Reigniting growth

Annual Report and Accounts 2024

BROOKS MACDONALD

Brooks Macdonald Group plc
Annual Report and Accounts for the year ended 30 June 2024

Reigniting growth

"Throughout my tenure as CEO, we have remained focused on our purpose of realising ambitions and securing futures, which means we keep our clients at the forefront of our minds, whilst also providing for all our stakeholders – employees, intermediaries and shareholders."

Andrew Shepherd
CEO

Contents

Highlights of the year

Financial highlights

Funds under management ("FUM") (£bn)

£18.0bn ↑

(FY23: £16.8bn)

Revenue (£m)

£128.3m ↑

(FY23: £123.8m)

Underlying profit before tax (£m)

£34.1m ↑

(FY23: £30.3m)

Underlying profit margin before tax (%)

26.6% ↑

(FY23: 24.5%)

Statutory profit before tax (£m)

£11.6m ↓

(FY23: £22.2m)

Underlying basic earnings per share (p)

163.8p ↑

(FY23: 153.8p)

Statutory basic earnings per share (p)

40.1p ↓

(FY23: 114.7p)

Total dividend per share (p)

78.0p ↑

(FY23: 75.0p)

The underlying figures represent the results for the Group's activities excluding underlying adjustments as listed on page 36. These represent alternative performance measures ("APMs") for the Group. Refer to the Non-IFRS financial information section on page 172 for a glossary of the Group's APMs, their definition, and the criteria for how underlying adjustments are considered. A reconciliation between the Group statutory and underlying profit before tax is included on page 36.

Strategic highlights

Redefined our strategy to reignite growth with a renewed focus on excellent client service, broadening and deepening our client reach and exploring all opportunities to drive scale and efficiencies.

Delivered a strategic review culminating in the proposed sale of our International Business and the Defensive Capital Fund (subject to regulatory approval).

Creating a simplified business focused on multi-asset investment management and financial planning in the UK.

Strengthened the breadth and experience of the leadership team with appointment of a new Chair, CEO, CFO and Interim COO.

Group at a glance

What we do

Brooks Macdonald Group plc, through its various subsidiaries, provides leading wealth management services in the UK and internationally. The Group, which was founded in 1991 and began trading on AIM in 2005, had discretionary funds under management of £18.0 billion as at 30 June 2024.

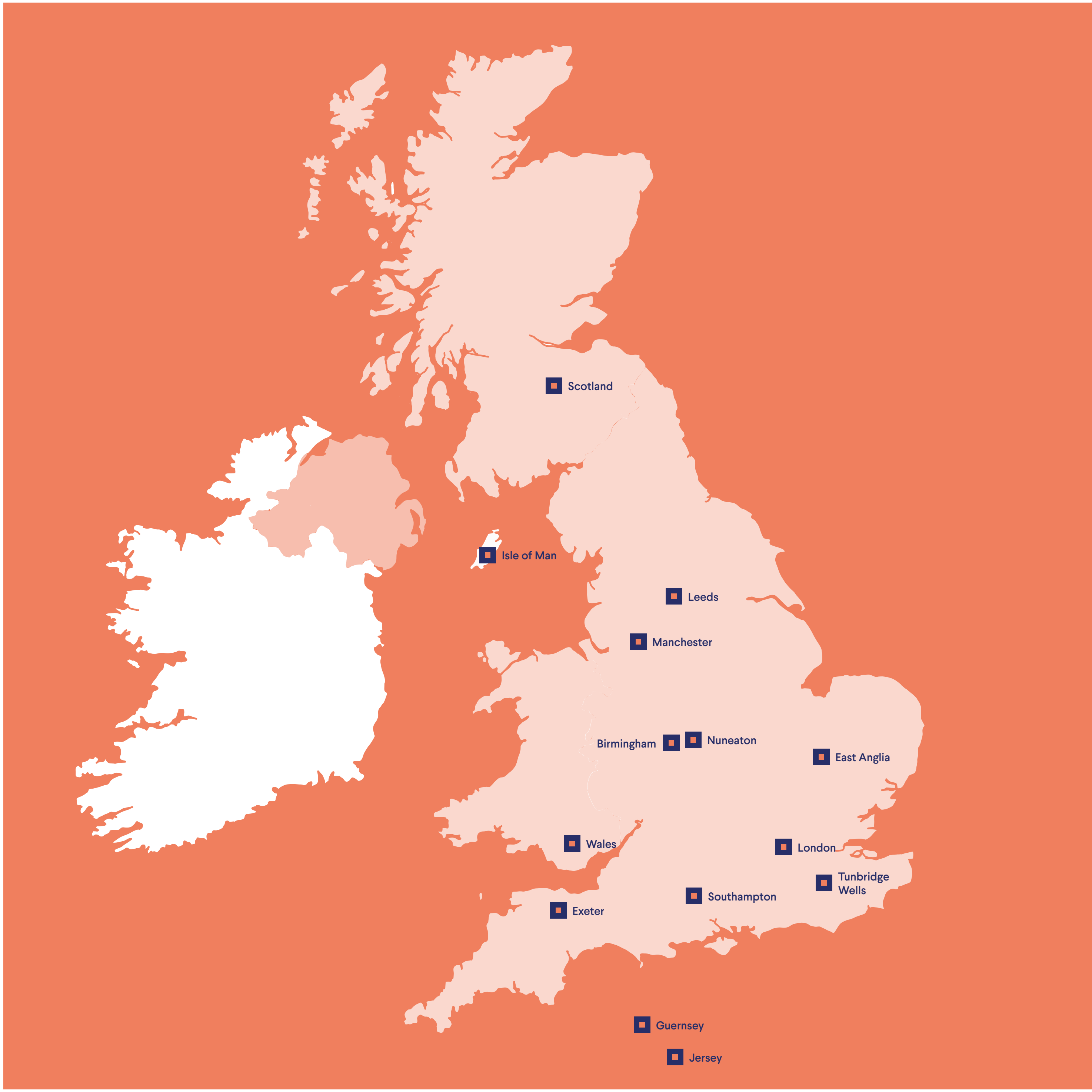
Brooks Macdonald offers a range of investment management services to private high-net-worth individuals, pension funds, institutions, charities and trusts. The Group also provides financial planning as well as international investment management, and acts as fund manager to a range of onshore and international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

Where we do it

14

Locations

With a network of 14 offices across the UK and Crown Dependencies, we are able to blend local knowledge with the advantages of national reach and insight.

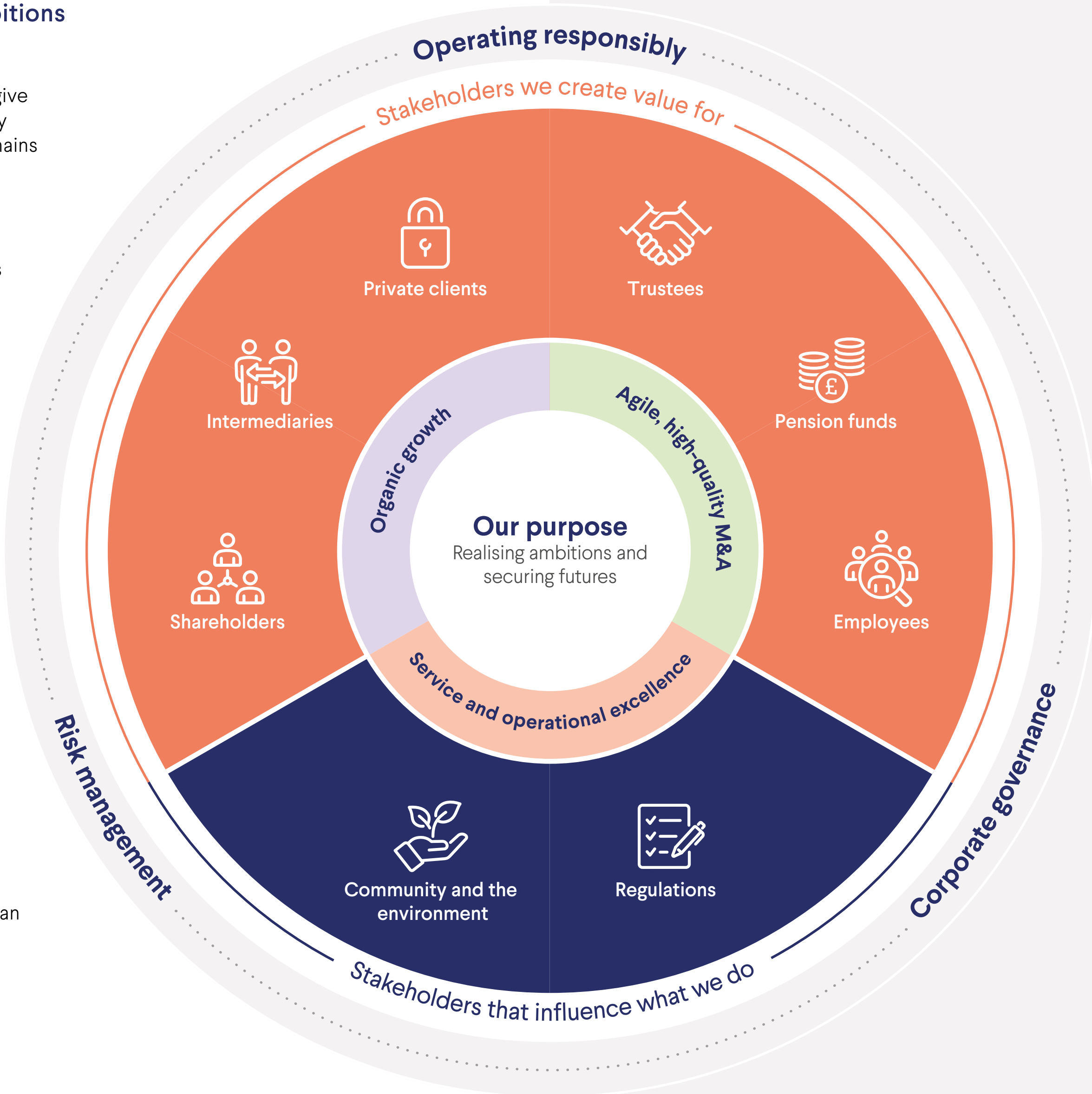


Our purpose is realising ambitions and securing futures

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

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

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



Read more about:

- Our guiding principles
- Our purpose, culture and values

See pages 44 - 48

- Our strong delivery drivers
- Our business model and strategy

See pages 08 - 27

- Who we engage with and the value we create for them
- Our stakeholders

See pages 21 - 25

- Being a responsible business
- Our corporate governance

See pages 44 - 52

Investment case

Brooks Macdonald is a prominent investment management firm recognised for its wealth management services, particularly through its Managed Portfolio Service ("MPS") and its Bespoke Portfolio Service ("BPS"). The Group excels in delivering personalised investment strategies and maintaining strong client relationships. With a consistent track record of financial performance, highlighted by 19 consecutive years of dividend increases, the Group continues to deliver value to its shareholders.

Financial performance

Brooks Macdonald remains a cash-generative business with a strong balance sheet and a long-standing record of increasing dividends, showcasing its financial resilience and commitment to shareholder returns.

Market opportunity

The Group is strategically positioned to capitalise on the ongoing demographic, regulatory, and technological shifts in the market. Its success in the high-growth Managed Portfolio Service ("MPS") sector continues to be a significant driver of growth.

Comprehensive investment proposition

Brooks Macdonald offers a compelling and differentiated set of specialised Bespoke Portfolio Services ("BPS") products, funds, and unitised solutions. These business-to-business investment solutions are tailored to meet the diverse needs of advisers, supporting clients throughout their investment journeys.

Strong distribution

The Group maintains strong relationships within the intermediary channel and is well-positioned to benefit from the increasing demand for outsourced investment management. It aims to solidify its position as the leading investment manager for both Adviser Solutions and Direct Wealth.

Centralised Investment Process

Brooks Macdonald's Centralised Investment Process continues to deliver robust investment returns, maintaining consistency and reliability for clients.

Client-centric approach

With a business model centred around both intermediaries and direct clients, Brooks Macdonald is renowned for its high level of service and client satisfaction.

Quality of leadership team

Brooks Macdonald's leadership team possess significant investment management expertise and strong capabilities in client and adviser engagement. The team's commitment to innovation and operational excellence consistently drive performance, ensuring that strategic goals are achieved and client needs are prioritised, positioning Brooks Macdonald for continued success in 2024.

Top UK wealth managers by AUM (end 2023)

01	St. James's Place	£163.05bn
02	Rathbones + Investec	£94.52bn
03	Schroders	£81.4bn
04	Evelyn Partners	£59.4bn
05	RBC Brewin Dolphin	£55.8bn
06	Quilter	£52.47bn
07	Canaccord Genuity	£33.7bn
08	LGT WM	£28.87bn
09	Charles Stanley	£25.9bn
10	Ruffer	£23.7bn
11	Sarasin	£18.8bn
12	Close Brothers	£17.7bn
13	Titan Wealth	£16.6bn
14	Raymond James	£16.15bn
15	**Brooks Macdonald[1]**	**£15.36bn**
16	Tatton	£15.04bn
17	Omnis	£11.81bn
18	Waverton	£10.9bn
19	JM Finn	£10.61bn
20	Premier Miton	£10.36bn
21	Progeny	£9bn
22	Parmenion	£8.72bn
23	Hargreaves Lansdown	£8.7bn
24	Killick & Co	£8.57bn

[1] UK FUM only, excludes the Group's International business.

This bar chart illustrates the growth in dividends for Brooks Macdonald Group from 2005 to 2024. The chart highlights key years that demonstrate the Group's substantial progress in increasing dividend payouts over time.

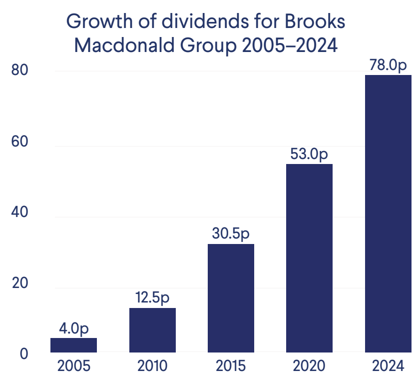
2005 4.0p – Year of listing on AIM

2010 12.5p – 5 years post-listing, marking early growth

2015 34.0p – 10 years post-listing, reflecting significant progress

2020 51.0p – Continued growth

2024 78.0p – This year's figure, our highest dividend to date



“Brooks Macdonald is an excellent business that serves a critical need for individual saving and investment. The structural opportunity for our industry remains strong and we are well positioned to help clients navigate all market conditions. We remain focused on delivering consistently good investment returns for our clients and partners.”

Maarten Slendebroek
Chair

Strategic report

A comprehensive review of our business and strategy

Chair's statement

Focus on reigniting growth

"With a stronger focus on our refined strategy, I look forward to seeing Brooks Macdonald delivering enhanced returns for all our stakeholders."

Maarten Slendebroek
Chair

I am delighted to present my first Annual Report as your new chair. I have spent recent months getting to know Brooks Macdonald and I have great first impressions. In particular, our client-centric culture - the service and commitment we provide to clients and advisers is exemplary, together with the strength of our relationships and the calibre of our people. I have also met shareholders, corporate advisers and competitors, and have gained a good understanding of Brooks Macdonald, and it's position in the UK wealth market.

Brooks Macdonald is an excellent business that serves a critical need for individual saving and investment. The structural opportunity for our industry remains strong and we are well positioned to help clients navigate all market conditions. We will continue to focus on delivering consistently good investment returns for our clients and partners.

The Group delivered good financial results in the year to 30 June 2024. Underlying PBT increased by 12.5% to £34.1m, with our results reflecting the resilience of our business model and the added value of the services we provide. The financial review in this Annual Report contains detailed information on our performance.

Since our financial year end, the Bank of England ("BOE") has cut the interest base rate for the first time since the aggressive hikes that started late 2021 to stave off soaring inflation. As macroeconomic conditions stabilise, we are confident that our business is well positioned to benefit, with clients being more likely to commit funds for long-term investment. As a Board, we are focused on implementing our strategy and achieving the goals we have set for the Group.

Enhancing our strategy

We have set out our strategy to reignite growth with a renewed focus on:

- Delivering excellent client service
- Broadening and deepening client reach
- Driving scale and efficiencies

By focusing on these growth levers, which include enhancing our technology, scaling our products and being more data-led, and by carrying out targeted M&A (using strict criteria) we are confident that we will achieve the new medium-term targets that we have set. We recognise that we need to improve our flows, to attract new clients and to retain existing clients, and are committing to a medium-term target of 5% net inflows per annum. However, we also recognise the importance of doing this efficiently and will limit like-for-like cost growth to less than 5% per annum.

Our tailored distribution, to advisers and direct to clients, and our broad proposition set that meets clients' needs throughout their entire investment lifecycle give us an excellent base from which to grow. With an enhanced focus on our refined strategy, I look forward to seeing BM delivering enhanced returns for all our stakeholders.

Dividend

The Board has recommended a final dividend of 49.0p (FY23: 47.0p), which, subject to approval by shareholders, will result in total dividends for the year of 78.0p (FY23: 75.0p). This represents an increase of 4.0% in the total dividend on the previous year and underlines the Board's confidence in the prospects for the Group. The final dividend will be paid on 1 November 2024 to shareholders on the register at the close of business on 20 September 2024.

We have increased our dividend each year for 19 years, demonstrating the capital strength of our business through the cycle and our commitment to shareholder returns.

Governance

In March 2024, following a nine-year term on the Board, Richard Price stepped down after various positions including Chair of the Audit Committee, Senior Independent Director and Acting Chair. I would like to thank Richard for the significant contribution he made to Brooks Macdonald and for leaving the Group in a strong position.

In June this year, we announced that Chief Executive Officer, Andrew Shepherd will be retiring after 22 years with the Group. From 1 October 2024, our Chief Financial Officer, Andrea Montague, will be appointed as Chief Executive Officer, subject to regulatory approval. Andrea has been working closely with Andrew since this announcement and has been in position as Chief Executive Officer Designate since 1 July 2024. I am confident of a smooth handover and that Andrea's demonstrated experience, pace and leadership stand her in excellent stead to deliver our ambitious growth plans.

I would like to take this opportunity to reiterate the gratitude of the Group to Andrew for the immense contribution he has made to Brooks Macdonald during his tenure as Chief Executive Officer and for the many years before. He has shown extraordinary dedication and commitment to the Group. We will miss 'Shep' and wish him all the best in the future.

Culture and colleagues

Our people are our greatest strength and we are focused on developing them to be the best they can be. Throughout the year, we have evolved our People strategy to increase leadership and management capability, to drive high performance and to improve the employee experience. Each of these is underpinned by our 'Inclusive by Design' strategy which challenges us to ensure we adopt an inclusive approach to everything that we do, in turn fostering a culture that inspires motivation and engagement from our workforce.

In July this year, we conducted a 'Speak-up' employee engagement survey and had a participation rate of 79%. We saw improved scores in Performance Management and Fulfilling Careers with employees commenting positively on our culture of continuous improvement. Based on this survey, we provide each business area with a report to enable managers to address specific needs of their teams. The Board and the Executive leadership team will ensure that we make Brooks Macdonald an even better place to work in the year ahead.

Looking ahead

Demographics in the form of an ageing population continue to underpin the strategic opportunity for Brooks Macdonald. With an ambitious new government in place we must hope that dis-incentivising pension savings does not become a new source of funding for the various state spending plans. The high inflation stress seems to be behind us and a first BOE base rate reduction bodes well for the clients of wealth managers. The bank of mum and dad alongside the temptation of debt reduction has been and remains tough competition for wealth managers, but with further rate cuts on the horizon, prospects are looking up for long-term investment strategies as offered by Brooks Macdonald. Under Andrea's leadership our redefined strategy, coupled with a strong balance sheet and robust cash generation will ensure we continue to be well positioned for the future. Finally I would like thank our shareholders for their continued support, our colleagues for their hard work and our clients and partners for their business and trust in our organisation.

Maarten Slendebroek
Chair

11 September 2024

163.8p
Underlying basic EPS up 6.5% from the FY23 figure of 153.8p

78.0p
Dividend up 3.0p or 4.0% (FY23: 75.0p)

Read more about our corporate governance on **pages 60 to 70**

Read more about our performance on **pages 28 to 38**

CEO's review

> It has been a privilege to lead such a talented and dedicated team at Brooks Macdonald and I am immensely proud of what we have achieved together."

