



BROOKS MACDONALD

Realising  
**ambitions**  
Securing  
**futures**

Interim Report and Accounts  
for the six months ended  
31 December 2020

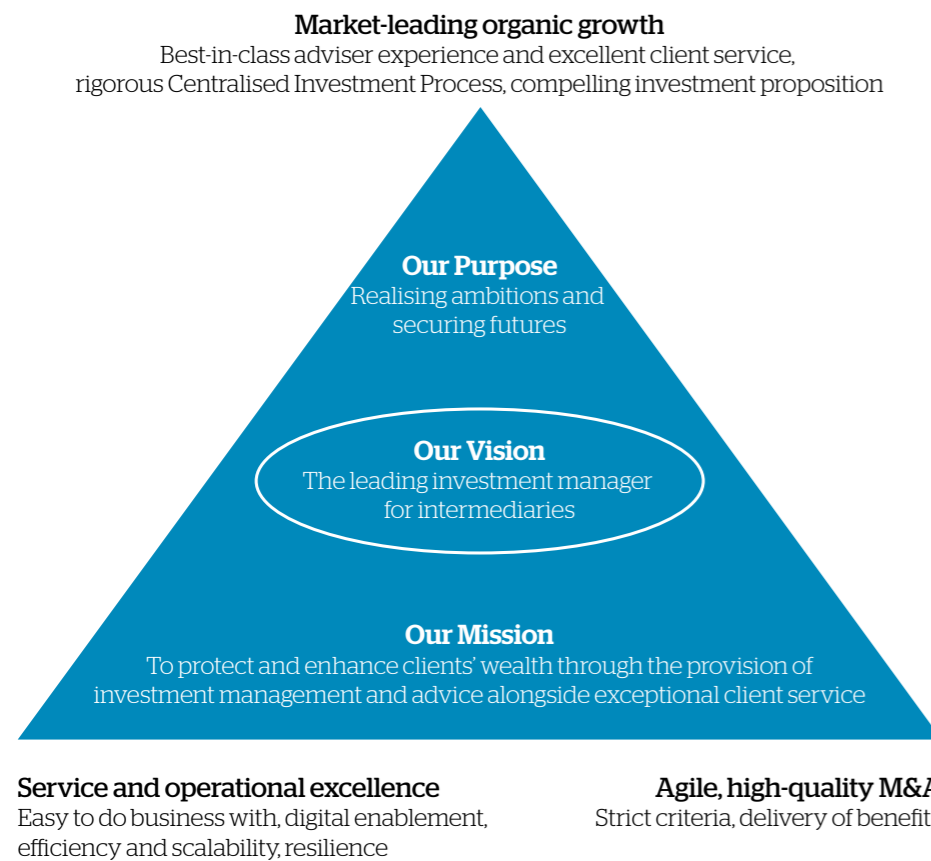




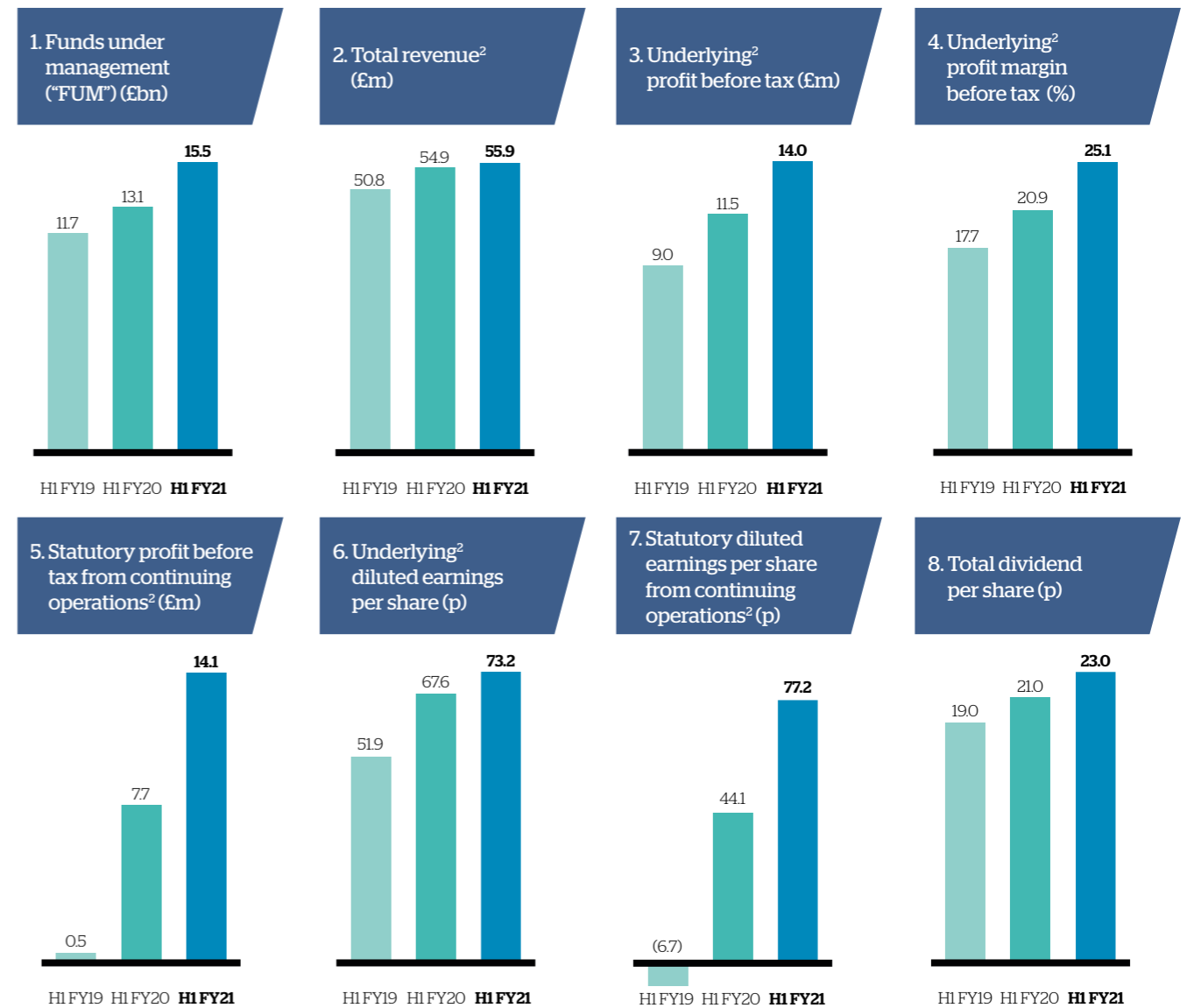
# Half year highlights

## Moving to a new phase of our strategy

Our vision is as the leading investment manager for intermediaries and we are now moving to a new phase of our strategy focused on accelerating growth and value creation



### Financial highlights<sup>1</sup>



The underlying figures represent the results for the Group's continuing activities excluding underlying adjustments as listed on page 10. These represent an alternative performance measure for the Group. A reconciliation between the Group statutory and underlying profit before tax is included on page 10.

1. Comparative figures have been restated to reflect the correct recognition of the Authorised Corporate Director fees and associated costs in respect of one of the Group's managed OEICs and the correct VAT treatment on the fees recognised on the Managed Portfolio Service offered through third-party models.

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### Business highlights

- Entering the next phase of our strategy focused on accelerating growth and value creation
- Building momentum in organic growth
- Focused on delivering for advisers and clients
- Continued rapid growth in RIS and strong pipeline for the BM Investment Solutions offering
- Investment to deliver best-in-class adviser experience and client service
- Successful integration of high-quality accretive acquisitions
- Developing and supporting our people, attracting new talent



# Interim management report



“We have continued to make good progress, with strong financial performance over the last six months as well as continuing to deliver for advisers and clients through the pandemic and maintaining our focus on the wellbeing of our people.”

Caroline Connellan  
CEO

## A strong six months

Brooks Macdonald has had a strong half year, with record FUM at the end of the period of £15.5 billion, excellent financial results, robust investment performance and continued progress on our strategy.

Against the unprecedented background of the COVID-19 pandemic, the Group continued to improve its financial performance during the first half of the financial year. Revenues were up 1.8% to £55.9 million (H1 FY20 Restated: £54.9 million) with the positive impact of strong investment performance and two acquisitions partly offset by weaker net flows, particularly in Q1 (three months to 30 September 2020). Underlying costs decreased by 3.5% to £41.9 million (H1 FY20 Restated: £43.4 million) as we continued to enforce strong cost discipline. This resulted in an underlying profit before tax of £14.0 million, a 21.7% increase on the prior period (H1 FY20 Restated: £11.5 million).

We delivered further progress on our stated medium-term target of increasing margins, with underlying profit margin rising to a record 25.1% (H1 FY20 Restated: 20.9%) and underlying diluted EPS increasing by 8.3% to 73.2p (H1 FY20 Restated: 67.6p).

Statutory profits increased materially on the prior period from £7.7 million to £14.1 million driven by improvements in underlying performance and a gain arising on the Lloyds Channel Islands acquisition. In keeping with our stated progressive dividend policy and the improved results for the period, the Group is declaring an interim dividend of 23.0 pence per share, a 9.5% uplift on the interim dividend paid last year.

Despite a backdrop of volatile markets driven by the pandemic, our Centralised Investment Process achieved robust risk adjusted returns for clients in the period and is ahead of the relevant ARC benchmarks across all risk profiles over three, five and ten years. We maintained our focus on advisers and clients, announcing a partnership with SS&C to deliver best-in-class adviser experience and client service.

The Group continued to invest in talent, with selective hires across all areas and levels. Our talent focus in the period was on identifying and implementing remote training and people development approaches. Throughout the pandemic, our focus has been on the wellbeing of our people, while continuing to deliver for clients and advisers.

On 30 November 2020, we completed the acquisition of Lloyds Banking Group's Channel Islands wealth management and funds business, bringing in nearly £900m of FUM and augmenting our International business's proposition to clients, advisers and trustees.

## Moving into the next phase of our strategy

Our client and adviser relationships, coupled with our culture and Centralised Investment Process, are key strengths of the organisation and position us well for the future.

We entered the next phase of our strategy in the period focused on accelerating growth and value creation, based on three key value drivers:

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

We completed the strategy that we laid out in November 2017 to deliver improved returns from a sustainable and scalable business. Through each phase, we did what we said we would do - reinforcing the foundations of the business, improving our proposition for advisers and clients, increasing efficiency and effectiveness, and investing in our people and our infrastructure.

We delivered improving underlying profit and profit margins year-on-year and, in 2020, we complemented our organic growth strategy with two high-quality, value-enhancing acquisitions: first Cornelian Asset Managers, completed at the end of February, and then the Lloyds Channel Islands acquisition, completed at the end of November.

The Group's purpose, for all our stakeholders - clients, intermediaries, staff, shareholders and the wider society - is to help them realise their ambitions and secure their futures. Our mission is to protect and enhance our clients' wealth through the provision of investment management and advice underpinned by excellent client services.

Our vision for Brooks Macdonald is as the leading investment manager for intermediaries - we are an investment manager focused on working with intermediaries to support their clients and to help them build successful businesses. We also have complementary private client and financial planning businesses.



# Interim management report continued

## Improvements across the Group

During the period, we made good progress across the business, continuing to deliver high standards of service for advisers and clients through the pandemic while maintaining our focus on the wellbeing of staff.

The increases in revenue and underlying profit were predominantly in UK Investment Management reflecting the full period contribution from the Cornelian acquisition, whereas the results in International and Financial Planning were broadly in line with H1 FY20.

Our Centralised Investment Process has continued to perform well, giving returns ahead of the relevant ARC Private Client Index across all risk profiles for three and five years; continued good performance is critical to medium-term client retention and an important element of our proposition to advisers.

### Partnership announced with SS&C Technologies

In October, we announced a strategic partnership with SS&C Technologies ("SS&C"), a global provider of software and technology services to the financial services industry, to deliver best-in-class adviser experience and client service through technology and innovation. The collaboration will provide a market-leading digital experience for the Group's intermediaries and clients. A number of Brooks Macdonald staff transferred to SS&C as part of the partnership and, since the period end, the first business migrations have been completed successfully. We expect to complete the transition on to the SS&C platform this calendar year.

