Brooks Macdonald Group plc

Interim Report and Accounts for the six months ended 31 December 2023

BROOKS MACDONALD

Six months of strategic progress resulting in an 18% increase in underlying profit before tax

Contents

Strategic progress

Implemented organisational changes, resulting in an annual cost saving of c.£4 million, designed to ensure the Group remains set up for success and organised to drive growth.

The firm is increasingly focusing its client-facing activities around its distribution channels, with distinct propositions for the differing target audiences of advisers and private clients, in order to build stronger relationships and provide exceptional service.

We have continued to progress our technology enhancements, including a new CRM, new financial planning software and continued embedding of outsourced systems, to provide best-in-class client and adviser service.

Highlights

Financial

Funds under management ("FUM") (£bn)

£17.6bn

Revenue (£m)

£63.6m

Underlying profit before tax (£m)

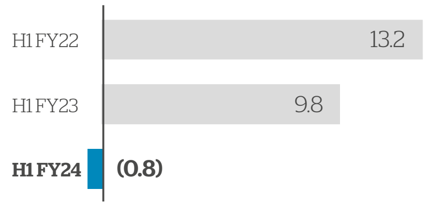
£17.1m

Underlying profit margin before tax (%)

26.9%

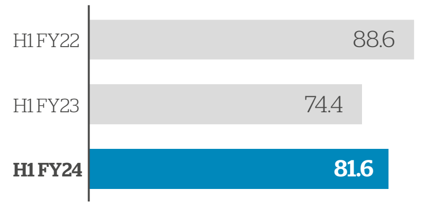
Statutory (loss)/profit before tax (£m)

£(0.8)m



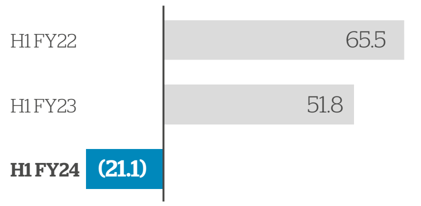
Underlying basic earnings per share (p)

81.6p



Statutory basic (loss)/ earnings per share (p)

(21.1)p



Own Funds adequacy ratio (%)

295.9%

Interim dividend per share (p)

29.0p

The underlying figures represent the results for the Group's activities excluding underlying adjustments as listed on page 11. These represent Alternative Performance Measures ("APMs") for the Group. Refer to the Non-IFRS financial information section on page 42 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 11.

Interim management report

> “Solid financial performance with continued strategic progress.”

Andrew Shepherd
CEO

Solid financial performance in H1

The six months ended 31 December 2023 saw solid performance amid challenging markets, with positive investment returns contributing to growth in Funds under Management (“FUM”) of 4.3%, which reached a record £17.6 billion (30 June 2023: £16.8 billion). Despite weak industry flows, we delivered good growth in BM Investment Solutions (“BMIS”), our Platform Managed Portfolio Service (“PMPS”) and the specialist offerings in our Bespoke Portfolio Service (“BPS”), especially in our Decumulation Service.

Total Group revenue increased by 8.0% to £63.6 million (H1 FY23: £58.9 million), driven by an increase in transactional and interest income, and a greater contribution from financial planning revenue following the acquisitions in the prior period. Total underlying costs were up 4.7% to £46.5 million (H1 FY23: £44.4 million), reflecting strong cost discipline in an inflationary environment. Together, this resulted in a significant increase to underlying profit before tax, of 17.9% to £17.1 million (H1 FY23: £14.5 million), and to underlying profit margin of 2.3 percentage points to 26.9% (H1 FY23: 24.6%), reflecting our commitment and progress to achieving a top quartile underlying profit margin. Similarly, underlying basic EPS was up 9.7% to 81.6p (H1 FY23: 74.4p).

The performance of our International operations is behind plan and in the interests of achieving the best return for shareholders, we have commenced a strategic review of the business. In addition, the Group has recognised an £11.6 million one-off, non-cash impairment charge on the goodwill associated with this business. This has contributed to a Group statutory loss before tax of £0.8 million – excluding this impairment, the Group would have recognised a statutory profit before tax of £10.8 million (H1 FY23: £9.8 million). The impairment charge does not impact cash, nor regulatory capital, and has not limited the Group’s ability to distribute capital to shareholders in accordance with our progressive dividend policy.

The Group is declaring an interim dividend of 29.0p per share, up from the 28.0p interim dividend paid last year, in line with the solid underlying results for the period and the Board’s continuing confidence in the Group’s prospects.

Strategy to enable growth

Recent markets have been more difficult to navigate but our key strengths, which include a client-centric culture, strong adviser relationships, robust Centralised Investment Process and a commitment to service and operational excellence, mean that the value we provide our key stakeholders remains strong.

We have a clear strategy which will increase the value we create for all stakeholders. We are focused on three key value drivers to achieve this strategy:

› Market-leading organic growth;
› Service and operational excellence; and
› Selective high-quality acquisitions.

Our medium-term ambition is to achieve the following targets: to deliver 8-10% net flows, to achieve top quartile underlying profit margin and to become a Top 5 wealth manager in the UK.

Market-leading organic growth

In the first half of our financial year, we continued to see elevated industry outflows. However, client demand was strong and we continued to attract funds, with Group gross inflows of £1.2 billion, up 1% on the same period last year. Approximately half of these inflows were in our Platform MPS service. Increased outflows of £1.3 billion, reflecting trends seen in the broader market, led to overall modest net outflows of less than £0.2 billion in the period. This was more than offset by positive investment performance of £0.9 billion, leading to a 4.3% increase in FUM to a record level of £17.6 billion.

Our UK Investment Management (“UKIM”) discretionary business achieved slightly positive net inflows, as growth in Managed Portfolio Service (“MPS”) more than offset outflows in BPS. Positive investment returns led to an increase in UKIM discretionary FUM of 5.6% to £13.7 billion.

We continued to see a positive growth trajectory in our BMIS and PMPS, which saw annualised net flows of 13.5% and 16.3%, respectively. We also delivered good progress in the specialised variants of our BPS, including the Decumulation Service, where annualised net flows were 10.9%, and our recently launched gilts offering ended the 2023 calendar year with FUM of £0.2 billion.

FUM in the UKIM Funds business remained broadly flat in the period at £1.7 billion, with investment returns offsetting net outflows, which were in line with experience across the industry.

Similarly, in International, the FUM held at £2.2 billion in the six-month period, with moderate net outflows being offset by investment performance.

Markets improved towards the end of 2023 and Brooks Macdonald investment performance gained 5.3%, broadly in line with the PIMFA Balanced index, which went up 5.6%. Our Centralised Investment Process (“CIP”) continues to achieve strong risk adjusted returns for clients.

Service and operational excellence

During the period we have continued to progress our technology enhancements to provide best-in-class client and adviser service. In doing so, we are committed to driving further growth across the business. We have implemented phase one of our new client relationship management system, which replaces multiple legacy systems and is focused on improving service for clients and advisers. We will shortly be implementing the second phase, which is aimed at our private clients. We have also introduced new software in our financial planning business to improve client service levels and ensure we provide a consistent service.

We have embedded outsourced systems and processes into the business and are positioned to deliver full efficiency benefits as the business grows and utilises the operational gearing, and ultimately deliver best-in-class client and intermediary experience. Our clients are now benefitting from automated onboarding, improved intermediary and client portal functionality and bespoke reporting across our business.

We recognise that there is always more to be done and the Group will continue to drive forward its digital transformation.

As our business grows, we are committed to giving more tailored focus to our distinct client groups, recognising the differences between our intermediated and private client bases. This includes different propositions and sales strategies across our distribution channels. Our integrated wealth management proposition for private clients continues to increase in importance, whilst our adviser-led outsourced investment management retains popularity for its scalability and cost-effectiveness for advisers and their clients. Both are positioned well for growth.

We see significant opportunity across our Group and distribution; we see opportunities to build relationships with more intermediaries and to extend our relationships with our current intermediaries, as well as growing our private client business. As at 31 December, the Group had £5.2 billion Funds under Management or Advice (“FUM/A”) with Private Clients, with £4.4 billion relating to portfolios within the Group’s investment management and £0.8 billion to portfolios with third-party investment managers. The £0.8 billion Assets Under Advice held with third-party investment managers is not included in the £17.6 billion FUM as at 31 December 2023.

Interim management report continued

Selective high-quality acquisitions

Acquisitions continue to form an important part of our strategy and are indeed necessary to achieve our ambitious medium-term target of becoming a Top 5 wealth manager in the UK. As previously disclosed, we have four strict criteria for acquisitions: (i) the target must be a good business in its own right; (ii) there must be clear strategic logic to the combination; (iii) it must be a good cultural fit with Brooks Macdonald; and (iv) the economics of the transaction must be compelling.

During the last six months, while reviewing potential targets, we did not find an opportunity that met these criteria, however, we continue to see a steady pipeline of potential acquisitions. It is now just over a year since the acquisitions of Integrity Wealth Solutions and Adroit Financial Planning, announced at the end of 2022, which have both integrated well and helped to drive forward our Wealth business.

People

During the period, we were pleased to announce the appointment of Maarten Slendebroek as Chairman, subject to regulatory approval. Maarten has extensive experience in financial services, including as CEO of Jupiter for five years from February 2014 and as Chair of the Supervisory Board of Robeco since August 2020. Maarten succeeds Richard Price, who intends to step down from the Board once Maarten receives regulatory approval. Richard has served the Board of Brooks Macdonald for just over nine years in the roles of Chair of the Audit Committee, Senior Independent Director and, most recently, Acting Chairman, and we thank him for his significant contribution.

Ed Park, Chief Investment Officer ("CIO"), decided to leave Brooks Macdonald at the end of last year and we thank him for his commitment to the business and wish him well for the future. In response to his departure, we announced some changes to our Investment Committee and we are delighted to say that Philip Glaze has agreed to take over as external Chair of this Committee. Michael Toolan, Senior Portfolio Director, and Richard Larner, Head of Research, have been promoted to newly created roles as Co-CIOs. Together they will enhance the coordination and oversight of the Group's already rigorous investment process. These promotions underline our commitment to continuity and underscore the talent that we have in Brooks Macdonald.

We also completed the organisational changes that we communicated in October 2023, reducing the number of roles in the Group by around 10%. This will make the Group stronger with the resulting efficiencies increasing our competitiveness. As ever, we remain focused on delivering high-quality service to our clients and intermediaries.

Regulation

At the end of July 2023, the FCA's new Consumer Duty rules came into effect and we welcomed the Consumer Principle that requires firms to act to deliver good outcomes for retail customers. Our processes and client-centric culture and guiding principles are proving well-aligned to the new requirements and we recently became an Affiliate Member of the Consumer Duty Alliance, demonstrating our commitment to achieving good outcomes for our clients.