Andrew Shepherd
CEO

As I present my final review as CEO of Brooks Macdonald, I reflect on the immense pride I have felt in holding this position. Brooks Macdonald is a great business that delivers excellent outcomes for our clients across their entire investment lifecycle. By generating consistently strong investment returns to support their long-term financial goals, we provide them with increased certainty and reassurance over their financial futures, regardless of the economic backdrop.

Throughout my tenure as CEO, we have remained focused on our Purpose of realising ambitions and securing futures, which means we keep our clients at the forefront of our minds, whilst also providing for all our stakeholders – employees, intermediaries and shareholders.

This year has been no different. Clients have benefitted from the close relationships with our investment managers and financial planners which is even more important when markets are challenging, and have further benefitted from strong returns from our rigorous investment process.

Financial performance

For much of our financial year, inflation remained high, together with persistently high interest rates. Clients remained under pressure in terms of higher costs of living and continued to be encouraged to pay down increasingly expensive debt. These factors impacted our industry and our Group, where we saw net outflows of £616 million, largely in our Bespoke and Funds products. MPS continued to be a driver of growth with net inflows of £388 million, reflecting the trend for MPS as a solution of choice for accumulation.

Gross inflows across our propositions were strong throughout the year, with £2.3 billion gross inflows at the Group level and we ended the year with the best-performing quarter. Platform MPS gross inflows contributed approximately half of these flows. Although outflows were stubbornly high, we saw signs of improvement in the fourth quarter. Given our internal efforts on client retention, combined with a more stable economic outlook, we are confident that outflows will decrease.

We had a year of good financial performance in FY24, with underlying profit before tax increased to £34.1 million (FY23: £30.3 million). The underlying profit margin increased by 2.1 percentage points to 26.6% as we implemented cost efficiencies and benefited from increased interest and transactional income. Statutory profit before tax fell to £11.6 million from £22.2 million, primarily due to the impairment of the International goodwill balance announced in our half-year results.

Our year-end closing FUM was a record £18.0 billion, up 7% in the year, with investment performance of £1.8 billion more than offsetting the impact of net outflows.

Investment performance and market conditions

Our aggregate investment performance across all our risk profiles for the year was 10.7%. These strong returns have been generated through our robust Centralised Investment Proposition where we have constructed portfolios with a balanced approach utilising multiple asset classes and investment vehicles against a backdrop that has seen headline index returns dominated by a focussed set of large and mega cap stocks.

During the second half of the year, we saw an improvement for UK companies benefitting from better sentiment, signs of political stability and economic improvement. Our clients continued to benefit from our rigorous investment process, which provides diversified portfolios for their long-term investment horizons.

Our investment strategies outperformed their relevant ARC peer group indices for the year and maintained strong results over the 10-year period.

Looking ahead, we are encouraged by the recent falls in inflation and anticipate interest rate cuts across Western economies that should be supportive of asset prices. Additionally, the change in government in the UK is seen to encourage international asset allocators to review exposure to the region.

We are retaining our slight overweight position to equity markets but maintaining our balance between value and growth investment styles as we recognise diversification as critical in the current uncertain outlook.

Review of business performance

UK Investment Management

Across UK Investment Management ("UKIM"), our people have once again worked incredibly hard to provide exceptional levels of support to their clients and intermediaries resulting in strong gross inflows of £2.0 billion in the year.

The Platform Managed Portfolio Service ("PMPS") was the strongest performer, achieving net inflows of approximately £330 million for the year. This reflects both the robust current and potential growth of this product at Brooks Macdonald and within the broader industry.

BM Investment Solutions ("BMIS"), our business-to-business offering, collaborates with adviser firms to provide tailored services aligned to their objectives. Once again, BMIS demonstrated good performance, achieving net inflows of approximately £140 million.

In our Bespoke Portfolio Service ("BPS") product, UKIM has experienced significant growth in our specialist offerings – Responsible Investing Service, Decumulation, and Court of Protection, and especially with our Gilts product which was introduced to meet client demand for their portfolios to take advantage of higher interest rates whilst avoiding equity risk. However, beyond these specialist offerings, BPS saw net outflows due to a broader market trend, compounded by the impact of higher interest rates and macroeconomic uncertainty.

Despite our funds business facing challenges this year, with net outflows similar to much of the sector, we remain optimistic about the potential for growth in our multi-asset funds. We are confident in the actions we have already taken to drive medium-term growth and are actively reviewing additional steps to further strengthen our position.

International

In our interim results in March 2024, we announced a strategic review of the International business following performance that had been behind plan. I would like to thank the International team for their unwavering commitment during this time.

We conducted a thorough review aimed at determining how to maximise value from the business. It has been concluded that the sale of the International business is in the best interests of the Group as it simplifies the Group's operations to focus on it's core activities of high quality investment management and financial planning within the UK.

Distribution

We operate in a significant and growing market and have traditionally leveraged our relationships with advisers to distribute our products. In recent years we have recognised the growing opportunity in distributing direct to clients, especially where we have a financial planning relationship. As at 30 June 2024, the Group had £5.3 billion Funds under Management or Advice ("FUM/A") with private clients who deal with the Group directly. £4.5 billion related to portfolios in the Group's investment management and £0.8 billion to portfolios with third-party investment managers.

We made two senior appointments to newly created roles in the year to reflect this targeted distribution with Alex Charalambous joining the Group as Head of Wealth and, since year end, Greg Mullins joining as Head of Adviser Solutions. Alex is leading the Group's advice-led integrated wealth management offering for private clients and Greg will focus on delivering exceptional service to the adviser community, both supporting our ambitious growth plan.

£34.1m

Underlying profit before tax increased from the FY23 figure of £30.3m

£18.0bn

FUM up 7.0% in the year from £16.8bn at 30 June 2023

Read more

about how we engage with our stakeholders on pages 21 to 25

Read more

about our people on pages 45 to 48

CEO's review

Investing in our people

Our commitment to a strong people agenda has been unwavering, and our client-centric culture continues to be one of our most valuable assets. This year, we have deepened our investment in our people, bringing in talented new hires and enhancing our team's capabilities. We have made significant strides in our people strategy by advancing management training programmes, expanding professional development opportunities, and refining our performance management approach. These efforts are complemented by regular employee feedback, which we use to continuously improve our processes and ensure they align with the needs of our people.

Leadership transitions are a critical moment in any organisation, and in June 2024, I announced my resignation alongside the Board's decision to appoint Andrea Montague as our new CEO, effective 1 October 2024, subject to regulatory approval.

As Chief Financial Officer since August 2023, Andrea has been a vital member of our leadership team. Her drive to redefine our strategy to reignite growth puts Brooks Macdonald in excellent hands and in a strong position for the future.

This financial year, we also undertook necessary organisational changes to ensure the Group's long-term competitiveness. These changes, which included a reduction in roles by approximately 10%, were difficult but necessary to align our resources with our strategic objectives. The resulting cost savings of approximately £4 million per annum have strengthened our commercial position and enhanced our ability to compete effectively in the market.

Employee wellbeing remains at the forefront of our agenda, particularly during times of change. We continue to support our people through various initiatives, including enhanced employee assistance programmes, mental health support, and professional development opportunities. Our goal is to foster an environment where every employee can thrive, both personally and professionally.

I would like to thank the clients and intermediaries we work with, and our people for their ongoing support. It has been a privilege to serve as CEO, and I am confident that the Group is in excellent hands moving forward.

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

Andrew Shepherd
CEO

11 September 2024

Market overview

Short-term trends

UK and global economy

The UK has experienced elevated inflation over the past couple of years during the post-pandemic period. This led to a rise in interest rates and increased costs for consumers, meaning the wealth management industry has faced a challenging period of increased outflows.

At the same time, higher interest rates have increased the relative attractiveness of cash versus equities, as well as encouraging clients to pay down debt, further impacting net flows.

Over the past year, we have seen inflation begin to fall and an improvement in investor sentiment, together with rising expectations for a reduction in interest rates in the next year. This has not yet resulted in a significant change in behaviour but with a more stable political backdrop, the outlook is more positive.

Our response

Given market uncertainty, within our asset allocation, we advocate balance in portfolios, both between value and growth stocks and across geographies, including the UK.

Our gilts offering has proven popular in the high interest rate environment, given the attractive yields on offer.

Low coupon UK gilts can be tax efficient for UK taxpayers, so we continue to offer a range of portfolios investing in gilts, giving investors a low-risk alternative to cash.

More broadly, we continue to work closely with intermediaries and current and prospective private clients to manage sentiment to support our net flows. We have also increased the interest paid to clients on cash, in line with the increased base rate.

Changing product preferences

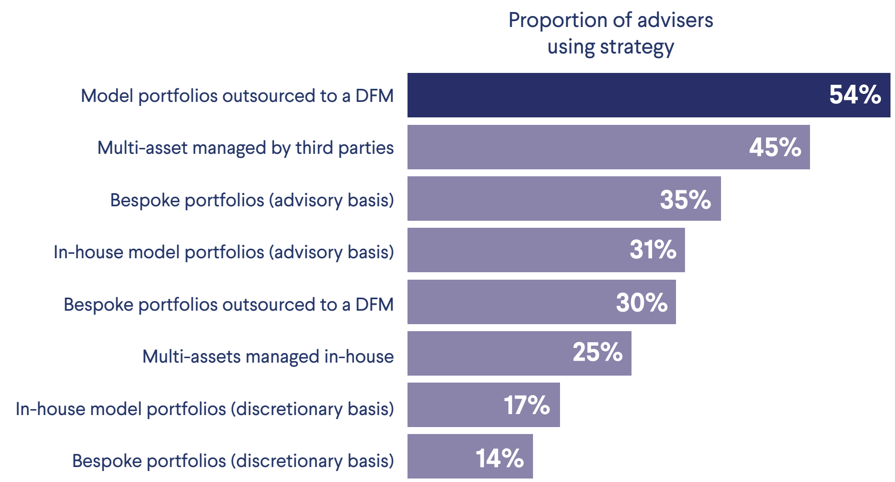
The competitive landscape continues to evolve with advisers increasingly moving away from their historic use of discretionary fund managers as providers of bespoke portfolio services in their custody to model portfolio services and funds delivered on third-party platforms. This changing product mix gives the industry a lower revenue yield per £ of funds under management, but has less impact or even positive impact at the level of profit margin, especially when considering the significant scalability of these services.

Investment platform solutions are becoming increasingly popular with a substantial growth opportunity from both new assets entering the market and from non-platform assets to gradually move on to platforms.

Our response

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

In line with Consumer Duty, and in recognition of the increasing popularity of MPS, we are transferring portfolios of less than £250,000 from BPS to MPS where appropriate for the client. This will offer a better value outcome to clients with the most appropriate investment solution for their needs.



Market overview

Long-term trends

Demographic changes

The UK population continues to age with the proportion of people over 65 growing steadily. In parallel, the policy framework around retirement is favourable for the wealth management industry with people increasingly encouraged to make their own provision for retirement and pension freedoms adding to the need for advice.

The total wealth of the UK population is projected to continue to grow, and over 70% of that wealth is held by those aged 55 and over. Increased life expectancy, wealth and pension freedoms all add to the increasing demand for advice as complex financial decisions are in the hands of individuals.

Our response

Brooks Macdonald continues to work with clients to support them in their retirement planning, reflecting the fact that retirement is the biggest trigger for people to seek financial advice.

Our Decumulation service is aimed at people in the early years of retirement balancing the need for income with the need to stay invested to protect their future wealth.

We are also improving our support to clients around intergenerational wealth transfer, as well as encouraging people to think about their retirement earlier.

Growth of responsible investing

Advisers and clients alike are increasingly looking for investment managers to provide products and services meeting their environmental, social and governance ("ESG") criteria. Providers are bringing products to market, but there is widespread confusion about what standards these products observe and what certification regimes clients and advisers can trust. While there has been a decline in demand for ESG products across the industry over the last couple of years, we expect this to reverse when economic conditions improve. Advisers continue to forecast rapid growth in the proportion of client assets allocated to sustainable and ESG-based products and services over time.

Our response

We offer a Responsible Investment Service ("RIS") within our Bespoke Portfolio Service, which is also available in our Managed Portfolio Service and Investment Solutions offering. We have Advance and Avoid strategies available and investment performance has been strong since launch.

As a Company, we have signed up to the UN Principles for Responsible Investing and consistently apply a sustainability lens to our core investment process.

More clients working with Independent Financial Advisers ("IFAs") and IFAs increasingly outsourcing

Investors are increasingly working with IFAs, our primary distribution channel, as the need for clients to make complex financial decisions grows. In addition, advisers continue to look to outsource investment management to allow them to focus on advising their clients and to reduce their regulatory and administrative burden.

We continue to help advisers serve their clients in ways that work for both parties, applying our investment management expertise to protect and enhance clients' wealth. We are flexible in our approach, offering bespoke portfolios with more specialist variants, e.g. Responsible Investment Service, Decumulation, Court of Protection. We also offer model-based and unitised solutions, alongside Investment Solutions options more tailored to the needs and requirements of the IFA. The growth in our Platform MPS proposition reflects that these solutions are sought by IFAs as they fulfil their regulatory requirements as well as providing attractive solutions for their clients.

Regulatory

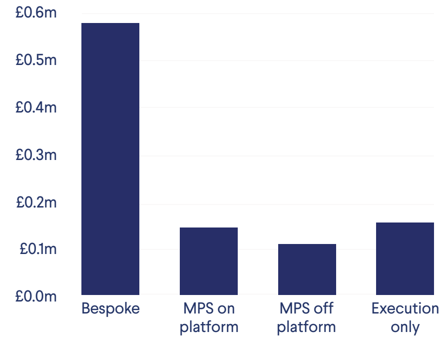
The Financial Conduct Authority ("FCA") supervises the investment management and financial planning activities of Brooks Macdonald in the UK. Over time, the regulator has pivoted to outcomes-based regulation with a requirement for firms to show how they are set up to deliver good outcomes for clients.

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

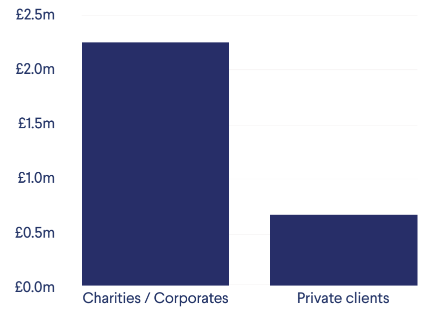
The FCA continues to focus on ensuring advice and investment management is conducted appropriately and professionally, and on giving transparency to clients on fees and charges.

Consumer Duty represents a significant change and opportunity for the wealth management industry, highlighting the importance of delivering good outcomes for our clients. We are well positioned to do this with a strong client-centric culture. We are focused on fulfilling the Consumer Duty's price and value outcome principle, in particular, by moving clients of an appropriate size from our bespoke offering to an MPS

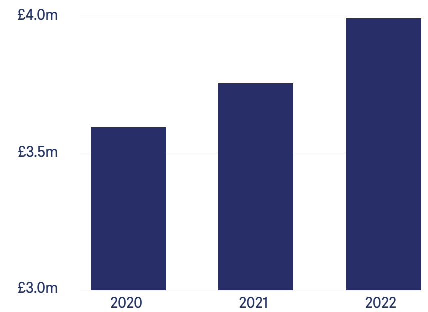
Average portfolios by intermediaries



Average portfolios by direct



Clients with Independent Financial Advisers



product. This will reduce the cost for clients whilst proving attractive investment options and complying with Consumer Duty.

Digital technology

Digital technology is increasingly a 'must have' enabler of financial services, with clients expecting digital to complement face-to-face relationships. The wealth management sector has been slow to adapt but the increased popularity of platform solutions means it must do so quickly.

Our response

We continue to work to improve our client and adviser portal and other client-facing digital tools, focused on making Brooks Macdonald easy to do business with.

In parallel, during the financial year we implemented the first phase of Salesforce client relationship management, focused on advisers, and the second phase, which addresses private clients, is under way. By replacing multiple legacy CRM systems with a single enterprise-level CRM, we are ensuring that our interactions with clients and advisers are timely and meet their needs. We also implemented Intelliflo advice software across our UK financial planning business to drive consistent service levels for our advice clients. Our technological improvements are aligned with good practice from a Consumer Duty perspective whilst also ensuring efficient and appropriate record-keeping.

What the market trends mean for Brooks Macdonald

The UK wealth market continues to grow significantly with an attractive outlook regardless of the underlying macroeconomic conditions. The fundamental opportunity for Brooks Macdonald remains strong and improving, with scope to increase market share in all products. Our distribution model means we are well placed to grow across both adviser solutions and direct wealth.

Our core investment management and financial planning offering is well positioned to capture the market opportunity given financial freedoms and the increased need for financial advice.

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

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

Consolidation

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

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

The industry remains highly fragmented and we have seen considerable consolidation in recent years among both IFAs and investment managers. We expect to see consolidation continue, and even potentially accelerate, and selective, high-quality acquisitions remain part of our strategy.

Pricing

New entrants who are attracted by the scale of the MPS market opportunity continue to drive down pricing. We expect this trend to continue which highlights the need for scale and the balance that our business model provides from our specialist BPS products. Our scale, breadth of distribution, investment performance track record and the valued service that we provide our clients remain key differentiators for Brooks Macdonald.

Business model

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

We have defined our purpose as realising ambitions and securing futures for all our stakeholders.

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

Our key resources

Expertise

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

People

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

Culture

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

Centralised Investment Process

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

Financial resources

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

Who we work with

Financial advisers (Intermediated)

Advisers select Brooks Macdonald because of the resources and capabilities we deploy in protecting and enhancing their clients' wealth.

The adviser determines which of the firm's services is most suitable for the client, based on their risk profile and their financial objectives.

We implement the service selected and work with the adviser to ensure the client's portfolio is managed appropriately.

In some cases, we provide a white-labelled service for the adviser, typically based on model portfolios or unitised solutions.

We build strong relationships with our advisers and can, on occasion, provide a potential exit route for those looking to sell their business.

Private clients (Direct)

Some clients approach us directly for financial planning, where we work with the client directly to understand whether they need one-off advice or more regular financial planning.

We can provide both 'restricted' advice, including the provision of our investment management services if they are suitable for the client, and independent 'whole of market' advice where appropriate to the client's needs.

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

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

How we do it

We have a robust product development and governance process to determine which solutions are appropriate to our clients and the broader market, and to ensure they remain appropriate. We deliver our services through a network of 14 offices across the UK and the Crown Dependencies.

Consistency and efficiency

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

Client-centric innovation

We use our knowledge of our clients and intermediaries to drive innovation, delivering products and services that meet their evolving needs.

Collaboration

Our investment management businesses work closely with professional advisers, both internally and externally.

Geographic reach

We deliver our services through a network of 14 offices across the UK and the Crown Dependencies. Our network of offices puts us close to our clients, with the geographic reach to build strong relationships with clients and advisers alike.

And the ‘Our competitive advantages’ column. This should also be on the grey background as it is the same level and info as the others, supporting the business model.

How we make a difference

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

Clients

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

Employees

We continuously improve our strong people proposition, underpinned by our ‘Inclusive by Design’ strategy which challenges us to ensure we adopt an inclusive approach to everything that we do, in turn fostering a culture that inspires motivation and engagement from our workforce.