### Continued growth in our ESG proposition

The Group's ESG offering, the Responsible Investment Service ("RIS"), continued to show rapid growth since its launch in October 2018, with UKIM RIS FUM up almost 50% in the period. We launched the ESG Suitability Discussion guide in September to support advisers discussing ESG issues with clients, and rolled RIS out to our International business.

### Adviser and client focus in UKIM

During the first half of the financial year, our external focus has had two elements: supporting our existing advisers and clients through the stresses of the pandemic, protecting their wealth and helping secure their future; and working to ensure that net flows returned to positive territory in the new year as per prior guidance.

From the early days of the pandemic, our teams have proactively reached out to advisers and clients to support them as they considered the impact of the economic consequences of lockdown on their investment portfolios.

In most cases, our view has been that the right approach is to stay invested and in general that has proved a sound course of action, as can be seen in our investment performance. We have received strong positive feedback from many advisers and clients, saying how much they appreciated our support.

Flows have been improving through the period, with UKIM gross inflows almost 40% higher in Q2 (three months to 31 December 2020) than the prior quarter, and gross outflows declining. Encouragingly, the quarter-on-quarter comparison is positive across BPS, MPS and Funds.

Within the BPS umbrella, our specialist services - Responsible Investment Service, Decumulation, and Court of Protection - have all been performing well, recording positive net flows during the period.

Funds FUM declined in the period, driven by the Defensive Capital Fund, which had net outflows of 23.8%, reflecting trends in the Targeted Absolute Return sector.

### Continued reinvigoration of International

Our International business delivered encouraging progress with the leadership of Andrew Shepherd continuing to reinvigorate the business, focusing on delivering for clients, advisers and trustees.

The highlight of the period was the completion of the Lloyds Channel Islands acquisition. This brought a near 60% increase in FUM, added multi-asset and fixed income fund capability which augments International's proposition to clients, advisers and trustees, and extended the Group's international intermediary distribution reach. Since we are running the business on a different operating model to Lloyds, certain changes had to be made before completion and the earnings accretion is therefore close to full run-rate from Day 1.

The team is working both to integrate the former Lloyds employees who transferred to International and focus the business on its core opportunities. We expect this, along with steps to make the organisation more efficient, to continue to drive improved profitability in the medium term. We continue to see potential for material value creation in International as the reinvigoration continues.

### Private client teams to be brought together

Our vision for Brooks Macdonald is as the leading investment manager for intermediaries. Complementing this, we have circa £2.5 billion FUM in direct private client relationships, and we continue taking steps to deliver the same high level of service and experience for those clients as we do for our intermediated clients. As part of those steps, we are bringing together the private client teams across UKIM and Financial Planning, with Adrian Keane-Munday becoming Head of Advice, reporting to the Head of UKIM, Robin Eggart.

## Positive medium-term outlook, short-term uncertainty

The broader context for the first half of our financial year has been unprecedented with a global pandemic, a series of lockdowns and the biggest calendar year decline in UK GDP for over 300 years. Nonetheless, we have been able to deliver strong financial results underpinned by robust investment performance. We have successfully integrated Cornelian and completed the Lloyds Channel Islands acquisition, with the bulk of the operating model changes made ahead of completion so earnings accretion is close to full run rate from Day 1.

We continue to see improvement in FUM flows and expect net flows to be modestly positive in the second half. UKIM pipeline is strong, particularly in BM Investment Solutions, and momentum is building. BPS conversion times have been impacted by a third lockdown. Underlying momentum in International is boosted by the Lloyds Channel Islands acquisition, however net flows in H2, excluding the acquisition, are expected to be negative due to the loss of a lower yielding institutional mandate.

Overall, client sentiment has held up well and we continue to have a positive outlook over the medium term, with the fundamental opportunity for the Group as strong as it has ever been, although in the short term the outlook remains uncertain, affected by the impact of lockdown on the time taken to convert new business opportunities to funds under management. We are confident in our vision for Brooks Macdonald as the leading investment manager for intermediaries, supported by our three strategic value drivers of strong organic growth, market-leading adviser experience and client service, and selective high-quality acquisitions.



# Interim management report continued

## Group financial results summary

	Six months to 31 Dec 2020 £m	Six months to 31 Dec 2019 <sup>1</sup> £m	12 months to 30 Jun 2020 £m
<b>Revenue</b>	<b>55.9</b>	54.9	108.6
Fixed staff costs	(20.0)	(18.8)	(39.8)
Variable staff costs	(7.4)	(7.6)	(10.8)
<b>Total staff costs</b>	<b>(27.4)</b>	(26.4)	(50.6)
FSCS levy	-	(0.2)	(2.2)
Non-staff costs	(14.5)	(16.8)	(32.8)
<b>Total non-staff costs</b>	<b>(14.5)</b>	(17.0)	(35.0)
<b>Total underlying costs</b>	<b>(41.9)</b>	(43.4)	(85.6)
<b>Underlying profit before tax</b>	<b>14.0</b>	11.5	23.0
Underlying adjustments	0.1	(3.8)	(13.0)
<b>Statutory profit before tax</b>	<b>14.1</b>	7.7	10.0
Taxation	(2.0)	(1.5)	(3.6)
<b>Statutory profit after tax</b>	<b>12.1</b>	6.2	6.4
Underlying profit margin before tax	25.1%	20.9%	21.2%
Underlying diluted earnings per share	73.2p	67.6p	123.7p
Statutory profit margin before tax	25.2%	14.0%	9.2%
Statutory diluted earnings per share	77.2p	44.1p	43.1p
Dividends per share	23.0p	21.0p	53.0p

1. Comparative figures have been restated to reflect the correct recognition of the Authorised Corporate Director fees and associated costs in respect of one of the Group's managed OEICs and the correct VAT treatment on the fees recognised on the Managed Portfolio Service offered through third-party models. Refer to Note 2a of the Condensed consolidated financial statements for details on the restatement.

The Group saw strong financial performance in the six months to 31 December 2020 ("H1 FY21") driven by the contribution from the Cornelian and the Lloyds Channel Islands acquisitions and continued cost discipline resulting in a record underlying profit before tax of £14.0 million (H1 FY20 Restated: £11.5 million) and an underlying profit margin of 25.1% (H1 FY20 Restated: 20.9%).

### Revenue

The Group's total revenue for the first half of the financial grew by 1.8% to £55.9 million. This increase was due to higher average FUM levels driven by strong investment performance and the acquisition of Cornelian and the Lloyds Channel Islands businesses which combined, contributed £5.5 million to the headline figure. The rise in revenue was offset by a reduction in FUM related income of £1.8 million in the Brooks Macdonald core business driven by net outflows recorded in FY20 and during the first quarter of this financial year, and by a decrease in non-FUM related income (£2.7 million), in the main due to lower interest income, and a slight drop in Financial Planning income (£0.1 million).

As noted in the following table, the yield on BPS fees for UKIM remained stable during the first half at 67.8 bps, whilst non-fee income declined by 3.2 bps to 18.4 bps largely due to a reduction in interest and other income as noted above.

MPS saw a decline in fee yield by 5.3 bps compared to the prior period. This was primarily driven by a change in mix with Platform MPS growing more rapidly than custody MPS. The impact of last year's reduction in the Platform MPS headline rates and the introduction of lower tiered rates for larger mandates also had an impact, although these were in part, offset by higher levels of net new business. As announced to the market on 7 January 2021, the standard fee rate for MPS fees will reduce going forward in view of the removal of the application of VAT to this service.

The decline in Funds fee yields by 2.6 bps is also due to a change in mix reflecting the outflows seen during the period in the Defensive Capital Fund, which attracts relatively higher rates.

Similarly to UKIM, International saw a dip in non-fee income yields of 10.0 bps driven by a decrease in interest and transactional income, including impact of FX movement, during the period.

## Revenue, yields and average FUM

	Revenue			Yields			Average FUM		
	H1 FY21 £m	H1 FY20 £m	Change %	H1 FY21 bps	H1 FY20 bps	Change bps	H1 FY21 £m	H1 FY20 £m	Change %
BPS fees	27.6	28.3	(2.5)	67.8	67.8	-	8,077	8,304	(2.7)
BPS non-fees	7.5	9.0	(16.7)	18.4	21.6	(3.2)	-	-	-
Total BPS	35.1	37.3	(5.9)	86.2	89.4	(3.2)	8,077	8,304	(2.7)
MPS	4.0	4.2	(4.8)	42.5	47.8	(5.3)	1,867	1,746	6.9
UKIM discretionary	39.1	41.5	(5.8)	78.0	82.1	(4.1)	9,944	10,050	(1.1)
Funds	2.6	3.5	(25.7)	43.8	46.4	(2.6)	1,177	1,500	(21.5)
Total UKIM excluding CAM	41.7	45.0	(7.3)	74.4	77.5	(3.1)	11,121	11,550	(3.7)
CAM	4.7	-	n/a	70.0	-	n/a	1,332	-	n/a
Total UKIM including CAM	46.4	45.0	3.1	73.9	77.5	(3.6)	12,453	11,550	7.8
International fees	4.5	4.4	2.3	53.8	53.5	0.3	1,659	1,637	1.3
International non-fees	1.3	2.1	(38.1)	15.5	25.5	(10.0)	-	-	-
Lloyds CI	0.8	-	n/a	99.6	-	n/a	153	-	n/a
Total International	6.6	6.5	1.5	72.3	79.0	(6.7)	1,812	1,637	10.7
Total FUM related revenue	53.0	51.5	2.9	73.7	77.7	(4.0)	14,265	13,187	8.2
Financial Planning - UK	1.9	2.0	(5.0)	-	-	-	-	-	-
Financial Planning - International	0.5	0.5	-	-	-	-	-	-	-
Other income	0.5	0.9	(44.4)	-	-	-	-	-	-
Total non-FUM related revenue	2.9	3.4	(14.7)	-	-	-	-	-	-
<b>Total Group revenue</b>	<b>55.9</b>	<b>54.9</b>	<b>1.8</b>						

### Underlying costs

Total underlying costs for the Group fell by 3.5% from £43.4 million (restated) to £41.9 million, demonstrating the Group's continued focus on cost discipline and the full delivery of the cost synergies set out at the time of acquisition for both the Cornelian and Lloyds Channel Islands businesses. Excluding acquisitions, costs were down from £43.4 million to £39.5 million, a reduction of 9.0%.

### Staff costs

Total staff costs increased by 3.8% to £27.4 million. Fixed staff costs increased from £18.8 million to £20.0 million with £0.9 million comprising the incremental costs of the 30 heads onboarded as part of the Cornelian and Lloyds Channel Islands acquisitions. The remainder reflects the Group's continued investment in talent, principally in the client facing roles as we continue to grow the business.

Variable staff costs reduced by 7.9% to £7.0 million excluding the Cornelian and Lloyds incremental variable staff costs. This decrease includes a credit of £0.6 million recognised in the period following the lapsing of share options granted under an LTIS award in 2017, which did not meet the performance conditions at the vesting date. The bonus pool accrual for the half year is in line with last year, however, given the majority of last year's bonus pool was accrued in H1 FY20, we would expect this year's bonus pool to be up on last year if performance continues at current levels.

### Non-staff costs

Non-staff costs amounted to £14.5 million, a decrease of 14.7% on the prior period, even with the additional costs arising from the Cornelian and Lloyds Channel Islands acquisitions of £1.1 million. The bulk of the cost reduction was seen in Change costs (£1.6 million) as the Group completed business remediation in FY20 and is now focused on growth and ongoing client and adviser focused technology enhancements. Property and office costs decreased by £0.8 million, partly driven by the saving achieved from the Group moving to a single office in London in March 2020. Travel and entertaining spend was also down on last year (£0.5 million) as a result of reduced travel and client-facing activities caused by the COVID-19 pandemic.

# Interim management report continued

Combining the above gave rise to an underlying profit before taxation for the half year of £14.0 million, an increase of 21.7% on the prior year (H1 FY20 Restated: £11.5 million) resulting in a profit margin of 25.1%, up by 4.2 points on last year (H1 FY20 Restated: 20.9%).