The FCA has also addressed the treatment of interest earned on customers' cash balances. Clients do not generally, and are not encouraged to, invest with us to earn interest on cash. Rather, our investment managers hold cash primarily so it is available for investment or withdrawals, and so cash balances in portfolios are typically low, currently at approximately 2%, in line with the Group's asset allocation guidelines. As part of our commitment to provide value to our clients, we have increased the amount of interest that we pay on cash balances in client portfolios. Instead of cash, we can offer our Gilts BPS, which meets client demand for their portfolios to take advantage of higher interest rates while avoiding equity risk. We believe this process offers a good client outcome in line with Consumer Duty.

Outlook

The outlook for profit for the year remains in line with market expectations. We expect continued momentum in gross inflows, primarily driven by Platform MPS and BMIS. However, the Group continues to see an elevated level of outflows given prevailing macroeconomic conditions we now expect net outflows for the full year at the Group level. The fundamental opportunity for the Group remains as strong as it has ever been and we are confident in our long-term prospects building on our ambitious organic and inorganic growth strategy.

Headline results

Record closing FUM of
£17.6bn

Underlying profit of
£17.1m

and a margin of
26.9%

Revenue up 8.0% to
£63.6m

Interim dividend of
29.0p

Interim management report continued

Review of the results for the period

The Group delivered a solid set of results for the first half of the financial year, with a strong underlying profit margin of 26.9%, against the continuing challenging macroeconomic environment. Net outflows in the period were offset by positive investment performance, leading to a record closing FUM of £17.6 billion. Revenue increased by 8.0% on the prior period, and underlying profit was up 17.9% to £17.1 million. On a statutory basis, the Group incurred a small loss before tax of £0.8 million after recognising a goodwill impairment charge at 31 December 2023 of £11.6 million. This is treated as a statutory adjustment and excluded from underlying earnings in view of its non-recurring and non-cash nature, and discussed in more detail on page 11.

The table below shows the Group's financial performance for the six months ended 31 December 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 42 for a glossary of the Group's APMs, their definition, and the criteria for how underlying adjustments are considered.

Table 1 - Group financial results summary

	Six months to 31 Dec 2023 £m	Six months to 31 Dec 2022 £m	12 months to 30 Jun 2023 £m
Revenue	**63.6**	**58.9**	**123.8**
Fixed staff costs	**(23.2)**	(21.5)	(45.2)
Variable staff costs	**(5.7)**	(4.3)	(10.9)
Total staff costs	**(28.9)**	**(25.8)**	**(56.1)**
Non-staff costs	**(19.1)**	(18.8)	(37.8)
FSCS levy	**–**	–	(0.5)
Total non-staff costs	**(19.1)**	**(18.8)**	**(38.3)**
Net finance income	**1.5**	0.2	0.9
Total underlying costs	**(46.5)**	**(44.4)**	**(93.5)**
Underlying profit before tax	**17.1**	**14.5**	**30.3**
Underlying adjustments	**(17.9)**	(4.7)	(8.1)
Statutory (loss)/profit before tax	**(0.8)**	**9.8**	**22.2**
Taxation	**(2.6)**	(1.6)	(4.1)
Statutory (loss)/profit after tax	**(3.4)**	**8.2**	**18.1**
Underlying profit margin before tax	**26.9%**	24.6%	24.5%
Underlying basic earnings per share	**81.6p**	74.4p	153.8p
Underlying diluted earnings per share	**80.4p**	72.5p	151.0p
Statutory (loss)/profit margin before tax	**(1.3)%**	16.6%	17.9%
Statutory basic (loss)/earnings per share	**(21.1)p**	51.8p	114.7p
Statutory diluted (loss)/earnings per share	**(21.1)p**	50.6p	112.6p
Own Funds adequacy ratio	**295.9%**	267.8%	328.1%
Dividends per share	**29.0p**	28.0p	75.0p

Funds under management

The table below shows the opening and closing FUM position and the movements during the period broken down by segment and by our key services within UK Investment Management ("UKIM").

Table 2 - Movements in funds under management

		Six months ended 31 December 2023 (£m)						
		Organic net new business						
	Opening FUM 1 Jul 23	Q1	Q2	Total	Total inv. perf.	Closing FUM 31 Dec 23	Total organic net new business	Total mvmt
BPS	**8,527**	**(98)**	**(94)**	**(192)**	**477**	**8,812**	**(2.3)%**	**3.3%**
MPS Custody	966	(14)	(21)	(35)	39	970	(3.6)%	0.4%
MPS Platform	3,489	147	121	268	173	3,930	7.7%	12.6%
MPS total	**4,455**	**133**	**100**	**233**	**212**	**4,900**	**5.2%**	**10.0%**
UKIM discretionary	**12,982**	**35**	**6**	**41**	**689**	**13,712**	**0.3%**	**5.6%**
Funds - DCF	338	(26)	(23)	(49)	18	307	(14.5)%	(9.2)%
Funds - Other	1,370	(52)	(48)	(100)	75	1,345	(7.3)%	(1.8)%
Funds total	**1,708**	**(78)**	**(71)**	**(149)**	**93**	**1,652**	**(8.7)%**	**(3.3)%**
UKIM total	**14,690**	**(43)**	**(65)**	**(108)**	**782**	**15,364**	**(0.7)%**	**4.6%**
International	**2,157**	**(27)**	**(33)**	**(60)**	**118**	**2,215**	**(2.8)%**	**2.7%**
Total	**16,847**	**(70)**	**(98)**	**(168)**	**900**	**17,579**	**(1.0)%**	**4.3%**

Total investment performance	5.3%
MSCI PIMFA Private Investor Balanced Index[1]	5.6%

1. Capital-only index.

During H1 FY24, FUM increased by £0.7 billion or 4.3%, to £17.6 billion at 31 December 2023 (31 December 2022: £16.2 billion; 30 June 2023: £16.8 billion). The Group has delivered robust gross inflows of £1.2 billion in the period, however, gross outflows were elevated, particularly in BPS and Funds, driven by the prevailing backdrop of market volatility and higher interest rates continuing to affect client behaviour, resulting in net outflows for the period of £0.2 billion.

Investment performance of 5.3% was broadly in line with the MSCI PIMFA Private Investor Balanced Index, up 5.6% over the same period, adding £0.9 billion to the closing FUM.

BPS experienced net outflows of £0.2 billion or 2.3% during the first six months of the financial year, as clients withdrew funds to repay debt or to hold higher cash balances. Within BPS, the recently launched gilts offering had closing FUM of £0.2 billion at the end of the period, meeting client demand for their portfolios to take advantage of higher interest rates, while avoiding equity risk.

Platform MPS, including the Group's B2B offering for financial advisers, BM Investment Solutions ("BMIS"), grew to £3.9 billion, an increase of 12.6%, with organic net flows contributing 7.7%.

Funds saw net outflows during the period, driven by the wider market conditions and in line with the trend observed across the sector.

International FUM grew moderately by 2.7% over the period with marginal net outflows offset by investment performance.

As at 31 December 2023, the Group had £5.2 billion Funds under Management or Advice ("FUM/A") with private clients who deal with the Group directly. £4.4 billion related to portfolios in the Group's investment management and £0.8 billion to portfolios with third-party investment managers.

Interim management report continued

Revenue

Table 3 - Breakdown of the Group's total revenue

	Six months to 31 Dec 2023 £m	Six months to 31 Dec 2022 £m	12 months to 30 Jun 2023 £m
Fee income	**45.7**	45.7	91.5
Transactional and FX income	**6.7**	5.7	13.3
Financial planning income	**4.1**	2.4	6.6
Interest income	**7.1**	5.1	12.4
Total revenue	**63.6**	**58.9**	**123.8**

Total revenue for the Group increased by 8.0% to £63.6 million in the first half of the financial year. Fee income was flat at £45.7 million, a combination of impact from flows, product mix, and investment performance. Transactional and FX income of £6.7 million was up by 17.5% on the prior period as a result of increased trading volumes during the first half of the financial year.

Integrity Wealth Solutions and Adroit Financial Planning, the businesses acquired during H1 FY23, contributed additional financial planning income of £1.7 million in the current period.

Interest income, net of amounts paid out to clients on cash holdings, increased from £5.1 million to £7.1 million, driven by the rise in the Bank of England base rates since H1 FY23.

Revenue, yields and average FUM

Table 4 - Revenue, average FUM, and yields

	Revenue			Average FUM			Yields		
	H1 FY24 £m	H1 FY23 £m	Change £m	H1 FY24 £m	H1 FY23 £m	Change %	H1 FY24 bps	H1 FY23 bps	Change bps
BPS fees	**27.1**	27.2	(0.1)	**8,446**	8,253	2.3	**63.8**	65.3	(1.5)
BPS non-fees (transactional and FX)	**5.8**	4.4	1.4	**–**	–	–	**13.7**	10.6	3.1
BPS non-fees (interest turn)	**5.6**	3.8	1.8	**–**	–	–	**13.2**	9.1	4.1
Total BPS	**38.5**	**35.4**	**3.1**	**8,446**	**8,253**	**2.3**	**90.7**	**85.0**	**5.7**
MPS Custody	**2.9**	2.8	0.1	**963**	962	0.1	**59.3**	58.5	0.8
MPS Platform	**3.3**	2.3	1.0	**3,663**	2,347	56.1	**18.0**	19.3	(1.3)
MPS Custody non-fees (interest turn)	**0.6**	0.5	0.1	**–**	–	–	**13.2**	9.5	3.7
Total MPS	**6.8**	**5.6**	**1.2**	**4,626**	**3,309**	**39.8**	**29.3**	**33.4**	**(4.1)**
UKIM discretionary	**45.3**	**41.0**	**4.3**	**13,072**	**11,562**	**13.1**	**69.0**	**70.3**	**(1.3)**
Funds	**4.3**	5.0	(0.7)	**1,805**	2,027	(11.0)	**47.3**	48.8	(1.5)
Total UKIM	**49.6**	**46.0**	**3.6**	**14,877**	**13,589**	**9.5**	**66.4**	**67.1**	**(0.7)**
International fees	**7.9**	8.1	(0.2)	**2,171**	2,213	(1.9)	**72.1**	72.6	(0.5)
International non-fees (transactional)	**0.8**	1.3	(0.5)	**–**	–	–	**7.8**	11.6	(3.8)
International non-fees (interest turn)	**0.9**	0.7	0.2	**–**	–	–	**7.9**	5.9	2.0
Total International	**9.6**	**10.1**	**(0.5)**	**2,171**	**2,213**	**(1.9)**	**87.8**	**90.6**	**(2.8)**
Total FUM-related revenue	**59.2**	**56.1**	**3.1**	**17,048**	**15,802**	**7.9**	**69.1**	**70.3**	**(1.2)**
Financial planning	**4.1**	2.4	1.7						
Other income	**0.3**	0.4	(0.1)						
Total non-FUM-related revenue	**4.4**	**2.8**	**1.6**						
Total Group revenue	**63.6**	**58.9**	**4.7**						
MSCI PIMFA Private Investor Balanced Index[1]				**1,745**	1,633	6.9			

1 Capital-only index (average based on quarterly closing balances)

The Group's average FUM increased by 7.9% from H1 FY23, which was ahead of the movement in the MSCI PIMFA Private Investor Balanced Index, which increased by 6.9% on an average basis from H1 FY23 to H1 FY24.

