Brooks Macdonald Group plc

Interim Report and Accounts for the six months ended 31 December 2022

BROOKS MACDONALD

Contents

Half year highlights

Strategic progress

Accelerating organic growth

- Net flows for the period of 4.4% annualised versus 4.0% for the same period last year

Two acquisitions completed with further M&A planned

- The Group completed two acquisitions in the period – Integrity Wealth Solutions Limited in Nuneaton and Adroit Financial Planning Limited in Manchester, both high quality financial advice firms
- A pipeline of further potential acquisitions is in place but the Group will continue to maintain its strict acquisition criteria

Continued investment to deliver best-in-class adviser experience and client service

- The Group completed the migration of its adviser- and client-facing processes to the SS&C platform, a critical milestone in its digital transformation
- The Group continued its investment in digital, rolling out a new core financial planning system and reviewing its client relationship management systems

Ambitious medium-term targets announced

- The Group announced its medium-term target to be a Top 5 wealth manager in the UK and the Crown Dependencies, with market-leading net flows of 8-10% and top quartile underlying profit margin
- Achieving the targets will require both organic growth, driven by differentiation, and selective high quality acquisitions

Financial highlights

Funds under management (£bn)

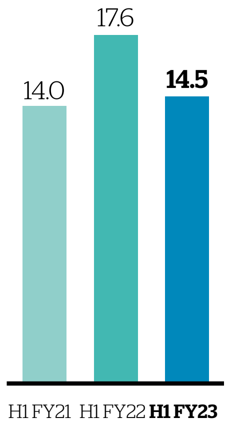
£16.2bn

Revenue (£m)

£58.9m

Underlying profit before tax (£m)

£14.5m

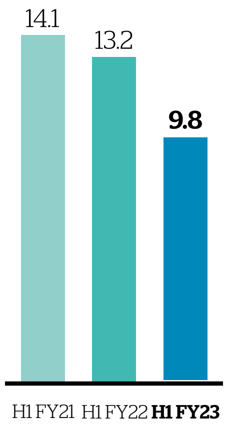


Underlying profit margin before tax (%)

24.6%

Statutory profit before tax (£m)

£9.8m

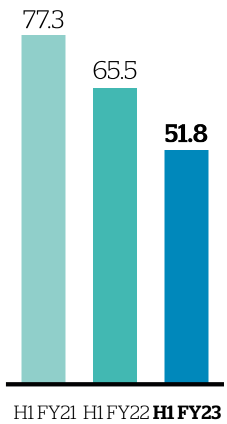


Underlying basic earnings per share (p)

74.4p

Statutory basic earnings per share (p)

51.8p



Total dividend per share (p)

28.0p

The underlying figures represent the results for the Group's activities excluding underlying adjustments as listed on page 12. These represent alternative performance measures ("APMs") for the Group. Refer to the Non-IFRS financial information section on page 43 for a glossary of the Group's APMs, their definitions, and the criteria for how underlying adjustments are considered. A reconciliation between the Group statutory and underlying profit before tax is included on page 12.

Interim management report

> “We are confident in our long-term prospects, building on our ambitious organic and inorganic growth strategy.”
>
> Andrew Shepherd
> CEO

Solid performance in H1

The six months to end 2022 saw solid performance for Brooks Macdonald, with FUM growing to £16.2 billion, decent financial results, and continued organic growth.

The Group's revenues fell by 4.8% to £58.9 million (H1 FY22: £61.9 million). Underlying costs were broadly flat, up 0.2% to £44.4 million (H1 FY22: £44.3 million), reflecting continued strong cost discipline. This resulted in an underlying profit before tax of £14.5 million, a 17.6% decline on the prior period (H1 FY22: £17.6 million).

Our underlying profit margin remained robust at 24.6%, reflecting our commitment to top quartile underlying profit margin over the medium term, although it was down 3.8 percentage points from the prior period's 28.4%. Similarly, underlying basic EPS was down 16.0% to 74.4p (H1 FY22: 88.6p). Statutory profits declined from £13.2 million to £9.8 million.

The Group is declaring an interim dividend of 28.0 pence per share, a 7.7% uplift on the interim dividend paid last year, in line with the solid results for the period and the Board's continuing confidence in the firm's prospects.

Our investment performance remains good, with overall performance of 1.4% over the period, compared to a 0.3% decline in the MSCI PIMFA Private Investor Balanced Index. Over reasonable investment time horizons, our Centralised Investment Process ("CIP") continues to achieve strong risk adjusted returns for clients.

We completed the transition of our adviser- and client-facing processes to the SS&C platform, a critical milestone in our digital transformation, and are making good progress in embedding the SS&C systems and processes into the business.

Our people agenda remains focused on Our Promise, which is the consolidation of our commitment to our people across an inclusive culture, fulfilling careers and great recognition for outstanding performance.

Strategy delivering

The key strengths of our organisation are its client-centric culture, strong adviser relationships, robust Centralised Investment Process, comprehensive investment proposition, and commitment to service and operational excellence. We aim to build on these through our strategy, which is based on three key value drivers:

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

In the period, the Group announced ambitious medium-term targets – delivering 8-10% net flows and top quartile underlying profit margin in support of becoming a Top 5 wealth manager in the UK and the Crown Dependencies. We expect the three key value drivers to combine to achieve these targets.

Market-leading organic growth

The first half of our financial year saw continuing positive net flows, running at an annualised rate of 4.4% for the period, compared to 4.0% for the same period last year, supported by our continued focus on clients and intermediaries.

Our UK Investment Management ("UKIM") business, under the leadership of Robin Eggar, had a solid half. We saw particularly good growth in our strategic focus areas of BM Investment Solutions ("BMIS"), our B2B offering for advisers, and Platform Management Portfolio Services ("PMPS"), which saw combined annualised net flows of 52.6%. We also continued to see progress in the specialised variants of our Bespoke Portfolio Service, including the Decumulation Service, which had FUM up c.25% over the period. Overall, our core UK Investment Management discretionary business had annualised net flows of 7.8% for the half year.

FUM in the UKIM Funds business declined by 2.4% in the period with net outflows more than offsetting positive investment performance, in line with experience across the industry.

International had pleasing investment performance, partly offset by disappointing outflows, leading to a loss at the underlying profit level. The Group continues to see a material market opportunity in the Crown Dependencies and will continue to invest in the islands, while reviewing options to improve the performance of the business.

Markets remained volatile in the last six months of 2022 with financial markets favouring different investment styles as the period progressed, creating a difficult investment backdrop to navigate. At a headline level, Brooks Macdonald investment performance gained 1.4% versus a loss of 0.3% for the PIMFA Balanced index. The longer-term returns of our Centralised Investment Process also continue to be robust, with each of Brooks Macdonald's Bespoke Portfolio Service ("BPS") risk profiles outperforming their relevant ARC benchmarks over 10 years.

Interim management report continued

Service and operational excellence

SS&C Technologies ("SS&C"), a global provider of software and technology services to the financial services industry, is our technology partner. In H1, we completed the transition of all client- and adviser-facing processes on to the SS&C platform, which is a critical milestone in our digital transformation. Progress is now being made to embed the SS&C systems and processes into the business, with a programme of work under way to deliver the full efficiency benefits and, ultimately, best-in-class client and intermediary experience.

The Group is continuing to drive forward its digital transformation, including upgrades to our financial planning and client relationship management systems.

Selective high-quality acquisitions

Acquisitions form an important part of our strategy, essential to achieve our ambitious medium-term target of becoming a Top 5 wealth manager in the UK and Crown Dependencies. 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.

In the period at hand, we were pleased to complete two acquisitions – Integrity Wealth Solutions in Nuneaton and Adroit Financial Planning in Manchester. Both firms are high quality financial advisers, with strong long-standing relationships with Brooks Macdonald, who now bring further scale and capability to our growing Private Clients business. Integrity have built a strong client base in the West Midlands and Adroit have a broader franchise across the country focused on Court of Protection and vulnerable clients.

Positive medium-term outlook

The short-term geopolitical and macroeconomic outlook remains uncertain, undermining investor sentiment, and at times, making clients reluctant to commit funds. Nonetheless, the outlook for the year remains as per prior guidance, with full year net flows expected to be 5-6%, primarily driven by Platform MPS and BMIS. 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, grounded in our purpose of realising ambitions and securing futures.