On a statutory basis, the profit before tax nearly doubled on the prior year at £14.1 million (H1 FY20 Restated: £7.7 million) largely due to a £5.0 million gain recognised on the Lloyds Channel Islands acquisition. The other one-off underlying adjustments for the period are similar in quantum to the prior year, with acquisition and integration-related costs broadly in line, however, the amortisation of client-relationship intangible assets has doubled from £1.1 million to £2.3 million due to the recognition of intangible assets arising on the Cornelian and Lloyds Channel Islands acquisitions. A breakdown of the underlying adjustments together with an explanation of each is included on page 10.

## Funds under management

	Six months to 31 Dec 2020 £m	Six months to 31 Dec 2019 £m	12 months to 30 Jun 2020 £m
Opening FUM	13,685	13,147	13,147
Organic net new business	(367)	(506)	(774)
FUM acquired in the period	882	-	1,181
Investment performance	1,303	448	131
Total FUM growth	1,818	(58)	538
<b>Closing FUM</b>	<b>15,503</b>	13,089	13,685
Organic net new business	(2.7%)	(3.8%)	(5.9%)
<b>Total FUM movement</b>	<b>13.3%</b>	(0.4%)	4.1%
Investment performance in the period	9.5%	3.4%	1.0%
MSCI PIMFA Private Investor Balanced Index	6.5%	2.9%	(3.5%)

Total FUM at 31 December 2020 reached a record high of £15.5 billion (H1 FY20: £13.1 billion; FY20: £13.7 billion), representing an increase of 18.4% and 13.3% on the FUM levels at H1 FY20 and FY20 respectively. The increase for the first half of the financial year was driven by strong investment performance (£1.3 billion) and the completion of the Lloyds Channel Islands acquisition in November 2020 (£0.9 billion), partially off-set by net outflows of £0.4 billion.

Net outflows are on an improving trend, with the outflows largely driven by redemptions in our Defensive Capital Fund (£0.2 billion) reflecting trends in the Targeted Absolute Return sector and the exit of a single mandate in MPS platforms (£0.1 billion) as it moved from discretionary to advisory.

Investment performance continued to be strong, up 9.5% in the period, compared to an increase of 6.5% in the MSCI PIMFA Private Investor Balanced Index.

## Closing FUM by service and segment

The table below shows the closing FUM broken down by segment and by our key services within UKIM at 31 December 2020 and comparative periods.

	31 Dec 2020 £m	31 Dec 2019 £m	H1 FY21 vs. H1 FY20 %	30 Jun 2020 £m
BPS	8,910	8,332	6.9	8,247
MPS	1,962	1,755	11.8	1,809
Funds	2,045	1,369	49.4	2,051
UKIM total	12,917	11,456	12.8	12,107
International	2,586	1,633	58.4	1,578
<b>Total FUM</b>	<b>15,503</b>	13,089	18.4	13,685

## Segmental analysis

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

H1 FY21 (£m)	UK Investment Management	International	Financial Planning	Group and consolidation	Total
Revenue	46.9	7.1	1.9	-	55.9
Direct costs	(19.9)	(4.3)	(1.4)	(16.3)	(41.9)
Operating contribution	27.0	2.8	0.5	(16.3)	14.0
Internal cost recharges	(12.3)	(1.4)	(0.9)	14.6	-
<b>Underlying profit/(loss) before tax</b>	<b>14.7</b>	<b>1.4</b>	<b>(0.4)</b>	<b>(1.7)</b>	<b>14.0</b>
Underlying profit/(loss) margin before tax	31.3%	19.7%	(21.1%)	n/a	25.1%

H1 FY20' (£m)	UK Investment Management	International	Financial Planning	Group and consolidation	Total
Revenue	45.9	7.0	2.0	-	54.9
Direct costs	(20.5)	(4.0)	(1.5)	(17.4)	(43.4)
Operating contribution	25.4	3.0	0.5	(17.4)	11.5
Internal cost recharges	(12.3)	(1.6)	(1.1)	15.0	-
Underlying profit/(loss) before tax	13.1	1.4	(0.6)	(2.4)	11.5
Underlying profit/(loss) margin before tax	28.5%	20.0%	(30.0%)	n/a	20.9%

1. Comparative figures have been restated to reflect the correct recognition of the Authorised Corporate Director fees and associated costs in respect of one of the Group's managed OEICs and the correct VAT treatment on the fees recognised on the Managed Portfolio Service offered through third-party models. Refer to Note 2a of the Condensed consolidated financial statements for details on the restatement.

The UKIM and Financial Planning business segments reported an improvement in performance during the first half of the financial year. International reported a stable underlying profit margin at 20% with further improvement expected in the second half of the year driven by the Lloyds Channel Islands acquisition.

UKIM and International recognised an increase in revenues during the period, up by 2.2% and 1.4% respectively, largely as a result of the Cornelian and Lloyds Channel Islands acquisitions. The decrease in direct costs within UKIM led to a higher underlying profit margin of 31%. International's total costs increased marginally in line with revenues resulting in a stable profit margin on the prior period.

Financial Planning reported a slight decline in revenues by 5.0%, however, the reduction in both its direct and indirect costs meant its margin improved from -30.0% to -21.1% over the period. As announced in December 2020, Financial Planning will be integrated within the UKIM business segment in the second half of the financial year to ensure the Group is best placed to deliver the best possible service and experience for both our private clients and our intermediaries.



# Interim management report continued

## Reconciliation between underlying and statutory profits

Underlying profit before tax is considered by the Board to be a more accurate 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 more appropriate for external analyst coverage and peer group benchmarking, allowing a more accurate like-for-like comparison. A reconciliation between underlying and statutory profit before tax for the six months ended 31 December 2020, with comparatives is shown in the following table:

	Six months to 31 Dec 2020 £m	Six months to 31 Dec 2019 <sup>1</sup> £m	12 months to 30 Jun 2020 £m
<b>Underlying profit before tax</b>	<b>14.0</b>	11.5	23.0
Acquisition-related costs:			
– Gain arising on acquisition	5.0	-	-
– Deal structuring and legal costs	-	(2.0)	(2.8)
– Integration and staff retention costs	(2.4)	-	(1.4)
Amortisation of client relationships and contracts acquired with fund managers	(2.3)	(1.1)	(2.9)
Changes in fair value of consideration and related disposals	(0.2)	(0.1)	(0.2)
Head office relocation costs	-	(0.6)	(1.2)
Goodwill impairment	-	-	(4.5)
<b>Statutory profit before tax</b>	<b>14.1</b>	7.7	10.0

1. Comparative figures have been restated to reflect the correct recognition of the Authorised Corporate Director fees and associated costs in respect of one of the Group's managed OEICs and the correct VAT treatment on the fees recognised on the Managed Portfolio Service offered through third-party models. Refer to Note 2a of the Condensed consolidated financial statements for details on the restatement.

### Acquisition-related costs (£2.6 million net credit)

#### i. Gain arising on acquisition (£5.0 million gain)

A gain on purchase was recognised in respect of the Lloyds Channel Islands acquisition as the net identifiable assets acquired were greater than the total purchase consideration paid. Refer to Note 7 of the Condensed consolidated financial statements for details on the acquisition accounting.

#### ii. H1 FY20 - Deal structuring and legal costs (£2.0 million charge)

These represent costs incurred in relation to the acquisition of Cornelian Asset Managers Group Limited announced on 22 November 2019. The costs incurred include corporate finance services, legal fees and due diligence fees.

#### iii. Integration and staff retention costs (£2.4 million charge)

These comprise the costs incurred in integrating the Cornelian acquisition, which completed on 28 February 2020, and the Lloyds Channel Islands acquisition, which completed on 30 November 2020. It also includes payments made to key employees who were retained by the Group for a short period of time to assist with the integration of the businesses.

The above items are being excluded from the Group's underlying performance as they were one-off in nature.

### Amortisation of client relationships and contracts acquired with fund managers (£2.3 million charge)

These intangible assets are created in the course of acquiring funds under management and are amortised over their useful life, which has been assessed to range between 5 and 20 years. The charge for the period includes the newly acquired investment management contracts arising on the Cornelian and Lloyds Channel Islands acquisitions. The amortisation charge has been excluded from the underlying profit since it is a significant non-cash item. Refer to Note 10 to the Condensed consolidated financial statements for more details.

### Changes in fair value of consideration and related disposals (£0.2 million charge)

This comprises the fair value measurement arising on deferred payments and receipts from acquisitions and disposals carried out by the Group, together with their associated net finance costs.

### H1 FY20 Head office relocation costs (£0.6 million charge)

The Group's previous London offices based in Welbeck Street and Bevis Marks were relocated to a single site at 21 Lombard Street in the City of London. As a result of the move, dual running costs were incurred on the three locations until the office leases at Bevis Marks and Welbeck Street expired in March 2020. The dual running costs and other costs associated with the move have been excluded from underlying profit in view of their one-off nature.

### FY20 Goodwill impairment

In FY20, the Group recognised an impairment charge in respect of the Levitas business as the anticipated future cash flows arising from the recently entered partnership agreement with the distributor of the Levitas fund fell below expectations and no longer supported the associated goodwill carrying value. This partnership is still active and FUM flows could improve in due course.

### Taxation

The Group's Corporation Tax charge on underlying profits for the period was £2.5 million (H1 FY20 Restated: £2.0 million) representing an effective tax rate of 17.9% (H1 FY20: 17.4%). The effective tax charge for the current period includes the recognition of deferred tax on the acquired client relationship intangible assets as part of the Cornelian and Lloyds Channel Islands acquisitions. Refer to Note 6 to the Condensed consolidated financial statements for more details.

### Earnings per share

The Group's basic statutory earnings per share for the six months ended 31 December 2020 was 77.3p (H1 FY20 Restated: 44.1p). On an underlying basis, diluted earnings per share increased by 8.3% to 73.2p (H1 FY20 Restated: 67.6p). Details on the basic and diluted earnings per share are provided in Note 8 of the Condensed consolidated financial statements.

### Dividend

The Group has a progressive dividend policy, growing dividends in line with the Group's underlying earnings. 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 23.0p (H1 FY20: 21.0p). This represents an increase of 9.5% compared to the previous period. The interim dividend will be paid on 16 April 2021 to shareholders on the register as at 19 March 2021. Refer to Note 9 of the Condensed consolidated financial statements for more details.

### Financial position and regulatory capital

The Group's financial position remains strong with net assets of £129.0 million at 31 December 2020 (H1 FY20 Restated: £118.9 million). As at 31 December 2020, the Group had a total capital ratio of 17.2% (H1 FY20 Restated: 18.5%). Total capital ratio is defined as the Group's own funds as a proportion of the total fixed overhead exposure amount (being 12.5 times the Pillar I requirement).

The total net assets and the total capital 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. The comparative figures strip out the impact of the share placing carried out in November 2019 to fund the acquisition of Cornelian for a more like-for-like comparison. The slight year-on-year decline was driven by the acquisition of the Lloyds Channels Islands business, which was funded from the firm's own resources.



# Interim management report continued

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 Assessment Process ("ICAAP") 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 FY20 ICAAP review was conducted for the period ended 30 June 2020 and signed off by the Board in December 2020. Regulatory capital forecasts are performed monthly and take into account expected dividends and intangible asset acquisitions and disposals 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](http://www.brooksmacdonald.com)) and provide further details about the Group's regulatory capital resources and requirements. The Group monitors a range of capital and liquidity statistics on a daily and monthly basis.

## Spearpoint legacy matters

During the period, we continued to make progress in dealing proactively with the previously announced legacy matters arising from the former Spearpoint business, which we acquired in 2012. These matters relate both to a number of discretionary portfolios formerly managed by Spearpoint, now managed by our Jersey office, and to a Dublin-based fund, for which Spearpoint acted as investment manager. While we accept no legal liability in these matters, we have a deep commitment to treating customers fairly and seeking to protect our clients' best interests.

In October 2020, the Jersey Financial Services Commission ("JFSC"; "Commission") announced that it had resolved its investigation into International's compliance with the Code of Practice for Investment Business ("the IB Code") in relation to certain historic investments. The announcement stated that the Commission had found certain breaches of the IB Code and that it had concluded its investigation. We were pleased to note both that the investigation had concluded and that the statement acknowledged that International had engaged openly and co-operatively with the JFSC in respect of the investigation.