Advisers

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

Shareholders

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

Our competitive advantages

1. Robust Centralised Investment Process

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

2. Compelling investment proposition

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

3. Best-in-class client and adviser service

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

Our services

Group Centralised Investment Process

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

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

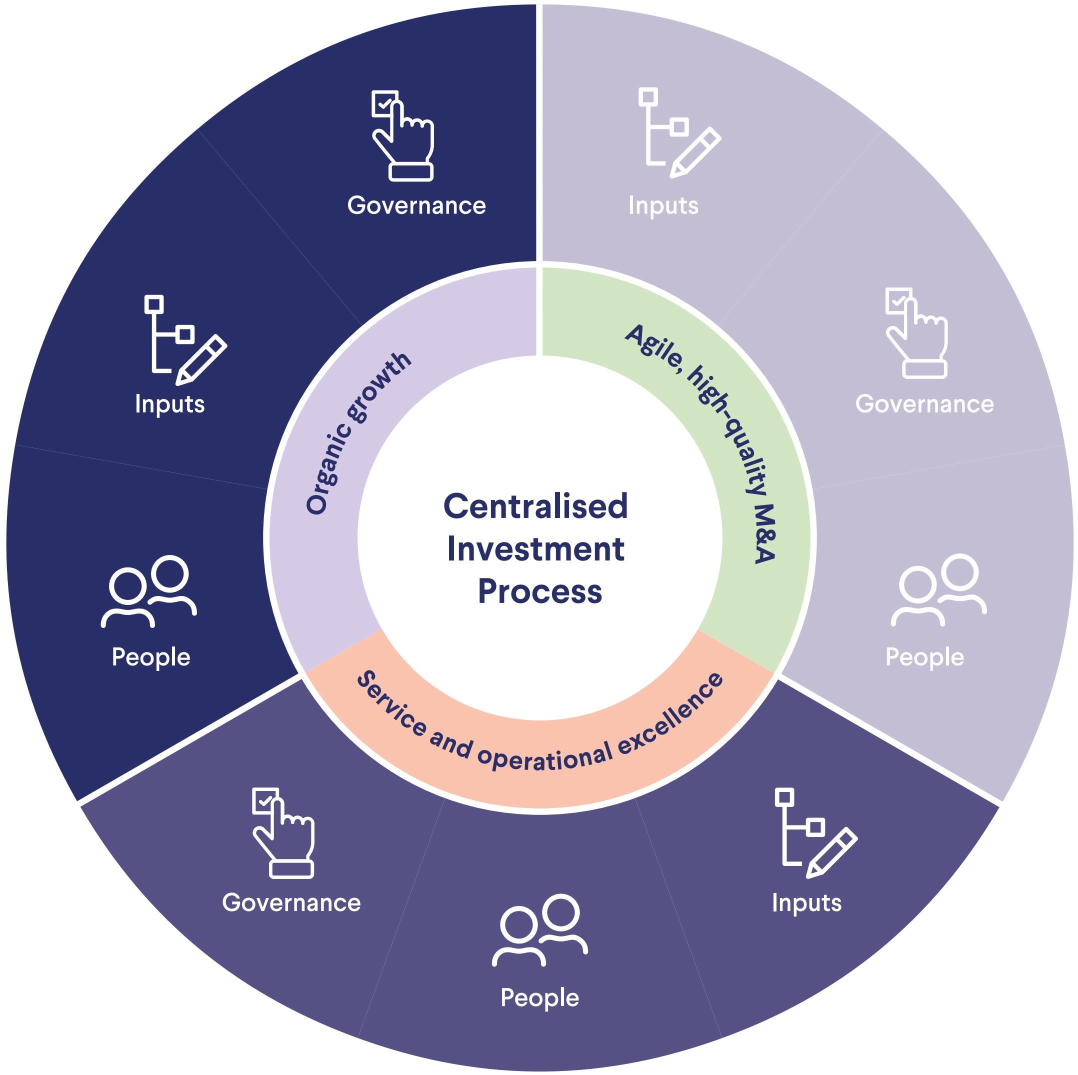
Deliver strong risk-adjusted returns for clients

Generate the best ideas and then use them as widely as possible

Have an explainable process and explainable results

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

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



Asset allocation

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

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

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

Asset selection

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

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

Investment rules

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

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

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

We recognise that a broad range of financial and non-financial factors may be relevant in making investment decisions. We have therefore, systematically embedded ESG considerations into our investment analysis frameworks in order to help identify financially material risks and opportunities. Common principles and research disciplines are applied, to the greatest degree possible, across all research activities within a robust and transparent framework.

However, as global multi-asset investors, our approach to assessing ESG factors is tailored to each asset class and the vehicle used to invest in each asset class. We have published a Responsible Investment Policy, which outlines our approach and the key quantitative and qualitative inputs. We will continue to review and develop our approach to ESG integration to ensure we consider the most relevant and material information that can help improve client outcomes.

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

We provide our services through six distinct service lines'

Bespoke Portfolio Service

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

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

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

Our services

AIM Portfolio Service

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

Managed Portfolio Service

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

BM Investment Solutions

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

Multi-Asset and Investment Funds

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

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

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

Financial Planning

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

Total FUM
£18.0bn

£9.8bn
Bespoke Portfolio Service (including AIM Portfolio Service)

£4.5bn
Platform Managed Portfolio Service

£1.9bn
Funds

£1.8bn
Managed Portfolio Service Custody

How we engage with our stakeholders

Section 172, employee and other stakeholder engagement

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

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

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

Guiding principles

Our guiding principles are at the core of the culture at Brooks Macdonald and set the standards for the decisions we make and the way we treat our clients, partners, and each other. For more information on our culture and guiding principles, see the Chair's statement on pages 8 and 9, the CEO's review on pages 10 to 12, and the Responsible business report on pages 44 to 52.

Stakeholder engagement

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

Principal decisions

The Board engages with a variety of stakeholders, including clients, regulators, and suppliers, to inform and enable balanced decisions that incorporate multiple viewpoints, whilst following the Company's strategy. In making decisions, the Board considers outcomes from engagements with stakeholders, as well as the importance of maintaining the Company's integrity, brand and reputation and the long-term consequences of any decisions.

Consideration of stakeholders and outcomes

When considering their decisions and in setting the policies and strategy for Brooks Macdonald, the Directors are aware there are a number of other stakeholders, in addition to shareholders, who will be affected by the actions of the Group. These include, for example, our clients and advisers along with our employees. Information on how we engage with our stakeholders is outlined on pages 21 and 23.

How we engage with our stakeholders

	Clients	Intermediaries	Shareholders
Why we engage	Our clients are the main focus of the business. By engaging with them, we are able to gain a better understanding of their needs, develop long-term relationships with them and ensure that we can provide them with the products and services that best suit their individual circumstances.	Our focus is on working with intermediaries (financial advisers, trustees, etc.) to provide investment management services to their clients, freeing up the intermediary's time to focus on client service and financial planning. We work closely with advisers to help them make their businesses more successful which in turn helps us achieve our growth ambitions.	We value our shareholders' support and want to give them a better understanding of our business. In addition, we have obligations as an AIM-listed company to provide information to our shareholders.
Interests	• Performance • Fees • Service levels	• Service levels • Fees • Breadth of propositions	• Market backdrop • Strategic review • CEO succession
How we engage	We engage with our clients in a variety of ways, driven by their requirements and preferences. With all our clients, across investment management and financial planning, we hold face-to-face meetings, provide investment updates and quarterly statements, and provide market commentary. Since the COVID-19 pandemic, online interaction has complemented face-to-face meetings, with the hybrid environment giving more choice to clients. We have also increased the content available to clients on our website, including providing podcasts and regular market commentary.	We work closely with our advisers, offering them a range of services, and aim to make Brooks Macdonald easy to do business with, and to help them serve their, and our, clients' needs. Again, our engagement is driven by the individual adviser's requirements and preferences, from high-touch ongoing strategic relationships with a small number of larger firms, through to a more arm's length provision of our consistent high-quality investment management to others. In uncertain times and difficult markets, we review the frequency and method of adviser engagement, making use of investment bulletins, webinars and online academies, among others.	This is done through face-to-face or virtual meetings and by the provision of detailed financial reports and presentations on the business at the half-year and full-year points. We have an investor relations programme and engage with shareholders frequently to discuss delivery of our strategy, current performance and our plans for the business through our Executive Directors, Chair and Committee Chairs.
Outcomes	Our desire to give our clients better access to information about their investments resulted in the development of the InvestBM platform as part of our partnership with SS&C. ESG continues to be an important topic for our clients and is reflected in the Group's ESG strategy, objectives and initiatives.	We have built long-standing relationships with mutual benefits with many advisers. The services we provide to them have grown to include business-to-business investment solutions offerings, explicitly tailored to the adviser's requirements and preferences. In response to demand from advisers, we continue to develop our Decumulation service, allowing clients to secure a flexible, long-term income from their investments.	This ongoing engagement has helped us preserve the Group's reputation for integrity and earned the trust and confidence of our long-term, committed shareholders in the business.
Metric	The Company has begun using VouchedFor, the UK's leading financial services review site to better understand levels of client satisfaction.	Our BPS, MPS and PMPS all have the highest five stars rating from the independent research firm Defaqto.	All resolutions passed at the Company's AGM, with all apart from one receiving over 97% support.

	Employees	Regulators	Community and the environment
Why we engage	Our employees are central to the delivery of our offering for advisers and clients and we strive to attract and retain the best people. Developing an engaged and motivated workforce is key to our desire to be a great employer and to the success of the business.	We focus on having an open and positive relationship with our regulators, who provide the legislative and regulatory rules and guidance to how business in the sector should be run. Working constructively with our regulators helps us to deliver the best product and services to our clients and supports good client and business outcomes.	We are a responsible Group and seek to both support our community and to reduce our impact on the environment as much as possible.
Interests	• Fair reward • Skills development • Organisational opportunities	• Protect consumers • Protect the integrity of the UK financial system • Promote effective competition	• Responsible investor • Fair employer • Collaborative social partner
How we engage	We have a comprehensive internal communication programme to keep employees fully aware of developments in the business's strategy and performance. The CEO and other members of senior management frequently engage with staff in forums, ranging from formal communications, including all staff 'town hall' video conferences, to more informal small group discussions. In accordance with the 2018 Corporate Governance Code, John Linwood is the designated Non-Executive Director with responsibility for engagement with the workforce. He and other Non-Executive Directors have made office visits and held meetings with groups of staff to better understand their views.	Regulated entities within the Group correspond with relevant regulators during the financial year in respect of their supervision activity. We also send proactive correspondence to our regulators throughout the year with respect to any changes and developments in our business.	The BM Foundation was set up in 2010 with the aim of supporting charities that staff are enthusiastic about. It acts as a conduit for donations to be made to charity, and staff members are able to request donations to a registered charity of their choice. Staff are also encouraged to do voluntary work and are able to use a paid volunteering day each year. We seek to reduce our carbon footprint through the better use of technology and an associated reduction in energy use and we regularly review our processes to see if we can reduce our impact on the environment.
Outcomes	The wellbeing of our staff is a key focus for the Group. We run regular employee engagement surveys, the results of which are closely monitored by the Executive Committee and other senior leaders. The results continue to show strong engagement across the Group, and the results of the recent survey can be seen on page 45.	We make all relevant regulatory reporting submissions and respond to any regulatory requests. We have a constructive relationship to ensure alignment with the relevant regulatory frameworks and have met the regulators' expectations on the topics of discussion. We regularly attend meetings with, and provide input to, the industry bodies and associations we are affiliated with to ensure we are engaged with the latest issues impacting our industry and clients.	The Foundation made donations of over £16,000 during the year to a variety of charities that are important to our people. These included Macmillan Cancer Support, The Royal National Lifeboat Institution and Donation to Cure DHDDS. We have a structured procurement process in order to ensure that we select business partners who are aligned with our beliefs.
Metric	The Company's Speak Up survey saw a 79% response rate and a 59% engagement score.	100% of regulatory returns were submitted on time.	In comparison with the previous financial period our overall energy consumption has decreased by 14% or 122MWh.

How we engage with our stakeholders

Stakeholder engagement in action

Consumer Duty and its impact on our stakeholders

Brooks Macdonald is committed to complying with the FCA's Consumer Duty requirements and continuing to embed the Duty throughout our business in a way that will deliver good outcomes for our clients.

For new and existing products or services, the following FCA rules came into force on 31 July 2023:

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

These four outcomes relate to:

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

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

We have made significant progress since the implementation of the Consumer Duty requirements on 31 July 2023 to ensure that our processes help us to deliver good outcomes. This has culminated in the production of our first Consumer Duty annual Board report, which sets out the results and management information collated over the year and actions taken to monitor and assess whether we are delivering good outcomes for our clients. We are committed to ensuring that we are serving clients and advisers appropriately and professionally, and we are focused on delivering good outcomes by providing them with clear information, good service and support, and products, services and advice that offer good value and will help them to meet their financial ambitions.

We have joined the Consumer Duty Alliance as an affiliate member, this is an independent, not-for-profit professional body. It aims to support the retail finance sector in the adoption and implementation of Consumer Duty requirements through the alliance of like-minded individuals and firms. Incorporating the Financial Vulnerability Taskforce, the Alliance works with practitioners and subject matter experts to help retail finance staff and regulated firms understand, meet, and deliver the FCA's Consumer Duty requirements.

Clients

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

To further embed the Duty, we participate in an annual client survey which includes questions across the four outcomes of Consumer Duty to help provide greater insight and demonstrate whether we are putting our clients' needs first and delivering good outcomes for them. We have recently launched a client insights feedback tool which surveys clients at various points of the client journey to gain real-time feedback and provide valuable insights in key areas of the Duty such as consumer understanding and customer support.

We have updated our website, so it is easier for clients to navigate, with better defined user journeys for clients across the site. Ongoing monitoring will help to better identify where clients interact with Brooks Macdonald and the information and support they access. To further embed and provide additional support to vulnerable clients, the new website includes accessibility adjustments in desktop and mobile views. This will allow people with specific disabilities to adjust the interface and design it to their personal needs.

Regulators

Consumer Duty regulations aim to enhance consumer protection and prevent potential misconduct within the financial sector with the new rules setting higher and clearer standards of consumer protection across financial services, and requiring firms to demonstrate that they put their customers' needs first. Brooks Macdonald welcomes the enhanced regulatory framework associated with the Consumer Duty that requires firms to act to deliver good outcomes for retail customers and our firm's processes and client-centric culture are proving well aligned to the requirements of the Duty. By further enhancing our governance and robust compliance processes, ensuring fair treatment, and maintaining transparency, Brooks Macdonald aims to strengthen its relationship with regulators.

We have developed a Consumer Duty MI dashboard to help embed a business-wide focus on delivering good client outcomes whilst also providing a clearer insight into areas that may have the potential to result in poor outcomes so that these can be investigated further, and action taken as necessary. Closely monitoring our activities and the outcomes that clients are receiving and proactively taking action to address any potential risks to good outcomes helps to ensure that we are providing good client outcomes, complying with the new rules and can demonstrate this to the FCA and other stakeholders.

Consumer Duty remains a top priority for Brooks Macdonald and we will continue to take guidance from industry bodies and the FCA to ensure that our products and services are compliant with the Duty and that we act in the ways the regulator would expect when providing services and support to our clients.

Community and environment

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

Advisers

Advisers play a crucial role in the financial decision-making process for our mutual clients. Consumer Duty emphasises the importance of providing suitable and tailored advice that meets the individual needs of clients. Brooks Macdonald recognises the important roles that well-trained and ethical advisers play in this process. Through our Consumer Duty focused work, Brooks Macdonald will continue to ensure that the advisers we partner with have the tools they need to advise and support clients and that they are equipped with the necessary knowledge to help deliver good outcomes for their clients.

The Consumer Duty toolkit page on our website supports advisers with meeting their own regulatory requirements and helps them make informed recommendations about our range of investment products and services. We also have a Vulnerable Clients toolkit on our website providing resources to help advisers easily guide their clients through financial scenarios and help them better understand and tackle the issues behind client vulnerability so that their clients can make informed decisions. We have, and will continue to obtain, distributor feedback to assist us in our product review process, and to enable distributors to provide data real-time to us as and when specific events or relevant issues arise which could potentially include distribution issues or poor outcomes.

Shareholders

The impact of Consumer Duty can help have a positive impact on shareholder value by fostering an enhanced culture of trust and integrity in financial services firms. As Brooks Macdonald continues to demonstrate its commitment to Consumer Duty, shareholders can expect improved business performance, attracting and retaining clients in areas that benefit them, and enhanced brand reputation. In the long run, enhanced standards of conduct across the industry should also reduce regulatory costs to firms through fewer complaints and lower redress. The emphasis on fair treatment and transparency will attract responsible investors who prioritise ethical business practices and shareholders will benefit from more sustainable and resilient financial institutions.

Employees

Consumer Duty is closely tied to an organisation’s internal culture, values, and the treatment of its employees. Our performance management framework has been aligned with the requirements of Consumer Duty, with each of the guiding principles being mapped to both the FCA’s new Consumer Principle and the cross-cutting rules. This helps form the basis for how we will continue to embed Consumer Duty into the business via recruitment, individual development plans and employee compensation.

Our performance management framework measures employee behaviours against our Guiding Principles which are designed to articulate the Company’s values. As well as evaluating performance against objective outcomes, we also review performance against the Guiding Principles to ensure that what we do and how we do it are both aligned to Consumer Duty. One of the non-financial areas of focus is ‘Client’ which includes metrics focused specifically on client outcomes. Another is ‘People’ which has metrics that focus on client needs and client service to ensure that employee performance is evaluated against our focus areas, including delivering strong client outcomes.

All employees have undertaken training on Consumer Duty and vulnerable clients with additional face-to-face training delivered to targeted teams. We plan to launch a dedicated Consumer Duty pulse survey to capture employees’ views and obtain candid feedback on how in practice they see their role and the firm’s performance in supporting the delivery of good customer outcomes and checking whether all staff understand their responsibilities under the Duty.

Our strategy

Brooks Macdonald has redefined its strategy to take advantage of the growth opportunities the UK wealth management sector. We have strong foundations in place and we continue to make substantial progress. Although persistently high interest rates have made the short term difficult, the longer-term outlook for the business is excellent.

Reigniting growth

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

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

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

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

Focused distribution

We have aligned our business around our two key distribution channels – financial advisers and private clients. Our proposition is different in the two channels – outsourced discretionary investment management for advisers, in our Adviser Solutions unit, and integrated wealth management for private clients in our Wealth team. Aligning the organisation to the needs of the different propositions is helping make us more effective and efficient in serving our clients and advisers.

Strategic priorities

Our strategy is grounded in three key areas, each with a number of principal initiatives for 2025.

1. Delivering excellent client service

We aim to unlock the full potential of Brooks Macdonald's client-centric culture, proactively tailor our service to client needs and launch differentiated and innovative new products to further drive business growth.

2. Broadening and deepening our client reach

We will focus on taking the Group's broad product range to our existing network and new connections, increase brand awareness and, enhance client data analytics to support lead generation.

3. Driving scale and efficiencies

We will focus on building talent and execution capabilities to support delivery of client service, leverage automation across the front-office and support teams to increase productivity and optimise investment and client reporting processes to improve efficiency.

Strategic progress in FY24

Following Consumer Duty 'go live' in July, we updated our Target Market Guide and published it on our website.

We continued to make incremental improvements to our client and adviser portal InvestBM.

We continued to align the advice process across our financial planning teams.

Gross inflows held up well in FY24 at 13.8%, despite persistent higher interest rates weakening investor sentiment.

Our Platform MPS product had net flows of c.13%.

We have continued to see positive net flows (c.22%) and FUM growth (27%) in our specialist BPS products, including Decumulation, Responsible Investment and Gilts.

We rebuilt our marketing function to align to the new distribution channel focus and to deliver high-quality marketing support to our distribution and front office teams.

We upgraded our capabilities with selective external hires in key functional areas, including Finance, HR, Risk and Compliance.

We experimented with generative AI to bring greater efficiency to internal processes and to build our understanding of what the technology can deliver.

Key Performance Indicators

How we performed

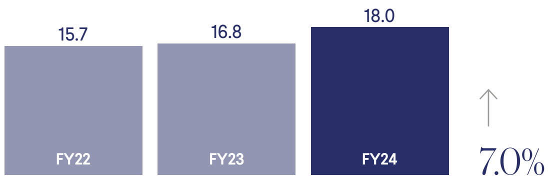
The following financial and strategic measures have been identified as the key performance indicators ("KPIs") of the Group's overall performance for the financial year.

The underlying figures represent the results for the Group's activities, excluding underlying adjustments as listed on page 36. These represent alternative performance measures ("APMs") for the Group.

Refer to the Non-IFRS financial information section on page 172 for a glossary of the Group's APMs, their definition, and the criteria for how underlying adjustments are considered.

FUM and revenue

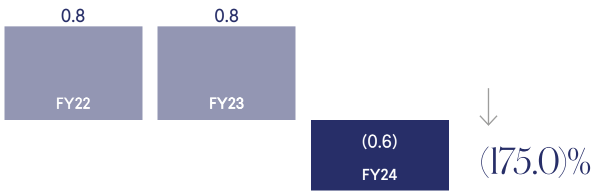
Funds under management (£bn)



Definition
Total funds under management at the end of the year.