Review of the results for the period

The Group delivered a solid set of results for the first half of the financial year given the challenging macroeconomic environment. Net flows and overall financial performance remained resilient delivering an underlying profit for the period of £14.5 million and an underlying profit margin of 24.6%. The Group also continued to deliver on its ambitious growth strategy, completing the acquisition of Integrity Wealth Solutions and Adroit Financial Planning in the period.

The table below shows the Group's financial performance for the six months ended 31 December 2022 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 43 for a glossary of the Group's APMs, their definition, and the criteria for how underlying adjustments are considered.

	Six months to 31 Dec 2022 £m	Six months to 31 Dec 2021 £m	12 months to 30 Jun 2022 £m
Revenue	**58.9**	61.9	122.2
Fixed staff costs	(21.5)	(20.0)	(40.5)
Variable staff costs	(4.3)	(8.3)	(14.8)
Total staff costs	**(25.8)**	(28.3)	(55.3)
FSCS levy	–	–	(1.1)
Non-staff costs	(18.6)	(16.0)	(31.3)
Total non-staff costs	**(18.6)**	(16.0)	(32.4)
Total underlying costs	(44.4)	(44.3)	(87.7)
Underlying profit before tax	**14.5**	17.6	34.5
Underlying adjustments	(4.7)	(4.4)	(5.0)
Statutory profit before tax	**9.8**	13.2	29.5
Taxation	(1.6)	(3.0)	(6.1)
Statutory profit after tax	**8.2**	10.2	23.4
Underlying profit margin before tax	24.6%	28.4%	28.2%
Underlying basic earnings per share	74.4p	88.6p	174.1p
Underlying diluted earnings per share	72.5p	85.4p	168.7p
Statutory profit margin before tax	16.6%	21.3%	24.1%
Statutory basic earnings per share	51.8p	65.5p	149.0p
Statutory diluted earnings per share	50.6p	63.1p	144.4p
Dividends per share	28.0p	26.0p	71.0p

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").

		Six months ended 31 December 2022 (£m)						
		Organic net new business						
	Opening FUM 1 Jul 22	Q1	Q2	Total	Total inv. perf.	Closing FUM 31 Dec 22	Total organic net new business	Total mvmt
BPS	**8,581**	**(6)**	**(82)**	**(88)**	**66**	**8,559**	**(1.0)%**	**(0.3)%**
MPS Custody	960	(3)	2	(1)	16	975	(0.1)%	1.6%
MPS Platform	2,053	243	297	540	39	2,632	26.3%	28.2%
MPS total	**3,013**	**240**	**299**	**539**	**55**	**3,607**	**17.9%**	**19.7%**
UKIM discretionary	**11,594**	**234**	**217**	**451**	**121**	**12,166**	**3.9%**	**4.9%**
Funds - DCF	439	(14)	(17)	(31)	(4)	404	(7.1)%	(8.0)%
Funds - Other	1,418	(20)	(24)	(44)	35	1,409	(3.1)%	(0.6)%
Funds total	**1,857**	**(34)**	**(41)**	**(75)**	**31**	**1,813**	**(4.0)%**	**(2.4)%**
UKIM total	**13,451**	**200**	**176**	**376**	**152**	**13,979**	**2.8%**	**3.9%**
International	**2,216**	**(9)**	**(20)**	**(29)**	**60**	**2,247**	**(1.3)%**	**1.4%**
Total	**15,667**	**191**	**156**	**347**	**212**	**16,226**	**2.2%**	**3.6%**

Total investment performance	1.4%
MSCI PIMFA Private Investor Balanced Index[1]	(0.3)%

1. Capital-only index.

During the period, the Group recorded positive net flows of £0.3 billion or 2.2%. Positive investment performance of 1.4%, ahead of the benchmark index (which recorded a decline of 0.3%), added a further £0.2 billion. This resulted in a closing FUM of £16.2 billion, an increase of 3.6% from the start of the financial year (30 June 2022: £15.7 billion; 31 December 2021: £17.3 billion).

Within UKIM, the BPS offering experienced net outflows in the period of £0.1 billion, whilst Platform MPS (including BM Investment Solutions) recorded strong net flows of £0.5 billion. The Funds business saw outflows of £0.1 billion during the period, primarily due to wider market conditions with outflows across most funds in the sector.

International FUM remained broadly flat over the period with marginal net outflows offset by positive investment performance.

Revenue

Total revenue for the Group reduced by 4.8% to £58.9 million in the first half of the financial year. Fee income declined by 13% compared to the prior period driven by lower average FUM levels, and the implementation of a new competitive rate card for the Cornelian Risk Managed Funds range in order to drive higher levels of growth. Transactional income reduced by £0.9 million due to lower trading levels during the first quarter of the financial year and the continuing trend of clients moving to the fee-only rate card.

The decline in fee and transactional income was offset by higher interest turn of £5.1 million (H1 FY22: £0.4 million) driven by the rise in the Bank of England base rates.

Fees from Financial Planning in the period amounted to £2.4 million and recorded an increase of 9.1% on the previous period, driven by the first contribution from the recently acquired Integrity Wealth Solutions and Adroit Financial Planning businesses of £0.4 million.

Interim management report continued

Revenue, yields and average FUM

	Revenue			Average FUM			Yields		
	H1 FY23 £m	H1 FY22 £m	Change £m	H1 FY23 £m	H1 FY22 £m	Change %	H1 FY23 bps	H1 FY22 bps	Change bps
BPS fees	27.2	31.6	(4.4)	8,253	9,475	(12.9)	65.3	66.3	(1.0)
BPS non-fees (transactional)	4.4	4.9	(0.5)	–	–	–	10.6	10.3	0.3
BPS non-fees (interest turn)	3.8	0.3	3.5	–	–	–	9.1	0.6	8.5
Total BPS	35.4	36.8	(1.4)	8,253	9,475	(12.9)	85.0	77.2	7.8
MPS Custody	2.8	3.2	(0.4)	962	1,061	(9.3)	58.5	59.8	(1.3)
MPS Platform	2.3	1.6	0.7	2,347	1,665	41.0	19.3	19.1	0.2
MPS Custody non-fees (interest turn)	0.5	0.1	0.4	–	–	–	9.5	1.9	7.6
Total MPS	5.6	4.9	0.7	3,309	2,726	21.4	33.4	35.7	(2.3)
UKIM discretionary	41.0	41.7	(0.7)	11,562	12,201	(5.2)	70.3	67.9	2.4
Funds	5.0	6.4	(1.4)	2,027	2,281	(11.1)	48.8	55.7	(6.9)
Total UKIM	46.0	48.1	(2.1)	13,589	14,482	(6.2)	67.1	65.9	1.2
International fees	8.1	9.8	(1.7)	2,213	2,554	(13.4)	72.6	76.1	(3.5)
International non-fees	2.0	1.3	0.7	–	–	–	26.8	15.5	11.3
Total International[1]	10.1	11.1	(1.0)	2,213	2,554	(13.4)	90.6	86.2	4.4
Total FUM-related revenue	56.1	59.2	(3.1)	15,802	17,036	(7.2)	70.3	69.0	1.3
Financial Planning[2]	2.4	2.2	0.2						
Other income	0.4	0.5	(0.1)						
Total non-FUM-related revenue	2.8	2.7	0.1						
Total Group revenue	58.9	61.9	(3.0)						
MSCI PIMFA Private Investor Balanced Index[3]				1,661	1,849	(10.2)			

1. The yields on the Lloyds Channel Islands acquired businesses are included within the International fees line in the above table as these businesses are now fully embedded.
2. Following a corporate restructure of the business in FY22, fees earned on Financial Planning advice in the International business are being wrapped up within the Annual Management Charge and no longer billed separately. Comparatives have been updated to reflect a like-for-like comparison with advice fees shown in the International fees line for both years. As a result, the Financial Planning revenue in the table above relates to solely UK Financial Planning income and the H1 FY22 International yield has been restated to ensure consistent reporting with the current period.
3. Capital-only index.

The Group's average FUM fell by 7.2% from H1 FY22, which was ahead of the movement in the MSCI PIMFA Private Investor Balanced Index, which fell by 10.2% from 31 December 2021 to 31 December 2022.

The yield on BPS fees for UKIM decreased by 1bp to 65.3bps during the period driven by a change in mix between fee-only and fee and dealing accounts and rates achieved on new business.