We continue to be in discussions with relevant stakeholders as we seek to bring these matters to a conclusion.

## 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 2020 were £38.6 million (H1 FY20: £33.2 million, excluding the proceeds from the share placing ran in November 2019 to finance the Cornelian acquisition). The Group had no borrowings at 31 December 2020 (H1 FY20: £nil).

During the period to 31 December 2020, the Group incurred capital expenditure of £2.6 million. This comprised technology related development of £2.0 million, property related costs of £0.4 million and IT and office equipment of £0.2 million. The technology related spend was primarily incurred in connection with our strategic partnership with SS&C where the collaboration will provide a market-leading digital experience for the Group's intermediaries and clients. The capital expenditure incurred in the first half includes legal fees in relation to the master agreement, planning and scoping the implementation programme and software costs to re-platform. These will be amortised over a ten-year period from the point at which the new platform goes live in H2 FY22.

“The Group reported strong financial performance in the first half with higher revenues, continued cost discipline and the successful integration of two acquired businesses leading to a record profit margin of 25.1%.”

Ben Thorpe  
Group Finance Director



# Condensed consolidated financial statements

## Condensed consolidated statement of comprehensive income for the six months ended 31 December 2020

	Note	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited) £'000	Year ended 30 Jun 2020 (audited) £'000
Revenue	4	55,855	54,896	108,558
Administrative costs		(46,371)	(47,127)	(93,794)
Other gains/(losses) - net	5	(18)	(55)	(4,519)
<b>Operating profit</b>		<b>9,466</b>	<b>7,714</b>	<b>10,245</b>
Gain on bargain purchase	7	4,966	-	-
Finance income		31	132	261
Finance costs		(317)	(151)	(454)
<b>Profit before tax</b>		<b>14,146</b>	<b>7,695</b>	<b>10,052</b>
Taxation	6	(2,003)	(1,491)	(3,626)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>12,143</b>	<b>6,204</b>	<b>6,426</b>
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>12,143</b>	<b>6,204</b>	<b>6,426</b>
<b>Earnings per share</b>				
Basic	8	77.3p	44.1p	43.2p
Diluted	8	77.2p	44.1p	43.1p

1. See Note 2a for details regarding the restatement as a result of the Authorised Corporate Director ("ACD") fees and associated costs and also the output VAT on Platform MPS.

The accompanying notes on pages 19 to 38 form an integral part of these Condensed consolidated financial statements.



# Condensed consolidated statement of financial position

as at 31 December 2020

	Note	31 Dec 2020 (unaudited) £'000	31 Dec 2019 <sup>1,2</sup> (unaudited) £'000	30 Jun 2020 (audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	10	94,371	48,403	83,804
Property, plant and equipment	11	3,295	2,385	3,181
Right of use assets	12	6,646	7,434	6,991
Financial assets at fair value through other comprehensive income	13	500	500	500
Other non-current receivables	13	-	94	-
Deferred tax assets		1,784	1,917	1,524
<b>Total non-current assets</b>		<b>106,596</b>	<b>60,733</b>	<b>96,000</b>
<b>Current assets</b>				
Trade and other receivables	13	27,525	27,301	26,081
Financial assets at fair value through profit or loss	13	608	175	549
Cash and cash equivalents	13	38,600	62,639	50,168
<b>Total current assets</b>		<b>66,733</b>	<b>90,115</b>	<b>76,798</b>
<b>Total assets</b>		<b>173,329</b>	<b>150,848</b>	<b>172,798</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Lease liabilities	14	(6,162)	(7,278)	(6,659)
Deferred consideration	15	(298)	-	(6,300)
Provisions	16	(237)	(131)	(219)
Other non-current liabilities	13	(560)	(570)	(330)
Deferred tax liabilities		(7,987)	(2,119)	(7,230)
<b>Total non-current liabilities</b>		<b>(15,244)</b>	<b>(10,098)</b>	<b>(20,738)</b>
<b>Current liabilities</b>				
Trade and other payables	13	(19,041)	(18,333)	(22,765)
Current tax liabilities	13	(118)	(125)	(480)
Lease liabilities	14	(1,355)	(1,592)	(1,275)
Deferred consideration	15	(7,799)	(405)	(1,691)
Provisions	16	(739)	(1,370)	(2,308)
<b>Total current liabilities</b>		<b>(29,052)</b>	<b>(21,825)</b>	<b>(28,519)</b>
<b>Net assets</b>		<b>129,033</b>	<b>118,925</b>	<b>123,541</b>
<b>Equity</b>				
Share capital	18	161	157	161
Share premium	18	78,071	68,817	77,982
Other reserves		7,042	6,087	6,398
Retained earnings		43,759	43,864	39,000
<b>Total equity</b>		<b>129,033</b>	<b>118,925</b>	<b>123,541</b>

1. See Note 2a for details regarding the restatement as a result of the output VAT on Platform MPS.

2. See Note 2a for details regarding the reclassification of current deferred consideration and current provisions for the comparative periods.

The Condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 10 March 2021, signed on their behalf by:

**C M Connellan**  
CEO

**B L Thorpe**  
Group Finance Director

Company registration number: 4402058

The accompanying notes on pages 19 to 38 form an integral part of these Condensed consolidated financial statements.

# Condensed consolidated statement of changes in equity

for the six months ended 31 December 2020

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
<b>Balance at 30 June 2019</b>						
		139	39,068	4,575	43,091	86,873
<b>Comprehensive income</b>						
Profit for the period		-	-	-	6,361	6,361
Adjustment on restatement <sup>1</sup>		-	-	-	(157)	(157)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive expense</b>		-	-	-	6,204	6,204
<b>Transactions with owners</b>						
Issue of ordinary shares	18	18	29,749	-	-	29,767
Share-based payments		-	-	2,492	-	2,492
Share-based payments exercised		-	-	(1,031)	1,031	-
Purchase of own shares by employee benefit trust		-	-	-	(2,080)	(2,080)
Tax on share options		-	-	51	-	51
Dividends paid	9	-	-	-	(4,382)	(4,382)
<b>Total transactions with owners</b>		<b>18</b>	<b>29,749</b>	<b>1,512</b>	<b>(5,431)</b>	<b>25,848</b>
<b>Balance at 31 December 2019</b>		<b>157</b>	<b>68,817</b>	<b>6,087</b>	<b>43,864</b>	<b>118,925</b>
<b>Comprehensive income</b>						
Profit for the period		-	-	-	222	222
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	222	222
<b>Transactions with owners</b>						
Issue of ordinary shares	18	4	9,165	-	-	9,169
Share-based payments		-	-	1,079	-	1,079
Share-based payments exercised		-	-	(739)	739	-
Purchase of own shares by employee benefit trust		-	-	-	(2,527)	(2,527)
Tax on share options		-	-	(29)	-	(29)
Dividends paid	9	-	-	-	(3,298)	(3,298)
<b>Total transactions with owners</b>		<b>4</b>	<b>9,165</b>	<b>311</b>	<b>(5,086)</b>	<b>(4,394)</b>
<b>Balance at 30 June 2020</b>		<b>161</b>	<b>77,982</b>	<b>6,398</b>	<b>39,000</b>	<b>123,541</b>
<b>Comprehensive income</b>						
Profit for the period		-	-	-	12,143	12,143
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	12,143	12,143
<b>Transactions with owners</b>						
Issue of ordinary shares	18	-	89	-	-	89
Share-based payments		-	-	1,560	-	1,560
Share-based payments exercised		-	-	(1,065)	1,065	-
Purchase of own shares by employee benefit trust		-	-	-	(3,450)	(3,450)
Tax on share options		-	-	149	-	149
Dividends paid	9	-	-	-	(4,999)	(4,999)
<b>Total transactions with owners</b>		-	<b>89</b>	<b>644</b>	<b>(7,384)</b>	<b>(6,651)</b>
<b>Balance at 31 December 2020</b>		<b>161</b>	<b>78,071</b>	<b>7,042</b>	<b>43,759</b>	<b>129,033</b>

1. See Note 2a for details regarding the restatement as a result of the output VAT on Platform MPS.

The accompanying notes on pages 19 to 38 form an integral part of these Condensed consolidated financial statements.



# Condensed consolidated statement of cash flows

for the six months ended 31 December 2020

	Note	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 (unaudited) £'000	Year ended 30 Jun 2020 <sup>1</sup> (audited) £'000
<b>Cash flow from operating activities</b>				
Cash generated from operations	17	8,994	9,927	29,433
Taxation paid		(2,963)	(4,464)	(5,865)
<b>Net cash generated from operating activities</b>		<b>6,031</b>	<b>5,463</b>	<b>23,568</b>
<b>Cash flows from investing activities</b>				
Purchase of intangible assets	10	(1,999)	(427)	(1,614)
Purchase of property, plant and equipment	11	(577)	(430)	(1,958)
Deferred consideration paid	15	(421)	(919)	(919)
Acquisition of subsidiary, net of cash acquired	7	(5,287)	-	(21,102)
Proceeds from sale of discontinued operations		-	390	568
Interest received		31	125	252
Finance costs paid		-	-	(5)
<b>Net cash used in investing activities</b>		<b>(8,253)</b>	<b>(1,261)</b>	<b>(24,778)</b>
<b>Cash flows from financing activities</b>				
Payment of lease liabilities and initial direct costs	14	(986)	(708)	(2,111)
Proceeds of lease reverse premium		-	1,250	1,250
Dividends paid to shareholders	9	(4,999)	(4,382)	(7,680)
Purchase of own shares by employee benefit trust		(3,450)	(2,080)	(4,607)
Proceeds of issue of shares	18	89	29,767	38,936
Shares issued as consideration		-	-	(9,000)
<b>Net cash generated (used in)/from financing activities</b>		<b>(9,346)</b>	<b>22,847</b>	<b>16,788</b>
<b>Net increase in cash and cash equivalents</b>		<b>(11,568)</b>	<b>28,049</b>	<b>15,578</b>
Cash and cash equivalents at beginning of period		50,168	34,590	34,590
<b>Cash and cash equivalents at end of period</b>		<b>38,600</b>	<b>62,639</b>	<b>50,168</b>

1. See Note 17 for details regarding changes to the prior period classification of cash flows from operating activities and cash flows from investing activities.

The accompanying notes on pages 19 to 38 form an integral part of these Condensed consolidated financial statements.

# Notes to the condensed consolidated financial statements

for the six months ended 31 December 2020

## 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 Group's primary activities are set out in its Annual Report and Accounts for the year ended 30 June 2020.

The Company is a public limited company, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is 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 10 March 2021. The Condensed consolidated financial statements have been independently reviewed but are not audited.

## 2. Accounting policies

### a) Basis of preparation

The Group's Condensed consolidated financial statements are prepared and presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They have been prepared on a going concern basis with reference to the accounting policies and methods of computation and presentation set out in the Group's Consolidated financial statements for the year ended 30 June 2020, except as stated below. The Condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations, as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The information in the Interim Report and Accounts does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's Consolidated financial statements for the year ended 30 June 2020 have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified and did not draw attention to any matters by way of emphasis. It contained no statement under Section 498(2) or (3) of the Companies Act 2006.

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

### Comparative period restatement

#### ACD fees and associated costs

As reported in the Annual Report and Accounts for the year ended 30 June 2020, the Group noted that the recognition of the Authorised Corporate Director ("ACD") fees and associated costs in respect of the IFSL Brooks Macdonald Funds, one of the regulated OEICs managed by the Group, were not in line with the investment management agreement between the Group and the ACD. The revenue recognised in the Group was grossed up whereby the Annual Management Charge and other associated fees levied by the ACD to the OEICs were recognised as revenue, and the fees that are subsequently paid out from this fee recognised as expenses. The Group has no legal obligation to pay the ACD fees and other fund associated costs; therefore, only the investment management fee paid to the Group for acting as the OEIC's Investment Manager should have been recognised in the Group's books as a revenue item. As a result, for the six months ended 31 December 2019, reported revenue and costs were overstated by £656,000. Accordingly, the Condensed consolidated statement of comprehensive income has been restated by this amount to reflect the correct accounting treatment. There was no impact to total comprehensive income and retained earnings. The restatement has impacted the UK Investment Management segment in Note 3, the Portfolio management fee income in the revenue table in Note 4 and the revenue generated in the United Kingdom per Note 4a.