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

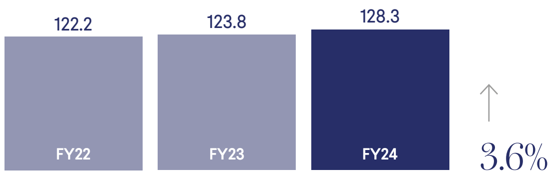
Organic net fund flows (£bn)



Definition
Value of net organic discretionary flows.

Relevance
Net organic growth measures the new business generated by the Group excluding the impact of acquired assets and after allowing for lost business.

Revenue (£m)

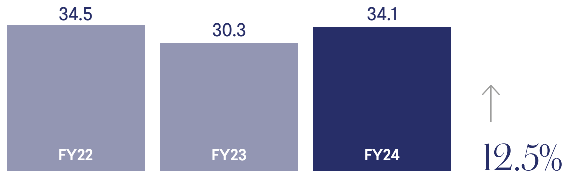


Definition
Fee and non-fee income generated during the year.

Relevance
The amount of fee and non-fee income generated by the Group is one of the key growth indicators.

Underlying performance

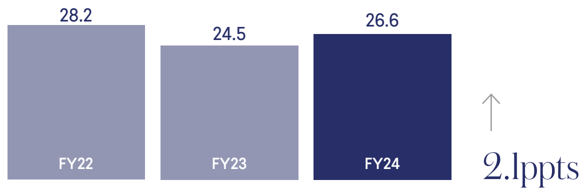
Underlying profit before tax (£m)



Definition
Revenue less underlying costs before tax.

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

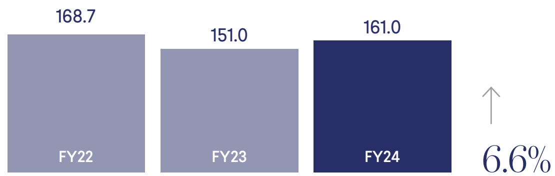
Underlying profit margin before tax (%)



Definition
Underlying profit before tax as a percentage of revenue.

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

Underlying diluted earnings per share (p)

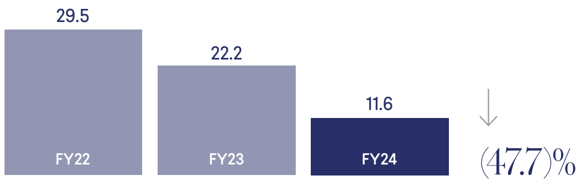


Definition
Total underlying profit after tax divided by the diluted weighted average number of ordinary shares.

Relevance
This is another key metric of measuring the Group's profitability and takes into account new shares issued during the year and the effect of dilutive potential shares issuable.

Shareholder return and Balance Sheet strength

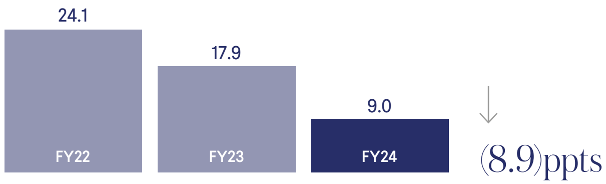
Statutory profit before tax (£m)



Definition
Statutory profit before tax as a percentage of revenue

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

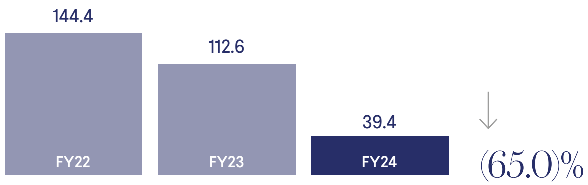
Statutory profit margin before tax (%)



Definition
Statutory profit before tax as a percentage of revenue.

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

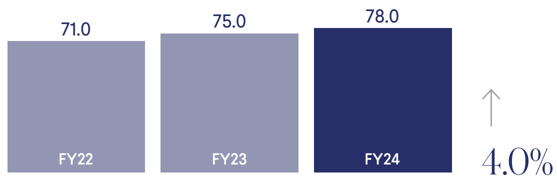
Statutory diluted earnings per share (p)



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

Relevance
This measures the Group's profitability calculated in accordance with International Financial Reporting Standards and takes into account new shares issued during the year and the effect of dilutive potential shares issuable.

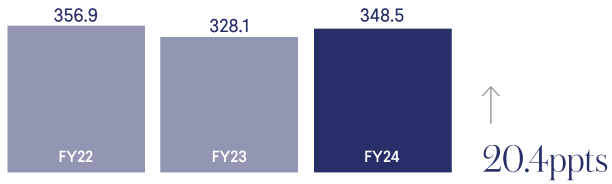
Total dividend per share (p)



Definition
Total dividend per share paid out to shareholders.

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

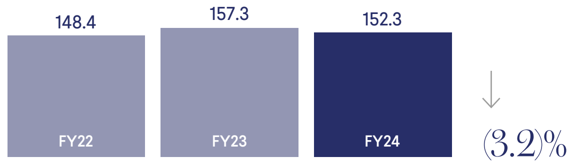
Own Funds adequacy ratio (%)



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

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

Total net assets (£m)



Definition
The Group's total net assets per the Consolidated statement of financial position, being gross assets less gross liabilities.

Relevance
This demonstrates the Group's balance sheet strength.

Financial review

"As CEO Designate, I am excited to lead Brooks Macdonald to reignite our growth, provide outstanding client service and create long-term shareholder value."

Andrea Montague
CEO Designate and Chief Financial Officer

Review of results for the year

The Group delivered a good set of results for FY24, seeing growth in revenue and an improvement in underlying profit and underlying profit margin on the prior year.

The Group recorded net outflows in the year of £0.6 billion as a result of the challenging macroeconomic environment and the impact of higher interest rates prevailing during the year. These were offset by positive investment performance of £1.8 billion, leading to a record closing FUM of £18.0 billion at 30 June 2024 (£16.8 billion at 30 June 2023).

Revenue increased by 3.6% on the prior year to £128.3 million, and underlying profit was up 12.5% to £34.1 million, resulting in an underlying profit margin of 26.6% (FY23: 24.5%).

On a statutory basis, profit before tax was £11.6 million, down 47.7% from the prior year as a result of the previously communicated goodwill impairment charge recognised at 31 December 2023 of £11.6 million in relation to the International business.

Refer to page 36 for details on the statutory adjustments, including the goodwill impairment.

£128.3m

Revenue up 3.6% from the FY23 figure of £123.8m

26.6%

Underlying profit margin up 2.1 points from the FY23 margin of 24.5%

£11.6m

Statutory profit before tax down 47.7% from the FY23 figure of £22.2m

Group financial results summary

Table 1 shows the Group's financial performance for the year ended 30 June 2024 with the comparative period and provides a reconciliation between the underlying results, which the Board considers to be an appropriate reflection of the Group's underlying performance, and the statutory results. Underlying profit represents an alternative performance measure ("APM") for the Group. Refer to the Non-IFRS financial information section on page 172 for a glossary of the Group's APMs, their definition, and the criteria for how underlying adjustments are considered. A breakdown of the underlying adjustments is shown on page 36.

Table 1 – Group financial results summary

	FY24 £m	FY23 £m	Change
Revenue	**128.3**	123.8	3.6%
Fixed staff costs	**(45.8)**	(45.2)	1.3%
Variable staff costs	**(12.8)**	(10.9)	17.4%
Total staff costs	**(58.6)**	(56.1)	4.5%
Non-staff costs	**(38.0)**	(37.8)	0.5%
FSCS levy	**(0.5)**	(0.5)	-
Total non-staff costs	**(38.5)**	(38.3)	0.5%
Net finance income	**2.9**	0.9	222.2%
Total underlying costs	**(94.2)**	(93.5)	0.7%
Underlying profit before tax	**34.1**	30.3	12.5%
Underlying adjustments	**(22.5)**	(8.1)	177.8%
Statutory profit before tax	**11.6**	22.2	(47.7)%
Taxation	**(5.2)**	(4.1)	26.8%
Statutory profit after tax	**6.4**	18.1	(64.6)%
Underlying profit margin before tax	**26.6%**	24.5%	2.1ppts
Underlying basic earnings per share	**163.8p**	153.8p	10.0p
Underlying diluted earnings per share	**161.0p**	151.0p	10.0p
Statutory profit margin before tax	**9.0%**	17.9%	(8.9)ppts
Statutory basic earnings per share	**40.1p**	114.7p	(74.6)p
Statutory diluted earnings per share	**39.4p**	112.6p	(73.2)p
Own Funds adequacy ratio	**348.5%**	328.1%	20.4ppts
Dividends per share	**78.0p**	75.0p	4.0%

Table 2 – Movements in funds under management

	Year ended 30 June 2024 (£m)									
	Opening FUM 1 Jul 23	Organic net new business Q1	Q2	Q3	Q4	Total	Total inv. perf.	Closing FUM 30 Jun 24	Total organic net new business	Total mvmt
BPS	**8,527**	**(98)**	**(94)**	**(205)**	**(158)**	**(555)**	**908**	**8,880**	**(6.5)%**	**4.1%**
MPS Custody	966	(14)	(21)	(20)	(25)	(80)	88	974	(8.3)%	0.8%
MPS Platform	3,489	147	121	65	135	468	410	4,367	13.4%	25.2%
MPS total	**4,455**	**133**	**100**	**45**	**110**	**388**	**498**	**5,341**	**8.7%**	**19.9%**
UKIM discretionary	**12,982**	**35**	**6**	**(160)**	**(48)**	**(167)**	**1,406**	**14,221**	**(1.3)%**	**9.5%**
Funds	**1,708**	**(78)**	**(71)**	**(112)**	**(76)**	**(337)**	**174**	**1,545**	**(19.7)%**	**(9.5)%**
UKIM total	**14,690**	**(43)**	**(65)**	**(272)**	**(124)**	**(504)**	**1,580**	**15,766**	**(3.4)%**	**7.3%**
International	**2,157**	**(27)**	**(33)**	**(22)**	**(30)**	**(112)**	**217**	**2,262**	**(5.2)%**	**4.9%**
Total	**16,847**	**(70)**	**(98)**	**(294)**	**(154)**	**(616)**	**1,797**	**18,028**	**(3.7)%**	**7.0%**
Total investment performance										10.7%

FUM movement in the year

Table 2 shows the opening and closing FUM position and the flows for the year broken down by segment and by the key services within UK Investment Management ("UKIM").

FUM increased by £1.2 billion or 7.0% during the year, to £18.0 billion at 30 June 2024 (30 June 2023: £16.8 billion). The Group's broad product offering and continued focus on serving clients in a changing economic environment has resulted in robust gross inflows of £2.3 billion for the year, however, gross outflows were elevated driven by the prevailing backdrop of market volatility and higher interest rates continuing to affect client behaviour, resulting in net outflows for the period of £0.6 billion.

Investment performance for the year added £1.8 billion to the closing FUM, representing an increase of 10.7%. Performance in absolute terms over the 10-year period, across all our risk profiles, is very strong delivering a range of +30% (for low risk) through to +97% for our highest risk strategy (all net of fees). The last 12 months to the end of June 2024 has seen this outperformance compared to peers cemented. All 5 risk profiles have delivered outstanding absolute returns for clients and outperformed the ARC Private client index series.

BPS experienced net outflows of £0.6 billion or 4.1% during the year, as clients withdrew funds to repay debt or to hold higher cash balances. The gilts offering launched at the end of the last financial year within the BPS product range saw strong demand, enabling clients to take advantage of higher interest rates whilst avoiding equity risk. Our Decumulation specialised product, offering a solution to meet clients' income requirements by shielding their portfolio from downturn in the early years of withdrawal, grew by 6.3% in the year.

Platform MPS, including the Group's B2B offering for financial advisers, BM Investment Solutions ("BMIS"), grew to £4.4 billion, an increase of 25.2%, with organic net flows contributing 13.4%.

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

International FUM grew moderately by 4.9% over the period with net outflows of £0.1 billion, offset by investment performance.

Revenue

Table 3 – Breakdown of the Group's total revenue

	FY24 £m	FY23 £m	Change %
Fee income	**92.1**	91.5	0.7%
Transactional and FX income	**15.3**	13.3	15.0%
Financial planning income	**8.2**	6.6	24.2%
Interest income	**12.7**	12.4	2.4%
Total revenue	**128.3**	123.8	3.6%

The Group's revenue for FY24 increased by 3.6% from £123.8 million to £128.3 million. Fee income was slightly up on last year to £92.1 million, driven by a combination of the impact from flows, product mix, and investment performance.

Transactional and FX income increased by 15.0% on the prior year due to higher trading volumes in the year and the impact of asset allocation strategies in response to the volatile market during the year.

Financial planning fees totalled £8.2 million in FY24, with an additional £1.8 million of revenue recognised in the current year from the full period impact of the Integrity Wealth Solutions Limited and Adroit Financial Planning Limited businesses acquired in FY23.

Interest income, net of increasing amounts paid out to clients on cash holdings, was up by £0.3 million to £12.7 million in the current year as a result of the continued rise in the Bank of England base rates during the year.

Table 4 – Revenue, average FUM and yields

	Revenue			Average FUM			Yield		
	FY24 £m	FY23 £m	Change £m	FY24 £m	FY23 £m	Change %	FY24 bps	FY23 bps	Change bps
BPS fees	**54.4**	54.2	0.2	**8,579**	8,318	3.1	**63.5**	65.1	(1.6)
BPS non-fees (transactional income and FX fees)	**12.2**	10.4	1.8	**–**	–	–	**14.2**	12.5	1.7
BPS non-fees (interest income)	**10.2**	9.7	0.5	**–**	–	–	**11.9**	11.7	0.2
Total BPS	**76.8**	74.3	2.5	**8,579**	8,318	3.1	**89.6**	89.3	0.3
MPS Custody	**5.8**	5.7	0.1	**972**	967	0.5	**59.2**	59.1	0.1
MPS Platform	**7.1**	5.2	1.9	**3,892**	2,750	41.5	**18.2**	18.8	(0.6)
MPS non-fees (interest income)	**1.2**	1.1	0.1	**–**	–	–	**11.9**	11.7	0.2
Total MPS	**14.1**	12.0	2.1	**4,864**	3,717	30.9	**29.0**	32.3	(3.3)
UKIM discretionary	**90.9**	86.3	4.6	**13,443**	12,035	11.7	**67.6**	71.7	(4.1)
Funds	**8.4**	9.6	(1.2)	**1,769**	1,997	(11.4)	**47.7**	48.3	(0.6)
Total UKIM	**99.3**	95.9	3.4	**15,212**	14,032	8.4	**65.3**	68.4	(3.1)
International fees	**15.6**	16.1	(0.5)	**2,215**	2,198	0.8	**70.4**	73.3	(2.9)
International non-fees (transactional income and FX fees)	**2.9**	2.6	0.3	**–**	–	–	**13.2**	11.7	1.5
International non-fees (interest income)	**1.4**	1.6	(0.2)	**–**	–	–	**6.2**	7.2	(1.0)
Total International	**19.9**	20.3	(0.4)	**2,215**	2,198	0.8	**89.8**	92.2	(2.4)
Total FUM-related revenue	**119.2**	116.2	3.0	**17,427**	16,230	7.4	**68.4**	71.6	(3.2)
Financial planning income	**8.2**	6.6	1.6						
Other income	**0.9**	1.0	(0.1)						
Total non-FUM-related revenue	**9.1**	7.6	1.5						
Total Group revenue	**128.3**	123.8	4.5						

The Group's overall yield decreased by 3.2bps or 4.5% compared to the prior year. This was driven by a number of factors across the products set out below.

The yield on BPS fees for UKIM decreased by 1.6bps to 63.5bps during the year (FY23: 65.1bps), driven by the impact of flows, the underlying product mix and rates achieved on new business.

The BPS non-fee transactional and FX income yield increased by 1.7bps in the year, as a result of higher trading volumes. The yield on interest income was up 0.2bps, due to the increase of the Bank of England base rate in Q1, offset by higher amounts paid to clients.

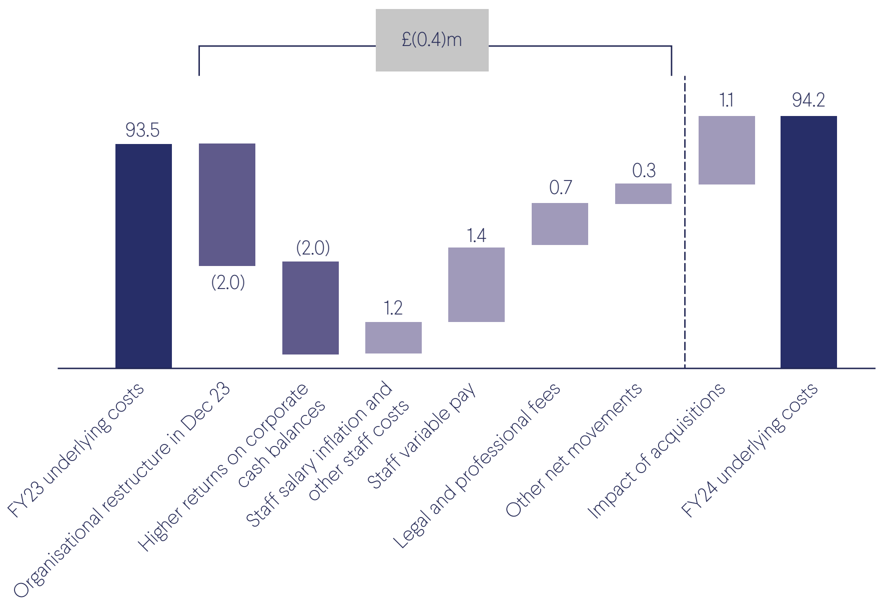
The MPS Custody yield of 59.2bps continued to remain stable on FY23, whereas the yield on MPS Platform fell slightly by 0.6bps to 18.2bps due to the impact of product mix as Platform MPS includes our BM Investment Solutions offering that attracts relatively larger mandates and benefits from discounted tiered rates.

Additionally, we saw growth in our passive Platform MPS offering during the year, which attract lower yields. This has resulted in the overall MPS yield decreasing from 32.3bps to 29.0bps in the year.

The UK Funds fee yields reduced by 0.6bps to 47.7bps during the year, primarily driven by the impact and timing of flows during the year.

International fee income yield reduced by 2.9bps to 70.4bps during FY24, driven by a change in product mix and the impact of flows. International non-fees transactional and FX income increased by 1.5bps, whilst interest income yield reduced by 1.0bp due to the impact of cash balances denominated in foreign currencies. This has resulted in the overall International yield decreasing from 92.2bps to 89.8bps during the year.

Table 5 – Total underlying costs movement FY23 to FY24 (£m)



Underlying costs

Total underlying costs were broadly flat on last year, increasing marginally by 0.7% to £94.2 million in FY24 (FY23: £93.5 million). Excluding the full-year impact of the Integrity and Adroit businesses acquired part way through the prior year, underlying costs reduced by £0.4 million.

The key movements are set out in the bridge chart per Table 5 and explained below.

Staff costs

Total staff costs increased by £2.5 million to £58.6 million. Of this, £1.4 million was driven by the full-year impact of the two acquired businesses last year. Excluding acquired costs, staff costs increased by £1.1 million, from £54.5 million to £55.6 million.

Excluding the full-year impact of acquisitions, fixed staff costs decreased by £0.3 million. This was contributed by the organisational restructure the Group carried out in October 2023 where opportunities to streamline and remove duplication from core processes were identified with roles being made redundant as a result. This saving was offset by inflationary pay rises, the impact of net joiners and further investment in staff training and development.

Variable staff costs increased from £10.9 million to £12.8 million driven by the increase in pre-variable pay profit. Within this, the share-based payments charge was down £0.3 million on the prior year due to lapses recognised in FY24 as a result of leavers, and a reduction in the Group's share price impacting the associated employer national insurance contributions.

Non-staff costs

Non-staff costs amounted to £38.5 million, broadly flat on last year, a reflection of management's continued cost discipline. The Group continued to incur generic inflationary increases on the cost base, in addition to an increase in legal and professional fees to assist with the review of the Group's targeted operating model and potential M&A opportunities.

Net finance income

The Group's net finance income increased from £0.9 million to £2.9 million in FY24 as the Group attracted higher interest rates on its corporate cash balances.

Profit before tax

Combined, the above gave rise to an underlying profit before tax for the year of £34.1 million, an increase of 12.5% on the prior year (FY23: £30.3 million) and resulting in a profit margin of 26.6%, up by 2.1 points on last year's margin of 24.5%.