The yield on BPS fees for UKIM decreased by 1.5bps to 63.8bps driven by underlying product mix and rates achieved on new business.

The BPS non-fee transactional income yield increased by 3.1bps and the yield on interest turn, net of interest paid to clients, grew by 4.1bps to 13.2bps due to the increase of the Bank of England base rates between the two periods.

The yield on MPS custody increased by 0.8bps, whilst the yield on MPS Platform decreased by 1.3bps to 18.0bps. Within MPS Platform, BMIS attracts relatively larger mandates, which benefit from discounted tiered rates. This has resulted in the overall MPS yield decreasing from 33.4bps to 29.3bps in the current period.

The Funds fee yields reduced by 1.5bps to 47.3bps during the first half of the year, as a result of intra-month market volatility and timing of flows during the period.

International fee income yield decreased by 0.5bps during the first half of the year as a result of the change in product mix, whilst non-fees interest turn yield increased by 2.0bps due to higher interest rates earned on both GBP and foreign currency account balances.

Underlying costs

Total underlying costs of £46.5 million increased by 4.7% on the prior period (H1 FY23: £44.4 million) in line with guidance. This included the full period impact of the two recent acquisitions, adding £1.4 million to the Group's cost base compared to H1 FY23.

Table 5 - 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	**3.1**	1.3	1.8
Non-staff costs increase	**0.3**	0.1	0.2
Net finance income increase	**(1.3)**	–	(1.3)
Net increase in underlying costs	**2.1**	**1.4**	**0.7**

The below commentary excludes the full period impact of the acquisitions.

Staff costs

Excluding the impact of acquisitions, staff costs increased by 7.0% from £25.6 million to £27.4 million. Fixed staff costs increased by 3.3% from £21.3 million to £22.0 million driven by inflationary pay rises and net new hires. As announced in October 2023, the Group will benefit from savings in staff costs in H2 FY24 arising from an organisational restructure undertaken in December 2023.

Variable staff costs increased by £1.1m to £5.4 million, largely driven by an increase in the pre-variable pay profit. The share-based payment charge was down £0.2 million due to share option lapses recognised in H1 FY24 and a reduction in the Group's share price impacting the associated employer national insurance contributions.

Non-staff costs

Non-staff costs from ongoing activities, amounted to £18.9 million, a net increase of £0.2 million from the prior period, a reflection of management's continued cost discipline to help mitigate cost inflation.

Profit before tax

Combined, the above gave rise to an underlying profit before tax for the half year of £17.1 million, an increase of 17.9% on the prior period (H1 FY23: £14.5 million) resulting in a profit margin of 26.9%, up 2.3 percentage points on last year (H1 FY23: 24.6%).

The Group recognised a statutory loss before tax of £0.8 million (H1 FY23: £9.8 million), contributed by the impairment charge in relation to the goodwill held in respect of the International business. A breakdown of the underlying adjustments together with an explanation of each is included on page 11.

Interim management report continued

Segmental analysis

The Group reports its results across two key operating segments: UK Investment Management and International. The tables below provide a breakdown of the half year performance broken down by these segments, with comparatives.

Table 6 - Segmental analysis

H1 FY24 (£m)	UK Investment Management	International	Group and consolidation	Total
Revenue	**54.2**	**9.4**	**–**	**63.6**
Direct costs	(23.3)	(6.4)	(18.3)	(48.0)
Operating contribution	**30.9**	**3.0**	**(18.3)**	**15.6**
Internal cost recharges	(13.8)	(2.9)	16.7	–
Net finance income	0.8	0.3	0.4	1.5
Underlying profit/(loss) before tax	**17.9**	**0.4**	**(1.2)**	**17.1**
Underlying adjustments	(3.6)	(2.2)	(12.1)	(17.9)
Statutory profit/(loss) before tax	**14.3**	**(1.8)**	**(13.3)**	**(0.8)**
Underlying profit margin before tax	**33.0%**	**4.3%**	**n/a**	**26.9%**
Statutory profit/(loss) margin before tax	**26.4%**	**(19.1)%**	**n/a**	**(1.3)%**

H1 FY23 (£m)	UK Investment Management	International	Group and consolidation	Total
Revenue	**48.8**	**10.1**	**–**	**58.9**
Direct costs	(20.7)	(6.6)	(17.3)	(44.6)
Operating contribution	**28.1**	**3.5**	**(17.3)**	**14.3**
Internal cost recharges	(11.3)	(3.8)	15.1	–
Net finance income	0.1	0.1	–	0.2
Underlying profit/(loss) before tax	**16.9**	**(0.2)**	**(2.2)**	**14.5**
Underlying adjustments	(2.1)	(0.8)	(1.8)	(4.7)
Statutory profit/(loss) before tax	**14.8**	**(1.0)**	**(4.0)**	**9.8**
Underlying profit/(loss) margin before tax	**34.6%**	**(2.0)%**	**n/a**	**24.6%**
Statutory profit/(loss) margin before tax	**30.3%**	**(9.9)%**	**n/a**	**16.6%**

UKIM, which includes the Group's Private Clients business, reported a 11.1% increase in revenue driven by higher Financial Planning revenue, interest and transactional income. The segment reported an underlying profit £17.9 million, up 5.9% from the prior period, and an underlying profit margin of 33.0%, a reduction of 1.6 percentage points on the prior period.

International saw an improvement in segmental performance, going from an underlying loss of £0.2 million in H1 FY23 to an underlying profit of £0.4 million in the current period, returning an underlying profit margin of 4.3%. The reduction in revenue of 6.5% was offset by a decrease in total costs of 10.5%.

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 when compared to the statutory results as this excludes income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item. Reporting at an underlying basis is also considered appropriate for external analyst coverage and peer group benchmarking, allowing a like-for-like comparison. Underlying profit is deemed to be an Alternative Performance Measure ("APM"); refer to the Non-IFRS financial information section on page 42 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 six months ended 31 December 2023, with comparatives is shown in the following table:

Table 7 - Reconciliation between underlying profit and statutory (loss)/profit before tax

	Six months to 31 Dec 2023 £m	Six months to 31 Dec 2022 £m	12 months to 30 Jun 2023 £m
Underlying profit before tax	**17.1**	**14.5**	**30.3**
Goodwill impairment	**(11.6)**	–	–
Organisational restructure	**(3.0)**	–	–
Amortisation of client relationships	**(3.0)**	(2.8)	(5.7)
Acquisition and integration-related costs	**(0.3)**	(0.3)	(0.6)
Dual running operating platform costs	**–**	(1.6)	(1.6)
Changes in fair value and finance cost of deferred contingent consideration	**–**	–	(0.2)
Total underlying adjustments	**(17.9)**	**(4.7)**	**(8.1)**
Statutory (loss)/profit before tax	**(0.8)**	**9.8**	**22.2**

Goodwill impairment (£11.6 million charge)

Goodwill is reviewed for impairment indicators at each reporting period, and if indicators are present, an impairment test is carried out based on the carrying value of the asset compared to its expected recoverable amount. The review of our International business indicated that the estimated recoverable amount arising from future cash flows, is less than the carrying value of the goodwill held on the Group's Condensed consolidated statement of financial position that was recognised upon the acquisition of the business in 2012. The goodwill impairment charge has been excluded from underlying profit in view of its non-recurring nature, and the fact that it does not impact cash or regulatory capital. Refer to Note 11 to the Condensed consolidated financial statements for more details.

Organisational restructure (£3.0 million charge)

The Group carried out an organisational restructure in December 2023 to ensure it is set up for future success. The Group identified opportunities to streamline and remove duplication from core processes, resulting in redundancy and associated third-party consultancy costs. These have been excluded from underlying earnings in view of their one-off nature.

Amortisation of client relationships (£3.0 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 20 years. The increase is due to the full period impact of the prior year 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 11 of the Condensed consolidated financial statements for more details.

Acquisition and integration-related costs (£0.3 million charge)

These represent the share-based payment integration charge for share options awarded to acquired employees as part of acquisitions in the prior period. Prior year costs were incurred in relation to the acquisitions of Integrity Wealth Solutions on 31 October 2022 and Adroit Financial Planning on 15 December 2022.

FY23 Dual running operating platform costs (£1.6 million charge)

The Group has outsourced certain middle and back-office processes to a suite of systems offered by its technology partner SS&C. The migration to the outsourced platform was executed at the end of July 2022, however, as part of the transition process, the Group has incurred net incremental costs in running two operating platforms concurrently. The dual running costs were excluded from underlying profit in view of their non-recurring nature.

FY23 Changes in fair value and finance cost of deferred contingent consideration (£0.2 million charge)

This comprises the fair value measurement arising on deferred consideration payments from acquisitions carried out by the Group, together with their associated net finance costs where applicable. Refer to Note 16 of the Condensed consolidated financial statements for more details.

Interim management report continued

Taxation

The Group's Corporation Tax charge on underlying profits for the period was £4.0 million (H1 FY23: £2.8 million) representing an effective tax rate of 23.4% (H1 FY23: 19.0%). The increase is driven by higher profits and the higher Corporation Tax rate of 25.0% for the full current period, coming into force from April 2023. Moreover, the H1 FY23 numbers reflected the benefit of an R&D credit, which has not been recognised in H1 FY24 as this process is still in progress. The statutory Corporation Tax charge was £2.6 million, up 62.5% from the prior period (H1 FY23: £1.6 million).

Earnings per share

The Group's basic statutory loss per share for the six months ended 31 December 2023 was (21.1)p, as a result of the International goodwill impairment (H1 FY23: basic EPS 51.8p). On an underlying basis, basic earnings per share increased by 9.7% to 81.6p (H1 FY23: 74.4p). Details on the basic and diluted earnings per share are provided in Note 9 of the Condensed consolidated financial statements.

Financial position and regulatory capital

Net assets decreased by 2.3% to £147.6 million at 31 December 2023 (H1 FY23: £151.1 million), as a result of the impairment to goodwill. Excluding this, net assets increased by 5.4%. The Group's tangible net assets (net assets excluding intangibles) were £61.7 million at 31 December 2023 (H1 FY23: £48.6 million). As at 31 December 2023, the Group had regulatory capital resources of £64.3 million (H1 FY23: £52.7 million). As at 31 December 2023, the Group had an own funds adequacy ratio of 295.9% (H1 FY23: 267.8%). 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 period's profits (net of the declared interim dividends) as these are deemed to be verified at the date of publication of the annual results.

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 declared an interim dividend of 29.0p (H1 FY23: 28.0p). This represents an increase of 3.6% compared to the previous period. The interim dividend will be paid on 16 April 2024 to shareholders on the register as at 15 March 2024. Refer to Note 10 of the Condensed consolidated financial statements for more details.