#### VAT on Platform MPS

As reported in the Annual Report and Accounts for the year ended 30 June 2020, the Group begun a review of its Managed Portfolio Service ("MPS"). When conducting this review, it was noted that the fees received on MPS offered through third-party platforms ("Platform MPS") were not being correctly accounted for and historically treated as exempt from VAT. As a result, income derived from this service was overstated, the VAT liability arising on the fees collected was understated and consequently the Group has under-recovered its entitlement to input VAT credit. Since previously reported revenue from Platform MPS was overstated, the Directors concluded it prudent to rectify the error.



# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 2. Accounting policies (continued)

Accordingly, the Group recognised a prior period adjustment to reduce revenue by £239,000 for the output VAT on Platform MPS and reduce administrative costs by £44,000 for the entitlement to input VAT credit for the six months ended 31 December 2019. The decrease to profit before tax as a result of this restatement for the six months ended 31 December 2019 was £194,000. This reduction in profit before tax has resulted in the income tax expense to be reduced by £37,000. The total reduction to total comprehensive income for the six months ended 31 December 2019 was £157,000. The restatement has impacted the UK Investment Management segment in Note 3, the Portfolio management fee income in the revenue table in Note 4 and the revenue generated in the United Kingdom per Note 4a. The Condensed consolidated statement of financial position at 31 December 2019 was restated to reflect this increase in trade and other payables to recognise the additional VAT liability due to HMRC of £194,000 and reduce current tax liabilities by the reduced income tax expense of £37,000. The opening balances to the comparative information at 1 July 2019 were also restated to reflect the reduction in retained earnings of £431,000 and an increase in trade and other payables of £431,000.

### Comparative period reclassification

Current deferred consideration has been recognised on the face of the Condensed consolidated statement of financial position in the current period. In previous periods, current deferred consideration was recognised within current provisions. The comparative information has therefore been reclassified by moving £1,691,000 from current provisions to current deferred consideration at 30 June 2020, and moving £405,000 from current provisions to current deferred consideration at 31 December 2019, to be consistent with the current period.

### b) Changes in accounting policies

The Group's accounting policies that have been applied in preparing these Condensed consolidated financial statements are consistent with those disclosed in the Annual Report and Accounts for the year ended 30 June 2020.

In the six months ended 31 December 2020, 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 in the table 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.

Standard, amendment or interpretation	Effective date
Definition of a Business (Amendments to IFRS 3)	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
COVID-19-related Rent Concessions (Amendment to IFRS 16)	1 January 2020

### Future new standards and interpretations

These Financial statements have been prepared in accordance with IFRS and IFRS IC interpretations, as adopted by the European Union and the Companies Act 2006. As a result of the UK leaving the European Union on 31 December 2020, the Group's Consolidated financial statements for the year ending 30 June 2021 will be prepared under international accounting standards in conformity with the Companies Act 2006. It should be noted that this will not have any impact on the recognition, measurement or disclosure in the Group's Consolidated financial statements.

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Group has not early adopted any 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.

## 3. Segmental information

For management purposes the Group's activities are organised into three operating divisions: UK Investment Management, International and Financial Planning. The Group's other activity, offering nominee and custody services to clients, is included within UK Investment Management. These divisions are the basis on which the Group reports its primary segmental information to the 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. The International segment is based in the Channel Islands and offers a similar range of investment management and financial planning services as the UK Investment Management segment and the Financial Planning segment. Financial Planning offers wealth management services to high net worth individuals and families, giving independent "whole of market" financial advice enabling clients to build, manage and protect their wealth. The Group segment principally comprises the Group Board's management and associated costs, along with the consolidation adjustments.

Following the Cornelian and Lloyds Channel Islands (Note 7) acquisitions, the activities since acquisition have been included in the UK Investment Management segment and International segment respectively.

Revenues and expenses are allocated to the business segment that originated the transaction. Sales between segments are carried out at arm's length. Centrally incurred expenses are allocated to business segments on an appropriate pro rata basis.

Six months ended 31 Dec 2020 (unaudited)	UK Investment Management £'000	International £'000	Financial Planning £'000	Group and consolidation adjustments £'000	Total £'000
<b>Total segment revenue</b>	49,833	7,058	1,846	-	58,737
Inter segment revenue	(2,882)	-	-	-	(2,882)
<b>External revenues</b>	46,951	7,058	1,846	-	55,855
Underlying administrative costs	(19,772)	(4,289)	(1,342)	(16,360)	(41,763)
<b>Operating contribution</b>	27,179	2,769	504	(16,360)	14,092
Allocated costs	(12,301)	(1,468)	(859)	14,628	-
Underlying other gains/(losses) - net, finance income and finance costs	(92)	2	(16)	20	(86)
<b>Underlying profit/(loss) before tax</b>	14,786	1,303	(371)	(1,712)	14,006
Gain on bargain purchase	-	-	-	4,966	4,966
Acquisition-related costs	(435)	(1,961)	-	40	(2,356)
Amortisation of client relationships	(343)	(260)	-	(1,648)	(2,251)
Finance cost of deferred consideration	-	(1)	-	(158)	(159)
Changes in fair value of deferred consideration	-	-	-	(60)	(60)
Profit mark-up on Group allocated costs	89	(43)	(49)	3	-
<b>Profit/(loss) before tax</b>	14,097	(962)	(420)	1,431	14,146
Taxation	-	-	-	-	(2,003)
<b>Profit for the period attributable to equity holders of the Company</b>					12,143



# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 3. Segmental information (continued)

	UK Investment Management £'000	International £'000	Financial Planning £'000	Group and consolidation adjustments £'000	Total £'000
<b>Six months ended 31 Dec 2019<sup>1</sup> (unaudited)</b>					
Total segment revenue	46,337	7,023	1,962	8	55,330
Inter segment revenue	(434)	-	-	-	(434)
<b>External revenues</b>	<b>45,903</b>	<b>7,023</b>	<b>1,962</b>	<b>8</b>	<b>54,896</b>
Underlying administrative costs	(20,567)	(4,085)	(1,464)	(17,354)	(43,470)
<b>Operating contribution</b>	<b>25,336</b>	<b>2,938</b>	<b>498</b>	<b>(17,346)</b>	<b>11,426</b>
Allocated costs	(12,235)	(1,599)	(1,075)	14,909	-
Underlying other gains - net, finance income and finance costs	49	32	-	2	83
<b>Underlying profit/(loss) before tax</b>	<b>13,150</b>	<b>1,371</b>	<b>(577)</b>	<b>(2,435)</b>	<b>11,509</b>
Acquisition-related costs	-	-	-	(2,080)	(2,080)
Amortisation of client relationships and contracts acquired with fund managers	(358)	(210)	-	(520)	(1,088)
Head office relocation costs	(444)	(91)	(38)	-	(573)
Changes in fair value of contingent consideration	-	-	(55)	-	(55)
Finance cost of deferred consideration	-	-	-	(25)	(25)
Finance income from contingent consideration	-	-	6	1	7
<b>Profit/(loss) before tax</b>	<b>12,348</b>	<b>1,070</b>	<b>(664)</b>	<b>(5,059)</b>	<b>7,695</b>
Taxation					(1,491)
<b>Profit for the period attributable to equity holders of the Company</b>					<b>6,204</b>

1. See Note 2a for details regarding the restatement to the UK Investment Management segment as a result of the ACD fees and associated costs and also the output VAT on Platform MPS.

	UK Investment Management £'000	International £'000	Financial Planning £'000	Group and consolidation adjustments £'000	Total £'000
<b>Year ended 30 Jun 2020 (audited)</b>					
Total segment revenue	95,950	13,335	3,831	(6)	113,110
Inter segment revenue	(4,552)	-	-	-	(4,552)
<b>External revenues</b>	<b>91,398</b>	<b>13,335</b>	<b>3,831</b>	<b>(6)</b>	<b>108,558</b>
Underlying administrative costs	(42,004)	(8,026)	(3,161)	(32,424)	(85,615)
<b>Operating contribution</b>	<b>49,394</b>	<b>5,309</b>	<b>670</b>	<b>(32,430)</b>	<b>22,943</b>
Allocated costs	(24,143)	(2,890)	(1,926)	28,959	-
Net finance income	1	50	-	29	80
<b>Underlying profit/(loss) before tax</b>	<b>25,252</b>	<b>2,469</b>	<b>(1,256)</b>	<b>(3,442)</b>	<b>23,023</b>
Goodwill impairment	-	-	-	(4,471)	(4,471)
Acquisition-related costs	(1,085)	(606)	-	(2,570)	(4,261)
Amortisation of client relationships and contracts acquired with fund managers	(701)	(420)	-	(1,762)	(2,883)
Head office relocation costs	(1,166)	-	-	-	(1,166)
Finance cost of deferred consideration	-	-	-	(145)	(145)
Changes in fair value of contingent consideration	-	-	(54)	-	(54)
Finance income from contingent consideration	-	-	7	2	9
Profit mark-up on Group allocated costs	221	(136)	(85)	-	-
<b>Profit/(loss) before tax</b>	<b>22,521</b>	<b>1,307</b>	<b>(1,388)</b>	<b>(12,388)</b>	<b>10,052</b>
Taxation					(3,626)
<b>Profit for the period attributable to equity holders of the Company</b>					<b>6,426</b>

## 4. Revenue

	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited) £'000	Year ended 30 Jun 2020 (audited) £'000
Portfolio management fee income	46,893	48,359	95,108
Financial services commission	166	66	481
Advisory fees	2,167	2,380	4,325
Fund management fees	6,629	4,091	8,644
<b>Total revenue</b>	<b>55,855</b>	<b>54,896</b>	<b>108,558</b>

1. See Note 2a for details regarding the restatement as a result of the ACD fees and associated costs and also the output VAT on Platform MPS.

### a) Geographic analysis

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

	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited) £'000	Year ended 30 Jun 2020 (audited) £'000
United Kingdom	48,797	47,873	95,223
Channel Islands	7,058	7,023	13,335
<b>Total revenue</b>	<b>55,855</b>	<b>54,896</b>	<b>108,558</b>

1. See Note 2a for details regarding the restatement as a result of the ACD fees and associated costs and also the output VAT on Platform MPS.

### 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/(losses) - net represent the net changes in the fair value of the Group's financial instruments and intangible assets recognised in the Condensed consolidated statement of comprehensive income.

	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 (unaudited) £'000	Year ended 30 Jun 2020 (audited) £'000
Loss from changes in fair value of deferred consideration payable (Note 15)	(60)	-	-
Gain from changes in fair value of financial assets at fair value through profit or loss (Note 13)	42	-	6
Loss from changes in fair value of contingent consideration receivable (Note 13)	-	(55)	(54)
Goodwill impairment (Note 10)	-	-	(4,471)
<b>Total other gains/(losses) - net</b>	<b>(18)</b>	<b>(55)</b>	<b>(4,519)</b>



# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 6. Taxation

The current tax expense for the six months ended 31 December 2020 was calculated based on the Corporation Tax rate of 19%, applied to the taxable profit for the six months ended 31 December 2020 (H1 FY20: 19%; FY20: 19%).

	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited) £'000	Year ended 30 Jun 2020 (audited) £'000
UK Corporation Tax	2,582	2,293	3,991
Over provision in prior years	-	-	(66)
Total current taxation	2,582	2,293	3,925
Deferred tax credits	(510)	(802)	(674)
(Over)/under provision of deferred tax in prior years	(69)	-	462
Research and development tax credit	-	-	(87)
<b>Total income tax expense</b>	<b>2,003</b>	<b>1,491</b>	<b>3,626</b>

1. See Note 2a for details regarding the restatement as a result of the output VAT on Platform MPS.

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:

	Six months ended 31 Dec 2020 (unaudited)	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited)	Year ended 30 Jun 2020 (audited)
Profit before taxation	14,146	7,695	10,052
Profit multiplied by the standard rate of tax in the UK of 19% (H1 FY20: 19%; FY20: 19%)	2,688	1,462	1,910
Tax effect of amounts that are not deductible (taxable) in calculating taxable income:			
– Overseas tax losses not available for UK tax purposes	4	(24)	(24)
– Disallowable expenses	258	206	394
– Share-based payments	33	(396)	(139)
– Depreciation and amortisation	37	248	336
– Gain on bargain purchase	(943)	-	-
– Non-taxable income	(5)	(5)	(10)
– (Over)/under provision of deferred tax in prior years	(69)	-	396
– Research and development tax credit	-	-	(87)
– Impairment charges	-	-	850
<b>Income tax expense</b>	<b>2,003</b>	<b>1,491</b>	<b>3,626</b>

Following a change by HMRC on the Corporation Tax payments on account, the Group made six payments on account during the year ended 30 June 2020, with the financial year ending 30 June 2021 reverting back to four payments during the year.