The BPS non-fee transactional income yield increased marginally by 0.3bps, whilst the yield on interest turn saw significant growth from 0.6bps to 9.1bps driven by increase in the Bank of England base rates during the period. This will now begin to stabilise as we restart paying clients interest on cash balances.

The yields on MPS custody dropped by 1.3bps to 58.5bps as a result of the change in mix within the portfolios, whilst the MPS platform remained relatively stable when compared to the prior period. These include the Brooks Macdonald Investment Solutions offering that attracts relatively larger mandates, which benefit from discounted tiered rates.

The Funds fee yields reduced by 6.9bps to 48.8bps during the first half of the year. This was principally driven by the Cornelian Risk Managed Fund range moving onto a more competitive rate card in July 2022. As part of our growth strategy, we are targeting a significant increase in market share with advisers and networks that predominately use multi asset funds to deliver their investment offering.

International fee income yield reduced by 3.5bps to 72.6bps during the first half of the year as a result of the change in mix and the impact of the timing of inflows and outflows during the period. Non-fees income yield increased significantly by 11.3bps as a result of the rise in rates earned on both GBP and foreign currency account balances.

Underlying costs

Total underlying costs for the Group of £44.4 million were broadly in line with last year (H1 FY22: £44.3 million) and included £0.3 million in respect of the recent acquisitions of Integrity Wealth Solutions and Adroit Financial Planning.

Staff costs

Total staff costs decreased by 8.8% from £28.3 million to £25.8 million. Fixed staff costs increased by 7.5% to £21.5 million as a result of inflationary pay rises, the introduction of higher National Insurance rates in April 2022 and the cost of new hires from the recent two acquisitions..

Variable staff costs reduced by 48.2% to £4.3 million driven by the reduction in pre-variable pay profit and a small number of senior management exits. Within this, the share-based payments charge was down £0.9 million on the prior period due to lapses recognised in H1 FY23 and a reduction in the Group's share price impacting the associated employer national insurance contributions.

Non-staff costs

Non-staff costs amounted to £18.6 million, of which £0.1 million related to the recent acquisitions. Within this, the Group incurred £1.3 million in relation to terminated M&A processes and other one-off costs which are not expected to recur. Excluding the impact of these and the acquired costs, non-staff costs for the core business increased by £1.2 million or 7.5% on H1 FY22. During the period, the Group successfully migrated the Group's custody book onto the SS&C technology suite, delivering brand-new capabilities and supporting the Group's digital transformation whilst providing a scalable platform for future growth. The platform migration resulted in a net increase of £0.6 million in the go-live year, comprising £1.3 million additional spend on the enhanced capabilities, offset by a reduction in computer software amortisation of £0.7 million following the full amortisation in the prior year of the legacy operating platform technology.

Profit before tax

Combined, the above gave rise to an underlying profit before tax for the half year of £14.5 million, a decrease of 17.6% on the prior period (H1 FY22: £17.6 million) resulting in a profit margin of 24.6%, down by 3.8 points on last year (H1 FY22: 28.4%).

The Group's statutory profit before tax fell by £3.4 million to £9.8 million (H1 FY22: £13.2 million). A breakdown of the underlying adjustments together with an explanation of each is included on page 12.

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.

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 and net finance income	(11.2)	(3.7)	15.1	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%**

H1 FY22 (£m)	UK Investment Management	International	Group and consolidation	Total
Revenue	50.9	11.0	–	61.9
Direct costs	(20.1)	(6.2)	(18.0)	(44.3)
Operating contribution	30.8	4.8	(18.0)	17.6
Internal cost recharges	(11.9)	(3.9)	15.8	–
Underlying profit/(loss) before tax	18.9	0.9	(2.2)	17.6
Underlying adjustments	(2.2)	(0.7)	(1.5)	(4.4)
Statutory profit/(loss) before tax	16.7	0.2	(3.7)	13.2
Underlying profit margin before tax	37.1%	8.2%	n/a	28.4%
Statutory profit margin before tax	32.8%	1.8%	n/a	21.3%

Restatement of segmental view

Over the past 12 months, the Group has undertaken a wide-ranging review of its internal management information and management cost allocations. The new branch and team level performance reporting is driving a step change in performance management and business insight and transforms the Group's management information capabilities. As part of this change, the business has moved to team and branch level compensation models based on contribution. In order to ensure this change was delivering appropriate and equitable results, a detailed review of the cost structure and allocation methodology was carried out, which resulted in a more appropriate reflection of internal resource usage. As a result, the segmental results for the comparative period have been restated to ensure consistent reporting with the current period. The impact of this restatement has been an increase in Group allocations and recharges to the International business.

UKIM saw revenue fall by 4.1% to £48.8 million, driven by lower average FUM, whilst its total costs remained relatively flat on the prior period. This resulted in an underlying profit before tax of £16.9 million, down £2.0 million on the prior period and an underlying profit margin of 34.6%, a reduction of 2.5 points.

International revenue reduced by £0.9 million to £10.1 million as a result of lower average markets and the impact of outflows. Total costs increased marginally by 2.0% from £10.1 million to £10.3 million, driven primarily by higher legal costs. This resulted in the International segment recording an underlying loss of £0.2 million, down £1.1 million from the underlying profit of £0.9 million in H1 FY22. The continued investment in the Isle of Man branch in the current year resulted in an underlying loss of £0.3 million, which is included within the overall International loss of £0.2 million.

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 43 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 2022, with comparatives is shown in the following table:

	Six months to 31 Dec 2022 £m	Six months to 31 Dec 2021 £m	12 months to 30 Jun 2022 £m
Underlying profit before tax	**14.5**	17.6	34.5
Amortisation of client relationships	(2.8)	(2.7)	(5.5)
Dual running operating platform costs	(1.6)	(1.6)	(2.4)
Acquisition and integration-related costs	(0.3)	–	–
Changes in fair value and finance cost of deferred contingent consideration	–	(0.1)	(0.1)
Other non-operating income	–	–	3.0
Total underlying adjustments	**(4.7)**	(4.4)	(5.0)
Statutory profit before tax	**9.8**	13.2	29.5

Amortisation of client relationships (£2.8 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 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 10 of the Condensed consolidated financial statements for more details.

Dual running operating platform costs (£1.6 million charge)

The Group is in a partnership agreement with SS&C to transform our adviser and client service including the onboarding process and digital experience, as well as enhancing our operating platform. The migration 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 have been excluded from underlying profit in view of their non-recurring nature.

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

These represent costs incurred in relation to the acquisitions of Integrity Wealth Solutions on 31 October 2022 and Adroit Financial Planning on 15 December 2022. The costs incurred include stamp duty and legal fees.

FY22 Changes in fair value and finance cost of deferred contingent consideration (£0.1 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 15 of the Condensed consolidated financial statements for more details.

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

During the year ended 30 June 2022, the Group received confirmation from HMRC that the supply of certain Group services was exempt from VAT. As a result, the Group received a refund from HMRC in respect of VAT arising on those services over the period from 1 July 2017 to 30 June 2020 of £3.0 million.

Taxation

The Group's Corporation Tax charge on underlying profits for the period was £2.8 million (H1 FY22: £3.7 million) representing an effective tax rate of 19.0% (H1 FY22: 21.1%). The reduction is principally driven by an R&D credit arising on FY22 qualifying expenditure and recognised as a prior period tax adjustment in H1 FY23. The statutory Corporation Tax charge was £1.6 million, down 46.7% from the prior period (H1 FY22: £3.0 million).

Earnings per share

The Group's basic statutory earnings per share for the six months ended 31 December 2022 was 51.8p, which reduced by 13.7p from H1 FY22. On an underlying basis, basic earnings per share decreased by 16.0% to 74.4p (H1 FY22: 88.6p). Details on the basic and diluted earnings per share are provided in Note 8 of the Condensed consolidated financial statements.

Financial position and regulatory capital

The Group's financial position remains strong with net assets of £151.1 million at 31 December 2022 (H1 FY22: £140.3 million; FY22: £148.4 million). As at 31 December 2022, the Group had an own funds adequacy ratio of 267.8% (H1 FY22: 285.7%). 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 interim profits (net of the declared interim dividends) as these are deemed to be verified at the date of publication of the half year results.

