be recovered. There is an amount of unrecognised deferred tax in relation to capital losses carried forward at 30 June 2023 of £859,000. A deferred tax asset is not recognised in these Consolidated financial statements, nor the Parent Company financial statements on the basis that it is not probable that capital gains will be available against which capital losses can be offset.

The change in deferred income tax liabilities during the year is as follows:

	Accelerated capital allowances on research and development £'000	Intangible asset amortisation £'000	Total £'000
<b>Deferred tax liabilities</b>			
At 1 July 2021	452	8,450	8,902
Credit to the Consolidated statement of comprehensive income	(63)	(880)	(943)
At 30 June 2022	389	7,570	7,959
Additional liability on acquisition of client-relationship intangible assets	-	1,520	1,520
Credit to the Consolidated statement of comprehensive income	(117)	(934)	(1,051)
Over provision in prior years	584	-	584
<b>At 30 June 2023</b>	<b>856</b>	<b>8,156</b>	<b>9,012</b>

	2023 £'000	2022 £'000
<b>Deferred tax liabilities</b>		
Deferred tax liabilities to be settled after more than one year	(7,777)	(7,019)
Deferred tax liabilities to be settled within one year	(1,235)	(940)
<b>Total deferred tax liabilities</b>	<b>(9,012)</b>	<b>(7,959)</b>

## 20. Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	2,820	3,690
Other receivables	1,452	1,666
Prepayments and accrued income	29,270	25,117
<b>Total current trade and other receivables</b>	<b>33,542</b>	<b>30,473</b>

The credit risk balance is immaterial in relation to trade receivables, refer to Note 31(c) for details on the credit risk assessment. Accrued income includes portfolio management fee income for the quarter ended 30 June 2023, outstanding at the Consolidated statement of financial position date.

## 21. Cash and cash equivalents

Cash and cash equivalents are distributed across a range of financial institutions with high credit ratings in accordance with the Group's treasury policy. Cash at bank comprises current accounts and immediately accessible deposit accounts.

## 22. Lease liabilities

	Cars £'000	Property £'000	Total £'000
At 1 July 2021	-	6,869	6,869
Additions	328	333	661
Payments made against lease liabilities	(41)	(1,744)	(1,785)
Finance cost of lease liabilities	5	277	282
At 30 June 2022	292	5,735	6,027
Additions	470	713	1,183
Payments made against lease liabilities	(169)	(2,135)	(2,304)
Finance cost of lease liabilities	18	217	235
<b>At 30 June 2023</b>	<b>611</b>	<b>4,530</b>	<b>5,141</b>

### Analysed as:

Amounts falling due within one year	204	1,756	1,960
Amounts falling due after more than one year	407	2,774	3,181
<b>Total lease liabilities</b>	<b>611</b>	<b>4,530</b>	<b>5,141</b>

The Group offers a car leasing arrangement to provide a salary sacrifice car leasing scheme for employees. Each vehicle leased to individual employees creates a separate right-of-use asset (Note 16) and lease liability measured at present value of the remaining lease payments, discounted using the lessee's estimated incremental borrowing rate.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 23. Provisions

	Client compensation £'000	FSCS levy £'000	Leasehold dilapidations £'000	Tax-related £'000	Total £'000
At 1 July 2021	600	1,245	413	-	2,258
Charge to the Consolidated statement of comprehensive income	398	1,304	126	162	1,990
Transfer from trade and other payables	-	-	-	1,217	1,217
Utilised during the year	(886)	(2,163)	(172)	(1,099)	(4,320)
At 30 June 2022	112	386	367	280	1,145
Charge to the Consolidated statement of comprehensive income	579	239	260	-	1,078
Utilised during the year	(441)	(458)	(2)	-	(901)
<b>At 30 June 2023</b>	<b>250</b>	<b>167</b>	<b>625</b>	<b>280</b>	<b>1,322</b>
<b>Analysed as:</b>					
Amounts falling due within one year	250	167	303	280	1,000
Amounts falling due after more than one year	-	-	322	-	322
<b>Total provisions</b>	<b>250</b>	<b>167</b>	<b>625</b>	<b>280</b>	<b>1,322</b>

### a. Client compensation

Client compensation provisions relate to the potential liability arising from client complaints against the Group. Complaints are assessed on a case-by-case basis and provisions for compensation are made where judged necessary. The amount recognised within provisions for client compensation represents management's best estimate of the potential liability. The timing of the corresponding outflows is uncertain as these are made as and when claims arise.

### b. FSCS levy

Following confirmation by the FSCS in July 2023 of its final industry levy for the 2023/24 scheme year, the Group has made a provision of £167,000 (FY22: £386,000) for its estimated share.

### c. Leasehold dilapidations

Leasehold dilapidations relate to dilapidation provisions expected to arise on leasehold premises held by the Group, and monies due under the contract with the assignee of leases on the Group's leased properties.

### d. Tax-related

Tax-related provisions relate to voluntary disclosures made by the Group to HM Revenue and Customs ("HMRC") following an input VAT review carried out by the Group during FY22.

## 24. Deferred contingent consideration

Deferred contingent consideration payable is split between non-current liabilities and current liabilities to the extent that it is due for payment within one year of the reporting date. It reflects the Directors' best estimate of amounts payable in the future in respect of certain client relationships and subsidiary undertakings that were acquired by the Group. Deferred contingent consideration is measured at its fair value based on discounted expected future cash flows. The movements in the total deferred contingent consideration balance during the year were as follows:

	2023 £'000	2022 £'000
At 1 July	327	6,237
Additions	1,240	-
Finance cost of deferred contingent consideration	61	90
Fair value adjustments	173	-
Payments made during the year	(334)	(6,000)
<b>At 30 June</b>	<b>1,467</b>	<b>327</b>

### Analysed as:

Amounts falling due within one year	1,467	327
Amounts falling due after more than one year	-	-
<b>Total deferred consideration</b>	<b>1,467</b>	<b>327</b>

During the year ended 30 June 2023, the Group completed the Integrity Wealth Solutions Limited acquisition, and an additional client book later in the year, and part of the consideration is to be deferred over a period of one to three years. The total cash deferred contingent consideration of £1,505,000 was recognised at its fair value of £1,240,000 on acquisition. The deferred contingent consideration was payable in May 2024 and October 2025 based on the future revenue generated by the discretionary business acquired. During the year ended 30 June 2023, the Group recognised a finance cost of £54,000 on the Integrity Wealth Solutions acquisition deferred contingent consideration. The Integrity Wealth Solutions deferred contingent consideration was renegotiated at 30 June 2023, and it was agreed that £1,250,000 was to be paid to the vendors of Integrity Wealth Solutions, settled in cash of £625,000 and Brooks Macdonald Group plc shares valued at £625,000. As a result, a change in fair value of the contingent consideration of £173,000 was recognised for the year ended 30 June 2023. This revised deferred contingent consideration was settled after the reporting period in July 2023.

During the year ended 30 June 2023, the final payment was made in relation to the acquisition of the Lloyds Channel Islands business totalling £334,000. Prior to the final payment, £7,000 was recognised as a finance cost of deferred contingent consideration within FY23. Full details of the Lloyds acquisition are disclosed in Note 10 of the 2021 Annual Report and Accounts.

Deferred contingent consideration is classified as Level 3 within the fair value hierarchy, as defined in Note 17.

## 25. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	4,003	4,668
Other taxes and social security	2,741	2,389
Other payables	30	326
Accruals and deferred income	15,747	16,478
<b>Total trade and other payables</b>	<b>22,521</b>	<b>23,861</b>

Included within accruals and deferred income is an accrual of £428,000 (FY22: £508,000) in respect of employer's National Insurance contributions arising from share option awards under the LTIS (Note 30b). The options have been valued using a Black-Scholes model based on the market price of the Company's shares at the grant date (Note 30).