Deferred tax assets and liabilities are calculated at 19% (H1 FY20: 17%; FY20: 19%) being the rate that is expected to be in force when the temporary differences unwind. The UK Government announced in its 2021 budget on 3 March 2021 that there is a planned increase in the rate of Corporation Tax from 19% to 25% with effect from 1 April 2023. As a result, the relevant deferred tax balances will have to be remeasured once the increase in the Corporation Tax rate is substantively enacted. The planned increase has not had an impact on the Group for the six months ended 31 December 2020. This increase in the Corporation Tax rate will have an estimated impact of £1,500,000 increase on the deferred tax liability from 1 April 2023.

During the year ended 30 June 2020, the Group made a claim for research and development tax relief in relation to qualifying expenditure on software development incurred in the year ended 30 June 2019. This resulted in a reduction in the Corporation Tax liability in the respective year of £87,000.

## 7. Business combinations

On 30 November 2020, the Group acquired Lloyds Bank International's Channel Islands wealth management and funds business ("Lloyds Channel Islands acquisition"). The acquisition brings a high-quality discretionary client base, adds a multi-asset and fixed income fund range to the Group's offering, and increases distribution reach through well-established intermediary relationships. The acquisition consisted of the entire share capital of Lloyds Investment Fund Managers Limited (renamed Brooks Macdonald International Fund Managers Limited following acquisition), and a portfolio of discretionary management private clients.

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

	Note	£'000	£'000
Business consideration		4,650	
Business consideration adjustment	i	(1,070)	
Initial business consideration - Discretionary business			3,580
Shares consideration		4,650	
Excess for net assets	ii	95	
Initial shares consideration - Funds business			4,745
Initial cash paid			8,325
Deferred contingent consideration at fair value	iii		308
<b>Total purchase consideration</b>			<b>8,633</b>

- Following completion, an adjustment was made to the business consideration in relation to the revenue that has transferred to the Group. The adjustment reflects the fall in revenue acquired by the Group compared to the expected revenue that would transfer to the Group in the Sale and Purchase Agreement ("SPA").
- Per the SPA, the completion balance sheet was to contain net assets of £2,500,000 to be acquired by the Group. Any excess or deficit of the actual net assets acquired would be paid or recouped by the Group. The actual net assets acquired by the Group were £2,595,000 resulting in the Group paying additional consideration of £95,000.
- The total cash deferred contingent consideration is £334,000, payable in two years following completion, based on the client attrition of the funds under management acquired over the two-year period.

The fair value of the deferred consideration liability has been remeasured at 31 December 2020, and remains unchanged, which assumes the deferred consideration criteria will be met resulting in the full £334,000 to be paid in two years. The client attrition has been forecast using a similar outflows pattern to that experienced by the rest of the Group. The client attrition is dependent on several unpredictable variables including client sentiment and market conditions.

Client relationship intangible assets of £9,080,000 and £3,147,000 were recognised on acquisition in respect of the expected cash inflows and economic benefit from the discretionary and fund management contracts acquired respectively. A gain on bargain purchase of £4,284,000 was recognised on acquisition in relation to the discretionary business and a gain on bargain purchase of £682,000 was recognised on acquisition in relation to the funds business as the net identifiable assets acquired were greater than the total purchase consideration, which has been recognised in the Condensed consolidated statement of comprehensive income. The fair value of the assets acquired are the gross contractual amounts and all are 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.

Directly attributable acquisition costs of £19,000 (H1 FY20: £nil; FY20: £606,000) and integration costs of £1,942,000 (H1 FY20: £nil; FY20: £nil) were incurred in the acquisition and integration of the Lloyds Channel Islands acquisition, which have been charged to administrative costs in the Condensed consolidated statement of comprehensive income but excluded from underlying profit.



# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 7. Business combinations (continued)

### a) Net assets acquired through business combination

	£'000
Trade and other receivables	31
Financial assets at fair value through profit and loss	4
Cash at bank	3,038
Trade and other payables	(363)
Corporation tax payable	(115)
<b>Total net assets recognised by acquired companies</b>	<b>2,595</b>
Fair value adjustments:	
Client relationship contracts - discretionary business	9,080
Client relationship contracts - fund-management business	3,147
Deferred tax liabilities	(1,223)
Net identifiable assets	13,599
Gain on bargain purchase	(4,966)
<b>Total purchase consideration</b>	<b>8,633</b>

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

### b) Impact on reported results from date of acquisition

In the period from acquisition to 31 December 2020, the Lloyds Channel Islands acquisition earned revenue of £767,000 and statutory profit before tax of £392,000.

### c) Net cash outflow resulting from business combinations

	£'000
Total purchase consideration	8,633
Less:	
Deferred cash consideration at fair value	(308)
<b>Cash paid to acquire Lloyds Channel Islands</b>	<b>8,325</b>
Less cash held by Lloyds Channel Islands	(3,038)
<b>Net cash outflow - investing activities</b>	<b>5,287</b>

## 8. Earnings per share

The Board of Directors considers that underlying earnings per share provides a more appropriate reflection of the Group's performance in the period. Underlying earnings per share, which is an alternative performance measure, are calculated based on 'underlying earnings', which is also an alternative performance measure and is defined as earnings before underlying adjustments listed below. The tax effect of these adjustments has also been 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 2020 (unaudited) £'000	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited) £'000	Year ended 30 Jun 2020 (audited) £'000
<b>Earnings attributable to ordinary shareholders</b>	<b>12,143</b>	6,204	6,426
<b>Underlying adjustments</b>			
Gain on bargain purchase (Note 7)	(4,966)	-	-
Acquisition-related costs	2,356	2,080	4,261
Amortisation of acquired client relationship contracts (Note 10)	2,251	1,072	2,867
Finance cost of deferred consideration (Note 15)	159	25	145
Changes in fair value of deferred consideration (Note 15)	60	-	-
Changes in fair value of contingent consideration (Note 13)	-	55	54
Head office relocation costs	-	573	1,166
Amortisation of contracts acquired with fund managers (Note 10)	-	16	16
Finance income of contingent consideration (Note 13)	-	(7)	(9)
Goodwill impairment (Note 10)	-	-	4,471
Tax impact of adjustments	(479)	(495)	(939)
<b>Underlying earnings attributable to ordinary shareholders</b>	<b>11,524</b>	9,523	18,458

1. See Note 2a for details regarding the restatement as a result of the output VAT on Platform MPS.

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. 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 weighted average number of shares in issue during the six months ended 31 December 2020 was as follows:

	Six months ended 31 Dec 2020 (unaudited) Number of shares	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited) Number of shares	Year ended 30 Jun 2020 (audited) Number of shares
<b>Weighted average number of shares in issue</b>	<b>15,710,199</b>	14,075,329	14,870,729
Effect of dilutive potential shares issuable on exercise of employee share options	26,391	18,383	46,052
<b>Diluted weighted average number of shares in issue</b>	<b>15,736,590</b>	14,093,712	14,916,781
	Six months ended 31 Dec 2020 (unaudited) p	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited) p	Year ended 30 Jun 2020 (audited) p
<b>Based on reported earnings:</b>			
Basic earnings per share	77.3	44.1	43.2
Diluted earnings per share	77.2	44.1	43.1
<b>Based on underlying earnings:</b>			
Basic earnings per share	73.4	67.7	124.1
Diluted earnings per share	73.2	67.6	123.7

1. See Note 2a for details regarding the restatement as a result of the output VAT on Platform MPS.



# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 9. Dividends

	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 (unaudited) £'000	Year ended 30 Jun 2020 (audited) £'000
Final dividend paid on ordinary shares	4,999	4,382	4,382
Interim dividend paid on ordinary shares	-	-	3,298
<b>Total dividends</b>	<b>4,999</b>	<b>4,382</b>	<b>7,680</b>

An interim dividend of 23.0p (six months ended 31 December 2019: 21.0p) per share was declared by the Board of Directors on 10 March 2021. It will be paid on 16 April 2021 to shareholders who are on the register at the close of business on 19 March 2021. In accordance with IAS 10, this dividend has not been included as a liability in the Condensed consolidated financial statements at 31 December 2020.

A final dividend for the year ended 30 June 2020 of 32.0p (year ended 30 June 2019: 32.0p) per share was paid to shareholders on 6 November 2020.

## 10. Intangible assets

	Goodwill £'000	Computer software £'000	Acquired client relationship contracts £'000	Contracts acquired with fund managers £'000	Total £'000
<b>Cost</b>					
At 1 July 2019	35,776	8,874	32,161	3,521	80,332
Additions	-	427	-	-	427
At 31 December 2019	35,776	9,301	32,161	3,521	80,759
Additions	16,111	1,187	25,623	-	42,921
Cost of intangible assets on acquisition of subsidiary	-	1,006	-	-	1,006
Disposals	-	(991)	-	-	(991)
At 30 June 2020	51,887	10,503	57,784	3,521	123,695
Additions	-	1,999	12,227	-	14,226
<b>At 31 December 2020</b>	<b>51,887</b>	<b>12,502</b>	<b>70,011</b>	<b>3,521</b>	<b>137,921</b>
<b>Accumulated amortisation and impairment</b>					
At 1 July 2019	6,742	3,192	16,726	3,505	30,165
Amortisation charge	-	1,103	1,072	16	2,191
At 31 December 2019	6,742	4,295	17,798	3,521	32,356
Amortisation charge	-	1,341	1,795	-	3,136
Accumulated amortisation of intangible assets on acquisition of subsidiary	-	919	-	-	919
Accumulated amortisation on disposals	-	(991)	-	-	(991)
Impairment	4,471	-	-	-	4,471
At 30 June 2020	11,213	5,564	19,593	3,521	39,891
Amortisation charge	-	1,408	2,251	-	3,659
<b>At 31 December 2020</b>	<b>11,213</b>	<b>6,972</b>	<b>21,844</b>	<b>3,521</b>	<b>43,550</b>
<b>Net book value</b>					
At 1 July 2019	29,034	5,682	15,435	16	50,167
At 31 December 2019	29,034	5,006	14,363	-	48,403
At 30 June 2020	40,674	4,939	38,191	-	83,804
<b>At 31 December 2020</b>	<b>40,674</b>	<b>5,530</b>	<b>48,167</b>	<b>-</b>	<b>94,371</b>

## 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 2020 (unaudited) £'000	31 Dec 2019 (unaudited) £'000	30 Jun 2020 (audited) £'000
<b>Funds</b>			
Braemar Group Limited ("Braemar")	3,320	3,320	3,320
Levitas Investment Management Services Limited ("Levitas")	-	4,471	-
	<b>3,320</b>	<b>7,791</b>	<b>3,320</b>
<b>International</b>			
Brooks Macdonald Asset Management (International) Limited and Brooks Macdonald Retirement Services (International) Limited (collectively "Brooks Macdonald International")	21,243	21,243	21,243
<b>Cornelian</b>			
Cornelian Asset Managers Group Limited ("Cornelian")	16,111	-	16,111
<b>Total goodwill</b>	<b>40,674</b>	<b>29,034</b>	<b>40,674</b>

At the reporting date, there were no indicators that the carrying amount of goodwill in relation to any of the CGUs should be impaired, therefore, the recoverable amount calculations have not been performed.

### b) Computer software

Computer software costs are amortised on a straight-line basis over an estimated useful life of four 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.