The Group's statutory profit before tax was £11.6 million, a reduction from last year (FY23: £22.2 million), contributed by the impairment charge recognised at 31 December 2023 in relation to the goodwill held in respect of the International business. A breakdown of the underlying adjustments together with an explanation of each is included on page 36.

Segmental analysis

For FY24, the Group continued to report its results across two key operating segments, UK Investment Management and International.

The tables below provide a breakdown of the full-year performance broken down by these segments, with comparatives.

UKIM, which includes the Group's Private Clients business, increased its revenue by 4.7%, driven by higher financial planning revenue of £1.7 million as a result of the full period impact of the acquisitions, along with £2.2 million additional Investment Management fees and £1.8 million additional transactional income. These uplifts were offset by a decline in Fund Management fees. Total underlying costs increased by 8.6% as a result of the factors outlined previously, including the full-period impact of the acquisitions. This gave rise to an underlying profit for FY24 of £33.5 million (FY23: £34.5 million) and an underlying profit margin of 30.9% (FY23: 33.3%).

The International segment reported reduced revenues of £19.9 million, down 2.0% from the prior year, with reductions in Investment Management fees, Fund Management fees and Interest income, slightly offset by increases in Transactional and foreign exchange fees. The total International cost base reduced by 16.2%, as a result of the organisational restructure and cost discipline. This resulted in underlying profit increasing from £0.1 million to £3.3 million this year, and an underlying profit margin of 16.6% (FY23: 0.5%).

Table 6 – Segmental analysis

FY24 (£m)	UK Investment Management	International	Group and consolidation adjustments	Total
Revenue	108.4	19.9	–	**128.3**
Direct costs	(47.9)	(11.1)	(38.1)	**(97.1)**
Operating contribution	60.5	8.8	(38.1)	**31.2**
Indirect cost recharges	(28.7)	(6.0)	34.7	**–**
Net finance income	1.7	0.5	0.7	**2.9**
Underlying profit/(loss) before tax	**33.5**	**3.3**	**(2.7)**	**34.1**
Underlying adjustments	(5.3)	(3.6)	(13.6)	**(22.5)**
Statutory profit/(loss) before tax	**28.2**	**(0.3)**	**(16.3)**	**11.6**
Underlying profit margin before tax	**30.9%**	**16.6%**	**N/A**	**26.6%**
Statutory profit/(loss) margin before tax	**26.0%**	**(1.5)%**	**N/A**	**9.0%**

FY23 (£m)	UK Investment Management	International	Group and consolidation adjustments	Total
Revenue	103.5	20.3	–	123.8
Direct costs	(47.4)	(13.6)	(33.4)	(94.4)
Operating contribution	56.1	6.7	(33.4)	29.4
Indirect cost recharges	(22.1)	(6.8)	28.9	–
Net finance income	0.5	0.2	0.2	0.9
Underlying profit/(loss) before tax	34.5	0.1	(4.3)	30.3
Underlying adjustments	(4.8)	(3.0)	(0.3)	(8.1)
Statutory profit/(loss) before tax	29.7	(2.9)	(4.6)	22.2
Underlying profit margin before tax	33.3%	0.5%	N/A	24.5%
Statutory profit/(loss) margin before tax	28.7%	(14.3)%	N/A	17.9%

Table 7 – Reconciliation between underlying profit and statutory profit before tax

	FY24 £m	FY23 £m
Underlying profit before tax	**34.1**	30.3
Goodwill impairment	**(11.6)**	–
Amortisation of client relationships	**(6.0)**	(5.7)
Organisational restructure	**(3.0)**	–
International strategic review	**(1.5)**	–
Acquisition and integration-related costs	**(0.4)**	(0.6)
Dual running operating platform costs	**–**	(1.6)
Changes in fair value and finance cost of deferred contingent consideration	**–**	(0.2)
Total underlying adjustments	**(22.5)**	(8.1)
Statutory profit before tax	**11.6**	22.2

Reconciliation between underlying and statutory profits

Underlying profit before tax is considered by the Board to be an appropriate reflection of the Group's performance compared to the statutory results as it excludes income and expense categories, which are deemed to be of a non-recurring nature or a non-cash operating item. Reporting at an underlying basis is also considered appropriate for external analyst coverage. Underlying profit is deemed to be an alternative performance measure ("APM"); (refer to the Non-IFRS financial information section on page 172 for a glossary of the Group's APMs, their definitions, and the criteria for how underlying adjustments are considered). A reconciliation between underlying and statutory profit before tax for the year ended 30 June 2024 with comparatives is shown in Table 7.

Goodwill impairment (£11.6 million)

Goodwill is reviewed for impairment indicators at each reporting period, and if indicators are present, an impairment test is carried out based on the carrying value of the asset compared to its expected recoverable amount. The review of our International business at 31 December 2023 indicated that the estimated recoverable amount arising from future cash flows, was less than the carrying value of the goodwill held on the Group's Consolidated statement of financial position that was recognised upon the acquisition of the business in 2012. The goodwill impairment charge has been excluded from underlying profit in view of its non-recurring nature, and the fact that it does not impact cash or regulatory capital. The annual impairment review at 30 June 2024 was also carried out and the remaining goodwill balance was fully supported. (Refer to Note 13 to the Consolidated financial statements for more details).

Amortisation of client relationship contracts (£6.0 million)

These intangible assets are created in the course of acquiring funds under management and financial advice portfolios, which are amortised over their useful life, which have been assessed to range between 6 and 20 years. This amortisation charge has been excluded from the underlying profit since it is a significant non-cash item. (Refer to Note 13 to the Consolidated financial statements for more details).

Organisational restructure (£3.0 million)

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

International strategic review (£1.5 million)

As announced as part of the Group's half-year results in March 2024, the Group is carrying out a strategic review of the International business as a result of its performance falling behind plan. The costs incurred relate to third-party consultancy spend to assist with the review and have been excluded from underlying earnings in view of their non-recurring nature.

Acquisition and integration-related costs (£0.4 million)

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

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

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

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

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

Table 8 – Underlying EBITDA reconciliation

	FY24 £m	FY23 £m	Change %
Underlying profit before tax	**34.1**	30.3	12.5%
Add back:			
Net finance income	**(2.9)**	(0.9)	222.2%
Depreciation and amortisation	**4.6**	3.8	21.1%
Underlying EBITDA	**35.8**	33.2	7.8%

Table 9 – EBITDA reconciliation

	FY24 £m	FY23 £m	Change %
Statutory profit before tax	**11.6**	22.2	(47.7)%
Add back:			
Net finance income	**(2.9)**	(0.8)	262.5%
Depreciation and amortisation	**10.6**	9.5	11.6%
Goodwill impairment	**11.6**	–	N/A
EBITDA	**30.9**	30.9	–

Reconciliation between profits and earnings before interest, tax, depreciation and amortisation (“EBITDA”)

Tables 8 and 9 provide reconciliations between the Group’s underlying and statutory profit before tax and the underlying and statutory earnings before interest, tax, depreciation and amortisation (“EBITDA”), which constitutes an APM, and which the Board considers to be an appropriate alternative measure to the Group’s BAU performance.

Taxation

The Group’s total tax charge for the year was £5.2 million, representing an increase of 26.8% from last year (FY23: £4.1 million). The Group’s underlying effective tax rate has increased from 19.7% to 22.7% and the statutory effective tax rate increased from 18.4% to 44.4%. This has been contributed to by the goodwill impairment not deductible for tax purposes, the increased CT rate in the current year and under provision from prior period tax charges. (Details on taxation are provided in Note 9 of the Consolidated financial statements).

Earnings per share

Basic statutory earnings per share for the Group in FY24 was 40.1p (FY23: 114.7p), reducing as a result of the goodwill impairment charge. On an underlying basis, basic earnings per share was 163.8p representing an increase of 6.5% on the prior year (FY23: 153.8p) driven by the increase in underlying earnings. (Details on the basic and diluted earnings per share are provided in Note 11 of the Consolidated financial statements).

Dividend

The Board recognises the importance of dividends to shareholders and the benefit of providing sustainable shareholder returns. In determining the level of dividend in any year, the Board considers a number of factors, such as the level of retained earnings, future cash commitments, statutory profit cover, capital and liquidity requirements and the level of profit retention required to sustain the growth of the Group. The Board has proposed a final dividend of 49.0p per share (FY23: 47.0p).

Including the interim dividend of 29.0p per share (FY23: 28.0p), this results in a total dividend for the year of 78.0p per share (FY23: 75.0p), which is an overall increase of 3.0p or 4.0%. (Refer to Note 12 to the Consolidated financial statements for more details).

The recommended dividend is subject to shareholders’ approval, which will be sought at the Company’s Annual General Meeting on 24 October 2024.

Financial position and regulatory capital

Net assets were £152.3 million at 30 June 2024 (FY23: £157.3 million), demonstrating the Group’s robust financial position. The Group’s tangible net assets (net assets excluding intangibles) was £69.1 million at 30 June 2024 (FY23: £56.7 million). As at 30 June 2024, the Group had regulatory capital resources of £75.7 million (FY23: £64.6 million). As at 30 June 2024, the Group had an own funds adequacy ratio of 348.5% (FY23: 328.1%). The own funds adequacy ratio is defined as the Group’s own funds as a proportion of the fixed overhead requirement. The total net assets and the own funds adequacy ratio calculation take into account the respective year’s profits (net of the declared interim dividends) as these are deemed to be verified at the date of publication of the annual results.

Financial review

Table 10 – Own funds reconciliation

	FY24 £m	FY23 £m
Share capital	**0.2**	0.2
Share premium	**83.1**	81.8
Other reserves	**6.3**	9.1
Retained earnings	**62.7**	66.2
Total equity	**152.3**	157.3
Intangible assets (net book value)	**(83.2)**	(100.6)
Deferred tax adjustment	**6.6**	7.9
Own funds	**75.7**	64.6

The Group includes five regulated entities that provide personalised investment management and financial consultancy services to clients within the UK and abroad. These entities comply with regulations set by the Financial Conduct Authority ("FCA"), Jersey Financial Services Commission ("JFSC"), and Guernsey Financial Services Commission ("GFSC"). The Group operates under its parent company, Brooks Macdonald Group plc ("BMG"), which is incorporated and registered in England and Wales, with the UK as its primary business market. The Group's main operating subsidiary, Brooks Macdonald Asset Management Limited ("BMAM"), is categorised as a MIFIDPRU Non-SNI Firm under the Investment Firms Prudential Regime ("IFPR") and is authorised and regulated by the FCA. As such, the Group, being the parent entity, is obliged to adhere to MIFIDPRU rules within the IFPR framework and reports to the FCA on a prudential consolidation basis.

In compliance with the regulations of the FCA, JFSC, and GFSC, the Group routinely conducts assessments of its regulatory capital and liquidity. This is achieved through the Internal Capital Adequacy and Risk Assessment ("ICARA") and Adjusted Net Liquid Asset ("ANLA") evaluations. These include a series of stress tests and scenario analyses to ascertain the requisite levels of regulatory capital and liquidity. The Group forecasts surplus capital and liquidity, factoring in anticipated outflows and proposed dividends, to ensure the perpetual adequacy of capital and liquidity.

The FY23 ICARA review was conducted for the year ended 30 June 2023 and signed off by the Board in December 2023. Regulatory capital forecasts are performed monthly and take into account expected dividends and intangible asset acquisitions and disposals where applicable, as well as budgeted and forecast trading results. The Group's IFPR Public Disclosures are published annually on the Group's website (www.brooksmacdonald.com) and provide further details about the Group's regulatory capital resources and requirements. The Group monitors a range of capital and liquidity statistics on a daily and monthly basis.

Cash flow and capital expenditure

The Group continues to have strong levels of cash generation from operations. Total cash resources at the end of the year were £44.7 million (FY23: £53.4 million) and the Group had no borrowings at 30 June 2024. The reduction in cash balance compared to the previous year was contributed by the Group investing surplus corporate cash into financial assets at amortised cost of £30.0 million, refer to Note 16 of the Consolidated financial statements for further information. Combining the financial assets at amortised cost and the cash balance totals £74.7 million at 30 June 2024, an increase of £21.3 million on the prior year.

The Group incurred capital expenditure of £1.8 million (FY23: £3.7 million). This comprised technology-related development of £1.7 million (FY23: £3.0 million), property-related and IT and office equipment of £0.1 million (FY23: £0.7 million). Half of the technology-related spend was incurred in connection with continued developments on our partnership with SS&C and amortisation started at the end of July 2022 following the migration, with the capital expenditure amortised over the remaining eight years from migration.

Reigniting growth

We have a strong business model that consistently delivers for our clients. Our current strengths include a broad investment proposition, strong distribution and brand, a robust investment process yielding attractive returns, and a talented team. Moving forward, we aim to build on these strengths to drive further growth in the attractive markets we serve. Our priority is to return to positive flows, and we have identified three key enablers to achieve this:

1. **Delivering excellent client service.** This includes working to continually improve our technology delivery to clients, scaling our existing specialist products and creating new products to serve client demand.
2. **Broadening and deepening client reach.** Improving distribution both directly to clients and to advisers by using data more heavily and effectively. We will also adapt employee incentives to reward retention of client funds as well as winning new business.
3. **Driving scale and efficiencies.** Remaining focused on managing costs across the business and optimising our technology to best serve clients, freeing up time for our client-facing employees.

FY25 guidance and outlook

The structural growth opportunity in our industry remains highly attractive, underpinned by demographics, government policy and increasing use of advice. This, coupled with an improving economic outlook gives us strong confidence in delivering our strategy.

We anticipate a return to overall positive net flows later in the financial year. We expect to see the established blended revenue yield trend to follow as our Platform MPS business continues to grow at pace, which will drive operational leverage through the business.

The International transaction is due to complete by March 2025 with an impact of c. £2 million on group underlying profit in FY25.

As we guided at the half year, H2 FY24 interest income was in line with our guidance at £5 million. Following on from that, we expect interest income to be impacted by further BOE base rate reductions. For FY25, we expect client interest turn to be c. £7 million - £8 million.

We remain focused on cost discipline and efficiency to ensure we are well-positioned for future growth. Capital expenditure for FY25 is expected to be c. £4 million - £5 million.

Andrea Montague
Chief Financial Officer

11 September 2024

Risk management

We have a robust approach to risk management to support positive client outcomes.

We continue to enhance our risk management processes across the Group as we look to continue to embed risk management and deliver positive risk outcomes. This work is enhancing efficiencies across the risk management framework through the greater use of data-driven evidence-based risk analysis and reporting.

We remain mindful of the current geopolitical and macroeconomic uncertainties and continue to monitor these closely both as an Executive and a Risk and Compliance Committee ("RCC").

Risk management framework

The Group's risk management framework consists of the following components:

Risk culture. We promote a risk culture that encourages ownership of and management of risk. Risk management is the responsibility of everyone.

Risk governance. The Board is ultimately responsible for the Group's risk management framework but has delegated certain responsibilities to the Risk and Compliance Committee ("RCC"), a sub-committee of the Board. The Group operates a 'three lines of defence' approach to managing risks across the Group.

Risk appetite. The objective of the Group's risk appetite framework is to ensure that the Board and senior management are properly engaged in agreeing and monitoring the Group's appetite for risk and setting acceptable boundaries for business activities and behaviours. The risk appetite categories are reviewed by the Executive Risk Management Committee ("ERMC"), RCC and approved by the Board on an annual basis. Key Risk Indicators ("KRIs") are mapped to the risk appetite categories, with KRI tolerances aligned to risk appetite. The KRIs and tolerances are subject to an annual approval process by the ERMC, RCC and Board.

Risk reporting. Risk reporting is presented to ERMC and RCC. This includes details of underlying KRIs mapped to the risk appetite categories, breaches, risk events and emerging risks.

Risk identification. The Group adopts a top-down and a bottom-up approach to the identification of risks. The ERMC and the RCC have identified the principal risks that could impact the ability of the Group to meet its strategic objectives. In addition, the Group maintains a bottom-up operational Group risk register, mapped to the Group's risk appetite categories.

Risk assessment and management. All of the risks included in the Group risk register are scored according to probability and impact and assessed on an inherent basis (before the impact of controls) and on a residual basis (after the impact of controls). Where risks are classed as outside the Group's risk appetite, actions must be taken to bring the risk back within appetite.

Risk and control self-assessment ("RCSA"). The Group's bottom-up assessment of risk is managed through the RCSA process which supports a comprehensive understanding of risks and controls in place at the operational and business process level. The RCSA process enables the risk and control owners to identify any omissions in the risk environment and to close any control gaps or weaknesses as necessary.

Policy governance framework. The policy governance framework provides minimum standards for managing the key risks that the Group faces. Each Group policy has an Executive Committee-level owner who is ultimately accountable for the design, implementation and maintenance of the policy.

Internal Capital Adequacy and Risk Assessment ("ICARA"). The Group conducts an ICARA process to ensure that it has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operation of its business. The Group holds financial resources (capital and liquidity) in excess of our minimum regulatory requirements.

Principal risks

The principal risks facing the Group are detailed below, as well as any change in the year-on-year risk profile.

Principal Risks

	Key risks identified by the risk management framework	Change since last year	Rationale for change
1. Credit risk The risk of loss arising from a client or counterparty failing to meet their financial obligations to a Brooks Macdonald entity as and when they fall due.	• Cash deposits with external banks • Client credit risk • Counterparty credit risk • Custodian-related credit risk • Indirect counterparty risk in respect of referrals	**Unchanged** →	The risk continues to remain unchanged given the strong credit risk control environment, including ongoing monitoring and due diligence on all counterparties.
2. Liquidity risk The risk that assets are insufficiently liquid and/or Brooks Macdonald does not have sufficient liquidity resources available to meet liabilities as they fall due or can secure such resources only at excessive cost. Liquidity risk also includes the risk that the Group is unable to meet liquidity ratios.	• Corporate cash deposited with external banks • Client cash deposited with external banks (CASS rules) • Failed trades • Indirect liquidity risk associated with client portfolios • Indirect liquidity risks associated with dealing • Indirect risk in respect of the liquidity of individual holdings in a fund • Indirect risk in respect of the overall liquidity of our funds	**Unchanged** →	The Group continues to maintain liquidity resources above its minimum regulatory requirement and internal thresholds. The Group regularly monitors forecast against actual cash flows and matches the maturity profiles of financial assets and liabilities. The Group has robust contingency funding arrangements, which are tested on a periodic basis.
3. Market risk The risk that arises from fluctuations in the value of, or income arising from, movements in equity, bonds, or other traded markets, interest rates or foreign exchange rates that have a financial impact.	• Failed trades • Indirect market risk associated with advising on client portfolios • Indirect market risks associated with dealing • Indirect market risk associated with managing client portfolios	**Unchanged** →	Market risk remains at a heightened level (unchanged, year-on-year), due to the relatively unstable political landscape; with numerous significant general elections in 2024 and ongoing conflicts in Ukraine and the Middle East, this may result in increased volatility.
4. Capital risk The risk of adverse business and/or client impact resulting from breaching capital requirements.	• Capital requirements	**Unchanged** →	The Group continues to maintain capital resources above its minimum regulatory requirement and internal thresholds. The Group regularly monitors its capital resources versus capital requirements.
5. Strategic risk The risk of having an inadequate business model or making strategic decisions that may result in lower than anticipated profit or losses or exposes the Group to unforeseen risks.	• Acquisitions • Business growth • Extreme market events • Investment performance	**Unchanged** →	Despite current macroeconomic and geopolitical challenges, the Group continues to post positive gross flows and record funds under management, highlighting the resiliency of its business model.

Principal Risks

	Key risks identified by the risk management framework	Change since last year	Rationale for change
6. Conduct risk The risk of causing detriment to clients, stakeholders or the integrity of the wider market because of inappropriate execution of Brooks Macdonald's business activities.	• Conduct/consumer harm risk	**Unchanged** →	The Group continues to work on numerous initiatives to promote good risk and compliance culture and awareness to ensure positive client outcomes.
7. Operational risk The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.	• Financial control • Change • IT infrastructure • Operational resilience • Deferred delivery • Third parties • People • Suitability	**Unchanged** →	The Group continues to monitor and enhance its oversight framework to mitigate any external threats brought about by the current geopolitical environment, coupled with idiosyncratic risks linked to the Group's transition to a new operating model.
8. Legislation and regulatory risk Legislation and regulatory risk is defined as the risk of exposure to legal or regulatory penalties, financial forfeiture and material loss due to failure to act in accordance with industry laws and regulations.	• Regulatory • Legal • Tax	**Unchanged** →	This risk remains unchanged given that the regulatory landscape and focus on the wealth management industry has not changed.
9. Financial crime risk The risk of failure to protect the Group and its customers from all aspects of financial crime, including anti-money laundering ("AML") and market abuse.	• Fraud • AML • Market abuse	**Unchanged** →	This risk remains unchanged, the Group maintains robust controls in place to minimise financial crime.
10. Cyber risk The risk of a malicious attack by individuals or organisations attempting to gain access to the Company's network to corrupt data, disrupt, and steal confidential information.	• Cyber	**Unchanged** →	The cyber threat landscape remains at a heightened level (unchanged, year-on-year), with a high volume of sophisticated cyber threat activity.