Cash flow and capital expenditure

The Group continues to have strong levels of cash generation from operations. Total cash resources at the end of December 2023 of £59.0 million had increased by £5.6 million from the cash balance at 30 June 2023 (H1 FY23: £37.6 million; FY23: £53.4 million). This increase was a direct impact of the cash generated from operating activities, refer to the Condensed consolidated statement of cashflows on page 17 for further details. The Group continued to have no borrowings at 31 December 2023.

During the six months ended 31 December 2023, the Group incurred capital expenditure of £0.7 million, down considerably from prior periods as increased capital expenditure was incurred by the Group in relation to the migration of services and processes to SS&C in advance of, and shortly after the migration at the end of July 2022. The current period expenditure comprised technology-related development of £0.6 million and property-related costs of £0.1 million.

“The Group closed on record FUM of £17.6 billion at the end of the period.”

Andrea Montague
Chief Financial Officer

Condensed consolidated statement of comprehensive income

for the six months ended 31 December 2023

	Note	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
Revenue	4	**63,611**	58,908	123,777
Administrative costs		**(54,283)**	(49,287)	(102,207)
Gross profit		**9,328**	**9,621**	**21,570**
Other gain/(losses) - net	5	**46**	2	(162)
Operating profit		**9,374**	**9,623**	**21,408**
Goodwill impairment	11	**(11,641)**	–	–
Finance income	6	**1,596**	356	1,127
Finance costs	6	**(112)**	(135)	(296)
(Loss)/profit before tax		**(783)**	**9,844**	**22,239**
Taxation	7	**(2,601)**	(1,657)	(4,090)
(Loss)/profit for the period attributable to equity holders of the Company		**(3,384)**	**8,187**	**18,149**
Other comprehensive income		**–**	–	–
Total comprehensive (expense)/income for the period		**(3,384)**	**8,187**	**18,149**
(Loss)/earnings per share				
Basic	9	**(21.1)p**	51.8p	114.7p
Diluted	9	**(21.1)p**	50.6p	112.6p

The accompanying notes on pages 18 to 41 form an integral part of these Condensed consolidated financial statements.

Condensed consolidated statement of financial position

as at 31 December 2023

	Note	31 Dec 2023 (unaudited) £'000	31 Dec 2022[1] (unaudited) £'000	30 Jun 2023 (audited) £'000
Assets				
Non-current assets				
Intangible assets	11	**85,911**	102,500	100,582
Property, plant and equipment	12	**1,767**	2,222	2,123
Right-of-use assets	13	**4,232**	4,663	4,329
Financial assets at fair value through other comprehensive income	14	**500**	500	500
Total non-current assets		**92,410**	**109,885**	**107,534**
Current assets				
Trade and other receivables	14	**29,414**	32,844	33,542
Financial assets at fair value through profit or loss	14	**871**	786	825
Cash and cash equivalents	14	**59,000**	37,573	53,355
Total current assets		**89,285**	**71,203**	**87,722**
Total assets		**181,695**	**181,088**	**195,256**
Liabilities				
Non-current liabilities				
Other non-current liabilities	14	**(869)**	(400)	(783)
Net deferred tax liabilities	15	**(5,605)**	(5,764)	(6,033)
Deferred contingent consideration	16	**–**	(1,039)	–
Provisions	17	**(262)**	(304)	(322)
Lease liabilities		**(2,485)**	(3,641)	(3,181)
Total non-current liabilities		**(9,221)**	**(11,148)**	**(10,319)**
Current liabilities				
Trade and other payables	14	**(21,358)**	(15,286)	(22,521)
Current tax liabilities	14	**(423)**	(128)	(645)
Lease liabilities		**(2,177)**	(2,008)	(1,960)
Deferred contingent consideration	16	**(225)**	(333)	(1,467)
Provisions	17	**(644)**	(1,099)	(1,000)
Total current liabilities		**(24,827)**	**(18,854)**	**(27,593)**
Net assets		**147,647**	**151,086**	**157,344**
Equity				
Share capital	19	**164**	163	164
Share premium	19	**82,617**	80,240	81,830
Other reserves		**8,934**	10,364	9,112
Retained earnings		**55,932**	60,319	66,238
Total equity		**147,647**	**151,086**	**157,344**

1 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 £3,642,000, which has been netted off in the deferred tax liabilities balance.

The Condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 6 March 2024, signed on their behalf by:

Andrew Shepherd
CEO

Andrea Montague
CFO

Company registration number: 4402058

The accompanying notes on pages 18 to 41 form an integral part of these Condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

for the six months ended 31 December 2023

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 30 June 2022		**162**	**79,141**	**9,962**	**59,160**	**148,425**
Comprehensive income						
Profit for the period		–	–	–	8,187	8,187
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	8,187	8,187
Transactions with owners						
Issue of ordinary shares	19	1	1,099	–	–	1,100
Share-based payments		–	–	1,953	–	1,953
Share-based payments exercised		–	–	(1,794)	1,794	–
Purchase of own shares by employee benefit trust		–	–	–	(1,800)	(1,800)
Tax on share options		–	–	243	–	243
Dividends paid	10	–	–	–	(7,022)	(7,022)
Total transactions with owners		1	1,099	402	(7,028)	(5,526)
Balance at 31 December 2022		**163**	**80,240**	**10,364**	**60,319**	**151,086**
Comprehensive income						
Profit for the period		–	–	–	9,962	9,962
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	9,962	9,962
Transactions with owners						
Issue of ordinary shares	19	1	1,590	–	–	1,591
Share-based payments		–	–	733	–	733
Share-based payments exercised		–	–	(1,407)	1,407	–
Purchase of own shares by employee benefit trust		–	–	–	(1,050)	(1,050)
Tax on share options		–	–	(578)	–	(578)
Dividends paid	10	–	–	–	(4,400)	(4,400)
Total transactions with owners		1	1,590	(1,252)	(4,043)	(3,704)
Balance at 30 June 2023		**164**	**81,830**	**9,112**	**66,238**	**157,344**
Comprehensive income/(expense)						
Loss for the period		–	–	–	(3,384)	(3,384)
Other comprehensive income		–	–	–	–	–
Total comprehensive expense		–	–	–	(3,384)	(3,384)
Transactions with owners						
Issue of ordinary shares	19	–	787	–	–	787
Share-based payments		–	–	1,757	–	1,757
Share-based payments exercised		–	–	(1,793)	1,793	–
Purchase of own shares by employee benefit trust		–	–	–	(1,248)	(1,248)
Tax on share options		–	–	(142)	–	(142)
Dividends paid	10	–	–	–	(7,467)	(7,467)
Total transactions with owners		–	787	(178)	(6,922)	(6,313)
Balance at 31 December 2023		**164**	**82,617**	**8,934**	**55,932**	**147,647**

The accompanying notes on pages 18 to 41 form an integral part of these Condensed consolidated financial statements.

Condensed consolidated statement of cash flows

for the six months ended 31 December 2023

	Note	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
Cash flow from operating activities				
Cash generated from operations	18	**18,879**	5,515	30,093
Corporation Tax paid		**(3,367)**	(2,605)	(5,134)
Net cash generated from operating activities		**15,512**	**2,910**	**24,959**
Cash flows from investing activities				
Purchase of computer software	11	**(643)**	(1,911)	(2,954)
Purchase of property, plant and equipment	12	**(70)**	(414)	(745)
Purchase of financial assets at fair value through profit or loss		**–**	–	(30)
Deferred contingent consideration paid	16	**(625)**	–	(334)
Consideration paid	8	**–**	(14,865)	(15,111)
Interest received		**1,575**	356	1,127
Net cash generated/(used) in investing activities		**237**	**(16,834)**	**(18,047)**
Cash flows from financing activities				
Dividends paid to shareholders	10	**(7,467)**	(7,022)	(11,422)
Payment of lease liabilities		**(1,551)**	(1,109)	(2,304)
Proceeds of issue of shares	19	**162**	100	1,691
Purchase of own shares by Employee Benefit Trust		**(1,248)**	(1,800)	(2,850)
Net cash used in financing activities		**(10,104)**	**(9,831)**	**(14,885)**
Net increase/(decrease) in cash and cash equivalents		**5,645**	**(23,755)**	**(7,973)**
Cash and cash equivalents at beginning of period		**53,355**	61,328	61,328
Cash and cash equivalents at end of period		**59,000**	**37,573**	**53,355**

The accompanying notes on pages 18 to 41 form an integral part of these Condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

for the six months ended 31 December 2023

1. General information

Brooks Macdonald Group plc ("the Company") is the Parent Company of a group of companies ("the Group"), which provides leading wealth management services in the UK and internationally. The Group offers outsourced discretionary investment management for intermediaries and integrated wealth management for private clients, and acts as fund manager to a range of onshore and international funds.

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.

The Interim Report and Accounts were approved for issue on 6 March 2024. The Condensed consolidated financial statements have been independently reviewed but not audited.

2. Accounting policies

a) Basis of preparation

The Group's Condensed consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS") 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority ("FCA"). The Condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets at fair value through other comprehensive income, financial assets 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 Condensed consolidated 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 Condensed consolidated financial statements.

The information in this Interim Report and Accounts does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. The Group's Financial statements for the year ended 30 June 2023 have been reported on by its auditors and delivered to the Registrar of Companies. The Condensed consolidated financial statements should be read in conjunction with the Group's audited Financial statements for the year ended 30 June 2023, which are prepared in accordance with UK-adopted International Accounting Standards.

Developments in reporting standards and interpretations

Standards and interpretations adopted during the current reporting period

In the six months ended 31 December 2023, the Group did not adopt any new standards or amendments issued by the International Accounting Standards Board ("IASB") or interpretations by the IFRS Interpretations Committee ("IFRS IC") that have had a material impact on the Condensed consolidated financial statements.

Future new standards and interpretations

A number of new standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Condensed consolidated financial statements. None of the standards not yet effective are expected to have a material impact on the Group's financial statements.

b) Changes in accounting policies

The accounting policies applied in these Condensed consolidated financial statements are the same as those applied in the Group's Consolidated financial statements as at and for the year ended 30 June 2023.

In the six months ended 31 December 2023, the Group did not adopt any new standards or amendments issued by the IASB or interpretations issued by the IFRS IC that have had a material impact on the Condensed consolidated financial statements.

New standards, amendments and interpretations listed below were newly adopted by the Group but have not had a material impact on the amounts reported in these Financial statements. They may, however, impact the accounting for future transactions and arrangements.

- IFRS 17 'Insurance contracts'
- Narrow scope (Amendment to IAS 1, IAS 8, and IFRS Practice statement 2)
- Deferred tax assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (Amendments to IAS 8)
- International tax reform – pillar two model rules (Amendments to IAS 12)

c) Critical estimates and significant judgements

The Group has reviewed the judgements and estimates that affect its accounting policies and amounts reported in its Condensed consolidated financial statements. These are unchanged from those reported in the Group's Financial statements 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 that 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.

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.