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 26. Other non-current liabilities

	2023 £000	2022 £000
At 1 July	570	548
Additional liability in respect of share option awards	731	299
Transfer to current liabilities	(518)	(277)
<b>At 30 June</b>	<b>783</b>	<b>570</b>

Other non-current liabilities include employer's National Insurance contributions arising from share option awards under the LTIS and LTIP schemes. During the year, an additional liability was recognised of £731,000 (FY22: £299,000) in respect of existing awards, granted in previous years, that are expected to vest in the future. During the year, an amount of £518,000 (FY22: £277,000) was transferred to current liabilities, reflecting awards that are expected to vest within the next 12 months. At 30 June 2023, the non-current liability for employer's National Insurance contributions arising from share option awards under the LTIS and LTIP schemes was £783,000 (FY22: £570,000).

## 27. Reconciliation of operating profit to net cash inflow from operating activities

	2023 £000	2022 £000
<b>Operating profit</b>	<b>21,408</b>	<b>26,867</b>
Adjustments for:		
Amortisation of intangible assets	6,832	6,922
Depreciation of property, plant and equipment	824	843
Depreciation of right-of-use assets	1,825	1,669
Other (losses)/gain - net	162	55
Increase in receivables	(2,215)	(2,024)
Decrease in payables	(1,526)	(3,194)
Decrease in provisions	(147)	(1,113)
Increase in other non-current liabilities	244	22
Share-based payments charge	2,686	2,779
<b>Net cash inflow from operating activities</b>	<b>30,093</b>	<b>32,826</b>

## 28. Share capital and share premium account

The movements in share capital and share premium during the year were as follows:

	Number of shares	Exercise price p	Share capital £000	Share premium account £000	Total £000
At 1 July 2021	16,181,138		161	78,703	78,864
Shares issued:					
on exercise of options	6,886	2,127.0 - 2,730.0	-	120	120
to Sharesave Scheme	17,518	1,172.0 - 1,988.0	1	318	319
At 30 June 2022	16,205,542		162	79,141	79,303
Shares issued:					
on exercise of options	1,866	1,710.0 - 2,400.0	-	30	30
to Sharesave Scheme	140,171	1,172.0 - 1,704.0	1	1,660	1,661
of consideration for the acquisition of Integrity	52,084	1,900.0 - 1,920.0	1	999	1,000
<b>At 30 June 2023</b>	<b>16,399,663</b>		<b>164</b>	<b>81,830</b>	<b>81,994</b>

The total number of ordinary shares issued and fully paid at 30 June 2023 was 16,399,663 (FY22: 16,205,542) with a par value of 1p per share.

There was £2,691,000 share capital issued on exercise of options and to Sharesave Scheme members in the year ended 30 June 2023 (FY22: £439,000).

### Employee Benefit Trust

The Group established an Employee Benefit Trust ("EBT") on 3 December 2010 to acquire ordinary shares in the Company to satisfy awards under the Group's Long-Term Incentive Scheme, see Note 30(c). At 30 June 2023, the EBT held 552,633 (FY22: 580,806) 1p ordinary shares in the Company, acquired for a total consideration of £16,950,000 (FY22: £14,100,000) with a market value of £11,633,000 (FY22: £12,923,000). They are classified as treasury shares in the Consolidated statement of financial position, their cost being deducted from retained earnings within shareholders' equity.

## 29. Retained earnings and other reserves

The movements in retained earnings during the year were as follows:

	2023 £'000	2022 £'000
At beginning of the year	59,160	46,672
Profit for the financial year	18,149	23,411
Transfer from share option reserve	3,201	2,494
Purchase of own shares by Employee Benefit Trust	(2,850)	(3,100)
Dividends paid	(11,422)	(10,317)
<b>At end of the year</b>	<b>66,238</b>	<b>59,160</b>

The movements in other reserves during the year were as follows. All movements relate to movement on the share option reserve:

	2023 £'000	2022 £'000
At beginning of the year	9,770	8,275
Share-based payments	2,686	2,779
Transfer to retained earnings	(3,201)	(2,494)
Tax (charge)/credit on share-based payments	(335)	1,210
<b>At end of the year</b>	<b>8,920</b>	<b>9,770</b>

Other reserves comprise the following balances:

	2023 £'000	2022 £'000
Share option reserve	8,920	9,770
Merger reserve	192	192
<b>Total other reserves</b>	<b>9,112</b>	<b>9,962</b>

### a. Share option reserve

The share option reserve represents the cumulative charge to the Consolidated statement of comprehensive income for the Group's equity-settled share-based payment schemes, as described in Note 30.

### b. Merger reserve

The merger reserve arises when the consideration and nominal value of the shares issued during a merger and the fair value of assets transferred during the business combination differ.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 30. Equity-settled share-based payments

All share options granted to employees under the Group's equity-settled share-based payment schemes are valued using the Black-Scholes model, based on the market price of the Company's shares at the grant date and annualised volatility of up to 50%, covering the period to the end of the contractual life. Volatility has been estimated on the basis of the Company's historical share price subsequent to flotation. The risk-free annual rate of interest is deemed to be the yield on a gilt-edged security with a maturity term between seven months and five years, ranging from 0.01% to 2.00%. No options outstanding at 30 June 2023 (FY22: none) carry any dividend or voting rights.

The share options in issue under the various equity-settled share-based payment schemes have been valued at prices ranging from £5.29 to £24.67 per share. The charge to the Consolidated statement of comprehensive income for the year in respect of these was £2,686,000 (FY22: £2,779,000). The weighted average remaining contractual life of all equity-settled share-based payment schemes at 30 June 2023 was 1.17 years (FY22: 1.04 years). The weighted average share price of all options exercised during the year was £19.34 (FY22: £14.97).

A summary of the inputs into the fair value calculations for options granted during the year is set out below.

	Long-Term Incentive Plan	Save As You Earn (SAYE)
Grant date	Various	12/05/2023
Share price at grant £	£18.60 - £19.48	£19.35
Vesting period	27 - 51 months	36 months
Volatility %	37.82 - 40.98%	37.86%
Annual dividend %	3.65 - 4.21%	4.05%
Risk-free rate %	3.75 - 4.38%	3.79%
Option value £	£16.33 - £18.22	£6.39

The exercise price and fair value of share options granted during the year were as follows:

	Exercise price £	Fair value £	Number of options
Long-Term Incentive Plan	-	16.33 - 18.22	306,603
Employee Sharesave Scheme	19.35	6.39	161,518

### a. Long-Term Incentive Plan

The Long-Term Incentive Plan was approved by shareholders at the 2018 Annual General Meeting and encompasses annual deferral of bonuses into a Deferred Bonus Plan ("DBP"), Long-Term Incentive Plan ("LTIP") awards made to senior management and Exceptional Share Option Awards ("ESOA"). Certain ESOA grants carry performance conditions. All awards are subject to continued employment and are made at the discretion of the Remuneration Committee. 1,452 awards expired during the year (FY22: none).

	2023		2022	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
At 1 July	711,763	-	806,057	-
Awarded in the year	306,603	-	153,726	-
Exercised in the year	(168,107)	-	(112,501)	-
Forfeited in the year	(162,899)	-	(135,519)	-
At 30 June	687,360	-	711,763	-



### 30. Equity-settled share-based payments *continued*

#### i. Deferred Bonus Plan ("DBP") Awards

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2023 Number of options	2022 Number of options
2018	-	2019 - 2021	12,491	18,114
2019	-	2020 - 2022	13,132	30,882
2020	-	2021 - 2023	27,689	49,120
2021	-	2022 - 2024	44,239	64,804
2022	-	2023 - 2025	78,834	-
<b>All years</b>			<b>176,385</b>	<b>162,920</b>

#### ii. Long-Term Incentive Plan ("LTIP") Awards

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2023 Number of options	2022 Number of options
2019	-	2022	-	16,292
2020	-	2023	10,128	23,955
2021	-	2024	44,619	81,890
2022	-	2025	59,088	-
<b>All years</b>			<b>113,835</b>	<b>122,137</b>

#### iii. Exceptional Share Option Awards ("ESOA")

The number of share options outstanding at the reporting date was as follows:

Financial year of grant	Exercise price £	Vesting period	2023 Number of options	2022 Number of options
2019	-	2019 - 2024	130,394	185,361
2020	-	2020 - 2024	45,419	102,524
2021	-	2021 - 2024	116,580	131,789
2022	-	2022 - 2025	7,032	7,032
2023	-	2023 - 2026	97,715	-
<b>All years</b>			<b>397,140</b>	<b>426,706</b>

#### b. Long-Term Incentive Scheme ("LTIS")

The Group made no new awards under the LTIS during the year. The conditional awards, which vest three years after the grant date, are subject to the satisfaction of specified performance criteria, measured over a three-year performance period. No awards expired during the year (FY22: none). Off-cycle awards were made in 2017 to senior executives to replace awards forfeited from previous employers.