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

The FY22 ICARA review was conducted for the year ended 30 June 2022 and signed off by the Board in December 2022. Regulatory capital forecasts are performed monthly and take into account expected dividends and intangible asset acquisitions and disposals where applicable, as well as budgeted and forecast trading results.

The Group's Pillar III disclosures are published annually on the Group's website (www.brooksmacdonald.com) and provide further details about the Group's regulatory capital resources and requirements. The Group monitors a range of capital and liquidity statistics on a daily and monthly basis.

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 28.0p (H1 FY22: 26.0p). This represents an increase of 7.7% compared to the previous period. The interim dividend will be paid on 6 April 2023 to shareholders on the register as at 10 March 2023. Refer to Note 9 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 2022 fell by £23.7 million from the 30 June 2022 to £37.6 million (H1 FY22: £45.7 million; FY22: £61.3 million). This reduction was contributed by the Group financing the recent acquisitions of Integrity Wealth Solutions and Adroit Financial Planning from its own resources, resulting in a net cash out flow of £14.9 million. Excluding this outflow, cash decreased by £8.8 million from 30 June 2022, with £7.0 million spent on the FY22 final dividend during the current period. The Group continued to have no borrowings at 31 December 2022.

During the six months ended 31 December 2022, the Group incurred capital expenditure of £2.3 million. This comprised technology-related development of £1.9 million and property-related costs of £0.4 million. The technology-related spend was primarily incurred in connection with our partnership with SS&C and amortisation started at the end of July 2022 following the successful migration, with the capital expenditure amortised over the remaining eight years of the ten-year agreement entered into with SS&C.

Condensed consolidated statement of comprehensive income

for the six months ended 31 December 2022

	Note	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
Revenue	4	**58,908**	61,941	122,210
Administrative costs		**(49,287)**	(48,517)	(95,288)
Gross profit		**9,621**	13,424	26,922
Other gains/(losses) - net	5	**2**	28	(55)
Operating profit		**9,623**	13,452	26,867
Finance income		**356**	16	68
Finance costs		**(135)**	(229)	(372)
Other non-operating income		**–**	–	2,983
Profit before tax		**9,844**	13,239	29,546
Taxation	6	**(1,657)**	(2,955)	(6,135)
Profit for the period attributable to equity holders of the Company		**8,187**	10,284	23,411
Other comprehensive income		**–**	–	–
Total comprehensive income for the period		**8,187**	10,284	23,411
Earnings per share				
Basic	8	**51.8p**	65.5p	149.0p
Diluted	8	**50.6p**	63.1p	144.4p

The accompanying notes on pages 18 to 42 form an integral part of these Condensed consolidated financial statements.

Condensed consolidated statement of financial position

as at 31 December 2022

	Note	31 Dec 2022 (unaudited) £'000	31 Dec 2021 (unaudited) £'000	30 Jun 2022 (audited) £'000
Assets				
Non-current assets				
Intangible assets	10	102,500	88,241	85,887
Property, plant and equipment	11	2,222	2,527	2,202
Right-of-use assets	12	4,663	5,229	4,971
Financial assets at fair value through other comprehensive income	13	500	500	500
Deferred tax assets	17	3,642	3,240	3,002
Total non-current assets		113,527	99,737	96,562
Current assets				
Trade and other receivables	13	32,844	29,769	30,473
Financial assets at fair value through profit or loss	13	786	867	784
Cash and cash equivalents	13	37,573	45,715	61,328
Total current assets		71,203	76,351	92,585
Total assets		184,730	176,088	189,147
Liabilities				
Non-current liabilities				
Other non-current liabilities	13	(400)	(785)	(570)
Lease liabilities	14	(3,641)	(4,545)	(4,075)
Deferred contingent consideration	15	(1,039)	–	–
Provisions	16	(304)	(265)	(326)
Deferred tax liabilities	17	(9,406)	(8,398)	(7,959)
Total non-current liabilities		(14,790)	(13,993)	(12,930)
Current liabilities				
Trade and other payables	13	(15,286)	(18,031)	(23,861)
Current tax liabilities	13	(128)	(118)	(833)
Lease liabilities	14	(2,008)	(1,437)	(1,952)
Deferred contingent consideration	15	(333)	(321)	(327)
Provisions	16	(1,099)	(1,933)	(819)
Total current liabilities		(18,854)	(21,840)	(27,792)
Net assets		151,086	140,255	148,425
Equity				
Share capital	19	163	162	162
Share premium	19	80,240	78,931	79,141
Other reserves		10,364	9,801	9,962
Retained earnings		60,319	51,361	59,160
Total equity		151,086	140,255	148,425

The Condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 1 March 2023, signed on their behalf by:

Andrew Shepherd
CEO

Company registration number: 4402058

The accompanying notes on pages 18 to 42 form an integral part of these Condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

for the six months ended 31 December 2022

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 30 June 2021		**161**	**78,703**	**8,467**	**46,672**	**134,003**
Comprehensive income						
Profit for the period		–	–	–	10,284	10,284
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	10,284	10,284
Transactions with owners						
Issue of ordinary shares	19	1	228	–	–	229
Share-based payments		–	–	2,161	–	2,161
Share options exercised		–	–	(1,957)	1,957	–
Purchase of own shares by employee benefit trust		–	–	–	(1,300)	(1,300)
Tax on share options		–	–	1,130	–	1,130
Dividends paid	9	–	–	–	(6,252)	(6,252)
Total transactions with owners		1	228	1,334	(5,595)	(4,032)
Balance at 31 December 2021		**162**	**78,931**	**9,801**	**51,361**	**140,255**
Comprehensive income						
Profit for the period		–	–	–	13,127	13,127
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	13,127	13,127
Transactions with owners						
Issue of ordinary shares	19	–	210	–	–	210
Share-based payments		–	–	618	–	618
Share options exercised		–	–	(537)	537	–
Purchase of own shares by employee benefit trust		–	–	–	(1,800)	(1,800)
Tax on share options		–	–	80	–	80
Dividends paid	9	–	–	–	(4,065)	(4,065)
Total transactions with owners		–	210	161	(5,328)	(4,957)
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 options 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	9	–	–	–	(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**

The accompanying notes on pages 18 to 42 form an integral part of these Condensed consolidated financial statements.

Condensed consolidated statement of cash flows

for the six months ended 31 December 2022

	Note	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
Cash flow from operating activities				
Cash generated from operations	18	5,515	10,485	32,826
Corporation Tax paid		(2,605)	(2,843)	(5,269)
Tax refund		–	–	2,983
Net cash generated from operating activities		2,910	7,642	30,540
Cash flows from investing activities				
Purchase of computer software	10	(1,911)	(2,240)	(2,912)
Purchase of property, plant and equipment	11	(414)	(200)	(289)
Purchase of financial assets at fair value through profit or loss		–	–	(215)
Deferred contingent consideration paid	15	–	(6,000)	(6,000)
Consideration paid	7	(14,865)	–	–
Interest received		356	16	68
Net cash used in investing activities		(16,834)	(8,424)	(9,348)
Cash flows from financing activities				
Dividends paid to shareholders	9	(7,022)	(6,252)	(10,317)
Payment of lease liabilities	14	(1,109)	(1,079)	(1,785)
Proceeds of issue of shares	19	1,100	229	439
Shares issued as consideration	7	(1,000)	–	–
Purchase of own shares by Employee Benefit Trust	19	(1,800)	(1,300)	(3,100)
Net cash used in financing activities		(9,831)	(8,402)	(14,763)
Net (decrease)/increase in cash and cash equivalents		(23,755)	(9,184)	6,429
Cash and cash equivalents at beginning of period		61,328	54,899	54,899
Cash and cash equivalents at end of period		37,573	45,715	61,328

The accompanying notes on pages 18 to 42 form an integral part of these Condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

for the six months ended 31 December 2022

1. General information

Brooks Macdonald Group plc (the "Company") is the Parent Company of a group of companies (the "Group"), which offers a range of investment management services to private high net worth individuals, pension funds, institutions, charities and trusts. The Group also provides financial planning as well as international investment management, and acts as fund manager to a range of onshore and international funds.

The Company is a public limited company, 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 1 March 2023. 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 Standard 34, 'Interim Financial Reporting'. The Financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and deferred contingent consideration such that they are measured at their fair value.