Six months ended 31 Dec 2023 (unaudited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total revenue	56,529	9,421	–	65,950
Inter-segment revenue	(2,339)	–	–	(2,339)
External revenue	**54,190**	**9,421**	**–**	**63,611**
Underlying administrative costs	(23,329)	(6,425)	(18,274)	(48,028)
Operating contribution	**30,861**	**2,996**	**(18,274)**	**15,583**
Allocated costs	(13,813)	(2,860)	16,673	–
Net finance income	875	294	368	1,537
Underlying profit/(loss) before tax	**17,923**	**430**	**(1,233)**	**17,120**
Goodwill impairment	–	–	(11,641)	(11,641)
Organisational restructure	(1,756)	(829)	(452)	(3,037)
Amortisation of client relationship contracts	(1,691)	(1,233)	–	(2,924)
Integration-related costs	(293)	–	–	(293)
Finance cost of deferred contingent consideration	–	–	(8)	(8)
Profit/(loss) mark-up on Group allocated costs	117	(115)	(2)	–
Total underlying adjustments	**(3,623)**	**(2,177)**	**(12,103)**	**(17,903)**
Profit/(loss) before tax	**14,300**	**(1,747)**	**(13,336)**	**(783)**
Taxation				(2,601)
Loss for the period attributable to equity holders of the Company				**(3,384)**

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

3. Segmental information continued

Six months ended 31 Dec 2023 (unaudited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total assets	87,565	26,019	68,111	181,695
Total liabilities	28,835	2,516	2,697	34,048
Net assets	**58,730**	**23,503**	**65,414**	**147,647**

Six months ended 31 Dec 2023 (unaudited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Statutory operating costs included the following:				
– Amortisation	2,101	608	964	**3,673**
– Depreciation	1,123	363	–	**1,486**
– Interest income	946	315	321	**1,582**

Six months ended 31 Dec 2022 (unaudited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total revenue	52,271	10,121	–	62,392
Inter-segment revenue	(3,484)	–	–	(3,484)
External revenue	**48,787**	**10,121**	**–**	**58,908**
Underlying administrative costs	(20,723)	(6,636)	(17,285)	(44,644)
Operating contribution	**28,064**	**3,485**	**(17,285)**	**14,264**
Allocated costs	(11,301)	(3,794)	15,095	–
Net finance income	150	55	29	234
Underlying profit/(loss) before tax	**16,913**	**(254)**	**(2,161)**	**14,498**
Amortisation of client relationship contracts	(793)	(513)	(1,451)	(2,757)
Dual running costs of operating platform	(1,420)	(191)	–	(1,611)
Acquisition-related costs	(23)	–	(244)	(267)
Finance cost of deferred contingent consideration	–	(6)	(13)	(19)
Profit/(loss) mark-up on Group allocated costs	166	(166)	–	–
Total underlying adjustments	**(2,070)**	**(876)**	**(1,708)**	**(4,654)**
Profit/(loss) before tax	**14,843**	**(1,130)**	**(3,869)**	**9,844**
Taxation				(1,657)
Profit for the period attributable to equity holders of the Company				**8,187**

3. Segmental information continued

Six months ended 31 Dec 2022 (unaudited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total assets	85,023	27,356	68,709	181,088
Total liabilities	21,959	2,488	5,555	30,002
Net assets	**63,064**	**24,868**	**63,154**	**151,086**

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 £3,642,000, which has been netted off in the deferred tax liabilities balance.

Six months ended 31 Dec 2022 (unaudited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Statutory operating costs included the following:				
– Amortisation	1,216	447	1,595	**3,258**
– Depreciation	945	356	10	**1,311**
– Interest income	244	83	16	**343**

Year ended 30 June 2023 (audited)	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)
External revenue	**103,458**	**20,319**	**–**	**123,777**
Underlying administrative costs	(47,405)	(13,576)	(33,373)	(94,354)
Operating contribution	**56,053**	**6,743**	**(33,373)**	**29,423**
Allocated costs	(22,127)	(6,844)	28,971	–
Net finance income	590	226	88	904
Underlying profit/(loss) before tax	**34,516**	**125**	**(4,314)**	**30,327**
Amortisation of client relationship contracts	(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)	–	–
Total underlying adjustments	**(4,829)**	**(2,963)**	**(296)**	**(8,088)**
Profit/(loss) before tax	**29,687**	**(2,838)**	**(4,610)**	**22,239**
Taxation				(4,090)
Profit for the period attributable to equity holders of the Company				**18,149**

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

3. Segmental information continued

Year ended 30 June 2023 (audited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total assets	91,141	26,537	77,578	195,256
Total liabilities	30,175	2,541	5,196	37,912
Net assets	**60,966**	**23,996**	**72,382**	**157,344**

Year ended 30 June 2023 (audited)	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	**6,832**
- Depreciation	1,943	689	17	**2,649**
- Interest income	762	279	51	**1,092**

4. Revenue

Six months ended 31 Dec 2023 (unaudited)	UK Investment Management £'000	International £'000	Total £'000
Investment management fees	33,563	5,949	39,512
Transactional income	5,908	862	6,770
Fund management fees	4,399	1,749	6,148
Wealth management fees	4,065	–	4,065
Interest turn	6,255	861	7,116
Total revenue	**54,190**	**9,421**	**63,611**

Six months ended 31 Dec 2022 (unaudited)	UK Investment Management £'000	International £'000	Total £'000
Investment management fees	32,558	6,114	**38,672**
Transactional income	4,325	1,405	**5,730**
Fund management fees	5,152	1,887	**7,039**
Wealth management fees	2,361	56	**2,417**
Interest turn	4,391	659	**5,050**
Total revenue	**48,787**	**10,121**	**58,908**

Year ended 30 June 2023 (audited)	UK Investment Management £'000	International £'000	Total £'000
Investment management fees	65,626	12,292	**77,918**
Transactional income	10,578	2,704	**13,282**
Fund management fees	9,983	3,739	**13,722**
Wealth management fees	6,446	–	**6,446**
Interest turn	10,825	1,584	**12,409**
Total revenue	**103,458**	**20,319**	**123,777**

4. Revenue continued

a) Geographic analysis

The Group's operations are located in the United Kingdom, Channel Islands and Isle of Man. The following table presents external revenue analysed by the geographical location of the Group entity providing the service.

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
United Kingdom	54,190	48,787	103,458
Channel Islands	9,342	10,050	20,173
Isle of Man	79	71	146
Total revenue	**63,611**	**58,908**	**123,777**

b) Major clients

The Group is not reliant on any one client or group of connected clients for the generation of revenues.

5. Other gains/(losses) – net

Other gains and losses represent the net changes in the fair value of the Group's financial instruments and intangible assets recognised in the Condensed consolidated statement of comprehensive income.

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
Changes in fair value of deferred contingent consideration (Note 16)	–	–	(173)
Changes in fair value of financial assets at fair value through profit or loss (Note 14)	46	2	11
Total other gains/(losses) – net	**46**	**2**	**(162)**

6. Finance income and finance costs

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
Finance income			
Bank interest on deposits	1,582	343	1,092
Dividends on preference shares	14	13	35
Total finance income	**1,596**	**356**	**1,127**
Finance costs			
Finance cost of lease liabilities	104	117	235
Finance cost of deferred contingent consideration	8	18	61
Total finance cost	**112**	**135**	**296**

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

7. Taxation

The current tax expense for the six months ended 31 December 2023 was calculated based on the Corporation Tax rate of 25.0%, applied to the taxable profit for the six months ended 31 December 2023 (six months ended 31 December 2022: 20.5%; year ended 30 June 2023: 20.5%).

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
UK Corporation Tax	2,887	2,806	5,703
Over provision in prior years	–	(830)	(834)
Total current taxation	2,887	1,976	4,869
Deferred tax credits	(286)	(194)	(1,189)
(Over)/under provision of deferred tax in prior years	–	(125)	410
Total income tax expense	**2,601**	**1,657**	**4,090**

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

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:

Six months ended 31 Dec 2023 (unaudited)	Underlying profit £'000	Underlying profit adjustments £'000	Statutory profit £'000
Profit before taxation	**17,120**	**(17,903)**	**(783)**
Profit multiplied by the standard rate of tax in the UK of 25.0%	**4,281**	**(4,476)**	**(195)**
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
– Depreciation and amortisation	2	29	31
– Disallowable expenses	185	2	187
– Impairment charge	–	2,910	2,910
– Share-based payments	28	–	28
– Lower tax rates in other jurisdictions in which the Group operates	(184)	124	(60)
– Overseas tax losses not available for UK tax purposes	(68)	–	(68)
– Non-taxable income	(232)	–	(232)
Income tax expense	**4,012**	**(1,411)**	**2,601**
Effective tax rate	**23.4%**	**n/a**	**n/a**

7. Taxation continued

Six months ended 31 Dec 2022 (unaudited)	Underlying profit £'000	Underlying profit adjustments £'000	Statutory profit £'000
Profit before taxation	**14,498**	**(4,654)**	**9,844**
Profit multiplied by the standard rate of tax in the UK of 20.5%	**2,972**	**(954)**	**2,018**
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
– Depreciation and amortisation	794	(145)	649
– Disallowable expenses	153	3	156
– Share-based payments	(216)	–	(216)
– Lower tax rates in other jurisdictions in which the Group operates	(63)	–	(63)
– Overseas tax losses not available for UK tax purposes	106	–	106
– Over provision in prior periods	(958)	–	(958)
– Non-taxable income	(35)	–	(35)
Income tax expense	**2,753**	**(1,096)**	**1,657**
Effective tax rate	**19.0%**	**n/a**	**16.8%**

Year ended 30 June 2023 (audited)	Underlying profit £'000	Underlying profit adjustments £'000	Statutory profit £'000
Profit before taxation	**30,327**	**(8,088)**	**22,239**
Profit multiplied by the standard rate of tax in the UK of 20.5%	**6,217**	**(1,658)**	**4,559**
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
– Disallowable expenses	(107)	–	(107)
– Lower tax rates in other jurisdictions in which the Group operates	263	48	311
– Share-based payments	(512)	–	(512)
– Over provision in prior periods	(423)	–	(423)
Income tax expense	**5,985**	**(1,895)**	**4,090**
Effective tax rate	**19.7%**	**n/a**	**18.4%**

On 11 March 2021 it was outlined in the Finance Bill 2021, and substantively enacted having received royal assent on 10 June 2021, that the UK Corporation Tax rate would increase to 25.0% from 1 April 2023 and remain at 19.0% until that date. As a result, the effective rate of Corporation Tax applied to the taxable profit for the six months ended 31 December 2023 is 25.0% (six months ended 31 December 2022: 20.5%; year ended 30 June 2023: 20.5%). Deferred tax assets and liabilities are calculated at the rate that is expected to be in force when the temporary differences unwind.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

8. Business combinations

Prior period

Integrity

On 31 October 2022, the Group acquired Integrity Wealth Bidco Limited and Integrity Wealth (Holdings) Limited, together with their 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 each of Integrity Wealth (Holdings) Limited and Integrity Wealth Bidco Limited, which was funded through existing financial resources. On 14 April 2023, the Group acquired an additional client book, which was incorporated into the Integrity business and acquisition accounting. This resulted in an additional £246,000 of initial cash consideration and £214,000 deferred contingent consideration at fair value.