### 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 (15 to 20 years).

During the six months ended 31 December 2020, the Group acquired client relationship contracts totalling £12,227,000, as part of the Lloyds Channel Islands acquisitions (Note 7), which were recognised as separately identifiable intangible assets in the Consolidated statement of financial position. The additions included contracts related to the discretionary business of £9,080,000, with a useful economic life of 15 years, and £3,147,000 related to the fund-management business, with a useful economic life of six years.

### d) Contracts acquired with fund managers

This asset represented the fair value of the future benefits accruing to the Group from contracts acquired with fund managers. Payments made to acquire such contracts are initially recognised at cost and amortised on a straight-line basis over an estimated useful life of five years.



# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 11. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	IT equipment £'000	Total £'000
<b>Cost</b>				
At 1 July 2019	3,150	8,305	3,334	14,789
Additions	273	137	20	430
At 31 December 2019	3,423	8,442	3,354	15,219
Additions	968	191	369	1,528
Cost of property, plant and equipment on acquisition of subsidiary	19	104	195	318
Disposals	(466)	(7,720)	(1,436)	(9,622)
At 30 June 2020	3,944	1,017	2,482	7,443
Additions	414	21	142	577
<b>At 31 December 2020</b>	<b>4,358</b>	<b>1,038</b>	<b>2,624</b>	<b>8,020</b>
<b>Accumulated depreciation</b>				
At 1 July 2019	1,420	7,942	2,250	11,612
Depreciation charge	719	223	280	1,222
At 31 December 2019	2,139	8,165	2,530	12,834
Depreciation charge	353	94	359	806
Accumulated depreciation of property, plant and equipment on acquisition of subsidiary	19	102	123	244
Depreciation charge	(466)	(7,720)	(1,436)	(9,622)
At 30 June 2020	2,045	641	1,576	4,262
Depreciation charge	180	46	237	463
<b>At 31 December 2020</b>	<b>2,225</b>	<b>687</b>	<b>1,813</b>	<b>4,725</b>
<b>Net book value</b>				
At 1 July 2019	1,730	363	1,084	3,177
At 31 December 2019	1,284	277	824	2,385
At 30 June 2020	1,899	376	906	3,181
<b>At 31 December 2020</b>	<b>2,133</b>	<b>351</b>	<b>811</b>	<b>3,295</b>

## 12. Right of use assets

	Property £'000
<b>Cost</b>	
At 30 June 2020	8,491
Additions	414
<b>At 31 December 2020</b>	<b>8,905</b>
<b>Depreciation</b>	
At 30 June 2020	1,500
Depreciation charge	759
<b>At 31 December 2020</b>	<b>2,259</b>
<b>Right of use assets</b>	
At 30 June 2020	6,991
<b>At 31 December 2020</b>	<b>6,646</b>

The additions relate to additional property leases that commenced during the six months ended 31 December 2020.

## 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 2020 (unaudited) £'000	31 Dec 2019 <sup>1</sup> (unaudited) £'000	30 Jun 2020 (audited) £'000
<b>Financial assets</b>			
<i>Financial assets at fair value through profit or loss:</i>			
Investment in regulated OEIC	591	-	549
Investment in recognised funds	17	-	-
Contingent consideration receivable	-	175	-
<i>Financial assets at fair value through other comprehensive income:</i>			
Unlisted redeemable preference shares	500	500	500
<i>Financial assets at amortised cost:</i>			
Trade and other receivables	27,525	27,301	26,081
Cash and cash equivalents	38,600	62,639	50,168
Other receivables	-	94	-
<b>Total financial assets</b>	<b>67,233</b>	<b>90,709</b>	<b>77,298</b>
<b>Financial liabilities</b>			
<i>Financial liabilities at fair value through profit or loss:</i>			
Deferred consideration (Note 15)	8,097	405	7,991
<i>Financial liabilities at amortised cost:</i>			
Trade and other payables	19,041	18,333	22,765
Current tax liabilities	118	125	480
Lease liabilities (Note 14)	7,517	8,870	7,934
Provisions (Note 16)	976	1,501	2,526
Other non-current liabilities	560	570	330
<b>Total financial liabilities</b>	<b>36,309</b>	<b>29,804</b>	<b>42,026</b>

1. See Note 2a for details regarding the restatement as a result of the output VAT on Platform MPS.

The following table provides an analysis of the financial assets and liabilities that, subsequent to initial recognition, are measured at fair value. These are grouped into the following levels within the fair value hierarchy, based on the degree to which the inputs used to determine the fair value are observable:

- Level 1 - derived from quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 - derived from inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly; and
- Level 3 - derived from inputs that are not based on observable market data.



# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 13. Financial instruments (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets</b>				
At 1 July 2019	-	-	1,113	1,113
Net changes in fair value charged to the Condensed consolidated statement of comprehensive income	-	-	(55)	(55)
Finance income of contingent consideration	-	-	7	7
Payments received during the period	-	-	(390)	(390)
At 31 December 2019	-	-	675	675
Additions	543	-	-	543
Net changes in fair value charged to the Condensed consolidated statement of comprehensive income	6	-	-	6
Finance income of contingent consideration	-	-	3	3
Payment received during the period	-	-	(178)	(178)
At 30 June 2020	549	-	500	1,049
Additions	4	-	-	4
Net changes in fair value charged to the Condensed consolidated statement of comprehensive income	42	-	-	42
Net changes in fair value charged to the Condensed consolidated statement of financial position	13	-	-	13
<b>At 31 December 2020</b>	<b>608</b>	<b>-</b>	<b>500</b>	<b>1,108</b>
<i>Comprising:</i>				
Financial assets at fair value through other comprehensive income	-	-	500	500
Financial assets at fair value through profit and loss	608	-	-	608
<b>Total financial assets</b>	<b>608</b>	<b>-</b>	<b>500</b>	<b>1,108</b>

At 31 December 2020, 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 8% per annum, reducing to 4% per annum from April 2021. 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.

During the six months ended 31 December 2020, the Group completed the Lloyds Channel Islands acquisition (Note 7). On acquisition, Lloyds Investment Fund Managers Limited (renamed Brooks Macdonald International Fund Managers Limited following acquisition), held investment positions in the underlying recognised funds, totalling £4,000. Investment positions in recognised funds are a standard amount of shares per fund that Brooks Macdonald International Fund Managers Limited holds to facilitate daily shares and redemptions by the unit holders. The requirement to advise the custodian of shares to be created or cancelled within two hours of the valuation point, which is generally before the dealing prices for the day have been released, results in Brooks Macdonald International Fund Managers Limited holding shares. The value of the investment positions in the recognised funds at 31 December 2020 was £17,000.

During the year ended 30 June 2020, the Group acquired Cornelian Asset Managers Group Limited. On acquisition, Cornelian Asset Managers Group Limited held 500,000 shares in five of the SVS Cornelian Risk Managed Passive Funds, totalling £543,000. During the six months ended 31 December 2020, the Group recognised a gain on these investments of £42,000. The Group's holding in the SVS Cornelian Risk Managed Passive Funds at 31 December 2020 was £591,000.

## 13. Financial instruments (continued)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities</b>				
At 1 July 2019	-	-	1,299	1,299
Finance cost of deferred consideration	-	-	25	25
Payments made during the period	-	-	(919)	(919)
At 31 December 2019	-	-	405	405
Additions	-	-	7,466	7,466
Finance cost of deferred consideration	-	-	120	120
At 30 June 2020	-	-	7,991	7,991
Additions	-	-	308	308
Change in fair value	-	-	60	60
Finance cost of deferred consideration	-	-	159	159
Payments made during the period	-	-	(421)	(421)
<b>At 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>8,097</b>	<b>8,097</b>
<i>Comprising:</i>				
Deferred consideration (Note 15)	-	-	8,097	8,097
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>8,097</b>	<b>8,097</b>

Deferred 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

	£'000
At 30 June 2020	7,934
Additions	396
Payments made against lease liabilities	(986)
Finance cost of lease liabilities	173
<b>At 31 December 2020</b>	<b>7,517</b>
<i>Analysed as:</i>	
Amounts falling due within one year	1,355
Amounts falling due after more than one year	6,162
<b>At 31 December 2020</b>	<b>7,517</b>

The additions relate to additional property leases that commenced during the six months ended 31 December 2020.

# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 15. Deferred consideration

Deferred 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 consideration is measured at its fair value based on discounted expected future cash flows. The movements in the total deferred consideration balance during the period were as follows:

	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 (unaudited) £'000	Year ended 30 Jun 2020 (audited) £'000
At beginning of period	7,991	1,299	1,299
Additions	308	-	7,466
Finance cost of deferred consideration	159	25	145
Change in fair value	60	-	-
Payments made during the period	(421)	(919)	(919)
<b>At end of period</b>	<b>8,097</b>	<b>405</b>	<b>7,991</b>
<i>Analysed as:</i>			
Amounts falling due within one year	7,799	405	1,691
Amounts falling due after more than one year	298	-	6,300
<b>At end of period</b>	<b>8,097</b>	<b>405</b>	<b>7,991</b>

During the six months ended 31 December 2020, the Group completed the Lloyds Channel Islands acquisition (Note 7) and part of the consideration is to be deferred over a period of two years. The total cash deferred consideration of £334,000 was recognised at its fair value of £308,000 on acquisition. The deferred consideration is payable in December 2022 based on the future revenue generated by the discretionary business acquired. During the six months ended 31 December 2020, the Group recognised a finance cost of £1,000 on the Lloyds Channel Islands acquisition deferred consideration. The fair value of the Lloyds Channel Islands acquisition deferred consideration at 31 December 2020 was £309,000.

During the six months ended 31 December 2020, the fair value of the estimated deferred consideration for Cornelian Asset Managers Group Limited was revalued by £60,000 due to a change in the estimated timing of when the consideration will be payable. Full details of the Cornelian acquisition are disclosed in Note 10 of the 2020 Annual Report and Accounts. During the six months ended 31 December 2020, the Group recognised a finance cost of £151,000 on the Cornelian deferred consideration. The fair value of the Cornelian deferred consideration at 31 December 2020 was £7,788,000, with the full balance payable within one year, recognised in current liabilities.

During the six months ended 31 December 2020, the final payment was made in relation to the acquisition of Levitas totalling £421,000 (H1 FY20: £919,000; FY20: £919,000). Full details of the Levitas acquisition are disclosed in Note 13 of the 2015 Annual Report and Accounts. The fair value of the Levitas deferred consideration at 30 June 2020 was £nil.

Deferred consideration is classified as Level 3 within the fair value hierarchy, as defined in Note 13.

## 16. Provisions

	Client compensation £'000	Exceptional costs of resolving legacy matters £'000	Regulatory levies £'000	Leasehold dilapidations £'000	Total <sup>1</sup> £'000
At 1 July 2019	100	701	928	366	2,095
Charge to the Condensed consolidated statement of comprehensive income	172	-	162	279	613
Utilised during the period	(119)	(39)	(949)	(100)	(1,207)
At 31 December 2019	153	662	141	545	1,501
Charge to the Condensed consolidated statement of comprehensive income	94	-	2,009	102	2,205
Additions on acquisition of subsidiary	-	-	-	103	103
Utilised during the period	(209)	(54)	(649)	(370)	(1,282)
At 30 June 2020	38	608	1,501	380	2,527
Charge to the Condensed consolidated statement of comprehensive income	208	-	16	23	231
Utilised during the period	(169)	(8)	(1,517)	(104)	(1,782)
<b>At 31 December 2020</b>	<b>77</b>	<b>600</b>	<b>-</b>	<b>299</b>	<b>976</b>
<i>Analysed as:</i>					
Amounts falling due within one year	77	600	-	62	739
Amounts falling due after more than one year	-	-	-	237	237
<b>Total provisions</b>	<b>77</b>	<b>600</b>	<b>-</b>	<b>299</b>	<b>976</b>

1. See Note 2a details on the reclassification of current deferred consideration and current provisions for the comparative periods.