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 2022 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 2022, which are prepared in accordance with UK-adopted International Accounting Standards.

At the time of approving the Financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these Financial statements.

Developments in reporting standards and interpretations

Standards and interpretations adopted during the current reporting period

In the six months ended 31 December 2022, 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 2022 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.

2. Accounting policies continued

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 2022.

In the six months ended 31 December 2022, 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.

- COVID-19-related Rent Concessions (Amendment to IFRS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020.

c) Critical accounting judgements and key sources of estimation and uncertainty

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 2022.

During the period, the Group acquired the entire share capital of Integrity Wealth Bidco Limited and Integrity Wealth (Holdings) Limited. The Group accounted for the transaction as a business combination, as set out in Note 7. The payment of certain elements of consideration was deferred, contingent on future revenue targets being met by the acquired business. The Group continues to monitor the forecast of consideration payable. A provision for the expected consideration has been made.

Under the terms of the agreement, the deferred contingent consideration can be a maximum possible payment of up to £2,500,000. Management's best estimate of this award at 31 December 2022 was £1,275,000, based on forecast future revenues. The maximum award of £2,500,000, would result in an increase in fair value and charge to the Condensed statement of comprehensive income for the period to 31 December 2022 of £998,000.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

3. Segmental information

For management purposes, the Group's activities are organised into two operating divisions: UK Investment Management and International. These divisions are the basis on which the Group reports its primary segmental information to the Executive Committee, 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, and also provides 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 Isle of Man, offering a similar range of investment management and financial planning services as the UK Investment Management segment.

Following the acquisitions of Integrity Wealth Solutions Limited and Adroit Financial Planning Limited (Note 7), the activities since the two acquisitions were completed have been included in 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. Transactions 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 December 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)	–	–
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**

As at 31 December 2022 (unaudited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total assets	88,078	27,691	68,961	184,730
Total liabilities	25,266	2,823	5,555	33,644
Net assets	**62,812**	**24,868**	**63,406**	**151,086**

3. Segmental information continued

Six months ended 31 December 2021 (unaudited)[1]	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total segment revenue	53,700	11,057	–	64,757
Inter-segment revenue	(2,816)	–	–	(2,816)
External revenue	50,884	11,057	–	61,941
Underlying administrative costs	(20,055)	(6,235)	(17,918)	(44,208)
Operating contribution	30,829	4,822	(17,918)	17,733
Allocated costs	(11,763)	(3,889)	15,652	–
Net finance (cost)/income	(96)	(18)	14	(100)
Underlying profit/(loss) before tax	18,970	915	(2,252)	17,633
Amortisation of client relationship contracts	(792)	(513)	(1,416)	(2,721)
Dual running costs of operating platform	(1,387)	(202)	–	(1,589)
Finance cost of deferred contingent consideration	–	(6)	(78)	(84)
Profit/(loss) mark-up on Group allocated costs	134	(134)	–	–
Profit/(loss) before tax	16,925	60	(3,746)	13,239
Taxation				(2,955)
Profit for the period attributable to equity holders of the Company				10,284

1 As discussed in the Interim management report, the segmental results for the six months ended 31 December 2021 have been restated to be consistent with the current period. For the six months ended 31 December 2021, the reported UKIM segment allocated costs have changed from £13,862,000 to £11,763,000, a movement of £2,099,000, and underlying profit before tax changed from £16,871,000 to £18,970,000, a movement of £2,099,000. The reported International segment underlying administrative costs changed from £6,852,000 to £6,235,000, a movement of £617,000, allocated costs changed from £1,790,000 to £3,889,000, a movement of £2,099,000, and underlying profit before tax changed from £2,397,000 to £915,000, a movement of £1,482,000. The reported Group segment underlying administrative costs changed from £17,301,000 to £17,918,000, a movement of £617,000, and underlying loss before tax changed from £1,635,000 to £2,252,000, a movement of £617,000.

As at 31 December 2021 (unaudited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total assets	88,823	32,171	55,094	176,088
Total liabilities	29,025	3,431	3,377	35,833
Net assets	59,798	28,740	51,717	140,255

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

3. Segmental information continued

Year ended 30 June 2022 (audited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total revenue	105,550	21,156	–	126,706
Inter-segment revenue	(4,496)	–	–	(4,496)
External revenue	101,054	21,156	–	122,210
Underlying administrative costs	(43,469)	(14,016)	(29,932)	(87,417)
Operating contribution	57,585	7,140	(29,932)	34,793
Allocated costs	(25,129)	(3,152)	28,281	–
Net finance costs	(254)	(15)	–	(269)
Underlying profit/(loss) before tax	32,202	3,973	(1,651)	34,524
Amortisation of client relationship contracts	(1,586)	(1,025)	(2,832)	(5,443)
Other non-operating income	2,983	–	–	2,983
Dual running costs of operating platform	(2,119)	(309)	–	(2,428)
Finance cost of deferred contingent consideration	–	(12)	(78)	(90)
Profit/(loss) mark-up on Group allocated costs	214	(214)	–	–
Profit/(loss) before tax	31,694	2,413	(4,561)	29,546
Taxation				(6,135)
Profit for the period attributable to equity holders of the Company				23,411

As at 30 June 2022 (audited)	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total assets	96,749	30,561	61,837	189,147
Total liabilities	32,198	4,372	4,152	40,722
Net assets	64,551	26,189	57,685	148,425

4. Revenue

Six months ended 31 December 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

Six months ended 31 December 2021 (unaudited)	UK Investment Management £'000	International £'000	Total £'000
Investment management fees	36,682	6,948	43,630
Transactional income	5,074	1,222	6,296
Fund management fees	6,594	2,368	8,962
Wealth management fees	2,180	463	2,643
Interest turn	352	56	408
Other income	2	–	2
Total revenue	50,884	11,057	61,941

Year ended 30 June 2022 (audited)	UK Investment Management £'000	International £'000	Total £'000
Investment management fees	70,161	13,182	83,343
Transactional income	12,209	2,491	14,700
Fund management fees	13,187	4,441	17,628
Wealth management fees	4,082	832	4,914
Interest turn	1,377	210	1,587
Other income	38	–	38
Total revenue	101,054	21,156	122,210

Investment management fees

Investment management fees are earned for the management services provided to clients. Fees are billed quarterly in arrears but are recognised over the period the service is provided. Fees are calculated based on a percentage of the value of the portfolio at the billing date. Fees are only recognised when the fee amount can be estimated reliably, and it is probable that the fee will be received. Amounts are shown net of rebates paid to significant investors.

Performance fees are earned from some clients when contractually agreed performance levels are exceeded within specified performance measurement periods. They are only recognised at the end of these performance periods, when a reliable estimate of the fee can be made and is virtually certain that it will be received.

Transactional income

Transactional income is earned through dealing and admin charges levied on trades at the time a deal is placed for a client. Revenue is recognised at the point of the trade being placed.

Foreign exchange trading fees are also included, that are charged on client trades placed in non-base currencies, and therefore requiring a foreign currency exchange in order to action the trade. Revenue is recognised at the point of the trade being placed.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

4. Revenue continued

Fund management fees

Fund management fees are earned for the management services provided to several Open-Ended Investment Companies ("OEICs"). Fees are billed monthly in arrears but are recognised over the period the service is provided. Fees are calculated daily based on a percentage of the value of each fund. Fees are only recognised when the fee amount can be estimated reliably, and it is probable that the fee will be received. Amounts are shown net of rebates paid to significant investors.

Wealth management fees

Wealth management fees relate to fees for the provision of financial advice. Fees are charged to clients using an hourly rate, by a fixed fee arrangement, or by a fund-based arrangement whereby fees are calculated based on a percentage of the value of the portfolio at the billing date. All fees are recognised over the period the service is provided. Commissions receivable and payable are accounted for in the period in which they are earned.

Interest turn

Interest turn is bank interest earned on client cash deposits. Income is recognised over the period for which the deposit is held with the bank. Amounts shown are net of any interest passed on to clients.

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 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
United Kingdom	48,787	50,884	101,054
Channel Islands	10,050	11,057	21,079
Isle of Man	71	-	77
Total revenue	**58,908**	61,941	122,210

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 impairment of intangible assets recognised in the Condensed consolidated statement of comprehensive income.