Principal Risks

	Key risks identified by the risk management framework	Change since last year	Rationale for change
11. Environmental, Social & Governance ("ESG") risk The risk that environmental, social and governance factors could negatively impact the Group, its clients and the wider community.	• Environmental, physical and transition • Diversity, equity and inclusion • Governance	**Unchanged** →	This risk remains unchanged. The Group has established an Environmental, Social and Governance Advisory Committee ("ESGAC") to manage all ESG-related matters. The Group is committed to creating an inclusive workplace and prioritising employee wellbeing. The Group has a robust governance framework.

Emerging Risks

Definition	Context
12. Geopolitical landscape The relatively unstable political landscape, with numerous significant general elections in 2024 and ongoing conflicts in Ukraine and the Middle East.	Geopolitical events have a direct impact on market risk listed previously. Prolonged economic downturn also has an impact on client sentiment and thus strategic risk as listed previously. The large majority for Labour in the UK general election is viewed as being good for market sentiment and stability.
13. Generational wealth change The potential decrease in FUM as financial assets are distributed from one generation to the next.	With generational wealth poised to change hands, primarily from the baby boomers to Gen X and millennials through the next decade, younger investors may have different priorities and views on how their inheritance is managed.
14. Disruptive technologies The risk that innovative technologies significantly alter the way businesses operate.	With the introduction of new technologies such as AI, the industry is being impacted particularly in automated trading, investment advice, fraud detection, customer service, and portfolio management.

Viability statement

In accordance with the UK Corporate Governance Code, the Board has assessed the Group's viability over a five-year period. The decision to do so is to be aligned with the Group's strategy, its budgeting and forecasting process and the scenarios set out in the 2023 Internal Capital Adequacy and Risk Assessment ("ICARA").

The Board has carried out a robust assessment of the principal risks facing the Group along with the stress tests and scenarios that would threaten the sustainability of its business model, future performance, solvency or liquidity. This assessment is based on the Group's Medium-Term Plan ("MTP"), the ICARA and an evaluation of the Group's emerging and principal risks, as set out in the Risk management section on pages 39 to 42 and outlined in the Risk and Compliance Committee report on pages 97 to 99.

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

The five-year MTP forms part of the Group's annual business planning process. The model translates the Group's current and future strategy into a detailed year-one budget, followed by higher-level forecasts for years two through to five. The combination of this detailed budgeting, longer-term forecasting and various stress tests provides a transparent and holistic view of the forward-looking financial prospects of the Group. The Board reviews and challenges the Group's MTP annually. The MTP covering the five-year period from FY24 to FY28, which underpins the 2023 ICARA, was challenged and approved by the Board in December 2023. The MTP for the five-year period covering FY25 to FY29 was reviewed and challenged by the Board in August 2024.

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

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

The Group modelled a multi-layered scenario involving a significant decline in financial markets over a five-year period (with UK equities modelled to lose 45% of their value with correlated impacts modelled across the Group's portfolios, with a gradual recovery), combined with the loss of a key investment management team. This scenario would have a material impact on the Group's profitability compared to the MTP base case, giving a significant reduction to regulatory capital surpluses, before putting in place any mitigating management actions.

Management identified a number of mitigating actions that could be implemented in the event of such severe stresses. In this scenario, the mitigation actions implemented were to reduce discretionary compensation and to impose departmental cost reductions to ensure a greater capital surplus was maintained against the minimum capital requirement. Although the Group does not fall into a regulatory capital deficit during the stress period, management actions were implemented to strengthen regulatory resources and bolster profitability. If deemed appropriate, mitigating actions could include reduction of external dividend payments and an increased focus on cost reduction across the business. The implementation of the above actions depends on the nature of the specific stress events and the time frames over which they occur.

These scenarios are subject to regular review to ensure they remain relevant and continue to be a suitable tool for developing our controls and mitigating actions. Management also considers a reverse stress case and carries out an assessment of the cost to the Group of a wind-down in the event of a non-recoverable shock to the operating model. Moreover, management has identified a number of actions that could be implemented in the event of severe stresses.

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

Responsible business

Our approach to responsible business

Social, environmental and ethical considerations are central to the way that we run our business. We are focused on protecting the environment, supporting communities, and ensuring the wellbeing of our employees. We continue to actively seek opportunities to play our part as a good employer and contribute to the communities in which our clients and employees live and work.

Responsible business area		
Pillars	**Our objectives**	**Our progress in the year**
Our people Our people are our greatest strength. We are focused on developing our people to be the best they can be.	• Ensuring Brooks Macdonald is an inclusive and inspiring place to work. • Driving a high-performance culture that drives sustained success and growth by having strong leadership, continuous improvement, and clear communication. • Develop leaders who prioritise engagement, diversity, and wellbeing.	• Redesigned our management training to increase our management and leadership capability, ensuring how we manage is aligned to our guiding principles. • Delivered enhanced professional development training for all employees to drive both individual and organisational success. • Enhanced our performance management approach. • Continued to enhance our employee policies and benefits.
Our community We support and invest in our communities and encourage our people to do the same.	• Continue to make a significant impact on local communities through donations from the BM Foundation. • Organise Group fundraising for our two employee-chosen charities through BM Charities. • Use volunteer days to give back to causes important to employees.	• Total fundraising from the BM Foundation and BM Charities totalled £82,000. • The Wave Project and Great Ormond Street Hospital were elected by employees as the two headline charities to support through BM Charities. • Challenges included the Around the Island Mallorca Cycle Challenge which raised £23,000 and Miles for Smiles which raised £35,000.
Our environment We are a responsible Group committed to improving our environmental and social impact.	• Continue to evolve our environmental procurement strategy. • Develop our Streamlined Energy and Carbon Reporting ("SECR") and create an annual ESG action plan. • Continue reducing our Tier 1 and 2 impacts. • Actively promote our focus on reducing operational carbon emissions.	• Reused office refurbishments in new or current offices where possible. • Operational data collated and fed into our SECR. Gap analysis captured and targets identified. • Established the ESG Advisory Committee to develop a strategic framework and provide recommendations for the business moving forward.

Responsible business

Supporting our people

Our people are our greatest strength. We are focused on developing our people to be the best they can be.

The people priorities are aligned with our business strategy to help deliver solutions that enable our talent to actively contribute to driving the business forward and supporting our Company's growth ambitions. We welcome talented people from all backgrounds who live and breathe our guiding principles and who want to make a difference for our clients.

We have evolved our people strategy under three main pillars:

1. Increase leadership and management capability
2. Drive high performance
3. Employee experience

All three pillars are underpinned by our Inclusive by Design strategy which enables us to challenge ourselves and our processes, ensuring an inclusive approach in everything we do. This creates a culture in which the diverse perspectives, experiences and backgrounds of our people are valued, helping to drive a psychologically safe culture. This in turn inspires people to do their best work and bring their whole selves to work. We know that having a motivated and engaged workforce will lead to better outcomes for everyone; our employees, clients, and shareholders.

Our culture

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

Guiding principles

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

The guiding principles form the foundation of our capabilities and performance evaluation frameworks. When recruiting, we assess candidates against our guiding principles to ensure we employ individuals who share our values. When reviewing performance, we assess our people against our guiding principles, to ensure they uphold our values in their work.

Each year we celebrate our annual Above and Beyond awards, nominated and voted for by our people. Awards are presented for each of our guiding principles, with the diamond award going to the person who has demonstrated outstanding and unwavering commitment throughout the year.

Speak Up highlights

The Speak Up employee engagement survey is a vital tool for understanding the work experience at Brooks Macdonald and for identifying meaningful improvements to our employee value proposition.

In July 2024, 79% of our employees participated in the Speak Up survey, a strong response rate that underscores the importance our people place on providing feedback. Although slightly lower than the 81% participation rate in June 2023, this consistency over two years demonstrates the ongoing trust and engagement our employees have in this feedback channel.

The survey covers a wide range of important areas including strategy, diversity, equity and inclusion ("DE&I"), leadership, wellbeing (including flexible working), career development and communication. The results indicate ongoing engagement across the Group, with notable highlights:

- **Performance management:** This area saw an impressive 11-point increase from last year. This significant improvement reflects the positive impact of changes we implemented based on feedback in last year's survey. Our focus on refining performance management processes has resonated with employees, enhancing their confidence in our approach, and fostering a culture of continuous improvement.
- **Fulfilling careers:** Employees reported feeling more empowered in their roles, reinforcing our commitment to providing meaningful career development opportunities.
- **DE&I:** 74% of respondents provided positive feedback, compared to 7% who responded negatively, showing sustained strength in this critical area.

To ensure targeted improvements, we produce individualised reports for each business area, enabling managers to address the specific needs of their teams. By asking further questions, listening attentively, and taking action, we continue to make Brooks Macdonald an even better place to work.

Responsible business

Supporting our people

Leadership development

We are committed to developing leadership and management capability, nurturing high-performing teams, and promoting a high-performance culture, whilst maintaining a psychologically safe and inclusive environment.

This year we have introduced several team effectiveness sessions using psychometrics to help leaders gain greater self-awareness and understanding of their colleagues, enabling them to adapt their styles and build stronger relationships with their teams.

We have also evolved our leadership development programme and launched the new Management Excellence initiative, aimed at all people leaders. The programme addresses the fundamental skills required to be an effective people leader with the aim of enhancing our leadership capability across Brooks Macdonald, creating an inclusive culture and driving high performance.

We have invested in our employees by partnering with external training providers to deliver content that is aligned to our business strategy. The programme focuses on creating behavioural changes that:

1. Evoke – engage people leaders at every stage, providing them with compelling reasons to embrace new skills and behaviours through targeted, relevant content.

2. Adopt – encourage adoption through engaging face-to-face interventions, equipping leaders with practical skills, tools and behaviours that they can be motivated to adopt and apply.

3. Enable – facilitate practice through peer-to-peer coaching and real-time workplace challenges, fostering behavioural change in a safe and relatable environment.

We run the Management Excellence programme on a regular basis so that all new people leaders joining the organisation, or transitioning into people leader roles, experience the same development programme. This enables us to maintain a consistent approach and a minimum benchmark for leadership roles across our business.

We have developed Leader Compass, an online portal providing ongoing assistance to people leaders. The portal is updated regularly and provides information, guidance, and insights into how people leaders can be more effective in their role, and how they can support and develop their teams.

In addition, we provide coaching for our leaders, offering a comprehensive and dynamic approach to leadership that is aligned with the unique needs and context of each leader, making it a powerful tool for fostering leadership excellence and behavioural change.

Talent and development

Nurturing our employees to reach their full potential is central to our success as a business and is a clear focus of our people strategy. We offer our employees support with their ongoing development through several initiatives including:

- Professional qualifications that ensure individuals have the technical capability and competence to carry out their roles effectively.
- Training delivered both face-to-face and virtually with a focus on management and leadership capability, professional skills, and driving client excellence.
- Opportunities to participate in coaching and mentoring.
- Diversity, equity and inclusion training to ensure we continue to maintain an inclusive culture for everyone.
- Attending industry events and webinars.
- Utilising our Apprenticeship Levy to provide access to apprenticeships, benefitting our teams across marketing, finance, HR, operations and client-facing roles.

On an annual basis, we assess the potential of our senior employees and ensure development plans are in place. We foster a growth mindset culture with on-the-job learning and empower people leaders to support the personal development of their teams.

Performance management

Our performance management framework is centred around continuous dialogue to encourage ongoing, quality, and robust conversations. To drive high performance, individual objectives are aligned to business functional scorecards and all employees are measured against our guiding principles. These are the foundation of our culture and are the behaviours we expect everyone to demonstrate. Our people leaders have additional responsibility for effectively managing and developing their team and are held accountable for investing time and focus into the leadership and growth of their people.

This year, we introduced a system to document ongoing dialogue and track their objectives. Leader Compass equips our people leaders with numerous resources to facilitate continuous conversations and provide support during mid-year and year-end performance reviews. These performance reviews encourage reflection on past performance and set expectations for future development, helping us better understand and support employees' career aspirations. This process enhances our insight into our talent, ensuring the right support is given where it is needed, and informs our talent mapping and succession planning.

Early careers

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

Investment20/20

One of the ways we develop our emerging talent is through our successful partnership with Investment20/20 where, to date, we have successfully recruited over 50 trainees since 2019. A number of these trainees have since taken up full-time positions in a variety of roles, including finance, HR, marketing, risk and compliance, technology, and client-facing roles.

Trainees join on an initial 12-month, fixed-term contract. During this time, they are assigned to a specific business area and gain the key skills required to carry out their role. They also attend events hosted by Investment20/20 which are designed to help build and develop wider industry knowledge and professional skills.

The premise of the scheme is to encourage people from diverse socio-economic backgrounds to pursue a career in wealth management. For school leavers, the traineeship offers an alternative to university, providing a valuable career path. At Brooks Macdonald, this initiative enhances diversity at the entry level and allows us to develop young talent with no prior experience, positively contributing to the broader community.

Graduate trainee programme

As part of our Early Talent recruitment strategy, we partner with organisations such as Investment20/20 to ensure we continue to recruit from diverse backgrounds. As a firm, we are committed to improving both demographic and cognitive diversity of future recruits and breaking down barriers in the wealth management industry.

Eight new graduates joined us in September 2023, with seven enrolled on apprenticeships, and one completing a professional qualification relevant to their role. Our application process was designed to remove as much bias as possible from the selection process and to align fully with our guiding principles and Group capability framework. We used a video application process, on the Modern Hire platform, and engaged Thrive to provide psychometric testing. We looked to recruit graduates across our investment management, marketing, research, and risk and compliance teams, and had more than 700 applicants across all graduate roles.

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

We aim to nurture a culture that values and supports our people and their views, regardless of their background. We are committed to creating a culture that is Inclusive by Design, in which the diverse perspectives, experiences and backgrounds of our people are valued and appreciated.

Our Inclusive by Design philosophy aligns with our guiding principles of acting with honesty, fairness and clarity in everything we do, fostering a more inclusive culture, and driving sustainable long-term success by attracting and retaining top talent from all backgrounds.

As part of our commitment to Inclusive by Design, our recruitment process is designed to ensure we hire the right talent for the role, regardless of race, religion or belief, sexuality, age, disability, gender, gender identity, marital status or pregnancy and maternity.

We welcome talented people from all backgrounds who live and breathe our guiding principles and are focused on making a difference for our clients. We value different ways of working and actively promote flexible working. We encourage diverse representation through gender-balanced shortlists and interview panels and, as part of our performance management framework, our balanced scorecard for senior managers includes specific objectives to increase diversity in individual teams.

We believe this approach will create a truly diverse workforce.

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

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

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

We are fortunate to have several active and passionate advocates for diversity, equity and inclusion among our people. We still have lots more to do as a business and within the industry, but we aim to make diversity, equity and inclusion central to everything that we do, affirming our commitment to being Inclusive by Design.

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

- LGBT Great
- City Hive
- #10,000blackinterns
- Investment20/20
- Neurodiversity in Business
- Girls Are Investors ("GAIN")
- Talking Talent
- Women in Finance Charter
- Employers Initiative on Domestic Abuse

Responsible business

Supporting our people

Disabled employees

We welcome applications from people with disabilities and we ask all candidates if they require any adjustments to the recruitment process so that they can perform at their best at interview. In the event of employees becoming disabled during their employment, every effort is made to ensure that their employment with the Group continues and that the right level of support and training is arranged. It is the policy of the Group that training, skill and career development, and our promotion processes must, as far as possible, be the same for disabled persons as that for other employees.

Gender Pay Gap

In April 2024, we published our gender pay gap report, which reflected the remuneration paid to our UK-based employees within the reporting period up to 5 April 2023.

This year's results saw an increase in our median hourly gender pay gap which is the measure that is the most reflective of balanced gender representation at all levels of the business. We understand the reasons for this and know that our pay gaps are caused by low levels of female representation in our higher-paid commercial roles.

This is an issue common to the wider wealth management industry and we are addressing this by ensuring that our talent programmes that feed these career pathways are gender-balanced from the outset.

In September 2023, we were delighted to welcome a gender-balanced intake of front office graduate trainees who we hope will grow their careers with us.

Flexible working and wellbeing

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

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

Recognising and rewarding our people

We prioritise supporting our people to be their best for our clients, shareholders, families, and the communities we serve. We understand that caring for our employees' wellbeing, offering competitive rewards, and providing compelling opportunities are crucial elements in this.

We continuously review our total rewards package to ensure it meets the evolving needs of our employees. This includes policies on holiday and family leave that help our staff stay energised and productive, as well as providing insurances and other products with leading levels of benefit and coverage.

Our Inclusive by Design principles guarantee that the vast majority of benefits are consistent across all employees, regardless of role and seniority. For example, this year we increased holiday entitlement to 30 days for all full-time employees and standardised pension contributions.

Employee engagement in Company share ownership remains strong, with over 60% of eligible employees participating in our Sharesave schemes. This demonstrates a collective commitment to both work towards and share in the Group's success.

To ensure our pay is fair and competitive, we conduct annual benchmarking and assess individual contributions through a collaborative performance management approach. New roles are benchmarked during the design, and all salaries and total compensation are reviewed annually.

Our discretionary bonus scheme is a key element in attracting, engaging, and retaining talent. It is designed to align with our strategic and commercial goals, regulatory best practice, and the needs of our clients. Our guiding principles ensure that bonuses are awarded based on appropriate behaviours and non-financial performance.

In addition to pay and benefits, we celebrate individual and team successes, recognising and honouring achievements to foster a supportive and motivating working environment.

Responsible business

Supporting our community

Charitable donations

£82,000

Following a thorough nomination process, our employees were given the opportunity to vote for the two charities they wanted to support. This democratic approach ensured that the selected charities resonated with our guiding principles and the passions of our team. The chosen charities reflect our collective commitment to making a difference.

The Wave Project – our sponsorship helps The Wave Project provide surf therapy programmes that improve the mental health and wellbeing of young people by harnessing the therapeutic benefits of the ocean and the camaraderie of surfing.

Great Ormond Street Hospital ("GOSH") – GOSH is a renowned children's hospital that provides world-class care and pioneering treatments for seriously ill children. Our sponsorship helps fund vital medical research, advanced equipment, and family support services.

BM FOUNDATION

The BM Foundation is dedicated to making a significant impact on our local communities, and the cornerstone of our funding comes from the generosity of our employees through the "Give As You Earn" programme. This initiative allows employees to donate a portion of their salary directly to the foundation on a regular basis. By opting into this programme, employees can contribute to the foundation seamlessly and consistently, making philanthropy an integral part of their professional lives.

When an employee identifies a local charity or community initiative in need of support, they can approach the foundation directly with their request. The foundation reviews these requests carefully, considering the impact and reach of each proposed donation or sponsorship. By involving employees in the decision-making process, we ensure that our charitable contributions resonate deeply with our people and address genuine community needs.

This collaborative model fosters a strong culture of giving within the Group. Employees feel empowered to advocate for causes they care about, and the foundation benefits from a diverse array of perspectives, leading to well-rounded and impactful philanthropic efforts. Ultimately, the BM Foundation aims to create a positive and lasting difference in our communities, driven by the collective goodwill and active participation of our employees.

BM CHARITIES

We are proud of the great fundraising BM Charities does to support our chosen charities.

One of the highlights of the year was the Around the Island Mallorca Cycle Challenge, a gruelling ride that covered the entire perimeter of Mallorca in just over three and a half days. This impressive feat not only tested the physical endurance of those taking part, but also their commitment to making a difference. The challenge successfully raised £23,000, showcasing the dedication and generosity of everyone involved.