	2023 Number of options	2022 Number of options
At 1 July	5,442	43,340
Exercised in the year	-	(37,898)
Forfeited in the year	-	-
<b>At 30 June</b>	<b>5,442</b>	<b>5,442</b>

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 30. Equity-settled share-based payments continued

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2023 Number of options	2022 Number of options
2015	-	2018	1,077	1,077
2016	-	2019	1,416	1,416
2017 (off-cycle)	-	2020	2,949	2,949
<b>All years</b>			<b>5,442</b>	<b>5,442</b>

At 30 June 2023, options for schemes up to and including the 2017 scheme have vested and are able to be exercised.

### c. Employee Benefit Trust ("EBT")

Brooks Macdonald Group plc established an Employee Benefit Trust on 3 December 2010 to acquire ordinary shares in the Company to satisfy awards under the LTIS and LTIP. All finance costs and administration expenses connected with the EBT are charged to the Consolidated statement of comprehensive income as they accrue. The EBT has waived its rights to dividends. The following table shows the number of shares held by the EBT that have not yet vested unconditionally.

	2023 Number of shares	2022 Number of shares
At 1 July	580,806	608,683
Acquired in the year	140,495	124,297
Exercised in the year	(168,668)	(152,174)
<b>At 30 June</b>	<b>552,633</b>	<b>580,806</b>

### d. Company Share Option Plan ("CSOP")

The Company has established a Company Share Option Plan, which was approved by HMRC in November 2013. The CSOP is a discretionary scheme whereby employees or Directors are granted an option to purchase the Company's shares in the future at a price set on the date of the grant. The maximum award under the terms of the scheme is a total market value of £30,000 per recipient.

	2023		2022	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
At 1 July	18,821	16.32	28,431	16.67
Exercised in the year	(1,866)	15.89	(6,886)	17.40
Forfeited in the year	-	-	(2,724)	17.23
<b>At 30 June</b>	<b>16,955</b>	<b>16.37</b>	<b>18,821</b>	<b>16.32</b>

### 30. Equity-settled share-based payments continued

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2023 Number of options	2022 Number of options
2013	14.52	2016	<b>2,067</b>	2,067
2014	13.81	2017	<b>2,537</b>	3,262
2015	17.19	2018	<b>9,016</b>	9,596
2016	17.25	2019	<b>3,335</b>	3,896
<b>All years</b>			<b>16,955</b>	18,821

At 30 June 2023, all options for the CSOP schemes have vested and are able to be exercised. No awards expired during the year under the CSOP schemes (FY22: 1,851).

#### e. Employee Sharesave Scheme ("SAYE")

Under the scheme, employees can contribute up to £500 a month over a three-year period to acquire shares in the Company. At the end of the savings period, employees can elect to receive shares or receive their savings in cash.

	2023		2022	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
At 1 July	<b>254,111</b>	<b>14.25</b>	248,390	13.15
Granted in the year	<b>161,518</b>	<b>19.35</b>	44,109	19.88
Exercised in the year	<b>(143,701)</b>	<b>11.85</b>	(17,518)	14.02
Forfeited in the year	<b>(46,925)</b>	<b>17.21</b>	(20,870)	13.30
<b>At 30 June</b>	<b>225,003</b>	<b>15.23</b>	254,111	14.25

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2023 Number of options	2022 Number of options
2019	14.00	2022	-	7,207
2020	11.72	2023	<b>7,611</b>	152,650
2021	17.04	2024	<b>36,473</b>	50,597
2022	19.88	2025	<b>21,911</b>	43,657
2023	14.34	2026	<b>159,008</b>	-
<b>All years</b>			<b>225,003</b>	254,111

At 30 June 2023, options for the 2020 scheme have vested and are able to be exercised. 77 awards under the 2019 scheme expired during the year (FY22: 761).

# Notes to the consolidated financial statements continued

For the year ended 30 June 2023

## 31. Financial risk management

The Group has identified the financial risks arising from its activities and has established policies and procedures as part of a formal structure for managing risk, including establishing risk lines, reporting lines, mandates and other control procedures. The structure is reviewed regularly. The Group does not use derivative financial instruments for risk management purposes.

### a. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The primary objective of the Group's treasury policy is to manage short-term liquidity requirements and to ensure that the Group maintains a surplus of immediately realisable assets over its liabilities, such that all known and potential cash obligations can be met.

The table below shows the undiscounted cash inflows and outflows from the Group under non-derivative financial assets and liabilities, together with cash and bank balances available on demand.

	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 6 years £'000	No fixed payment date £'000	Total £'000
<b>At 30 June 2023</b>						
<b>Cash flows from financial assets</b>						
Financial assets at fair value through other comprehensive income	-	-	-	-	500	500
Financial assets at fair value through profit or loss	-	-	-	-	825	825
Cash and balances at bank	53,355	-	-	-	-	53,355
Trade receivables	-	2,820	-	-	-	2,820
Other receivables	-	30,722	-	-	-	30,722
	53,355	33,542	-	-	1,325	88,222
<b>Cash flows from financial liabilities</b>						
Trade payables	-	(4,003)	-	-	-	(4,003)
Other financial liabilities	-	(20,825)	(2,120)	(4,286)	-	(27,231)
	-	(24,828)	(2,120)	(4,286)	-	(31,234)
<b>Net liquidity gap</b>	<b>53,355</b>	<b>8,714</b>	<b>(2,120)</b>	<b>(4,286)</b>	<b>1,325</b>	<b>56,988</b>
<b>At 30 June 2022</b>						
<b>Cash flows from financial assets</b>						
Financial assets at fair value through other comprehensive income	-	-	-	-	500	500
Financial assets at fair value through profit or loss	-	-	-	-	784	784
Cash and balances at bank	61,328	-	-	-	-	61,328
Trade receivables	-	3,690	-	-	-	3,690
Other receivables	-	26,783	-	-	-	26,783
	61,328	30,473	-	-	1,284	93,085
<b>Cash flows from financial liabilities</b>						
Trade payables	-	(4,668)	-	-	-	(4,668)
Other financial liabilities	-	(19,809)	(2,482)	(4,971)	-	(27,262)
	-	(24,477)	(2,482)	(4,971)	-	(31,930)
<b>Net liquidity gap</b>	<b>61,328</b>	<b>5,996</b>	<b>(2,482)</b>	<b>(4,971)</b>	<b>1,284</b>	<b>61,155</b>

## 31. Financial risk management continued

### b. Market risk

#### Interest rate risk

The Group may elect to invest surplus cash balances in short-term cash deposits with maturity dates not exceeding three months. Consequently, the Group has a limited exposure to interest rate risk due to fluctuations in the prevailing level of market interest rates.

A 1% fall in the average monthly interest rate receivable on the Group's cash and cash equivalents would have the impact of reducing interest receivable and therefore profit before taxation by £534,000 (FY22: £613,000). An increase of 1% would have an equal and opposite effect.

#### Foreign exchange risk

The Group does not have any material exposure to transactional foreign currency risk and therefore no analysis of foreign exchange risk is provided.