	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
Changes in fair value of financial assets at fair value through profit or loss (Note 13)	2	28	(55)
Total other gains/(losses) - net	**2**	28	(55)

6. Taxation

The current tax expense for the six months ended 31 December 2022 was calculated based on the Corporation Tax rate of 20.5%, applied to the taxable profit for the six months ended 31 December 2022 (six months ended 31 December 2021: 19.0%; year ended 30 June 2022: 19.0%).

	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
UK Corporation Tax	2,806	2,816	6,441
Over provision in prior years	(830)	–	(307)
Total current taxation	1,976	2,816	6,134
Deferred tax credits	(194)	(73)	(211)
(Over)/under provision of deferred tax in prior years	(125)	212	212
Total income tax expense	1,657	2,955	6,135

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 December 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%

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for the six months ended 31 December 2022

6. Taxation continued

Six months ended 31 December 2021 (unaudited)	Underlying profit £'000	Underlying profit adjustments £'000	Statutory profit £'000
Profit before taxation	17,633	(4,394)	13,239
Profit multiplied by the standard rate of tax in the UK of 19.0%	3,350	(835)	2,515
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
– Non-taxable income	(3)	-	(3)
– Disallowable expenses	171	(15)	156
– Under provision of deferred tax in prior years	212	-	212
– Depreciation and amortisation	107	77	184
– Share-based payments	97	-	97
– Overseas tax losses not available for UK tax purposes	(206)	-	(206)
Income tax expense	3,728	(773)	2,955
Effective tax rate	21.1%	n/a	22.3%

Year ended 30 June 2022 (audited)	Underlying profit £'000	Underlying profit adjustments £'000	Statutory profit £'000
Profit before taxation	34,524	(4,978)	29,546
Profit multiplied by the standard rate of tax in the UK of 19.0%	6,560	(946)	5,614
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
– Depreciation and amortisation	609	(207)	402
– Non-taxable income	(8)	-	(8)
– Overseas tax losses not available for UK tax purposes	(293)	-	(293)
– Disallowable expenses	309	15	324
– Lower tax rates in other jurisdictions in which the Group operates	(201)	92	(109)
– Share-based payments	315	-	315
– Over provision in prior periods	(110)	-	(110)
Income tax expense	7,181	(1,046)	6,135
Effective tax rate	20.8%	n/a	20.8%

On 11 March 2021, it was outlined in the Finance Bill 2021, and substantively enacted having received royal ascent on 24 May 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 2022 is 20.5% (six months ended 31 December 2021: 19.0%; year ended 30 June 2022: 19.0%). Deferred tax assets and liabilities are calculated at the rate that is expected to be in force when the temporary differences unwind.

7. Business combinations

Integrity

On 31 October 2022, the Group acquired Integrity Wealth Bidco Limited and Integrity Wealth (Holdings) Limited, together with its subsidiary Integrity Wealth Solutions Limited (IWS), (collectively "Integrity"). The acquisition brings a successful and rapidly growing Independent Financial Adviser ("IFA") business into the Group and brings scale to the Group's Private Clients business, adding distinctive expertise in their specialist area. The acquisition consisted of acquiring 100% of the issued share capital of Integrity Wealth (Holdings) Limited and Integrity Wealth Bidco Limited (intermediate holding company), which was funded through existing financial resources.

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.

The fair value of the deferred contingent consideration liability has been remeasured at 31 December 2022, and remains unchanged. The revenue has been forecast using previous revenue growth assumptions and aligned to the Group's Medium-Term Plan ("MTP"). The revenue growth is dependent on several unpredictable variables, including client sentiment and market conditions.

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 in (a) 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.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

7. 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 (a) 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

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	17,888
Less shares issued as consideration	(1,000)
Less deferred cash contingent consideration at fair value	(1,026)
Cash paid to acquire business combinations	15,862
Less cash held by acquired entities	(997)
Net cash outflow – investing activities	**14,865**

8. 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 earnings per share as reported in these Condensed consolidated financial statements were as follows:

	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
Earnings attributable to ordinary shareholders	**8,187**	10,284	23,411
Underlying adjustments			
Amortisation of acquired client relationship contracts (Note 10)	**2,757**	2,721	5,443
Dual running costs of operating platform	**1,611**	1,589	2,428
Acquisition-related costs	**267**	–	–
Finance cost of deferred contingent consideration (Note 15)	**19**	84	90
Other non-operating income	**–**	–	(2,983)
Tax impact of adjustments (Note 6)	**(1,096)**	(773)	(1,046)
Underlying earnings attributable to ordinary shareholders	**11,745**	13,905	27,343

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.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

8. Earnings per share continued

The weighted average number of shares in issue during the six months ended 31 December 2022 were as follows:

	Six months ended 31 Dec 2022 (unaudited) Number of shares	Six months ended 31 Dec 2021 (unaudited) Number of shares	Year ended 30 Jun 2022 (audited) Number of shares
Weighted average number of shares in issue	**15,791,432**	15,691,468	15,707,706
Effect of dilutive potential shares issuable on exercise of employee share options	**398,960**	595,775	502,259
Diluted weighted average number of shares in issue	**16,190,392**	16,287,243	16,209,965

	Six months ended 31 Dec 2022 (unaudited) p	Six months ended 31 Dec 2021 (unaudited) p	Year ended 30 Jun 2022 (audited) p
Based on reported earnings:			
Basic earnings per share	**51.8**	65.5	149.0
Diluted earnings per share	**50.6**	63.1	144.4
Based on underlying earnings:			
Basic earnings per share	**74.4**	88.6	174.1
Diluted earnings per share	**72.5**	85.4	168.7

9. Dividends

	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
Final dividend paid on ordinary shares	**7,022**	6,252	6,251
Interim dividend paid on ordinary shares	**–**	–	4,066
Total dividends	**7,022**	6,252	10,317

An interim dividend of 28.0p (six months ended 31 December 2021: 26.0p) per share was declared by the Board of Directors on 1 March 2023. It will be paid on 6 April 2023 to shareholders who are on the register at the close of business on 10 March 2023. In accordance with IAS 10, this dividend has not been included as a liability in the Condensed consolidated financial statements at 31 December 2022.

A final dividend for the year ended 30 June 2022 of 45.0p (year ended 30 June 2021: 40.0p) per share was paid to shareholders on 4 November 2022.

10. Intangible assets

	Goodwill £'000	Computer software £'000	Acquired client relationship contracts £'000	Contracts acquired with fund managers £'000	Total £'000
Cost					
At 30 June 2021	51,887	11,398	70,011	3,521	136,817
Additions	–	2,240	–	–	2,240
At 31 December 2021	51,887	13,638	70,011	3,521	139,057
Additions	–	672	–	–	672
Disposals	–	(7,380)	–	–	(7,380)
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**
Accumulated amortisation and impairment					
At 30 June 2021	11,213	6,152	26,034	3,521	46,920
Amortisation charge	–	1,175	2,721	–	3,896
At 31 December 2021	11,213	7,327	28,755	3,521	50,816
Amortisation charge	–	304	2,722	–	3,026
Accumulated amortisation on disposals	–	(7,380)	–	–	(7,380)
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**
Net book value					
At 30 June 2021	40,674	5,246	43,977	–	89,897
At 31 December 2021	40,674	6,311	41,256	–	88,241
At 30 June 2022	40,674	6,679	38,534	–	85,887
At 31 December 2022	**53,160**	**8,089**	**41,251**	**–**	**102,500**

10. 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 2022 (unaudited) £'000	31 Dec 2021 (unaudited) £'000	30 Jun 2022 (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")	21,243	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	–	–
Adroit			
Adroit Financial Planning Limited ("Adroit")	8,541	–	–
Total goodwill	53,160	40,674	40,674

During the six months ended 31 December 2022, the Group acquired goodwill of £3,945,000 and £8,541,000 in relation to the acquisitions of Integrity and Adroit respectively (Note 7).

The International CGU incurred a loss for the six months ended 31 December 2022 (Note 3), which triggered an impairment indicator. As a result, the Group conducted an impairment review of the International CGU as at 31 December 2022. The International CGU recoverable amount was calculated as £53,492,000 at 31 December 2022, giving a surplus over the International CGU carrying amount of £30,573,000 indicating that there is no impairment. The key underlying assumptions of the calculation are the discount rate, the medium-term growth in earnings and the long-term growth rate of the business. A pre-tax discount rate of 13% has been used, based on the Group's assessment of the risk-free rate of interest and specific risks relating to Brooks Macdonald International.