### 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) Exceptional costs of resolving legacy matters

Following a review into legacy matters arising from the former Spearpoint business, which was acquired by the Group in 2012, a provision was recognised for costs of resolving these including associated expenses in the years ended 30 June 2017 and 30 June 2018. These matters relate to a number of discretionary portfolios formerly managed by Spearpoint, now managed by Brooks Macdonald Asset Management (International) Limited, and a Dublin-based fund, for which Spearpoint acted as investment manager. During the six months ended 31 December 2020, no further provisions were made (H1 FY20: £nil; FY20: £nil). The amount utilised during the six months ended 31 December 2020 of £8,000 represented goodwill payments made to clients.

### c) Regulatory levies

The amount utilised during the period relates to the Financial Services Compensation Scheme levy for the 2020/21 scheme year (accrued in FY20). The expected levy for the 2021/22 scheme year has been announced by the FSCS but does not yet meet the recognition criteria for a provision. This will be recognised in June 2021 as part of the FY21 results.

### d) 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. During the six months ended 31 December 2020, the Group settled dilapidations on the cessation of a lease for £104,000.



# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 17. Reconciliation of operating profit to net cash inflow from operating activities

	Six months ended 31 Dec 2020 (unaudited) £'000	Six months ended 31 Dec 2019 <sup>1</sup> (unaudited) £'000	Year ended 30 Jun 2020 <sup>2</sup> (audited) £'000
<b>Operating profit before tax</b>	<b>9,466</b>	7,714	10,245
Depreciation of property, plant and equipment	463	1,222	2,028
Depreciation of right of use assets	759	533	1,256
Amortisation of intangible assets	3,659	2,191	5,327
Other gains/(losses) - net	18	55	4,519
(Increase)/decrease in receivables	(1,408)	(619)	2,642
Decrease in payables	(4,203)	(2,923)	(202)
(Decrease)/increase in provisions	(1,550)	(594)	431
Increase/(decrease) in other non-current liabilities	230	(144)	(384)
Share-based payments charge	1,560	2,492	3,571
<b>Net cash inflow from operating activities</b>	<b>8,994</b>	9,927	29,433

1. See Note 2a for details regarding the restatement as a result of the output VAT on Platform MPS.

2. The cash held by subsidiary entities acquired has been recognised in cash flows from investing activities on the Condensed consolidated statement of cash flows. In the prior period this had been classified as cash generated from operations and therefore has been changed to reflect the correct classification. The changes made to the prior period numbers are that acquisition of subsidiaries, net of cash acquired has been increased by £6,655,000, working capital movement in receivables has been increased by £1,948,000, working capital movement in payables has been reduced by £1,246,000 and net assets acquired in business combination has been decreased by £7,357,000.

## 18. Share capital and share premium

The movements in share capital and share premium during the period were as follows:

	Number of shares	Exercise price p	Share capital £'000	Share premium £'000	Total £'000
At 1 July 2019	13,950,071		139	39,068	39,207
Shares issued:					
– on placing	1,690,141	-	17	29,383	29,400
– on exercise of options	15,876	1,381.0 - 1,725.0	1	255	256
– to Sharesave Scheme	9,710	1,400.0 - 1,738.0	-	111	111
At 31 December 2019	15,665,798		157	68,817	68,974
Shares issued:					
– as consideration	453,172	-	4	8,996	9,000
– on exercise of options	9,986	1,381.0 - 1,719.0	-	172	172
– to Sharesave Scheme	(1,854)	1,237.0 - 1,738.0	-	(3)	(3)
At 30 June 2020	16,127,102		161	77,982	78,143
Shares issued:					
– on exercise of options	4,134	1,452.0	-	60	60
– to Sharesave Scheme	1,700	1,400.0 - 1,738.0	-	29	29
<b>At 31 December 2020</b>	<b>16,132,936</b>		<b>161</b>	<b>78,071</b>	<b>78,232</b>

The total number of ordinary shares issued and fully paid at 31 December 2020 was 16,132,936 (at 31 December 2019: 15,665,798; at 30 June 2020: 16,127,102).

On 27 November 2019, the Group issued 1,690,141 ordinary shares by way of a non-pre-emptive placing for non-cash consideration. The shares were placed at an equivalent of 1,775p per share, which raised £29,400,000, net of £600,000 share issue costs, offset against share premium arising on the issue. The shares were issued to fund the acquisition of Cornelian.

The total value of share capital issued on exercise of options and to Sharesave Scheme members in the six months ended 31 December 2020 was £nil (H1 FY20: £1,000; FY20: £nil).

## 18. Share capital and share premium (continued)

### 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 and Long-Term Incentive Plan. At 31 December 2020, the EBT held 548,548 (at 31 December 2019: 274,157; at 30 June 2020: 409,163) 1p ordinary shares in the Company, acquired for a total consideration of £9,809,000 (at 31 December 2019: £4,915,000; at 30 June 2019: £7,519,000) with a market value of £9,013,000 (at 31 December 2019: £5,867,000; at 30 June 2020: £6,800,000). They are classified as treasury shares in the Condensed consolidated statement of financial position, their cost being deducted from retained earnings within shareholders' equity.

## 19. Equity-settled share-based payments

Share options granted during the six months ended 31 December 2020 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	nil	1,447 - 1,577	192,471

No options were granted in respect of the Company's other equity-settled share-based payment schemes during the six months ended 31 December 2020. The charge to the Condensed consolidated statement of comprehensive income for the six months ended 31 December 2020 in respect of all equity-settled share-based payment schemes was £1,075,000 (H1 FY20: £1,980,000; FY20: £3,952,000).

The total amount recognised in the Condensed consolidated statement of comprehensive income of £1,075,000 (H1 FY20: £1,980,000) in relation to the share-based payments comprises £1,560,000 (H1 FY20: £2,492,000) of the equity reserve charge netted off by the release of the prior year accrual of £485,000 (H1 FY20: £512,000) pertaining to the respective discretionary compensation.

## 20. Related party transactions

There were no related party transactions during the six months ended 31 December 2020 and no balances outstanding at 31 December 2020 owed to or from related parties.

## 21. Guarantees and contingent liabilities

The Group could, in the course of its business, be subject to legal proceedings and/or regulatory activity. Should such an event arise, the Directors would consider its best estimate of the amount required to settle the obligation and, where appropriate and material, establish a provision. While there can be no assurances that circumstances will not change, based upon information currently available to them, the Directors do not believe there is any possible activity or event that could have a material adverse effect on the Group's financial position.

A claim has been made against Brooks Macdonald Financial Consulting Limited, a subsidiary of the Group, for unspecified losses. The claimant has not determined the quantum of the claim so it is not possible to reliably estimate the potential impact should the claim succeed. There remains significant uncertainty surrounding the claim, and it is not possible to forecast the timing, likelihood or quantum of any economic outflow. Accordingly, 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 Financial Services Compensation Scheme 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.

During the year ended 30 June 2020, a small number of clients rejected goodwill offers made by Brooks Macdonald Asset Management (International) Limited in connection with the exceptional costs of resolving legacy matters (Note 16b), which were released from the provision. It is possible that one or more complainants might issue claims against Brooks Macdonald Asset Management (International) Limited, but no such claims have been issued as at 31 December 2020. As a result, it is not possible to estimate the potential outcome of claims or to assess the quantum of any liability with any certainty at this stage.

# Notes to the condensed consolidated financial statements continued

for the six months ended 31 December 2020

## 22. Principal risks and uncertainties

The principal risks and uncertainties facing the Group are in line with those disclosed and included within the Group's 2020 Annual Report and Accounts for the year ended 30 June 2020.

## 23. 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.

# 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.

The Directors of Brooks Macdonald Group plc are listed on page 42.

By order of the Board of Directors

**BL Thorpe**  
Group Finance Director  
10 March 2021



# Independent review report of Brooks Macdonald Group plc

## Report on the Condensed consolidated interim financial statements

### Our conclusion

We have reviewed Brooks Macdonald Group Plc's consolidated interim financial statements (the "interim financial statements") in the Interim Report and Accounts of Brooks Macdonald Group Plc for the period from 1 July 2020 to 31 December 2020 (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 International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

### What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 31 December 2020;
- 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 International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

## Responsibilities for the interim financial statements and the review

### Our responsibilities and those of the Directors

The Interim Report and Accounts, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Report and Accounts in accordance with the AIM Rules for Companies, which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Accounts based on our review. 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.

### What a review of interim financial statements involves

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

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

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

### PricewaterhouseCoopers LLP

#### Chartered Accountants

London

10 March 2021

# Further information

## Directors

Alan Carruthers	Chairman
Caroline Connellan	CEO
Ben Thorpe	Group Finance Director
Robert Burgess	Non-Executive Director (appointed 1 August 2020)
Dagmar Kershaw	Non-Executive Director (appointed 1 July 2020)
John Linwood	Non-Executive Director
Richard Price	Non-Executive Director
Diane Seymour-Williams	Non-Executive Director (resigned 27 October 2020)
David Stewart	Non-Executive Director (resigned 31 July 2020)

## Financial calendar

Interim results announced	11 March 2021
Ex-dividend date for interim dividend	18 March 2021
Record date for interim dividend	19 March 2021
Payment date of interim dividend	16 April 2021

## Company information

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

## Officers and advisers

### Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

### Principal bankers

The Royal Bank of Scotland plc
280 Bishopsgate
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### Registrars

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The Registry
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Beckenham
Kent
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### Nominated adviser and broker

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London
EC2M 2AT

### Public relations

FTI Consulting
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## Glossary

Abbreviation	Definition	Abbreviation	Definition
<b>ACD</b>	Authorised Corporate Director	<b>IAS</b>	International Accounting Standard
<b>AIM</b>	Alternative Investment Market	<b>IASB</b>	International Accounting Standard Board
<b>ANLA</b>	Adjusted Net Liquid Asset	<b>ICAAP</b>	Internal Capital Adequacy Assessment Process
<b>APM</b>	Alternative performance measure	<b>IFA</b>	Independent Financial Adviser
<b>ARC</b>	Asset Risk Consultants	<b>IFPRU</b>	The FCA's Prudential Sourcebook for Investment Firms
<b>BM</b>	Brooks Macdonald	<b>IFRS IC</b>	International Financial Reporting Interpretations Committee
<b>BMG, Company</b>	Brooks Macdonald Group plc	<b>IFRS</b>	International Financial Reporting Standard
<b>BPS</b>	Bespoke Portfolio Service	<b>International</b>	The Group's trading activities in the Channel Islands
<b>CGU</b>	Cash Generating Unit	<b>IT</b>	Information Technology
<b>Cornelian, CAM</b>	Cornelian Asset Managers Group Limited	<b>JFSC</b>	Jersey Financial Services Commission
<b>CREST</b>	The settlement system used by the London Stock Exchange for settling all its transactions	<b>Lloyds Channel Islands acquisition</b>	Lloyds Banking Group's Channel Islands wealth management and funds business
<b>DCF</b>	Defensive Capital Fund	<b>LTIS</b>	Long-Term Incentive Scheme
<b>EBT</b>	Employee Benefit Trust	<b>M&amp;A</b>	Mergers and acquisitions
<b>EPS</b>	Earnings per share	<b>MPS</b>	Managed Portfolio Service
<b>ESG</b>	Environmental, Social and Governance	<b>OEIC</b>	Open-Ended Investment Company
<b>EU</b>	European Union	<b>ROU</b>	Right of use asset
<b>FCA</b>	UK Financial Conduct Authority	<b>SPA</b>	Sale and Purchase Agreement
<b>FSCS</b>	Financial Services Compensation Scheme	<b>SS&amp;C</b>	SS&C Technologies
<b>FUM</b>	Funds under management	<b>the IB Code</b>	Code for Practice for International Business
<b>FY20</b>	Financial year ended 30 June 2020	<b>UK</b>	United Kingdom
<b>GDP</b>	Gross Domestic Product	<b>UKIM</b>	UK Investment Management
<b>GRIF</b>	Ground Rents Income Fund	<b>VAT</b>	Value added tax
<b>Group</b>	Brooks Macdonald Group plc and its controlled entities		
<b>H1 FY19</b>	Six months ended 31 December 2018		
<b>H1 FY20</b>	Six months ended 31 December 2019		
<b>H1 FY21</b>	Six months ended 31 December 2020		
<b>H2 FY22</b>	Six months ended 30 June 2022		

### Cautionary statement

The Interim Report and Accounts for the six months ended 31 December 2020 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.



# Further information continued

## Our offices

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### Wales and West

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