#### Price risk

Price risk is the risk that the fair value of the future cash flows from financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to price risk through its holdings of equity securities and other financial assets, which are measured at fair value in the Consolidated statement of financial position (Notes 17 and 18). A 1% fall in the value of these financial instruments would have the impact of reducing total comprehensive income by £13,000 (FY22: £13,000). An increase of 1% would have an equal and opposite effect.

### c. Credit risk

The Group may elect to invest surplus cash balances in highly liquid money market instruments with maturity dates not exceeding three months. The difference between the fair value and the net book value of these instruments is not material. To reduce the risk of a counterparty default, the Group deposits the rest of its funds in approved, high-quality banks. As part of the Group's strict due diligence assessment, there is a requirement for all banking counterparties to have a minimum credit rating of BBB+. At 30 June 2023, there was no significant concentration of credit risk in any particular counterparty (FY22: none).

Assets exposed to credit risk recognised on the Consolidated statement of financial position total £53,355,000 (FY22: £61,328,000), being the Group's total cash and cash equivalents.

Trade receivables with a carrying amount of £2,820,000 (FY22: £3,690,000) are neither past due nor impaired. Trade receivables have no external credit rating as they relate to individual clients, although the value of investments held in each individual client's portfolio is always in excess of the total value of the receivable. All trade receivables fall due within one year (FY22: one year).

## 32. Capital management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves of the Company. Total capital at 30 June 2023 was £157,344,000 (FY22: £148,425,000). Regulatory capital is derived from the Group's Internal Capital Adequacy and Risk Assessment ('ICARA'), previously referred to as Internal Capital Adequacy Assessment ('ICAAP'), which is a requirement of the Investment Firm Prudential Regime (IFPR). The ICARA draws on the Group's risk management process that is embedded within the individual businesses, function heads and executive committees within the Group.

The Group's objectives, when managing capital, are to comply with the capital requirements set by the Financial Conduct Authority, to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the business.

The Group assesses the adequacy of its own funds on a consolidated and legal entity basis on a frequent basis. This includes continuous monitoring of 'K-factor' variables, which captures the variable nature of risk involved in the Group's business activities. A regulatory capital update is additionally provided to senior management on a monthly basis alongside a rolling 12-month regulatory capital forecast. In addition to this, the Group has implemented a number of 'Key Risk Indicators', which act as early warning signs with the aim of notifying senior management if own funds misalign with the Group's risk appetite and internal thresholds.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. The Group's 2023 ICARA will be approved in December 2023. There have been no capital requirement breaches during the year. Brooks Macdonald Group plc's IFPR public disclosure is presented on our website at [www.brooksmacdonald.com](http://www.brooksmacdonald.com).

# Notes to the consolidated financial statements

continued

For the year ended 30 June 2023

## 33. Contingent liabilities and guarantees

In the normal course of business, the Group is exposed to certain legal issues, which, in the event of a dispute, could develop into litigious proceedings and, in some cases, may result in contingent liabilities. Similarly, a contingent liability may arise in the event of a finding in respect of the Group's tax affairs, including the accounting for VAT, which could result in a financial outflow and/or inflow from the relevant tax authorities.

A claim for unspecified losses has been made by a client against Brooks Macdonald Financial Consulting Limited, a subsidiary of the Group, in relation to alleged negligent financial advice. The claimant has not yet advised the quantum of their claim so it is not possible to reliably estimate the potential impact of a ruling in their favour. There remains significant uncertainty surrounding the claim and the Group's legal advice indicates that it is not probable that the claim will be upheld; therefore no provision for any liability has been recognised at this stage.

During the year ended 30 June 2020, a small number of clients rejected the goodwill offers made to them by Brooks Macdonald Asset Management (International) Limited in connection with the exceptional costs of resolving legacy matters, and as of 30 June 2022, one claim had been issued against the company. That claim was resolved during the financial year ended 30 June 2023 with no cash outflow for the Group. While the Group have never accepted, nor been adjudged to have, any legal liability in relation to the legacy matters, the Group continues to recognise a contingent liability in relation to the possibility that one or more clients might make new complaints or claims. There are no further claims in issue nor any complaints active as at 30 June 2023.

Brooks Macdonald Asset Management Limited, a subsidiary company of the Group, has an agreement with the Royal Bank of Scotland plc to guarantee settlement for trading with CREST stock on behalf of clients. The Group holds client assets to fund such trading activity.

## 34. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, are eliminated on consolidation. The Company's individual financial statements include the amounts attributable to subsidiaries. These amounts are disclosed in aggregate in the relevant company financial statements and in detail in the following table:

	Amounts owed by related parties		Amounts owed to related parties	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Brooks Macdonald Asset Management Limited	239	238	-	-
Brooks Macdonald Asset Management (International) Limited	83	-	-	89
Brooks Macdonald Funds Limited	-	-	900	-
Brooks Macdonald Financial Consulting Limited	-	-	-	34

All of the above amounts are interest-free and repayable on demand.

### 35. Interest in unconsolidated structured entities

Structured entities are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who has control, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group's interests in consolidated and unconsolidated structured entities are described below.

The only consolidated structured entity is the Brooks Macdonald Group Employee Benefit Trust, details of which are given in Note 28.

The Group has interests in structured entities as a result of contractual arrangements arising from the management of assets on behalf of its clients. Assets under management within the UK Investment Management segment include those managed within structured entities. These structured entities consist of unitised vehicles such as OEICs, which entitle investors to a percentage of the vehicle's net asset value. The structured entities are financed by the purchase of units or shares by investors. As fund manager, the Group does not guarantee returns on its funds or commit to financially support its funds. Where external finance is raised, the Group does not provide a guarantee for the repayment of any borrowings. The business activity of all structured entities, in which the Group has an interest, is the management of assets in order to maximise investment returns for investors from capital appreciation and/or investment income. The Group earns a management fee from its structured entities, based on a percentage of the entity's net asset value.

The funds under management of unconsolidated structured entities within both the UK Investment Management and International segments total £2,079 billion (FY22: £2,544 billion). Included in the revenue on the Consolidated statement of comprehensive income is management fee income of £13,722,000 (FY22: £17,628,000) from unconsolidated structured entities managed by the Group.

### 36. Events since the end of the year

No material events have occurred between the reporting date and the date of signing the financial statements.

# Company financial statements

Company statement of financial position	172
Company statement of changes in equity	173
Company statement of cash flows	174
Notes to the Company financial statements	175







# Company statement of financial position


As at 30 June 2023

	Note	2023 £'000	2022 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	41	110,302	102,011
Financial assets at fair value through other comprehensive income	42	500	500
<b>Total non-current assets</b>		<b>110,802</b>	<b>102,511</b>
<b>Current assets</b>			
Trade and other receivables	43	354	259
Cash and cash equivalents		17,300	11,540
<b>Total current assets</b>		<b>17,654</b>	<b>11,799</b>
<b>Total assets</b>		<b>128,456</b>	<b>114,310</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	45	(2,486)	(1,598)
Deferred contingent consideration	44	(1,250)	-
Corporation tax payable		(2)	(113)
<b>Total current liabilities</b>		<b>(3,738)</b>	<b>(1,711)</b>
<b>Net assets</b>		<b>124,718</b>	<b>112,599</b>
<b>Equity</b>			
Share capital	47	164	162
Share premium account	47	81,830	79,141
Share option reserve		7,432	7,947
Retained earnings		35,292	25,349
<b>Total equity</b>		<b>124,718</b>	<b>112,599</b>

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own Statement of comprehensive income for the year ended 30 June 2023. Brooks Macdonald Group plc reported profit after tax for the year ended 30 June 2023 of £21,014,000 (FY22: £24,111,000).

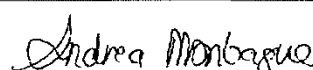
The Company financial statements were approved by the Board of Directors and authorised for issue on 13 September 2023, and signed on their behalf by:

**Andrew Shepherd**  
CEO



Company registration number: 4402058

**Andrea Montague**  
Chief Financial Officer



The accompanying notes on pages 175 to 181 form an integral part of the Company financial statements.