There were no indicators that the carrying amount of goodwill in relation to any of the Group's other CGUs should be impaired, therefore no further calculations regarding recoverability have performed.

b) Computer software

Computer software costs are amortised on a straight-line basis over an estimated useful lives (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, 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).

During the six months ended 31 December 2022, the Group acquired client relationship contracts totalling £2,543,000 and £2,931,000, as part of the Integrity and Adroit acquisitions respectively (Note 7), which were recognised as separately identifiable intangible assets in the Condensed consolidated statement of financial position, with useful economic lives of 15 years.

11. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	IT equipment £'000	Total £'000
Cost				
At 30 June 2021	2,630	724	1,942	5,296
Additions	95	16	89	200
At 31 December 2021	2,725	740	2,031	5,496
Additions	51	12	26	89
Disposals	(88)	(11)	(811)	(910)
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**
Accumulated depreciation				
At 30 June 2021	773	423	1,344	2,540
Depreciation charge	206	50	173	429
At 31 December 2021	979	473	1,517	2,969
Depreciation charge	240	51	123	414
Depreciation on disposals	(88)	(11)	(811)	(910)
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**
Net book value				
At 30 June 2021	1,857	301	598	2,756
At 31 December 2021	1,746	267	514	2,527
At 30 June 2022	1,557	228	417	2,202
At 31 December 2022	**1,667**	**228**	**327**	**2,222**

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

12. Right-of-use assets

	Cars £'000	Property £'000	Total £'000
Cost			
At 30 June 2021	–	9,092	9,092
Additions	47	–	47
At 31 December 2021	47	9,092	9,139
Additions	281	333	614
At 30 June 2022	328	9,425	9,753
Additions	272	334	606
At 31 December 2022	**600**	**9,759**	**10,359**
Accumulated depreciation			
At 30 June 2021	–	3,113	3,113
Depreciation charge	2	795	797
At 31 December 2021	2	3,908	3,910
Depreciation charge	35	837	872
At 30 June 2022	37	4,745	4,782
Depreciation charge	67	847	914
At 31 December 2022	**104**	**5,592**	**5,696**
Net book value			
At 30 June 2021	–	5,979	5,979
At 31 December 2021	45	5,184	5,229
At 30 June 2022	291	4,680	4,971
At 31 December 2022	**496**	**4,167**	**4,663**

13. 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 2022 (unaudited) £'000	31 Dec 2021 (unaudited) £'000	30 Jun 2022 (audited) £'000
Financial assets			
Financial assets at fair value through profit or loss:			
– Investment in regulated OEICs	786	867	784
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	32,844	29,769	30,473
– Cash and cash equivalents	37,573	45,715	61,328
Total financial assets	71,703	76,851	93,085
Financial liabilities			
Financial liabilities at fair value through profit or loss:			
– Deferred contingent consideration (Note 15)	1,372	321	327
Financial liabilities at amortised cost:			
– Trade and other payables	15,286	18,031	23,861
– Current tax liabilities	128	118	833
– Provisions (Note 16)	1,403	2,198	1,145
– Lease liabilities (Note 14)	5,649	5,982	6,027
– Other non-current liabilities	400	785	570
Total financial liabilities	24,238	27,435	32,763

The table below 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.

There have been no transfers of assets or liabilities between any levels of the fair value hierarchy used in measuring the fair value of financial instruments in the current and previous periods.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

13. Financial instruments continued

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
At 1 July 2021	624	–	500	1,124
Additions	215	–	–	215
Net changes in fair value	28	–	–	28
At 31 December 2021	867	–	500	1,367
Net changes in fair value	(83)	–	–	(83)
At 30 June 2022	784	–	500	1,284
Net changes in fair value	2	–	–	2
At 31 December 2022	**786**	**–**	**500**	**1,286**
Comprising:				
Financial assets at fair value through other comprehensive income	–	–	500	500
Financial assets at fair value through profit and loss	786	–	–	786
Total financial assets	**786**	**–**	**500**	**1,286**

At 31 December 2022, 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. The Group's holding in the SVS Cornelian Risk Managed Passive Funds at 31 December 2022 was £588,000.

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 2022, the Group recognised a gain on these investments of £2,000. The Group's holding in the Blueprint Multi Asset Fund range at 31 December 2022 was £198,000.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial liabilities				
At 1 July 2021	–	–	6,237	6,237
Finance cost of deferred contingent consideration	–	–	84	84
Payments made during the period	–	–	(6,000)	(6,000)
At 31 December 2021	–	–	321	321
Finance cost of deferred contingent consideration	–	–	6	6
At 30 June 2022	–	–	327	327
Additions	–	–	1,026	1,026
Finance cost of deferred contingent consideration	–	–	19	19
At 31 December 2022	**–**	**–**	**1,372**	**1,372**
Comprising:				
Deferred contingent consideration (Note 15)	–	–	1,372	1,372
Total financial liabilities	**–**	**–**	**1,372**	**1,372**

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 15.

14. Lease liabilities

	Cars £'000	Property £'000	Total £'000
At 30 June 2021	–	6,869	6,869
Additions	47	–	47
Payments made against lease liabilities	(2)	(1,077)	(1,079)
Finance cost of lease liabilities	–	145	145
At 31 December 2021	45	5,937	5,982
Additions	281	333	614
Payments made against lease liabilities	(39)	(667)	(706)
Finance cost of lease liabilities	5	132	137
At 30 June 2022	292	5,735	6,027
Additions	272	334	606
Payments made against lease liabilities	(69)	(1,040)	(1,109)
Finance cost of lease liabilities	8	117	125
At 31 December 2022	**503**	**5,146**	**5,649**
Analysed as:			
Amounts falling due within one year	165	1,843	2,008
Amounts falling due after more than one year	338	3,303	3,641
Total lease liabilities	**503**	**5,146**	**5,649**

15. 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 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
At beginning of period	327	6,237	6,237
Additions	1,026	–	–
Finance cost of deferred contingent consideration	19	84	90
Payments made during the period	–	(6,000)	(6,000)
At end of period	1,372	321	327
Analysed as:			
Amounts falling due within one year	333	321	327
Amounts falling due after more than one year	1,039	–	–
At end of period	1,372	321	327

During the year ended 30 June 2021, the Group completed the Lloyds Channel Islands acquisition and part of the consideration was to be deferred over a period of two years to 30 November 2022. The deferred contingent criteria was met for the period and therefore the full £333,000 deferred contingent consideration is due, which was paid shortly after the 31 December 2022 reporting period.

During the six months ended 31 December 2022, the Group completed the Integrity acquisition (Note 7) and part of the consideration is to be deferred over a period of three years. The deferred consideration is payable at the end of November 2025 based on the future revenue of the business acquired. The estimated fair value of the deferred contingent consideration at acquisition was £1,026,000. During the period from acquisition to 31 December 2022, the Group recognised a finance cost of £12,000 on the Integrity deferred contingent consideration. The fair value of the Integrity deferred contingent consideration at 31 December 2022 was £1,039,000.

Deferred contingent consideration is classified as Level 3 within the fair value hierarchy, as defined in Note 13. The key inputs in estimating the deferred contingent consideration include forecast outcomes and an estimated implied borrowing rate. If the implied borrowing rate increased by 2%, the deferred contingent consideration at 31 December 2022 would decrease by £53,000.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

16. Provisions

	Client compensation £'000	Exceptional costs of resolving legacy matters £'000	Regulatory levies £'000	Leasehold dilapidations £'000	Tax-related £'000	Total £'000
At 30 June 2021	–	600	1,245	413	–	2,258
Charged to the Condensed consolidated statement of comprehensive income	160	–	–	65	162	387
Transfer from trade and other payables	–	–	–	–	1,217	1,217
Utilised during the period	(126)	–	(1,145)	(113)	(280)	(1,664)
At 31 December 2021	34	600	100	365	1,099	2,198
Charged to the Condensed consolidated statement of comprehensive income	238	–	1,304	61	–	1,603
Utilised during the period	(160)	(600)	(1,018)	(59)	(819)	(2,656)
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**
Analysed as:						
Amounts falling due within one year	699	–	2	118	280	1,099
Amounts falling due after more than one year	–	–	–	304	–	304
Total provisions	**699**	**–**	**2**	**422**	**280**	**1,403**

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 2022, provisions include an amount of £2,000 (at 31 December 2021: £100,000; at 30 June 2022: £386,000) 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.