In addition to the cycle challenge, BM Charities organised Miles for Smiles, a three-week fundraising campaign. This inclusive event invited everyone to participate by recording miles and minutes of any fundraising activities they engaged in. For every mile or minute recorded, we donated £1. Through this initiative, and with the help of our matched fundraising efforts, we were able to donate £17,500 to each charity.

The BM Charities committee ensures that our fundraising activities are inclusive and engaging, offering opportunities for everyone to get involved regardless of their fitness level or availability. They also liaise with our chosen charities to understand their needs and how we can best support them, ensuring that our contributions make a meaningful impact.

Responsible business

Supporting our community

We are driven by our guiding principles to make a positive impact and we encourage our staff to give something back through charitable and voluntary activities.

Adaptive Grand Slam partnership

We continued to build our partnership with the charity Adaptive Grand Slam ("AGS"), an inspiring charity founded by Martin Hewitt. After sustaining life-changing injuries in Afghanistan that left his right arm paralysed and ended his military career, Martin turned his focus to establishing AGS. This remarkable organisation aims to inspire and support the disabled community through extraordinary challenges and adventures.

The mission of AGS resonates deeply with our core values at Brooks Macdonald. Our commitment to do the right thing and make a difference align perfectly with AGS's dedication to helping disabled people overcome obstacles and achieve their goals. This synergy extends to our work in personal injury investment. By collaborating with legal professionals and expert witness financial advisers, we provide comprehensive support to individuals rebuilding their lives after serious injuries. Our partnership with AGS underscores our dedication to making a positive impact on the lives of those affected by serious injury.

Charity event: around the island Mallorca cycle challenge

This year, a group of employees embarked on an epic adventure, taking on the Around the Island Mallorca Cycle Challenge as part of our Group's fundraising efforts. Over the course of just three and a half days, the team cycled the entire perimeter of Mallorca, braving the island's renowned rugged terrains and steep inclines.

Each day, riders chose between two routes tailored to different skill levels, ensuring everyone could soak in Mallorca's breathtaking landscapes whilst pushing their physical limits. This event wasn't just about the ride; it was a unique chance for colleagues from various regions and offices to connect in extraordinary ways.

As the roads got tougher, the spirit of teamwork shone through. Participants cheered each other on, fostering new, invaluable connections. The camaraderie extended off the bike as well, with everyone coming together to celebrate their hard-earned accomplishments.

This challenge underscored the incredible dedication and spirit of the people at Brooks Macdonald. Despite the gruelling demands, the joy and satisfaction were evident, and the team's collective efforts raised over £23,000 for our two chosen charities - surpassing our initial fundraising goal by a significant margin.

Responsible business

Supporting our environment

We are a responsible Group committed to improving our environmental and social impact.

Operational emissions

In comparison with the previous financial year our overall energy consumption has decreased by 14% or 122 MWh, and our total greenhouse gas emissions have decreased by 16% for electricity and 35% for gas. This year our energy consumption has dropped for electricity and gas due to a change in our workplace strategy.

We are deeply committed to understanding and mitigating the environmental impact of our operations. In line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), we have undertaken a comprehensive assessment of our Scope 1, 2, and 3 emissions. This assessment is crucial in identifying the steps necessary to achieve the significant carbon reductions required to reach our goal of net zero emissions by 2030.

By analysing our direct and indirect emissions, we continue to develop targeted strategies that not only address our current environmental footprint but also pave the way for a more sustainable future. These efforts reflect a steadfast dedication to environmental stewardship, ensuring that our business practices contribute positively to the global fight against climate change.

Our target remains to be net zero across all our operations by 2030. By the end of 2025, we will set out a clear plan for how we will achieve this, which will include our short-term and long-term greenhouse gas ("GHG") emission reduction goals. These goals will provide the direction and prioritisation needed to accurately calculate our emissions.

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

ESG Advisory Committee

The sustainability landscape is constantly evolving – what is considered a differentiator today could become a standard expectation tomorrow. It is therefore imperative to look ahead and continuously challenge our approach.

To advance our ESG agenda, we have established the ESG Advisory Committee ("ESGAC"), comprising senior business representatives from across the Group. Historically, ESG values have been integrated into our centralised investment processes and across all areas of the business. However, until the establishment of the ESGAC, these efforts had not been consolidated. We believe that now is the appropriate time to develop a strategic framework for the firm, which will be led by the ESGAC and encompass all corporate functions.

The ESGAC is reviewing existing initiatives to develop a preliminary strategic framework and provide recommendations for the business moving forward. The three areas of focus within the strategic framework are responsible investing, corporate and operational, and people and charity.

Advancing sustainability in facilities management

We have implemented a range of practices designed to enhance the environmental performance of our facilities management. Recognising the importance of sustainable operations, we have focused on optimising resource efficiency, reducing our carbon footprint, and promoting eco-friendly initiatives.

Our property strategy is reviewed annually and continually updated to safeguard the health, safety and welfare of colleagues, as well as considering the bigger picture and the future view in terms of environmental credentials. We focus on providing offices that boost engagement, trust, energy, commitment, and productivity by selecting properties that offer a flexible, hybrid approach.

We have reduced our offices to 14 across the UK, expanding our serviced office strategy. By leveraging the inherent efficiencies and sustainability-focused operations of serviced offices, we can significantly reduce our environmental footprint whilst maintaining operational flexibility and resilience. Benefits include:

- Resource efficiency: serviced offices maximise resource use through shared amenities and services, reducing the overall consumption of energy, water, and other resources per occupant.
- Reduced carbon footprint: with flexible leasing options, we can right-size our office space, minimising the environmental impact associated with maintaining under-utilised areas.
- Waste reduction: shared facilities implement robust recycling and waste management programmes, leading to more efficient waste reduction practices.
- Sustainable infrastructure: our serviced office providers prioritise sustainability in their building operations, employing energy-efficient lighting, heating, and cooling systems, and using eco-friendly materials.
- Flexibility and adaptability: the ability to scale office space up or down as needed reduces the necessity for new construction, which in turn decreases the environmental impact associated with building new facilities. When we buy new materials, we prioritise carbon neutrality and make sure we use the most sustainable products available, with long lifecycles and made from reclaimed and reused materials.

Highlights

122MWh
Overall energy consumption decrease

35%
Total greenhouse gas emissions decrease for gas consumption

16%
Total greenhouse gas emissions decrease for electricity consumption

14%
Overall energy consumption decrease

Supporting our environment

Environmentally friendly waste management

Our commitment to sustainability is reflected in our environmentally friendly waste management practices.

- Minimal packaging: we prioritise the use of minimal packaging for all our products and supplies. By reducing packaging materials, we cut down on waste and lower our overall carbon footprint associated with the production and disposal of materials.
- Chemical-free Aquasmart machines: we have integrated chemical-free Aquasmart machines into our cleaning protocols. These machines use advanced technology to provide effective cleaning without harmful chemicals, reducing environmental pollution and enhancing indoor air quality.
- Recycling office furniture: we are dedicated to recycling office furniture whenever possible. By refurbishing and reusing existing pieces, we minimise waste and the demand for new resources. This practice extends the lifecycle of our furniture and supports a circular economy.
- Furniture donation: where furniture cannot be recycled internally, we donate usable items to local charities and community organisations. This diverts waste from landfills and also supports those in need, fostering a culture of community support and sustainability.

Environmentally friendly procurement processes

Our commitment to sustainability extends to our procurement processes where we emphasise environmentally friendly and ethical practices. We prioritise working with suppliers who adhere to ethical business standards, such as paying a living wage and maintaining fair labour practices. This ensures that our supply chain supports not only environmental sustainability but also social responsibility.

We actively seek out and prioritise the use of carbon-neutral products in our operations. By choosing suppliers and products that are committed to reducing their carbon emissions, we contribute to the global effort to combat climate change and promote sustainable practices.

Our commitment to sustainability is reflected in our product choices. For example, we use pens made from bamboo, a highly renewable resource, and notebooks are crafted from recycled bottles.

Energy consumption and greenhouse gas emissions

In comparison with the previous financial year our overall energy consumption has decreased by 14% or 122 MWh, and our total greenhouse gas emissions have decreased by 16% for electricity and 35% for gas. This year our energy consumption has dropped for electricity and gas due to a change in our workplace strategy.

We have enhanced our data collection capabilities regarding flights and hotel visits and, consequently, we have added last year's figures to incorporate this additional data, ensuring a fair and accurate comparison.

	Energy Consumption (MWh)		GHG Emissions (tCO_2e)	
Source of Energy and Emissions	2024	2023	2024	2023
Combustion of Natural Gas	**57.70**	89.55	**10.56**	16.35
Combustion of Biogas	**20.34**	22.09	**0.004**	0.005
Scope 1 Total	**78.04**	111.64	**10.56**	16.36
Generation of Purchased Electricity	**401.11**	508.50	**83.06**	98.33
Of Which from renewable sources	**391.67**	484.59	**–**	–
Scope 2 Total (Market Based)	**401.11**	508.50	**83.06**	98.33
Combustion of Fuel in Staff Vehicles	**280.65**	261.82	**68.03**	65.48
Hotel Stays	**–**	–	**8.67**	11.77
Business Travel by Third-party Services (Rail)	**–**	–	**1.54**	1.10
Business Travel by Third-party Services (Air)	**–**	–	**15.58**	22.58
Scope 3 Total	**280.65**	261.82	**93.82**	100.93
Grand Total	**759.80**	881.96	**187.44**	215.62
Renewable supplies			**(81.10)**	93.71
Carbon Offset Projects			**–**	6.95
Net Total			**106.34**	114.96
Intensity per 1000 m^2 Gross Floor Area	**162.73**	200.17	**22.77**	26.09
Intensity per £m Turnover	**5.92**	7.22	**0.83**	0.94

Data for nine electricity supplies and three of our gas supplies have been estimated due to the availability of the data. These estimations equate to 58,950.2 kWh of the Company's electricity consumption (15%) and 10,258 kWh of the gas consumption (13%). Location-based $kgCO_2e/kWh$ conversion factors for the average UK grid supply have been used to calculate greenhouse gas emissions from electricity and natural gas consumption. Emissions for renewable supplies have been deducted to give the net market-based emissions. Landlord usage has also been included in this year's figures and will be included moving forward.

All conversion factors and fuel properties used in this disclosure have been taken from the 2023 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Energy Security and Net Zero ("DESNZ") and the Department for Environment, Food and Rural Affairs ("DEFRA"). All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence.

Summary disclosure against TCFD recommendations

In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and the FCA listing rule 9.8.6R(8), we are committed to providing transparent and comprehensive disclosures on how climate-related risks and opportunities impact our business.

We are pleased to present our second report on climate-related disclosures which can be viewed in full on our website.

We have a fiduciary duty on behalf of our clients to consider all long-term risks that may impact their investments. By integrating climate considerations into our business strategy, governance structures and risk management processes, we are ensuring the long-term resilience of our organisation whilst supporting the global transition to a low-carbon economy.

The following table gives a summary of our material disclosures and directs readers to the relevant pages in this report. This summary disclosure is structured around the four pillars of the TCFD framework: governance, strategy, risk management, and metrics and targets.

Governance	
The Board's role in oversight	The Board bears ultimate responsibility for the oversight and management of the business and is assisted in this by its Committees. During the year the Board and its Committees have received updates on climate-related matters, including an external presentation on climate-related risks and opportunities. In addition, the TCFD report has been reviewed by the Audit Committee and signed off by the Board. The regular monitoring of progress against climate goals and targets is delegated to the Investment Committee with the Co-CIOs able to escalate any matters that require further attention to the CEO directly.
Management's role in assessing risks and opportunities	The Board has delegated overall responsibility for the delivery of the Group's strategy to the Group CEO and the Executive Committee who have ultimate responsibility for the integration of climate risks and opportunities across the business, and for bringing climate-related matters to the Board. The Executive Committee delegates responsibility to a range of management committees that operate across the Group and are accountable for managing the areas of the business that may affect, or be affected by, climate change.
Strategy	
Climate-related risks and opportunities	Our view is that the Group is most vulnerable to climate risks through its investments. Operationally, we consider that the Group is most directly exposed to transition risk, with regulatory developments a more material issue for the firm than the physical risks of climate change. In future, the identification exercise will be developed and reviewed by the Executive Risk Management Committee ("ERMC").
Impact on our businesses, strategy and financial planning	We have conducted an annual assessment of the exposure of our investment holdings to physical and transition risks under multiple climate scenarios. The analysis confirms that an orderly transition is key to preserving value.
Resilience based on scenarios, including a 2°C or lower scenario	To manage the physical climate-related risks facing our direct operations, we have an established Operational Resilience programme, and our key response to the transition risks facing our operations is our net zero by 2030 target. For our investments, we manage our climate-related risk through ESG integration, engagement and voting. This is outlined in the Risk Management section of the entity-level TCFD report.

Summary disclosure against TCFD recommendations

Risk Management	
Processes for identifying and assessing climate-related risks	As part of our established Operational Resilience Programme, at the present time, our assessment has suggested that the Group's operations are not materially exposed to acute physical risks due to the low risk of extreme weather events in any of our office locations and third-party supplier locations. However, such events could have a material impact on our ability to deliver our services.
Processes for managing climate-related risks	Our main approach to managing the transition risks of climate change for our operations is our net zero by 2030 strategy.
How we integrate these risks into our overall risk management	To advance our ESG agenda, we have established the ESG Advisory Committee ("ESGAC"), comprising senior business representatives from across the Group. The three areas of focus within the strategic framework are responsible investing, corporate and operational, and people and charity.
Metrics and Targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is available.	The Group uses various metrics to measure and manage the climate-related impacts and risks of its investments, including weighted average carbon intensity, financed emissions, and financed emissions per M$ invested. These are informing progress towards setting climate-related targets. The Group has also disclosed its emissions produced through its own operational activities. These are disclosed in the full report, as well as our Responsible business report on pages 51 and 52. This data will allow us to set emission-based targets on our journey to achieving net zero in our operations by 2030.

Climate-related opportunities and risks

We have summarised the key climate risks and opportunities below. Our short-term horizon looks at a 0-10 year period, our medium-term horizon looks forward 10-20 years and our long-term horizon looks forward at a time horizon of 20+ years.

Key: **Low** exposure **Medium** exposure **High** exposure

Opportunities

Time horizon	0-10 years	10-20 years	20+ years
	Estimated impact		
Products and services Investments: Increased reputation, market share and revenues from capitalising on shifting consumer demand for sustainable investment offerings.	Medium	Medium	
Resource efficiency Operations: Opportunity to reduce operating costs by ensuring offices are more energy efficient and reducing waste emissions.	Medium	Medium	
Markets Investments: Opportunity to diversify activities and access new markets, increasing reputation and revenue from newly identified low- carbon investment opportunities.	High	High	
Resilience Operations: If BM applies measures to mitigate against the negative impacts of a transition towards a low-carbon economy, and implements climate-related adaptation measures, this could lead to increased organisational resilience.	Medium	Medium	

Risks

Transition risks

Time horizon	0-10 years	10-20 years	20+ years
	Estimated impact		
Policy and legal Investments: Portfolio company failure to fully respond to climate regulations which could lead to increased costs e.g. high carbon offset costs and decreased asset valuations.	Medium	Medium	Medium
Investments and operations: Increased climate-related regulatory and reporting requirements may lead to increased operational costs for the Group.	Low	Low	

Summary disclosure against TCFD recommendations

Time horizon	0-10 years	10-20 years	20+ years
	Estimated impact		
Market risk Investments: Assets with exposure to climate-related market risks may suffer poor performance during a transition to a lower carbon economy, affecting the Group's portfolio returns and client outcomes.	Medium	Medium	Medium
Investments: Climate change, net zero and associated regulatory developments drive client appetite for investment propositions that we do not provide, leading to lower revenue and poor client outcomes.	Medium	Medium	
Technology Investments: As technology develops, asset-intensive firms such as those in automotive, manufacturing and utilities sectors may have large capital expenditures to upgrade equipment to align with efficiency requirements or to retain consumers increasingly interested in lower-carbon options. This could lead to increased costs, decreased revenues and decreased asset valuations.	High	High	High
Investments: As new technology is required to evolve and implement our responsible investment practices, this may lead to increased resource and expertise requirements, additional costs and operational challenges.	High	High	
Reputational Investments: Portfolio companies whose response to the climate challenge is perceived as inadequate could suffer decreased revenues and asset valuations. This in turn could negatively impact the Group's AUM and revenue.	Medium	Medium	
Investments: Clients feel misled by our responsible investment propositions, leading to lower confidence and reduced revenue.	High	High	
Investments and operations: The risk that clients perceive our response to climate-related challenges as inadequate, leading to a loss in market share.	High	High	

Physical Risks

Time horizon	0-10 years	10-20 years	20+ years
	Estimated impact		
Acute Investments: Portfolio companies may face increased capital costs due to damage to infrastructure, increased insurance premiums, supply chain disruptions and impacted access to resources such as clean water.	Medium	Medium	
Operations: Buildings and supply chain are impacted by extreme weather and extreme heat caused by climate change. This could result in water shortages, limited employee travel, office inaccessibility and power outages that affect service delivery.		Medium	Medium
Chronic Investments: Long-term shifts in climatic patterns may have wide-ranging impacts on the global economy and geopolitical tensions, leading to increased operational costs and potential disruption to commercial activity.			High

Governance structure for climate-related matters

We recognise the importance of governance in establishing transparency, accountability, and good conduct. Effective governance enables us to better manage risks and make business decisions accordingly, leading to improved investor confidence. The section below outlines how our governance structure helps us address climate-related risks and opportunities.

The Board bears ultimate responsibility for the oversight and management of the business and is assisted in this by its Committees. During the year the Board and its Committees have received updates on climate-related matters, including an external presentation on climate-related risks and opportunities. In addition, the TCFD report has been reviewed by the Audit Committee and signed off by the Board. The regular monitoring of progress against climate goals and targets is delegated to the Investment Committee with the Co-CIOs able to escalate any matters that require further attention to the CEO directly.

The Board has delegated overall responsibility for the delivery of the Group's strategy to the Group CEO and the Executive Committee who have ultimate responsibility for the integration of climate risks and opportunities across the business, and for bringing climate-related matters to the Board. The Executive Committee delegates responsibility to a range of management committees that operate across the Group and are accountable for managing the areas of the business that may affect, or be affected by, climate change.

The Remuneration Committee incorporates climate-related goals into the long-term incentive plans ("LTIP") of the Group's Executive Directors.

The Risk and Compliance Committee reviews quarterly reports on key risks impacting the business.

The Audit Committee oversees the principles, policies, and practices adopted in the preparation of the Financial statements of the Group and assesses whether annual Financial statements comply with statutory requirements including TCFD disclosures.

The Executive Committee ("ExCo") provides support for the oversight and management of the strategic and operational authorities delegated to the CEO by the Group Board. Chair: CEO.

The Executive Risk Management Committee ("ERMC") has responsibility for ensuring the effective management of risk throughout the Group, in line with the risk appetite and risk management framework approved by the Board. Chair: Chief Risk Officer.