# Company statement of changes in equity

For the year ended 30 June 2023

	Note	Share capital £'000	Share premium account £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 July 2021</b>		161	78,703	7,679	12,161	98,704
<b>Comprehensive income</b>						
Profit for the year	39	-	-	-	24,111	24,111
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	24,111	24,111
<b>Transactions with owners</b>						
Issue of ordinary shares		1	438	-	-	439
Share-based payments		-	-	2,762	-	2,762
Share options exercised		-	-	(2,494)	2,494	-
Purchase of own shares by Employee Benefit Trust		-	-	-	(3,100)	(3,100)
Dividends paid	40	-	-	-	(10,317)	(10,317)
<b>Total transactions with owners</b>		1	438	268	(10,923)	(10,216)
<b>Balance at 30 June 2022</b>		162	79,141	7,947	25,349	112,599
<b>Comprehensive income</b>						
Profit for the year	39	-	-	-	21,014	21,014
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	21,014	21,014
<b>Transactions with owners</b>						
Issue of ordinary shares		2	2,689	-	-	2,691
Share-based payments		-	-	2,686	-	2,686
Share options exercised		-	-	(3,201)	3,201	-
Purchase of own shares by Employee Benefit Trust		-	-	-	(2,850)	(2,850)
Dividends paid	40	-	-	-	(11,422)	(11,422)
<b>Total transactions with owners</b>		2	2,689	(515)	(11,071)	(8,896)
<b>Balance at 30 June 2023</b>		<b>164</b>	<b>81,830</b>	<b>7,432</b>	<b>35,292</b>	<b>124,718</b>

The accompanying notes on pages 175 to 181 form an integral part of the Company financial statements.

# Company statement of cash flows

For the year ended 30 June 2023

	Note	2023 £000	2022 £000
<b>Cash flow from operating activities</b>			
Cash generated from operations	46	27,339	22,502
<b>Net cash generated from operating activities</b>		<b>27,339</b>	<b>22,502</b>
<b>Cash flows from investing activities</b>			
Consideration paid on purchase of investment in subsidiaries		(15,862)	-
Capital contribution from subsidiaries relating to share-based payments		6,817	-
Finance income		47	20
Deferred contingent consideration paid	44	-	(6,000)
<b>Net cash used in investing activities</b>		<b>(8,998)</b>	<b>(5,980)</b>
<b>Cash flows from financing activities</b>			
Proceeds of issue of shares	47	1,691	439
Purchase of own shares by Employee Benefit Trust		(2,850)	(3,100)
Dividends paid to shareholders	40	(11,422)	(10,317)
<b>Net cash used in financing activities</b>		<b>(12,581)</b>	<b>(12,978)</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,760</b>	<b>3,544</b>
Cash and cash equivalents at beginning of year		11,540	7,996
<b>Cash and cash equivalents at end of year</b>		<b>17,300</b>	<b>11,540</b>

The accompanying notes on pages 175 to 181 form an integral part of the Company financial statements.

# Notes to the Company financial statements

For the year ended 30 June 2023

## 37. Principal accounting policies

### General information

Brooks Macdonald Group plc ("the Company") is the Parent Company of a group of companies. The Company is a public limited company, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and listed on AIM. The address of its registered office is 21 Lombard Street, London, EC3V 9AH, England.

### Statement of compliance

The individual Financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These Financial statements have been prepared on a historical cost basis, except for the revaluation of financial assets at fair value through other comprehensive income and deferred contingent consideration such that they are measured at their fair value.

### Developments in reporting standards and interpretations

The Company's accounting policies that have been applied in preparing these Financial statements are consistent with those disclosed in the Annual Report and Accounts for the year ended 30 June 2022, other than where new policies have been adopted. Developments in reporting standards and interpretations are set out in Note 2(c) to the Consolidated financial statements.

The principal accounting policies adopted are set out below:

#### a. Basis of preparation

The Financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets at fair value through other comprehensive income and deferred contingent consideration such that they are measured at their fair value.

At the time of approving the Financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial statements.

#### b. Investments in subsidiary companies

Where the Company has investments in subsidiary companies whereby one entity (the "subsidiary") is controlled by another entity (the "Parent"), the investments are stated at cost less, where appropriate, provision for impairment. The carrying values of investments in subsidiary companies are reviewed annually to determine whether any indicator of impairment exists. Any impairment is recognised immediately in the Statement of comprehensive income and is not subsequently reversed.

#### c. Subsidiary company guarantees and contingent liabilities

As required by Section 479C of the Companies Act, the Company guarantees all outstanding liabilities to which its unaudited subsidiary companies are subject at the end of the financial year. Where the outflow is not probable or cannot be reliably measured, the potential obligation is disclosed as a contingent liability in the Financial statements.

#### d. Retirement benefit costs

Contributions in respect of the Group's defined contribution pension scheme are recognised in the Statement of comprehensive income as they fall due.

#### e. Employee Benefit Trust

Where the Company holds its own equity shares through an Employee Benefit Trust, these shares are shown as a reduction in shareholders' equity. Any consideration paid or received for the purchase or sale of these shares is shown as a reduction in the reconciliation of movements in shareholders' funds. No gain or loss is recognised in the Statement of comprehensive income on the purchase, sale, issue or cancellation of these shares.

# Notes to the Company

## financial statements continued

For the year ended 30 June 2023

### 38. Critical accounting judgements and key sources of estimation and uncertainty

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of currently available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, the Directors believe that the accounting policies, where important estimations are used, relate to the measurement of intangible assets and the estimation of the fair value of share-based payments.

The preparation of the Company's financial statements includes the use of estimates and assumptions. The significant accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS1, 'Presentation of Financial Statements', are the pre-tax discount rate and perpetuity growth rate used to calculate the Brooks Macdonald International net present value, used within the investments within subsidiaries impairment review.

The consolidated financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties. The other areas of judgement and accounting estimates are the pre-tax discount rate and perpetuity growth rate used within the investment in subsidiaries impairment reviews, and the inputs into the Black-Scholes model used to value the Company's equity-settled share-based payments.

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

Further information about key assumptions and sources of estimation uncertainty is set out below.

#### Investment in subsidiaries

The Company's investment in subsidiaries is reviewed annually for impairment, or when a change in circumstances indicates that it might be impaired. When required, the recoverable amounts of subsidiaries are determined by value-in-use calculations, which require the use of estimates to derive the projected future cash flows attributable to each subsidiary. If the projected cash flows cannot support the cost of investment, an impairment in the investment in subsidiary may be required. Details of the investment in subsidiaries are given in Note 41.

### 39. Profit for the year

Brooks Macdonald Group plc reported profit after tax for the year ended 30 June 2023 of £21,014,000 (FY22: £24,111,000)

Auditors' remuneration is disclosed in Note 7 of the Consolidated financial statements. The average monthly number of employees during the year was eight (FY22: seven). Directors' emoluments are set out in Note 5(d) of the Consolidated financial statements.

### 40. Dividends

Details of the Company's dividends paid and proposed, subject to approval at the Annual General Meeting, are set out in Note 13 of the Consolidated financial statements.

### 41. Investment in subsidiaries

	Group undertakings £'000
<b>Net book value</b>	
At 1 July 2021	99,249
Net capital contribution relating to share-based payments	2,762
At 30 June 2022	102,011
Additions	17,889
Impairment in subsidiary	(4,802)
Capital contributions from subsidiaries relating to share-based payments	2,686
Capital contributions to subsidiaries relating to share-based payments	(7,482)
<b>At 30 June 2023</b>	<b>110,302</b>

During the year, the Company acquired the entire share capital of Integrity Wealth (Holdings) Limited, Integrity Wealth Bidco Limited and their subsidiary company, Integrity Wealth Solutions Limited at a cost of £7,087,000 and Adroit Financial Planning Limited at a cost of £11,261,000 (as disclosed in Note 11 of the Consolidated financial statements).