The acquisition was accounted for using the acquisition method and details of the purchase consideration are as follows:

	Note	£'000
Initial cash consideration		4,000
Shares consideration	i	1,000
Excess for net assets	ii	601
Deferred contingent consideration at fair value	iii	1,026
Total purchase consideration		**6,627**

i. 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.

ii. 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.

iii. The total estimated cash deferred contingent consideration is £1,275,000, payable in three years following completion, based on revenue criteria of the acquired business. As outlined in the SPA, the maximum cash deferred contingent consideration payable is up to £2,500,000 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 16 for further details.

Client relationship intangible assets of £2,543,000 were recognised on acquisition in respect of the expected cash inflows and economic benefit from the acquired business. An associated deferred tax liability of £636,000 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	270
Cash at bank	804
Trade and other payables	(167)
Corporation tax payable	(132)
Total net assets recognised by acquired companies	**775**
Fair value adjustments:	
Client relationship contracts	2,543
Deferred tax liabilities	(636)
Net identifiable assets	**1,907**
Goodwill	**3,945**
Total purchase consideration	**6,627**

The trade and other receivables were recognised at their fair value, being the gross contractual amounts, deemed fully recoverable.

8. Business combinations continued

Adroit

On 15 December 2022, the Group acquired Adroit Financial Planning Limited ("Adroit"), a successful and rapidly growing Independent Financial Adviser ("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
Total purchase consideration		**11,261**

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 date of completion.

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 in below.

Net assets acquired through business combination

	£'000
Trade and other receivables	533
Cash at bank	193
Trade and other payables	(204)
Total net assets recognised by acquired companies	**522**
Fair value adjustments:	
Client relationship contracts	2,931
Deferred tax liabilities	(733)
Net identifiable assets	**2,198**
Goodwill	**8,541**
Total purchase consideration	**11,261**

The trade and other receivables were recognised at their fair value, being the gross contractual amounts, deemed fully recoverable.

Acquisition impact on reported results

In the period from acquisition to 31 December 2022, directly attributable acquisition costs of £267,000 were incurred in relation to the acquisitions, which were charged to administrative costs in the Condensed consolidated statement of comprehensive income but excluded from underlying profit.

In the period from acquisition to 31 December 2022, the two acquisitions earned revenue of £443,000 and statutory profit before tax of £108,000. Had the acquisitions been consolidated from 1 July 2022, the Condensed consolidated statement of comprehensive income would have included revenue of £2,176,000 and statutory profit before tax of £564,000.

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)
Net cash outflow – investing activities	**15,111**

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

9. Earnings per share

The Board of Directors considers that underlying earnings per share provides an appropriate reflection of the Group's performance in the period. Underlying earnings per share are calculated based on 'underlying earnings', which is defined as earnings before underlying adjustments listed below. The tax effect of these adjustments has also been considered. Underlying earnings is an Alternative Performance Measure ("APM") used by the Group. Refer to page 43 for a glossary of the Group's APMs, their definition and criteria for how underlying adjustments are considered.

Earnings for the period used to calculate (loss)/earnings per share as reported in these Condensed consolidated financial statements were as follows:

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
(Loss)/earnings attributable to ordinary shareholders	**(3,384)**	**8,187**	**18,149**
Underlying adjustments			
Goodwill impairment	**11,641**	–	–
Organisational restructure costs	**3,037**	–	–
Amortisation of acquired client relationship contracts (Note 11)	**2,924**	2,757	5,670
Integration and acquisition-related costs	**293**	267	568
Finance cost of deferred contingent consideration (Note 16)	**8**	19	61
Dual running costs of operating platform	**–**	1,611	1,616
Changes in fair value of deferred consideration (Note 16)	**–**	–	173
Tax impact of adjustments (Note 7)	**(1,411)**	(1,096)	(1,895)
Underlying earnings attributable to ordinary shareholders	**13,108**	**11,745**	**24,342**

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 six months ended 31 December 2023 were as follows:

	Six months ended 31 Dec 2023 (unaudited) Number of shares	Six months ended 31 Dec 2022 (unaudited) Number of shares	Year ended 30 Jun 2023 (audited) Number of shares
Weighted average number of shares in issue	**16,060,677**	**15,791,432**	**15,825,397**
Effect of dilutive potential shares issuable on exercise of employee share options	**247,947**	398,960	293,992
Diluted weighted average number of shares in issue	**16,308,624**	**16,190,392**	**16,119,389**

9. Earnings per share continued

	Six months ended 31 Dec 2023 (unaudited) p	Six months ended 31 Dec 2022 (unaudited) p	Year ended 30 Jun 2023 (audited) p
Based on reported (loss)/earnings:			
Basic (loss)/earnings per share	**(21.1)**	51.8	114.7
Diluted (loss)/earnings per share	**(21.1)**	50.6	112.6
Based on underlying earnings:			
Basic earnings per share	**81.6**	74.4	153.8
Diluted earnings per share	**80.4**	72.5	151.0

10. Dividends

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
Final dividend paid on ordinary shares	**7,467**	7,022	7,021
Interim dividend paid on ordinary shares	**–**	–	4,401
Total dividends	**7,467**	**7,022**	**11,422**

An interim dividend of 29.0p (six months ended 31 December 2022: 28.0p) per share was declared by the Board of Directors on 6 March 2024. It will be paid on 16 April 2024 to shareholders who are on the register at the close of business on 15 March 2024.

In accordance with IAS 10, this dividend has not been included as a liability in the Condensed consolidated financial statements at 31 December 2023.

A final dividend for the year ended 30 June 2023 of 47.0p (year ended 30 June 2022: 45.0p) per share was paid to shareholders on 3 November 2023.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

11. Intangible assets

	Goodwill £'000	Computer software £'000	Acquired client relationship contracts £'000	Contracts acquired with fund managers £'000	Total £'000
Cost					
At 30 June 2022	51,887	6,930	70,011	3,521	132,349
Additions	12,486	1,911	5,474	–	19,871
At 31 December 2022	64,373	8,841	75,485	3,521	152,220
Additions	–	1,043	613	–	1,656
Disposals	–	(1,054)	–	(3,521)	(4,575)
At 30 June 2023	64,373	8,830	76,098	–	149,301
Additions	–	643	–	–	643
At 31 December 2023	**64,373**	**9,473**	**76,098**	**–**	**149,944**
Accumulated amortisation and impairment					
At 30 June 2022	11,213	251	31,477	3,521	46,462
Amortisation charge	–	501	2,757	–	3,258
At 31 December 2022	11,213	752	34,234	3,521	49,720
Amortisation charge	–	661	2,913	–	3,574
Accumulated amortisation on disposals	–	(1,054)	–	(3,521)	(4,575)
At 30 June 2023	11,213	359	37,147	–	48,719
Amortisation charge	–	749	2,924	–	3,673
Impairment	11,641	–	–	–	11,641
At 31 December 2023	**22,854**	**1,108**	**40,071**	**–**	**64,033**
Net book value					
At 30 June 2022	40,674	6,679	38,534	–	85,887
At 31 December 2022	53,160	8,089	41,251	–	102,500
At 30 June 2023	53,160	8,471	38,951	–	100,582
At 31 December 2023	**41,519**	**8,365**	**36,027**	**–**	**85,911**

11. 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:

	31 Dec 2023 (unaudited) £'000	31 Dec 2022 (unaudited) £'000	30 Jun 2023 (audited) £'000
Funds			
Braemar Group Limited ("Braemar")	**3,320**	3,320	3,320
International			
Brooks Macdonald Asset Management (International) Limited and Brooks Macdonald Retirement Services (International) Limited (collectively "International")	**9,602**	21,243	21,243
Cornelian			
Cornelian Asset Managers Group Limited ("Cornelian")	**16,111**	16,111	16,111
Integrity			
Integrity Wealth (Holdings) Limited ("Integrity")	**3,945**	3,945	3,945
Adroit			
Adroit Financial Planning Limited ("Adroit")	**8,541**	8,541	8,541
Total goodwill	**41,519**	**53,160**	**53,160**

Each reporting period, Management review each CGU for impairment indicators. If impairment indicators are present, an impairment review is carried out. At the reporting date there were no indicators that the carrying amount of goodwill in relation to the Funds, Cornelian, Integrity, or Adroit CGUs should be impaired, therefore calculations regarding recoverability in respect of these CGUs have not been performed.

The prevailing macroeconomic environment and market volatility seen during the reporting period, had an impact on client sentiment and new business, whilst the higher interest rate environment resulted in higher outflows with clients withdrawing funds to repay debt. This gave rise to impairment indicators in relation to the International CGU, that was recognised upon the acquisition of the Spearpoint business in 2012. Accordingly, an impairment review was carried out for this CGU, and based on a value-in-use calculation, the recoverable amount of the International CGU at 31 December 2023 did not support the carrying amount of the International CGU of £31,311,000. As a result, the International goodwill balance has been impaired by £11,641,000, leaving a goodwill balance of £9,602,000 at 31 December 2023.

The value-in-use calculation is based on a discounted cash flow model, with the key underlying assumptions being the discount rate, medium-term growth in earnings and FUM flows, and the long-term growth rate of the business. The revenue growth is forecast based on new business targets, expected outflows and estimated impact of market performance on FUM, multiplied by estimated fee yields. 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. A pre-tax discount rate of 12% (FY23: 13%), based on the Group's assessment of the risk-free rate of interest and specific risks relating to Brooks Macdonald International. A 2% long-term growth rate has been applied which is considered prudent in the context of the long-term average growth rate for the industries in which the CGU operates.

Management believes the impairment to be a fair reflection of the underlying business valuation in the backdrop of current market conditions, net FUM outflows and the knock-on impact of revenue in the short-term.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

11. Intangible assets continued

b) Computer software

Computer software costs are amortised on a straight-line basis over an estimated useful life (four to eight years). 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. Capitalised costs incurred on the Group's partnership with SS&C to transform the Group's client and intermediary-facing processes, launch a digital onboarding solution and enhance the Group's operating platform are amortised on a straight-line basis over the remaining agreement length with SS&C of eight years from the start of amortisation in FY23, the estimated period the Group will generate positive economic benefit from the capitalised costs.

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 Condensed consolidated statement of comprehensive income on a straight-line basis over their estimated useful lives (6 to 20 years).

12. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	IT equipment £'000	Total £'000
Cost				
At 30 June 2022	2,688	741	1,246	4,675
Additions	356	50	8	414
At 31 December 2022	3,044	791	1,254	5,089
Additions	121	24	186	331
Disposals	(19)	(173)	(474)	(666)
At 30 June 2023	3,146	642	966	4,754
Additions	3	44	23	70
At 31 December 2023	**3,149**	**686**	**989**	**4,824**
Accumulated depreciation				
At 30 June 2022	1,131	513	829	2,473
Depreciation charge	246	50	98	394
At 31 December 2022	1,377	563	927	2,867
Depreciation charge	289	52	89	430
Depreciation on disposals	(19)	(173)	(474)	(666)
At 30 June 2023	1,647	442	542	2,631
Depreciation charge	282	44	100	426
At 31 December 2023	**1,929**	**486**	**642**	**3,057**
Net book value				
At 30 June 2022	1,557	228	417	2,202
At 31 December 2022	1,667	228	327	2,222
At 30 June 2023	1,499	200	424	2,123
At 31 December 2023	**1,220**	**200**	**347**	**1,767**

13. Right-of-use assets

	Cars £'000	Property £'000	Total £'000
Cost			
At 30 June 2022	328	9,425	9,753
Additions	272	334	606
At 31 December 2022	600	9,759	10,359
Additions	198	379	577
At 30 June 2023	798	10,138	10,936
Additions	41	922	963
At 31 December 2023	**839**	**11,060**	**11,899**
Accumulated depreciation			
At 30 June 2022	37	4,745	4,782
Depreciation charge	67	847	914
At 31 December 2022	104	5,592	5,696
Depreciation charge	91	820	911
At 30 June 2023	195	6,412	6,607
Depreciation charge	109	951	1,060
At 31 December 2023	**304**	**7,363**	**7,667**
Net book value			
At 30 June 2022	291	4,680	4,971
At 31 December 2022	496	4,167	4,663
At 30 June 2023	603	3,726	4,329
At 31 December 2023	**535**	**3,697**	**4,232**

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

14. Financial instruments

The analysis of financial assets and liabilities into their categories as defined in IFRS 9 'Financial Instruments' is set out in the following table.

	31 Dec 2023 (unaudited) £'000	31 Dec 2022 (unaudited) £'000	30 Jun 2023 (audited) £'000
Financial assets			
Financial assets at fair value through profit or loss:			
Investment in regulated OEICs	**871**	786	825
Financial assets at fair value through other comprehensive income:			
Unlisted redeemable preference shares	**500**	500	500
Financial assets at amortised cost:			
Trade and other receivables	**29,414**	32,844	33,542
Cash and cash equivalents	**59,000**	37,573	53,355
Total financial assets	**89,785**	**71,703**	**88,222**
Financial liabilities			
Financial liabilities at fair value through profit or loss:			
Deferred contingent consideration (Note 16)	**225**	1,372	1,467
Financial liabilities at amortised cost:			
Trade and other payables	**21,358**	15,286	22,521
Current tax liabilities	**423**	128	645
Provisions (Note 17)	**906**	1,403	1,322
Lease liabilities	**4,662**	5,649	5,141
Other non-current liabilities	**869**	400	783
Total financial liabilities	**28,443**	**24,238**	**31,879**

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.

14. Financial instruments continued

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
At 1 July 2022	784	–	500	1,284
Net changes in fair value	2	–	–	2
At 31 December 2022	786	–	500	1,286
Additions	30	–	–	30
Net changes in fair value	9	–	–	9
At 30 June 2023	825	–	500	1,325
Net changes in fair value	46	–	–	46
At 31 December 2023	**871**	**–**	**500**	**1,371**
Comprising:				
Financial assets at fair value through other comprehensive income	–	–	500	500
Financial assets at fair value through profit and loss	871	–	–	871
Total financial assets	**871**	**–**	**500**	**1,371**

At 31 December 2023, the Group 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. They have been valued using a perpetuity income model, which is based upon the preference dividend cash flows.

The Group holds 500,000 shares in five of the SVS Cornelian Risk Managed Passive Funds. During the six months ended 31 December 2023, the Group recognised a gain on these investments of £36,000, resulting in a value at 31 December 2023 of £629,000 (31 December 2022: £588,000; 30 June 2023: £593,000).

The Group holds an investment in the Blueprint Multi Asset Fund range across the various models within the fund range. During the six months ended 31 December 2023, the Group recognised a gain on these investments of £10,000, resulting in a value at 31 December 2023 of £242,000 (31 December 2022: £198,000; 30 June 2023: £232,000).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial liabilities				
At 1 July 2022	–	–	327	327
Additions	–	–	1,026	1,026
Finance cost of deferred contingent consideration	–	–	19	19
At 31 December 2022	–	–	1,372	1,372
Finance cost of deferred contingent consideration	–	–	42	42
Additions	–	–	214	214
Changes in fair value	–	–	173	173
Payments made	–	–	(334)	(334)
At 30 June 2023	–	–	1,467	1,467
Finance cost of deferred contingent consideration	–	–	8	8
Cash consideration paid	–	–	(625)	(625)
Shares issued as consideration (Note 19)	–	–	(625)	(625)
At 31 December 2023	**–**	**–**	**225**	**225**
Comprising:				
Deferred contingent consideration (Note 16)	–	–	225	225
Total financial liabilities	**–**	**–**	**225**	**225**

Deferred contingent consideration is recognised at fair value through profit or loss and is valued using the net present value of the expected amounts payable based on management's forecasts and expectations. For more details see Note 16.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

15. 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.

	31 Dec 2023 (unaudited) UK £'000	CI £'000	Total £'000
Deferred tax assets			
Share-based payments	2,189	–	2,189
Trading losses carried forward	–	359	359
Dilapidations	99	8	107
Accelerated capital allowances	163	–	163
Total deferred tax assets	**2,451**	**367**	**2,818**
Deferred tax liabilities			
Intangible asset amortisation	(6,460)	(1,032)	(7,492)
Accelerated capital allowances on research and development	(931)	–	(931)
Total deferred tax liabilities	**(7,391)**	**(1,032)**	**(8,423)**
Net deferred tax liability	**(4,940)**	**(665)**	**(5,605)**

	31 Dec 2022 (unaudited) UK £'000	CI £'000	Total £'000
Deferred tax assets			
Share-based payments	2,984	–	2,984
Trading losses carried forward	–	325	325
Dilapidations	65	10	75
Accelerated capital allowances	258	–	258
Total deferred tax assets	**3,307**	**335**	**3,642**
Deferred tax liabilities			
Intangible asset amortisation	(7,713)	(781)	(8,494)
Accelerated capital allowances on research and development	(912)	–	(912)
Total deferred tax liabilities	**(8,625)**	**(781)**	**(9,406)**
Net deferred tax liability	**(5,318)**	**(446)**	**(5,764)**

	30 Jun 2023 (audited) UK £'000	CI £'000	Total £'000
Deferred tax assets			
Share-based payments	2,333	–	2,333
Trading losses carried forward	–	363	363
Dilapidations	92	27	119
Accelerated capital allowances	164	–	164
Total deferred tax assets	**2,589**	**390**	**2,979**
Deferred tax liabilities			
Intangible asset amortisation	(7,404)	(752)	(8,156)
Accelerated capital allowances on research and development	(856)	–	(856)
Total deferred tax liabilities	**(8,260)**	**(752)**	**(9,012)**
Net deferred tax liability	**(5,671)**	**(362)**	**(6,033)**

15. Deferred income tax continued

The gross movement on the deferred income tax account during the period was as follows:

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
At beginning of period	(6,033)	(4,957)	(4,957)
Additional liability on acquisition of client relationship intangible assets	–	(1,369)	(1,520)
Credit to the Condensed consolidated statement of comprehensive income	286	319	779
Credit/(charge) recognised in equity	142	243	(335)
At end of period	**(5,605)**	**(5,764)**	**(6,033)**

The change in deferred income tax assets and liabilities during the period was as follows:

	Share-based payments £'000	Trading losses carried forward £'000	Dilapidations £'000	Accelerated capital allowances £'000	Total £'000
Deferred tax assets					
At 1 July 2022	2,667	133	65	137	3,002
Over provision in prior years	–	125	–	–	125
Charge to the Condensed consolidated statement of comprehensive income	74	67	10	121	272
Credit to equity	243	–	–	–	243
At 31 December 2022	2,984	325	75	258	3,642
Over provision in prior years	–	49	–	–	49
(Charge)/credit to the Condensed consolidated statement of comprehensive income	(73)	(11)	44	(94)	(134)
Charge to equity	(578)	–	–	–	(578)
At 30 June 2023	2,333	363	119	164	2,979
Charge to the Condensed consolidated statement of comprehensive income	(286)	(4)	(12)	(1)	(303)
Credit to equity	142	–	–	–	142
At 31 December 2023	**2,189**	**359**	**107**	**163**	**2,818**

	31 Dec 2023 (unaudited) £'000	31 Dec 2022 (unaudited) £'000	30 Jun 2023 (audited) £'000
Deferred tax assets			
Deferred tax assets to be settled after more than one year	1,861	2,031	1,198
Deferred tax assets to be settled within one year	957	1,611	1,781
Total deferred tax assets	**2,818**	**3,642**	**2,979**

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.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

15. Deferred income tax continued

	Accelerated capital allowances on research and development £'000	Intangible asset amortisation £'000	Total £'000
Deferred tax liabilities			
At 1 July 2022	389	7,570	7,959
Additional liability on acquisition of client-relationship intangible assets	–	1,369	1,369
Charge/(credit) to the Condensed consolidated statement of comprehensive income	523	(445)	78
At 31 December 2022	912	8,494	9,406
Additional liability on acquisition of client-relationship intangible assets	–	151	151
Credit to the Condensed consolidated statement of comprehensive income	(640)	(489)	(1,129)
Over provision in prior years	584	–	584
At 30 June 2023	856	8,156	9,012
Charge/(credit) to the Condensed consolidated statement of comprehensive income	75	(664)	(589)
At 31 December 2023	**931**	**7,492**	**8,423**

	31 Dec 2023 (unaudited) £'000	31 Dec 2022 (unaudited) £'000	30 Jun 2023 (audited) £'000
Deferred tax liabilities			
Deferred tax assets to be settled after more than one year	**7,836**	8,522	7,777
Deferred tax assets to be settled within one year	**587**	884	1,235
Total deferred tax liabilities	**8,423**	**9,406**	**9,012**

16. Deferred contingent consideration

Deferred contingent consideration is split between non-current liabilities and current liabilities to the extent that it is due to be paid 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 current and comparative periods were as follows:

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
At beginning of period	**1,467**	327	327
Additions	**–**	1,026	1,240
Finance cost of deferred contingent consideration	**8**	19	61
Fair value adjustments	**–**	–	173
Cash consideration paid	**(625)**	–	(334)
Shares issues as consideration	**(625)**	–	–
At end of period	**225**	**1,372**	**1,467**
Analysed as:			
Amounts falling due within one year	**225**	333	1,467
Amounts falling due after more than one year	**–**	1,039	–
At end of period	**225**	**1,372**	**1,467**

16. Deferred contingent consideration continued

During the six months ended 31 December 2022, the Group completed the Integrity acquisition (Note 8) and part of the consideration is to be deferred over a period of three years. The deferred contingent consideration was payable at the end of November 2025 based on the future revenue of the business acquired and the estimated fair value of the deferred contingent consideration at acquisition was £1,026,000. In April 2023 the Group acquired an additional client book, with part of the consideration to be deferred over a one year period. The estimated fair value of the deferred contingent consideration at acquisition was £214,000. 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 after 30 June 2023. This revised deferred contingent consideration was settled during the six months ended 31 December 2023.