17. 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.

	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
Deferred tax assets			
Deferred tax assets to be settled after more than one year	2,031	2,200	1,486
Deferred tax assets to be settled within one year	1,611	1,040	1,516
Total deferred tax assets	3,642	3,240	3,002
Deferred tax liabilities			
Deferred tax liabilities to be settled after more than one year	(8,522)	(7,958)	(7,019)
Deferred tax liabilities to be settled within one year	(884)	(440)	(940)
Total deferred tax liabilities	(9,406)	(8,398)	(7,959)

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

	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
At the start of the period	(4,957)	(6,166)	(6,166)
Additional liability on acquisition of client relationship intangible assets (Note 7)	(1,369)	–	–
Charge to the Condensed consolidated statement of comprehensive income	319	(139)	(1)
Credit recognised in equity	243	1,130	1,210
Adjustment on acquisition of business combination	–	17	–
At the end of the period	(5,764)	(5,158)	(4,957)

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 2021	1,856	641	29	210	2,736
(Under)/over provision in prior years	–	(260)	48	–	(212)
Charged to the Condensed consolidated statement of comprehensive income	(234)	(154)	(11)	(15)	(414)
Credit to equity	1,130	–	–	–	1,130
At 31 December 2021	2,752	227	66	195	3,240
Charge to the Condensed consolidated statement of comprehensive income	(165)	(94)	(1)	(58)	(318)
Credit to equity	80	–	–	–	80
At 30 June 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

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

17. Deferred income tax continued

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.

	Accelerated capital allowances on research and development £'000	Intangible asset amortisation £'000	Total £'000
Deferred tax liabilities			
At 1 July 2021	452	8,450	8,902
Credit to the Condensed consolidated statement of comprehensive income	(69)	(435)	(504)
At 31 December 2021	383	8,015	8,398
Charge/(credit) to the Condensed consolidated statement of comprehensive income	6	(445)	(439)
At 30 June 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**

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

	Six months ended 31 Dec 2022 (unaudited) £'000	Six months ended 31 Dec 2021 (unaudited) £'000	Year ended 30 Jun 2022 (audited) £'000
Operating profit before tax	**9,623**	13,452	26,867
Adjustments for:			
– Depreciation of property, plant and equipment	394	429	843
– Depreciation of right-of-use assets	914	797	1,669
– Amortisation of intangible assets	3,258	3,896	6,922
– Other (losses)/gains - net	(2)	(28)	55
– Increase in receivables	(1,193)	(1,320)	(2,024)
– Decrease in payables	(9,004)	(9,079)	(3,194)
– Decrease in provisions	(258)	(60)	(1,113)
– Increase in other non-current liabilities	(170)	237	22
– Share-based payments charge	1,953	2,161	2,779
Net cash inflow from operating activities	**5,515**	10,485	32,826

19. Share capital and share premium

The movements in share capital and share premium during the six months ended 31 December 2022 were as follows:

	Number of shares	Exercise price p	Share capital £'000	Share premium £'000	Total £'000
At 30 June 2021	16,181,138		161	78,703	78,864
Shares issued:					
– on exercise of options	6,886	2,360.0 - 2,640.0	-	120	120
– to Sharesave Scheme	2,517	2,310.0 - 2,740.0	1	108	109
At 31 December 2021	16,190,541		162	78,931	79,093
Shares issued:					
– on exercise of options	-	1,629.8 - 2,260.0	-	-	-
– to Sharesave Scheme	15,001	1,400.0 - 2,300.0	-	210	210
At 30 June 2022	16,205,542		162	79,141	79,303
Shares issued:					
– on exercise of options	-	-	-	-	-
– 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**

The total number of ordinary shares issued and fully paid at 31 December 2022 was 16,264,756 (at 31 December 2021: 16,190,541; at 30 June 2022: 16,205,542).

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 2022, the EBT held 552,889 (at 31 December 2021: 534,461; at 30 June 2022: 580,806) 1p ordinary shares in the Company, acquired for a total consideration of £15,900,000 (at 31 December 2021: £12,300,000; at 30 June 2022: £14,100,000) with a market value of £11,700,000 (at 31 December 2021: £14,270,000; at 30 June 2022: £12,923,000). They are classified as treasury shares in the Condensed consolidated statement of financial position, 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 2022 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	**-**	**1,696 - 1,822**	**233,885**

No options were granted in respect of the Company's other equity-settled share-based payment schemes during the six months ended 31 December 2022. The charge to the Condensed consolidated statement of comprehensive income for the six months ended 31 December 2022 in respect of all equity-settled share-based payment schemes was £1,953,000 (six months ended 31 December 2021: £2,161,000; year ended 30 June 2022: £2,779,000).

21. Related party transactions

There were no related party transactions during the six months ended 31 December 2022 and no balances outstanding at 31 December 2022 owed to or from related parties.

Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2022

22. Guarantees and contingent liabilities

In the normal course of business, the Group is exposed to certain legal issues that, 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.

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. Additional levies by the FSCS may give rise to further obligations based on the Group's income in the current or previous years. Nevertheless, the ultimate cost to the Group of these levies remains uncertain and is dependent upon future claims resulting from institutional failures.

There remains one outstanding claim against Brooks Macdonald Asset Management (International) Limited relating to legacy matters. With reference to the exemption in IAS 37 paragraph 92, the Group will not disclose any further information about the possible obligation arising from the outstanding claim. The disclosure of such information could prejudice seriously the position of and result in financial losses to the Group.

23. Principal risks and uncertainties

During the six months ended 31 December 2022 the principal risks and uncertainties facing the Group have been reviewed by management, and no additional emerging risks have been identified. The Group risks are in line with those disclosed and included within the Group's Annual Report and Accounts for the year ended 30 June 2022.

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 that 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 APM compared to IFRS measures. For an adjustment to be excluded from underlying profit as an APM 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 that 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 12 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 6 Taxation.
Underlying earnings / Underlying profit after tax	Total comprehensive income	Calculated as underlying profit before tax less the underlying tax charge. See Note 8 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 8 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 8 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 that 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 10 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 that 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.

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
1 March 2023

Independent review report to Brooks Macdonald Group plc

for the six months ended 31 December 2022

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 2022 (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 2022;
- 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 for the six months period ended 31 December 2022 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 for the six months period ended 31 December 2022, 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 for the six months period ended 31 December 2022 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 for the six months period ended 31 December 2022, 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 for the six months period ended 31 December 2022 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
1 March 2023

Further information

Directors

Richard Price	Acting Chairman
Andrew Shepherd	CEO
Robert Burgess	Non-Executive Director
Dagmar Kershaw	Non-Executive Director
John Linwood	Non-Executive Director

Financial calendar

Interim results announced	2 March 2023
Ex-dividend date for interim dividend	9 March 2023
Record date for interim dividend	10 March 2023
Payment date of interim dividend	6 April 2023

Company information

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Glossary

Abbreviation	Definition
Adroit	Adroit Financial Planning Limited
AIM	Alternative Investment Market
AMC	Annual Management Charges
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
BPS	Bespoke Portfolio Service
Braemar	Braemar Group Limited
CGU	Cash-Generating Unit
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
CSR	Corporate Social Responsibility
DCF	Defensive Capital Fund
EBT	Employee Benefit Trust
EU	European Union
FCA	UK Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FY22	Year ended 30 June 2022
Group	Brooks Macdonald Group plc and its controlled entities
H1 FY21	Six months ended 31 December 2020
H1 FY22	Six months ended 31 December 2021
H1 FY23	Six months ended 31 December 2022
HMRC	HM Revenue and Customs
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 Channel Islands
IT	Information Technology
Lloyds Channel Islands	Lloyds Banking Group's Channel Islands wealth management and funds business
M&A	Mergers and acquisitions
MPS	Managed Portfolio Service
MTP	Medium-Term Plan
OEIC	Open-Ended Investment Company
PIMFA	Personal Investment Management & Financial Advice Association
PMPS	Platform Managed Portfolio Service
RIS	Responsible Investment Service
ROU	Right-of-use asset
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 2022 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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