#### 41. Investment in subsidiaries continued

During the year the Company provided capital contributions to underlying subsidiaries in relation to share options of £2,686,000. During the year, the Company received capital contributions from underlying subsidiaries in relation to share options exercises of £7,482,000 of which £664,000 was outstanding as an amount due from subsidiary undertakings relating to share-based payments.

During the year the Company recognised an impairment in relation to a subsidiary company, Cornelian Asset Management Group Limited for £3,203,000, due to a reorganisation of the Group structure and the business transferred to a subsidiary company within the Brooks Macdonald Group plc group of companies.

During the year the Company recognised an impairment in relation to a subsidiary company, Brooks Macdonald Asset Management (International) Limited. Based on a value-in-use calculation, the recoverable amount of the International CGU for investment in subsidiary purposes at 30 June 2023 was £49,866,000. This fell short of the carrying amount of the Company's investment in Brooks Macdonald Asset Management (International) Limited by £1,599,000, resulting in an impairment charge recognised for this amount.

Details of the Company's subsidiary undertakings at 30 June 2023, all of which were 100% owned and included in the Consolidated financial statements, are provided below:

Company	Type of shares and par value	Country of incorporation	Nature of business
Adroit Financial Planning Limited	Ordinary 1p	UK	Wealth management
Braemar Group Limited	Ordinary 1p	UK	Parent holding company
Brooks Macdonald Asset Management Limited	Ordinary £1	UK	Investment and wealth management
Brooks Macdonald Asset Management (International) Limited	Ordinary £1	Channel Islands	Investment and wealth management
Brooks Macdonald Financial Consulting Limited	Ordinary 5p	UK	Non-trading
Brooks Macdonald Funds Limited	Ordinary £1	UK	Non-trading
Brooks Macdonald International Fund Managers Limited	Ordinary £1	Channel Islands	Fund management
Brooks Macdonald International Nominees (Guernsey) Limited	Ordinary £1	Channel Islands	Non-trading
Brooks Macdonald Nominees Limited	Ordinary £1	UK	Non-trading
Cornelian Asset Managers Group Limited	Ordinary 20p	UK	Parent holding company
Cornelian Asset Managers Limited	Ordinary £1	UK	Fund management
Cornelian Asset Managers Nominees Limited	Ordinary £1	UK	Non-trading
Integrity Wealth (Holdings) Limited	Ordinary £1	UK	Parent holding company
Integrity Wealth Bidco Limited	Ordinary £1	UK	Non-trading
Integrity Wealth Solutions Limited	Ordinary £1	UK	Wealth management
Levitas Investment Management Services Limited	Ordinary £1	UK	Fund sponsor
Secure Nominees Limited	Ordinary £1	Channel Islands	Non-trading

The registered office for all subsidiaries is 21 Lombard Street, London, EC3V 9AH except for the following:

Company	Registered office
Brooks Macdonald Asset Management (International) Limited	5 Anley Street, St. Helier, Jersey, JE2 3QE
Brooks Macdonald International Fund Managers Limited	5 Anley Street, St. Helier, Jersey, JE2 3QE
Brooks Macdonald International Nominees (Guernsey) Limited	Ground Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, GY1 2HT
Cornelian Asset Managers Group Limited	Hobart House, 80 Hanover Street, Edinburgh, EH2 1EL
Cornelian Asset Managers Limited	Hobart House, 80 Hanover Street, Edinburgh, EH2 1EL
Cornelian Asset Managers Nominees Limited	Hobart House, 80 Hanover Street, Edinburgh, EH2 1EL
Secure Nominees Limited	Suite 1, Block C, Hirzel Court, St. Peter Port, Guernsey, GY1 2NN

Brooks Macdonald Group plc has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 30 June 2023

- |  |  |
|--|--|
| › Adroit Financial Planning Limited      | › Cornelian Asset Managers Nominees Limited      |
| › Braemar Group Limited                  | › Integrity Wealth (Holdings) Limited            |
| › Brooks Macdonald Funds Limited         | › Integrity Wealth Bidco Limited                 |
| › Brooks Macdonald Nominees Limited      | › Integrity Wealth Solutions Limited             |
| › Cornelian Asset Managers Group Limited | › Levitas Investment Management Services Limited |
| › Cornelian Asset Managers Limited       | › Secure Nominees Limited                        |

As a condition of the exemption, the Company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries at 30 June 2023 were £336,000.

# Notes to the Company

## financial statements continued

For the year ended 30 June 2023

### 42. Financial assets at fair value through other comprehensive income

	2023 £000	2022 £000
At beginning of year	500	500
Net changes in fair value	-	-
<b>At end of year</b>	<b>500</b>	<b>500</b>

At 30 June 2023, the Company held an investment of 500,000 redeemable £1 preference shares in an unlisted company incorporated in the UK. The preference shares carry an entitlement to a fixed preferential dividend at a rate of 4% per annum. Unlisted preference shares are classified as financial assets at fair value through other comprehensive income.

### 43. Trade and other receivables

	2023 £000	2022 £000
Amounts owed by subsidiary undertakings	322	238
Prepayments and accrued income	32	21
<b>Total trade and other receivables</b>	<b>354</b>	<b>259</b>

Amounts owed by subsidiary companies are unsecured, interest-free and repayable on demand.

### 44. Deferred contingent consideration

Deferred contingent consideration reflects the Directors' best estimate of amounts payable in the future in respect of certain client relationships and subsidiary undertakings that were acquired by the Company. Deferred contingent consideration is measured at its fair value based on discounted expected future cash flows. The movements in the total deferred contingent consideration balance during the year were as follows:

	2023 £000	2022 £000
At beginning of year	-	5,922
Additions	1,026	-
Finance cost of deferred contingent consideration	51	78
Fair value adjustments	173	-
Payments made during the year	-	(6,000)
<b>At end of year</b>	<b>1,250</b>	<b>-</b>
<b>Analysed as:</b>		
Amounts falling due within one year	1,250	-
Amounts falling due after more than one year	-	-
<b>Total deferred contingent consideration</b>	<b>1,250</b>	<b>-</b>

During the year ended 30 June 2023, the Company completed the Integrity Wealth Solutions Limited acquisition, and part of the consideration was to be deferred over a period of three years. The total cash deferred contingent consideration of £1,275,000 was recognised at its fair value of £1,026,000 on acquisition. The deferred contingent consideration was payable in October 2025 based on the future revenue generated by the discretionary business acquired. During the year ended 30 June 2023, the Group recognised a finance cost of £51,000 on the Integrity Wealth Solutions acquisition deferred contingent consideration. The Integrity Wealth Solutions deferred contingent consideration was renegotiated at 30 June 2023, and it was agreed that £1,250,000 was to be paid to the vendors of Integrity Wealth Solutions, settled in cash of £625,000 and Brooks Macdonald Group plc shares valued at £625,000. As a result, a change in fair value of the contingent consideration of £173,000 was recognised for the year ended 30 June 2023. This revised deferred contingent consideration was settled after the reporting period in July 2023.



#### 45. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	30	53
Amounts owed to subsidiary undertakings	900	123
Accruals and deferred income	1,556	1,422
<b>Total trade and other payables</b>	<b>2,486</b>	<b>1,598</b>

Amounts owed to subsidiary companies are unsecured, interest-free and repayable on demand.