Deferred contingent consideration is classified as Level 3 within the fair value hierarchy, as defined in Note 14.

17. Provisions

	Client compensation £'000	Regulatory levies £'000	Leasehold dilapidations £'000	Tax-related £'000	Total £'000
At 30 June 2022	112	386	367	280	1,145
Charged to the Condensed consolidated statement of comprehensive income	809	34	55	–	898
Utilised during the period	(222)	(418)	–	–	(640)
At 31 December 2022	699	2	422	280	1,403
Charged to the Condensed consolidated statement of comprehensive income	(230)	205	205	–	180
Utilised during the period	(219)	(40)	(2)	–	(261)
At 30 June 2023	250	167	625	280	1,322
Charged to the Condensed consolidated statement of comprehensive income	219	–	45	–	264
Utilised during the period	(321)	(167)	(192)	–	(680)
At 31 December 2023	**148**	**–**	**478**	**280**	**906**
Analysed as:					
Amounts falling due within one year	148	–	216	280	644
Amounts falling due after more than one year	–	–	262	–	262
Total provisions	**148**	**–**	**478**	**280**	**906**

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) Regulatory levies

At 31 December 2023 provisions include an amount of £nil (at 31 December 2022: £2,000; at 30 June 2023: £167,000) in respect of expected levies by the Financial Services Compensation Scheme ("FSCS").

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. The non-current leasehold dilapidations provision relate to expected economic outflow at the end of lease terms, with the longest lease term ending in four years from the Condensed consolidated statement of financial position date.

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.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2023

18. Reconciliation of operating profit to net cash inflow from operating activities

	Six months ended 31 Dec 2023 (unaudited) £'000	Six months ended 31 Dec 2022 (unaudited) £'000	Year ended 30 Jun 2023 (audited) £'000
Operating profit before tax	**9,374**	9,623	21,408
Adjustments for:			
– Depreciation of property, plant and equipment	**426**	394	824
– Depreciation of right-of-use assets	**1,060**	914	1,825
– Amortisation of intangible assets	**3,673**	3,258	6,832
– Other (losses)/gains – net	**(46)**	(2)	162
– Decrease/(increase) in receivables	**4,128**	(1,193)	(2,215)
– Decrease in payables	**(1,163)**	(9,004)	(1,526)
– Decrease in provisions	**(416)**	(258)	(147)
– Increase/(decrease) in other non-current liabilities	**86**	(170)	244
– Share-based payments charge	**1,757**	1,953	2,686
Net cash inflow from operating activities	**18,879**	5,515	30,093

19. Share capital and share premium

The movements in share capital and share premium during the six months ended 31 December 2023 were as follows:

	Number of shares	Exercise price p	Share capital £'000	Share premium £'000	Total £'000
At 30 June 2022	16,205,542		162	79,141	79,303
Shares issued:					
– to Sharesave Scheme	7,130	1,922.5 – 2,250.0	–	100	100
– of consideration for the acquisition of Integrity	52,084	1,920.0	1	999	1,000
At 31 December 2022	16,264,756		163	80,240	80,403
Shares issued:					
– on exercise of options	1,866	1,629.8 – 2,260.0	–	30	30
– to Sharesave Scheme	133,041	1,400.0 – 2,300.0	1	1,560	1,561
At 30 June 2023	16,399,663		164	81,830	81,994
Shares issued:					
– on exercise of options	2,067	1,900.0	–	30	30
– to Sharesave Scheme	10,914	1,172.0 – 1,704.0	–	132	132
– for deferred contingent consideration	28,748	21,740.0	–	625	625
At 31 December 2023	**16,441,392**		**164**	**82,617**	**82,781**

The total number of ordinary shares issued and fully paid at 31 December 2023 was 16,441,392 (at 31 December 2022: 16,264,756; at 30 June 2023: 16,399,663).

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 ("LTIS") and Long-Term Incentive Plan ("LTIP"). At 31 December 2023, the EBT held 505,815 (at 31 December 2022: 552,889; at 30 June 2023: 552,633) 1p ordinary shares in the Company, acquired for a total consideration of £18,200,000 (at 31 December 2022: £15,900,000; at 30 June 2023: £16,950,000) with a market value of £9,509,000 (at 31 December 2022: £11,700,000; at 30 June 2023: £11,633,000). They are classified as treasury shares in the Condensed consolidated statement of financial position, with their cost being deducted from retained earnings within shareholders' equity.

20. Equity-settled share-based payments

Share options granted during the six months ended 31 December 2023 under the Group's equity-settled share-based payment schemes were as follows:

	Exercise price p	Fair value p	Number of options
Long Term Incentive Plan	–	1,514 – 1,649	203,739

No options were granted in respect of the Company's other equity-settled share-based payment schemes during the six months ended 31 December 2023. The charge to the Condensed consolidated statement of comprehensive income for the six months ended 31 December 2023 in respect of all equity settled share-based payment schemes was £1,757,000 (six months ended 31 December 2022: £1,953,000; year ended 30 June 2023: £2,686,000).

21. 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/(to) related parties		
	31 Dec 2023 (unaudited) £'000	31 Dec 2022 (unaudited) £'000	30 Jun 2023 (audited) £'000
Brooks Macdonald Asset Management Limited	**(223)**	1,471	239
Brooks Macdonald Asset Management (International) Limited	**(28)**	(90)	83
Brooks Macdonald Funds Limited	**(900)**	(900)	(900)
Brooks Macdonald Financial Consulting Limited	**–**	(34)	–

All of the above amounts are interest-free and repayable on demand.

22. Guarantees and contingent liabilities

In the normal course of business, the Group is exposed to certain legal and regulatory 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.

As at 31 December 2023, there are no claims issued against the Group in relation to the legacy matters as previously announced in 2017. The Group continues to recognise a contingent liability in relation to the possibility that one or more of a small number of clients might seek to claim against the Group on this matter.

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.

23. Principal risks and uncertainties

The principal risks and uncertainties facing the Group are in line with those disclosed and included within the Group's Annual Report and Accounts for the year ended 30 June 2023.

24. Events since the end of the period

No material events have occurred between the reporting date and the date of signing the Condensed 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 excludes 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 and considered appropriate for external analyst coverage and peer group benchmarking.

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 either 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 11 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 7 Taxation
Underlying earnings / Underlying profit after tax	Total comprehensive income	Calculated as underlying profit before tax less the underlying tax charge. See Note 9 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 period. This is another key metric assessed by the Board and appropriate for external analyst coverage and peer group benchmarking.
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 period. This is a key management incentive metric and is a measure used within the Group's remuneration schemes. See Note 9 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 period, 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 9 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. This is a key measure used in calculating underlying profit before tax. See page 11 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 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.

Statement of Directors' responsibilities

The Directors confirm that the Interim Report and Accounts have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the Condensed consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report and Accounts.

The Directors of Brooks Macdonald Group plc are listed on page 46.

By order of the Board of Directors

Andrew Shepherd
CEO

6 March 2024

Independent review report to Brooks Macdonald Group plc

for the six months ended 31 December 2023

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Brooks Macdonald Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Report and Accounts of Brooks Macdonald Group plc for the 6 month period ended 31 December 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies.

The interim financial statements comprise:

- the Condensed consolidated statement of financial position as at 31 December 2023;
- the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated statement of cash flows for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report and Accounts of Brooks Macdonald Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and Accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report and Accounts, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Report and Accounts in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements. In preparing the Interim Report and Accounts, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Accounts based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants

London

6 March 2024

Further information

Directors

Maarten Slendebroek	Chair Designate
Richard Price	Acting Chair
Andrew Shepherd	CEO
Andrea Montague	CFO
Robert Burgess	Non-Executive Director
Dagmar Kershaw	Non-Executive Director
John Linwood	Non-Executive Director
James Rawlingson	Non-Executive Director

Financial calendar

Interim results announced	7 March 2024
Ex-dividend date for interim dividend	14 March 2024
Record date for interim dividend	15 March 2024
Payment date of interim dividend	16 April 2024

Company information

Secretary	Phil Naylor
Company registration number	4402058
Registered office	21 Lombard Street, London, EC3V 9AH
Website	www.brooksmacdonald.com

Officers and advisers

Independent auditors

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Principal bankers

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Registrars

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Nominated adviser and joint broker

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Joint broker

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London
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Public relations

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Glossary

Abbreviation	Definition
Adroit	Adroit Financial Planning Limited
AIM	Alternative Investment Market
ANLA	Adjusted Net Liquid Asset
APM	Alternative Performance Measure
ARC	Asset Risk Consultants
B2B	Business-to-Business
BMG, Company	Brooks Macdonald Group plc
BMI	Brooks Macdonald Asset Management (International) Limited
BMIS	Brooks Macdonald Investment Solutions
BPS	Bespoke Portfolio Service
Braemar	Braemar Group Limited
CGU	Cash Generating Unit
CIO	Chief Investment Officer
CIP	Centralised Investment Process
Cornelian	Cornelian Asset Managers Group Limited
CREST	The settlement system used by the London Stock Exchange for settling all its transactions
DCF	Defensive Capital Fund
EBT	Employee Benefit Trust
FCA	UK Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FUM/A	Funds under management or advice
FY23	Year ended 30 June 2023
Group	Brooks Macdonald Group plc and its controlled entities
H1 FY22	Six months ended 31 December 2021
H1 FY23	Six months ended 31 December 2022
H1 FY24	Six months ended 31 December 2023
HMRC	HM Revenue and Customs
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICARA	Internal Capital Adequacy and Risk Assessment
IFA	Independent Financial Adviser
IFPRU	The FCA's Prudential Sourcebook for Investment Firms
IFRS	International Financial Reporting Standard
IFRS IC	IFRS Interpretations Committee
Integrity, IWS	Integrity Wealth Solutions
International	The Group's trading activities in the Crown Dependencies
IT	Information Technology
LTIP	Long-Term Incentive Plan
LTIS	Long-Term Incentive Scheme
M&A	Mergers and acquisitions
MPS	Managed Portfolio Service
OEIC	Open-Ended Investment Company
PMPS	Platform Managed Portfolio Service
SPA	Sale and Purchase Agreement
SS&C	SS&C Technologies
UK	United Kingdom
UKIM	UK Investment Management

Cautionary statement

The Interim Report and Accounts for the six months ended 31 December 2023 has been prepared to provide information to shareholders to assess the current position and future potential of the Group. The Interim Report and Accounts contains certain forward-looking statements concerning the Group's financial condition, operations and business opportunities. These forward-looking statements involve risks and uncertainties that could impact the actual results of operations, financial condition, liquidity, dividend policy and the development of the industry in which the Group operates and differ materially from the impression created by the forward-looking statements. Any forward-looking statement is made using the best information available to the Directors at the time of their approval of this report. Past performance cannot be relied on as a guide to future performance.

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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.

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