#### 46. Reconciliation of operating profit to net cash inflow from operating activities

	2023 £'000	2022 £'000
Operating profit	21,018	24,282
Adjustments for:		
- Increase/(decrease) in payables	1,123	(2,002)
- Share-based payments	318	211
- (Increase)/decrease in receivables	(95)	11
- Changes in fair value of deferred contingent consideration	173	-
- Impairment of subsidiary	4,802	-
<b>Net cash inflow from operating activities</b>	<b>27,339</b>	<b>22,502</b>

# Notes to the Company

## financial statements continued

For the year ended 30 June 2023

### 47. Share capital and share premium account

The movements in share capital and share premium during the year were as follows:

	Number of shares	Share capital £'000	Share premium account £'000	Total £'000
At 1 July 2021	16,181,138	161	78,703	78,864
Shares issued:				
on exercise of options	6,325	–	120	120
to Sharesave Scheme	18,079	1	318	319
At 30 June 2022	16,205,542	162	79,141	79,303
Shares issued:				
on exercise of options	1,866	–	30	30
to Sharesave Scheme	140,171	1	1,660	1,661
Of consideration for the acquisition of Integrity	52,084	1	999	1,000
<b>At 30 June 2023</b>	<b>16,399,663</b>	<b>164</b>	<b>81,830</b>	<b>81,994</b>

The total number of ordinary shares, issued and fully paid at 30 June 2023, was 16,399,663 (FY22: 16,205,542) with a par value of 1p per share. Excluding 552,633 (FY22: 580,806) treasury shares held by the Employee Benefit Trust (see below), the Company had 15,847,030 (FY22: 15,624,736) ordinary 1p shares in issue as at 30 June 2023. Details of the shares issued are given in Note 28 of the Consolidated financial statements.

#### Employee Benefit Trust

The Company established an Employee Benefit Trust ("EBT") on 3 December 2010 to acquire ordinary shares in the Company to satisfy awards under the Group's Long-Term Incentive Scheme, see Note 30(c) to the Consolidated financial statements. All finance costs and administration expenses connected with the EBT are charged to the Statement of comprehensive income as they accrue. The EBT has waived its rights to dividends.

During the year, the EBT received instructions to exercise 168,668 (FY22: 152,174) options. The cost of the shares released on exercise of these options amounted to £3,388,000 (FY22: £2,687,000). At 30 June 2023, the number of shares held by the EBT was 552,633 (FY22: 580,806) with a market value of £11,633,000 (FY22: £12,923,000) acquired for a total consideration of £16,950,000 (FY22: £14,100,000). These shares are presented as treasury shares in the Company financial statements and their cost is deducted from retained earnings within shareholders' equity.

The Company has made annual awards under the LTIP to Executive Directors and other senior executives. The conditional awards, which vest three years after the grant date, are subject to the satisfaction of specified performance criteria, measured over a three-year performance period. All such conditional awards are made at the discretion of the Remuneration Committee.

## 48. Related party transactions

The remuneration of key personnel of the Company, defined as the Company's Directors, is set out below:

	2023 £'000	2022 £'000
Short-term employee benefits	2,191	2,894
Post-employment benefits	45	73
Share-based payments	147	1,045
<b>Total compensation</b>	<b>2,383</b>	<b>4,012</b>

Dividends totalling £51,000 (FY22: £46,000) were paid in the year in respect of ordinary shares held by key management personnel and their close family members.

During the year, the Company entered into the following transactions with its subsidiaries:

	2023 £'000	2022 £'000
<b>Dividends received:</b>		
Brooks Macdonald Asset Management Limited	22,000	22,000
Cornelian Asset Managers Group Limited	8,253	2,500
Levitas Investment Management Services Limited	600	-
Brooks Macdonald Asset Management (International) Limited	-	3,500
<b>Total transactions with subsidiaries</b>	<b>30,853</b>	<b>28,000</b>

The Company's balances with fellow Group companies at 30 June 2023 are set out in Note 34 to the Consolidated financial statements. All transactions with fellow Group companies are carried out at arm's length and all outstanding balances are to be settled in cash. None of the balances are secured and no provisions have been made for doubtful debts in respect of any of the amounts due from fellow Group companies.

## 49. Financial risk management objectives and policies

The financial risk management objectives and policies applied by the Company are in line with those of the Group as disclosed in Note 31 to the Consolidated financial statements.

# Non-IFRS financial information

Non-IFRS financial information or alternative performance measures ("APMs") are used as supplemental measures in monitoring the performance of the Group. The adjustments applied to IFRS measures to compute the Group's APMs exclude income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item. The Board considers the disclosed APMs to be an appropriate reflection of the Group's performance.

The Group follows a rigorous process in determining whether an adjustment should be made to present an alternative performance measure compared to IFRS measures. For an adjustment to be excluded from underlying profit as an alternative performance measure compared to statutory profit, it must initially meet at least one of the following criteria:

- › It is unusual in nature, e.g. outside the normal course of business and operations.
- › It is a significant item, which may be recognised in more than one accounting period.
- › It has been incurred as a result of an acquisition, disposal or a company restructure process.

The Group uses the below APMs.

APM	Equivalent IFRS measure	Definition and purpose
Underlying profit before tax	Statutory profit before tax	Calculated as profit before tax excluding income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item. It is considered by the Board to be an appropriate reflection of the Group's performance and considered appropriate for external analyst coverage and peer group benchmarking. See page 39 for a reconciliation of underlying profit before tax and statutory profit before tax and an explanation for each item excluded in underlying profit before tax.
Underlying tax charge	Statutory tax charge	Calculated as the statutory tax charge, excluding the tax impact of the adjustments excluded from underlying profit. See Note 9 Taxation of the Consolidated financial statements.
Underlying earnings / Underlying profit after tax	Total comprehensive income	Calculated as underlying profit before tax less the underlying tax charge. See Note 12 of the Consolidated financial statements for a reconciliation of underlying profit after tax and statutory profit after tax.
Underlying profit margin before tax	Statutory profit margin before tax	Calculated as underlying profit before tax over revenue for the year. This is another key metric assessed by the Board and appropriate for external analyst coverage and peer group benchmarking.
EBITDA/Underlying EBITDA	N/A	Earnings before interest, tax, depreciation and amortisation ("EBITDA"). Underlying EBITDA is EBITDA excluding income and expense categories which are deemed of a non-recurring nature or a non-cash operating item. See page 40 for reconciliation between EBITDA and underlying EBITDA and profit measures.
Underlying basic earnings per share	Statutory basic earnings per share	Calculated as underlying profit after tax divided by the weighted average number of shares in issue during the year. This is a key management incentive metric and is a measure used within the Group's remuneration schemes. See Note 12 of the Consolidated financial statements for the Earnings per share.
Underlying diluted earnings per share	Statutory diluted earnings per share	Calculated as underlying profit after tax divided by the weighted average number of shares in issue during the year, including the dilutive impact of future share awards. This is a key management incentive metric and is a measure used within the Group's remuneration schemes. See Note 12 of the Consolidated financial statements for the Earnings per share.
Underlying costs	Statutory costs	Calculated as total administrative expenses, other net gains/(losses), finance income and finance costs and excluding income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item, which are listed on page 39. This is a key measure used in calculating underlying profit before tax. See page 37 for details on underlying costs.
Segmental underlying profit before tax	Segmental statutory profit before tax	Calculated as profit before tax, excluding income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item for each segment. See Note 3 of the Consolidated financial statements for the Segmental information.
Segmental underlying profit before tax margin	Segmental statutory profit before tax margin	Calculated as segmental underlying profit before tax over segmental revenue.
Own Funds Capital Adequacy Ratio	N/A	Calculated as the Group's total regulatory resources relative to its Fixed Overhead requirement.

# Company information

<b>Company Secretary</b>	Phil Naylor
<b>Company registration number</b>	4402058
<b>Registered office</b>	21 Lombard Street, London, EC3V 9AH
<b>Website</b>	<a href="http://www.brooksmacdonald.com">www.brooksmacdonald.com</a>

## Financial calendar

<b>Results announcement</b>	14 September 2023
<b>Ex-dividend date for final dividend</b>	21 September 2023
<b>Record date for final dividend</b>	22 September 2023
<b>Annual General Meeting</b>	26 October 2023
<b>Final dividend payment date</b>	3 November 2023

## Officers and advisers

### Independent auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### Principal bankers

The Royal Bank of Scotland plc  
280 Bishopsgate  
London  
EC2M 4RB

### Registrars

Link Group  
10th Floor  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### Nominated adviser and broker

Peel Hunt LLP  
7th Floor  
100 Liverpool Street  
London  
EC2M 2AT

### Public relations

FTI Consulting  
200 Aldersgate  
Aldersgate Street  
London  
EC1A 4HD

# Glossary

Abbreviation	Definition
<b>AGM</b>	Adroit Financial Planning Limited
<b>AGM</b>	Annual General Meeting
<b>AIM</b>	Alternative Investment Market
<b>ANLA</b>	Adjusted Net Liquid Asset
<b>APM</b>	Alternative performance measure
<b>APS</b>	AIM Portfolio Service
<b>ARC</b>	Asset Risk Consultants
<b>BAME</b>	Black, Asian and minority ethnic
<b>BMAM</b>	Brooks Macdonald Asset Management Limited
<b>BMG, Company, Parent Company</b>	Brooks Macdonald Group plc
<b>BMI</b>	Brooks Macdonald Asset Management (International) Limited
<b>BMIS</b>	BM Investment Solutions
<b>BPS</b>	Bespoke Portfolio Service
<b>BR</b>	Business Relief
<b>Braemar</b>	Braemar Group Limited CGU
<b>BURM</b>	Bottom up risk map
<b>CAPM</b>	Capital asset pricing model
<b>CASS</b>	Client Assets Sourcebook
<b>CEO</b>	Chief Executive Officer
<b>CFA</b>	Chartered Financial Analyst
<b>CGU</b>	Cash-generating unit
<b>CIP</b>	Centralised Investment Process
<b>CISI</b>	Chartered Institute for Securities & Investment
<b>COO</b>	Chief Operating Officer
<b>Cornelian</b>	Cornelian Asset Managers Group Limited and its controlled entities
<b>COVID-19</b>	Coronavirus global pandemic
<b>CREST</b>	The settlement system used by the London Stock Exchange for settling all its transactions
<b>CRO</b>	Chief Risk Officer
<b>CSOP</b>	Company Share Option Plan
<b>DBP</b>	Deferred Bonus Plan
<b>DCF</b>	Defensive Capital Fund
<b>DE&amp;I</b>	Diversity, equity and inclusion
<b>DFM</b>	Discretionary Fund Managers
<b>DKHT</b>	Dame Kelly Holmes Trust
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>EBT</b>	Employee Benefit Trust
<b>EPS</b>	Earnings per share
<b>ERG</b>	Employee resource group
<b>ERMC</b>	Executive Risk Management Committee
<b>ESG</b>	Environmental, social and governance
<b>ESOA</b>	Exceptional Share Options Awards
<b>EU</b>	European Union

Abbreviation	Definition
<b>FCA</b>	UK Financial Conduct Authority
<b>FTT</b>	FIT Remuneration Consultants LLP
<b>FRC</b>	UK Financial Reporting Council
<b>FSCS</b>	Financial Services Compensation Scheme
<b>FUM</b>	Funds under management
<b>GAIN</b>	Girls Are Investors
<b>GAYE</b>	Give-As-You-Earn
<b>GHG</b>	Greenhouse gas
<b>Group</b>	Brooks Macdonald Group plc and its controlled entities
<b>H&amp;S</b>	Health and safety
<b>HMRC</b>	HM Revenue and Customs
<b>IAS</b>	International Accounting Standard
<b>IASB</b>	International Accounting Standards Board
<b>IC</b>	Investment Committee
<b>ICAAP</b>	Internal Capital Adequacy Assessment process
<b>ICARA</b>	Internal Capital and Risk Assessment
<b>IFA</b>	Independent Financial Advisor
<b>IFPRU</b>	The FCA's Prudential Sourcebook for Investment Firms
<b>IFRS IC</b>	International Financial Reporting Standards Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standard
<b>IHT</b>	Inheritance Tax
<b>IoD</b>	Institute of Directors
<b>ISAs (UK)</b>	International Standards on Accounting (UK)
<b>IT</b>	Information technology
<b>IWS, Integrity</b>	Integrity Wealth Solutions Limited
<b>KPI</b>	Key performance indicator
<b>LRMF</b>	Liquidity Risk Management Framework
<b>LTP</b>	Long-term incentive plan
<b>LTIS</b>	Long-term incentive scheme
<b>M&amp;A</b>	Mergers and acquisitions
<b>MAF</b>	Multi-Asset Fund
<b>MPS</b>	Managed Portfolio Service
<b>MRT</b>	Material Risk Takers
<b>MTP</b>	Medium-Term Plan
<b>Net flows</b>	Net organic growth in FUM
<b>NOMAD</b>	Nominated advisor
<b>OEIC</b>	Open-Ended Investment Company
<b>ORAS</b>	Overarching risk appetite statement
<b>PBT</b>	Profit before tax
<b>PIMFA</b>	Personal Investment Management and Financial Advice Association
<b>PMPS</b>	Platform Managed Portfolio Service
<b>PRI</b>	Principles for Responsible Investing
<b>PwC</b>	PricewaterhouseCoopers LLP

<b>Abbreviation</b>	<b>Definition</b>
<b>RCC</b>	Risk and Compliance Committee
<b>RIS</b>	Responsible Investment Service
<b>RMF</b>	Risk management framework
<b>SAYE, Sharesave</b>	Employee Sharesave Scheme, Save As You Earn
<b>SECR</b>	Streamlined Energy and Carbon Reporting
<b>SMCR</b>	Senior Managers and Certification Regime
<b>SPA</b>	Sale and Purchase Agreement
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TDRM</b>	Top down risk map
<b>The Code</b>	UK Corporate Governance Code
<b>UKIM</b>	UK Investment Management
<b>ULEVs</b>	Ultra Low Emission Vehicles
<b>WACC</b>	Weighted average cost of capital
<b>WDP</b>	Wind Down Plan

# Our offices

## London - Head Office

- ❶ 21 Lombard Street  
London  
EC3V 9AH

## North

- ❷ **Manchester**  
24 Mount Street  
Manchester  
M2 3NX
- ❸ **Leeds**  
Yorkshire House  
Clockwise  
Greek Street  
Leeds  
LS1 5SH

## Scotland

- ❹ 2nd Floor Suite  
Hobart House  
80 Hanover Street  
Edinburgh  
EH2 1EL

## Wales and West

- ❺ **Birmingham**  
Somerset House  
37 Temple Street  
Birmingham  
B2 5DP
- ❻ **Nuneaton**  
4 Barling Way  
Nuneaton  
CV10 7RH
- ❼ **Exeter**  
Broadwalk House  
Southernhay West  
Exeter  
EX1 1TS
- ❽ **Wales**  
3 Ty Nant Court  
Morganstown  
Cardiff  
CF15 8LW
- ❾ **Cheltenham**  
Festival House  
Jessop Avenue  
Cheltenham  
GL50 3SH

## South East

- ❿ **Southampton**  
Mountbatten House  
1 Grosvenor Square  
Southampton  
SO15 2JU
- ⓫ **Tunbridge Wells**  
2 Mount Ephraim Road  
Tunbridge Wells  
Kent  
TN11EE
- ⓬ **East Anglia**  
Suite 2, Beacon House  
4 Kempson Way  
Bury St. Edmunds  
Suffolk  
IP32 7AR

## Crown Dependencies

- ⓭ **Jersey**  
No. 1 Grenville Street  
St. Helier  
Jersey  
JE2 4UF
- ⓮ **Guernsey**  
Suite 1, Block C  
Hirzel Court  
St. Peter Port  
Guernsey  
GY1 2NN
- ⓯ **Isle of Man**  
Exchange House  
54-62 Athol Street  
Douglas  
IM1 1JD





The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

**BM**

**BROOKS MACDONALD**

21 Lombard Street  
London  
EC3V 9AH

[www.brooksmacdonald.com](http://www.brooksmacdonald.com)