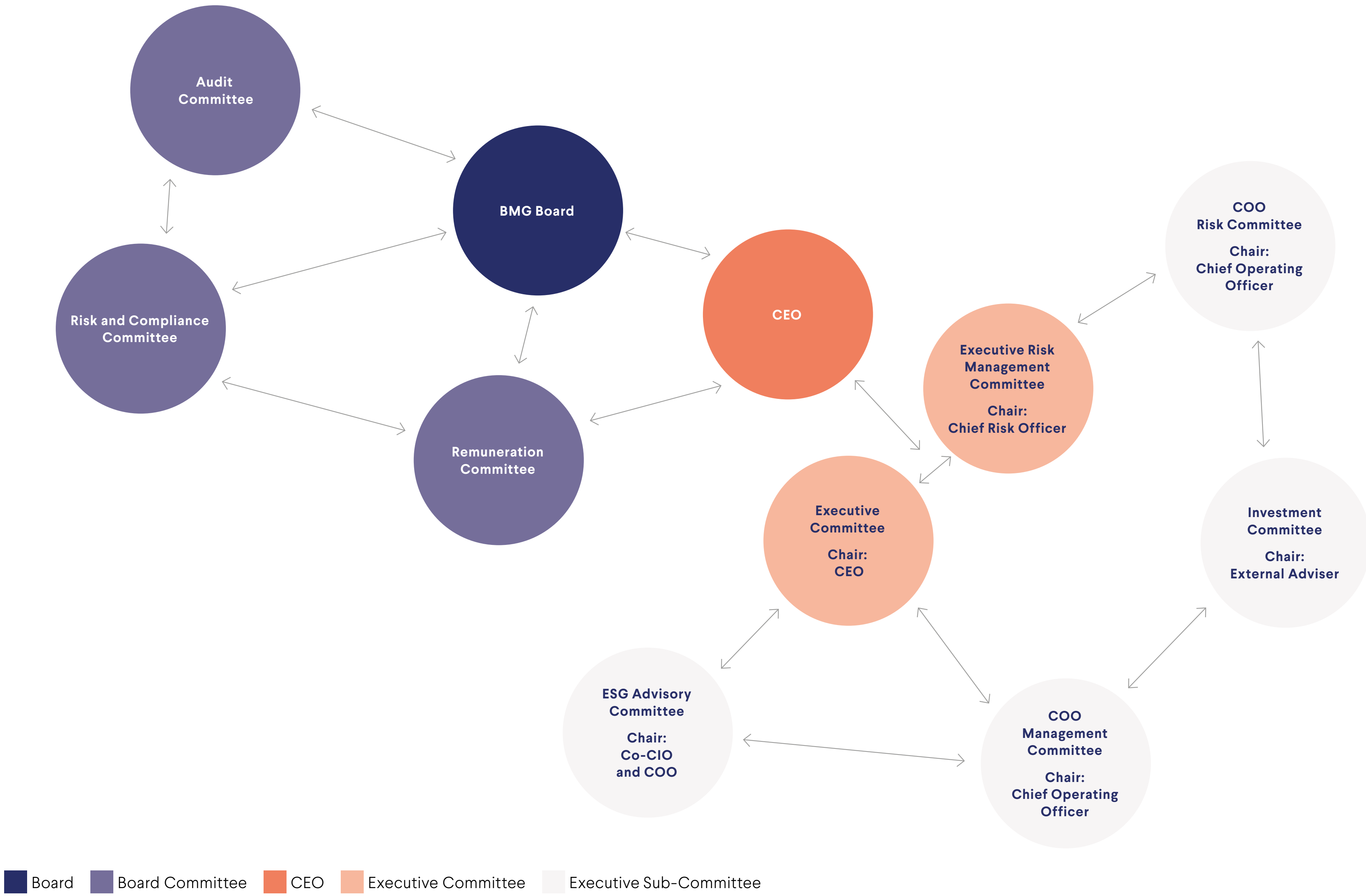
Management Committee and COO Risk Committee ("ManCo") is responsible for oversight of ESG and climate-related risks and opportunities in the Group's operational activities. The Committee also maintains oversight of reported incidents relating to climate and environment. Chair: Chief Operating Officer.

The Investment Committee oversees the execution of the firm's responsible investment policy, which includes climate-related considerations and is updated on an annual basis. Chair: External Adviser.

ESG Advisory Committee ("ESGAC") is a newly established Committee and is comprised of senior business representatives to drive forward the ESG/responsible business agenda for the Group, spanning operations, investments and people and community. Members include representatives from Central Research, Risk, HR, Marketing, Operations and Workplace and Facilities. The group meets no less than four times a year. Chair: Co-CIO and Chief Operating Officer.

Summary disclosure against TCFD recommendations

Governance structure for climate-related matters



Governance report

Introduction to Corporate governance

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

As such, the Board has responsibility for promoting the long-term strategy and success of the Group by providing leadership, shaping the Group's culture, and agreeing the risk appetite and the appropriate systems of control for risk management. The Board is also focused on ensuring that the risk and compliance framework is appropriately embedded within the Group's day-to-day activities. This year has seen the appointment of a new Chair, with the details of his appointment being found in the Nomination Committee report on pages 75 to 77. The existing members of the Board suggested the qualities and attributes they felt that the new Chair would need in order to improve the collective strength and balance of skills and experience of the Board. The recruitment process then focused on candidates with these qualities and this resulted in the appointment of Maarten Slendebroek as our new Chair. Then, in June, our CEO, Andrew Shepherd, announced that he would be retiring in September after spending 22 years with the Company. The Board had been greatly impressed with the contribution made by Andrea Montague during her first year as Chief Financial Officer and so, while other options were considered, it was an easy decision for the Nomination Committee to recommend her as Andrew's successor.

The Board delegates the day-to-day management of the Group to the CEO, who is supported by an Executive Committee.

As well as having operational oversight of the Group's day-to-day activities, the Executive Committee focuses on the formation and implementation of the Group's strategy and makes decisions that are not otherwise reserved for the Board. The Executive Committee meets regularly, with a mixture of formal and informal scheduled meetings, together with ad hoc meetings as required.

The Group's Board and Committee structure is detailed on pages 67 to 69, together with the biographies of Board and Committee members on pages 62 and 63.

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

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

UK Corporate Governance Code Compliance Statement

The Group follows the 2018 UK Corporate Governance Code ("the Code"). This report, together with the Report of the Directors and the Strategic report, describes how the Group has applied the principles and complied with the provisions of the Code, or sets out explanations of where the Group is not complying with the Code. A copy of the Code can be found on the Financial Reporting Council's website at www.frc.org.uk. The Group confirms that it intends to follow the updated 2024 UK Corporate Governance when that version of the Code comes into effect for our accounting period beginning on 1 July 2025.

Implementation of the 2018 UK Corporate Governance Code	
Section of the Code	**How Brooks Macdonald have applied the Code**
Board leadership and company purpose	The Board seeks to promote the long-term sustainable success of the Company, setting out the Company's purpose, values and strategy and ensuring that these and the Company's culture are aligned.
Division of responsibilities	The Group Board, led by the Chair, sits at the top of the Company's governance framework. The Board and its Committees have clearly defined roles, with the list of matters reserved for the Board and the Committees' terms of reference being available on the Company's website. The majority of the Board are independent Non-Executive Directors.
Composition, succession and evaluation	The Nomination Committee oversees formal procedures both to evaluate the Board and to ensure its composition provides an appropriate balance of skills and experience. It also considers succession planning within the Group. The Company seeks to promote diversity at both Board and senior management level.
Audit, risk and internal control	The Board and its Committees oversee procedures and processes by which the Company manages the risks it is willing to take in order to achieve its long-term objectives. This includes ensuring the independence and effectiveness of the internal and external audit functions and monitoring the integrity of the Company's financial statements and formal announcements.
Remuneration	The Board and the Remuneration Committee develop and oversee policies and practices that are designed to promote the Company's strategy and its long-term success, and to align the interests of senior management with those of the Company's shareholders.

Read more

about our Board overview on page 66 and Committee structure on pages 67 to 68 plus reports of the Committees on pages 71 to 99

Read more

about our Board composition on page 68 and Nomination Committee on pages 75 to 77

Read more

about our Audit Committee on pages 71 to 74 and Risk and Compliance Committee on pages 97 to 99

Board of Directors

The Directors of the Company who were in office during the year and up to the date of signing the Consolidated financial statements are documented below.

Chair

Maarten Slendebroek
Chair

Key skills and experience

Open, inclusive, collaborative leadership style enabling high-quality debate and decision-making at board level.

Experience of initiating M&A projects across jurisdictions.

Significant experience of asset and wealth management, including administration and portfolio management systems.

Maarten joined Brooks Macdonald in November 2023 as a Non-Executive Director, taking over as Chair in March 2024.

Maarten has extensive experience in financial services, including as CEO of Jupiter Fund Management for five years from 2014 until 2019, having joined the firm as Strategy and Distribution Director in 2012. Prior to that, he worked at Blackrock and predecessor companies from 1994, holding several positions including head of BlackRock Solutions EMEA and head of International Retail.

Maarten started his career in 1987 as an equity analyst at Enskilda Securities in London. He is Chair of the Supervisory Board of Robeco, a global asset management company with its HQ in Rotterdam, and Chairman of Mintus, a London-based art investment fintech start-up. Maarten is also a Non-Executive Director of Law Debenture Corporation plc.

Executive Directors

Andrew Shepherd
CEO

Key skills and experience

Distinctive people leader, fostering collaboration and driving innovation across diverse and dynamic teams.

Over 30 years of experience in financial services, with deep knowledge of financial planning and investment management.

Deep affinity with the Brooks Macdonald culture, driving the Group's commitment to client service and growth.

Andrew joined Brooks Macdonald in 2002 and was appointed CEO in 2021.

He has held numerous roles across the Group, including MD of Brooks Macdonald Asset Management Limited, CEO of Brooks Macdonald International Limited and Group Deputy CEO (between 2015 and 2021).

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

Andrew is also a Member of the Board of the Personal Investment Management & Financial Advice Association ("PIMFA").

Andrea Montague
CEO Designate and
Chief Financial Officer

Key skills and experience

Substantial strategic leadership experience in the UK long-term savings and asset management industry.

Commercially and client focused to deliver improved tangible performance value and outcomes.

Significant expertise of delivering transformational change in a highly regulated environment.

Andrea joined Brooks Macdonald in August 2023 as Chief Financial Officer, and was appointed CEO Designate from 1 July 2024, assuming the role of CEO from 1 October 2024, subject to regulatory approval.

Andrea brings an impressive track record and experience of operating at Board and Executive level across the UK long-term savings and asset management sector.

Before joining Brooks Macdonald, Andrea was Group Chief Risk Officer at Aviva, where she had previously been Group Chief Financial Controller. Prior to that, Andrea has held senior leadership roles including Deputy Group CFO at Royal London and Group Chief Internal Auditor at Standard Life plc.

Andrea trained as a chartered accountant at PwC.

Read more
about our corporate governance on pages 60 and 61

Read more
about our Nomination Committee's activities over the year on pages 75 to 77

Read more
about our Remuneration Committee's activities over the year on pages 78 to 96

Read more
about our Risk and Compliance Committee's activities over the year on pages 97 to 99

Non-Executive Directors

Robert Burgess
Senior Independent
Non-Executive Director

Key skills and experience

Brings significant executive and non-executive experience to the Board and the role of Risk and Compliance Chair.

Broad financial services experience, particularly in wealth management, asset management, banking and fintech.

Significant experience of high-growth businesses.

Robert joined Brooks Macdonald as a Non-Executive Director in August 2020 and is Chair of the Risk and Compliance Committee and a member of the Audit, Remuneration and Nomination Committees. Robert was appointed Senior Independent Director in May 2023.

Currently a Non-Executive Director at OakNorth Bank, Robert chairs both the Risk and Compliance Committee and the Credit Committee. Robert is also the Chairman of Invest & Fund, a specialist fintech business.

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

Dagmar Kershaw
Independent
Non-Executive Director

Key skills and experience

Senior financial services professional with broad experience, particularly in business development.

Significant expertise across the investment management sector.

Extensive leadership experience in alternative and structured investing, with a focus on debt markets

Dagmar joined Brooks Macdonald as a Non-Executive Director in July 2020. She is a member of the Audit, Risk and Compliance, Remuneration and Nomination Committees, and also attends Investment Committee.

Currently a senior adviser to Strategic Value Partners and Non-Executive Chair of Volta Finance, a Director of Royal London Asset Management and a Director of Scotiabank Ireland.

Dagmar has over 30 years' experience in debt and fixed income markets, with a particular focus on alternative and structured investing.

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

John Linwood
Independent
Non-Executive Director

Key skills and experience

A deep understanding of technology, cyber security, AI and digital transformation having held senior roles at some of the world's largest global organisations in the technology and media industries.

Brings wide-ranging business and leadership experience to the role of Remuneration Committee Chair.

Experienced Non-Executive Director across FTSE, AIM and private companies as well as government institutions.

John joined Brooks Macdonald as a Non-Executive Director in 2018. He is Chair of the Remuneration Committee and is a member of the Audit, Risk and Compliance and Nomination Committees. Prior to joining Brooks Macdonald, John was the Executive Vice President and Chief Technology Officer of Wood Mackenzie, Chief Technology Officer for the BBC, and a Senior Vice President of International Engineering at Yahoo Inc. He has also held a number of senior positions at Microsoft Corp. (1993 – 2004). John is a Non-Executive Director of National Grid ESO and Intercede Group plc.

James Rawlingson
Independent
Non-Executive Director

Key skills and experience

Deep financial services experience specialising in wealth management.

Wide governance expertise including public and regulated entities in the UK and internationally.

Broad experience in driving transformational growth.

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

James is currently a Non-Executive Director on the boards of Citibank UK and Wilton Park which is an arm's length body of the British Foreign Office.

James has enjoyed a long executive and non-executive career principally in financial services, including roles at Charles Stanley plc, Coutts, UBS and Arix Bioscience. He is a Chartered Accountant and a Chartered Member of the Chartered Institute for Securities and Investments.

Board of Directors

Roles and Responsibilities

Role of the Chair

The Chair is responsible for the leadership and overall effectiveness of the Board including performance evaluation of the Board and the CEO. The Chair sets the agenda for each meeting of the Board, including discussion of issue of strategy, performance, accountability and risk. The Chair provides and promotes constructive challenge to management and facilitates the contribution of the Non-Executive Directors. The Chair sets clear expectations on culture, values and behaviours.

Role of the Senior Independent Director

The Senior Independent Director, Robert Burgess, provides a sounding board for the Chair and, if necessary, acts as an intermediary for the other Non-Executive Directors. The SID also provides an alternative channel of communication for investors, primarily on corporate governance matters. The SID also leads the evaluation of the Chair and the search for a new Chair when necessary.

Role of Independent Non-Executive Directors

The Non-Executive Directors, Dagmar Kershaw, John Linwood and James Rawlingson, help to set the strategy for the Group, contributing independent oversight and constructive, rigorous challenge. They also ensure the integrity of financial information, controls and risk management processes. Alongside serving on Board Committees, they scrutinise the performance of the Executive Directors against agreed goals and objectives.

Role of the CEO

The CEO is responsible for leading the Group, overseeing the day-to-day operations, developing and executing strategies and strategic priorities. Additionally, the CEO maintains relationships with shareholders and stakeholders, develops the Group's executive management capability, and guides the overall development of Group policies while communicating the Company's values.

Role of the CFO

The CFO is responsible for supporting the CEO in developing and implementing strategy, while providing strategic financial leadership. Along with the CEO, the CFO also explains the Company's performance to shareholders. Additionally, the CFO oversees the Group's finance and company secretarial functions.

FY24 Company timeline

Month	Company events	Group Board meetings and topics
July 2023	• First phase of Salesforce roll-out	• Q4 trading update • Acquisition integration • Consumer Duty
August 2023		
September 2023	• Group AGM • Organisational changes announced • Brooks Macdonald employees raise over £23,000 for charity with cycle across Mallorca	• FY23 results, dividend and Annual Report • AGM arrangements
October 2023		• Insurance • ICARA • Medium-term plan • Corporate broker review • CASS
November 2023	• Appointment of Maarten Slendebroek as Chair, subject to regulatory approval	
December 2023		• ICARA • Modern Slavery statement
January 2024	• Appointment of Singer Capital Markets Advisory LLP as Nominated Adviser and Joint Broker and Investec Bank plc as Joint Broker	• Strategy
February 2024	• Awarded Defaqto Gold Service Rating for our DFM service	• Board strategy day
March 2024	• Richard Price stepped down as Acting Chair and a Director of the Company following Maarten Slendebroek's receipt of regulatory approval	• Interim accounts • Consumer Duty
April 2024		• Strategy • Sustainability • Cyber • CASS
May 2024		
June 2024	• Andrew Shepherd announced that he would be retiring as CEO, with Andrea Montague being appointed to replace him from 1 October 2024, subject to regulatory approval	• Strategy • Consumer Duty • Operational resilience

Board overview

The Brooks Macdonald Board is responsible for the Group's corporate governance system and is committed to maintaining a strong governance framework to support our mission to protect and enhance our clients' wealth.

In order to achieve this, the Board meets on a regular basis. During the year to 30 June 2024, there were eight scheduled Board meetings and details of attendance at these is shown on page 68. In addition, further unscheduled meetings may be convened where necessary to consider matters that are time-sensitive in nature and cannot wait until the next scheduled meeting. Historically, subjects have included acquisitions, Director changes and the Group's response to the COVID-19 pandemic.

Assessing and monitoring culture

The Board monitors the Group's culture through regular reports from the CEO and the Chief People Officer to ensure this is aligned with the Group's purpose and strategy. In addition, we have a designated Non-Executive Director, who has responsibility for engaging with the workforce and who regularly holds meetings with different members of staff. Other Non-Executive Directors have also held informal meetings with employees from across the business to help the Board better understand the views of the Group's staff. The results of the Group's regular staff surveys are also reviewed and discussed at Board meetings. For further information on this, see 'How we engage with our stakeholders' on pages 21 to 25 and our Responsible business report on pages 44 to 52 of the Strategic report.

Matters discussed by the Board in the year

Regular updates
- CEO's report, including business performance
- Chief Financial Officer's report
- Co-Chief Investment Officer's report
- Chief People Officer's report
- Committee Chairs' updates

Financials
- Annual and Interim Report and Accounts
- Dividend payments recommendations
- Budget and medium-term plan

Projects
- Consumer Duty
- TCFD
- Partnership with SS&C

Governance and regulatory
- Board changes
- Reviews of Committee terms of reference
- AGM arrangements
- SMCR regime
- Board effectiveness review
- Modern Slavery statement
- ICARA review
- CASS

Strategy
- Business structure
- Strategy refresh
- M&A
- Acquisition integration

Director training and induction

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

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

External appointments

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

Annual Board evaluation

The Board undergoes an annual evaluation of its performance. Further details of this are set out in the Nomination Committee report on pages 75 to 77.

Board and committee structure

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

The Board

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Risk and Compliance Committee

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

Board and committee structure

List of Board meetings and attendance

Key □ N/A attendee only ● Attended ○ Meetings

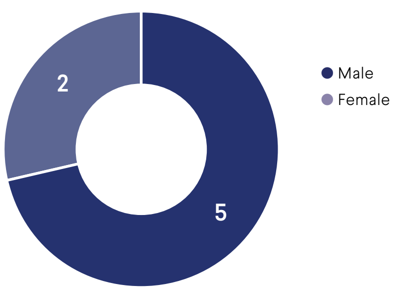
Committee		Board	Audit	Nomination	Remuneration	Risk and Compliance
Chair		**Maarten Slendebroek**	**James Rawlingson**	**Maarten Slendebroek**	**John Linwood**	**Robert Burgess**
			Report page 71	Report page 75	Report page 78	Report page 97
Meetings held		**8**	**6**	**3**	**5**	**4**
Maarten Slendebroek[1]	Chair	●●●●●	□	●	□	□
John Linwood	Non-Executive Director	●●●●●●○○	●●●●○○	●●●	●●●●●	●●●○
Dagmar Kershaw	Non-Executive Director	●●●●●●●●	●●●●●●	●●●	●●●●●	●●●●
Robert Burgess	Non-Executive Director	●●●●●●●●	●●●●●●	●●●	●●●●●	●●●●
James Rawlingson	Non-Executive Director	●●●●●●●●	●●●●●●	●●○	●●●●●	●●●●
Andrew Shepherd	Executive Director	●●●●●●●●	□	–	□	□
Andrea Montague[2]	Executive Director	●●●●●●●	□	–	–	□
Richard Price[3]	Former Director	●●●●●●	●●●●●●	●○	●●●○	●●●

1 Appointed as Non-Executive Director on 27 November 2023 and appointed as Chair on 12 March 2024

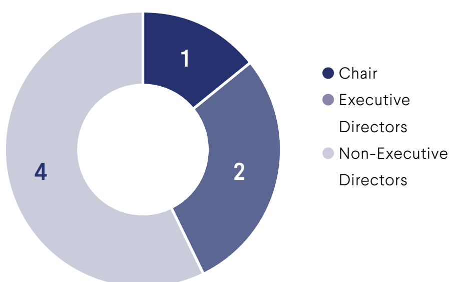
2 Appointed as Executive Director on 1 August 2023

3 Resigned as Acting Chair and as a Director on 12 March 2024

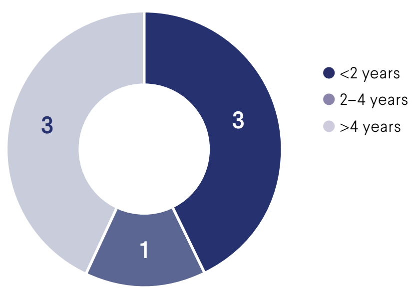
Gender diversity



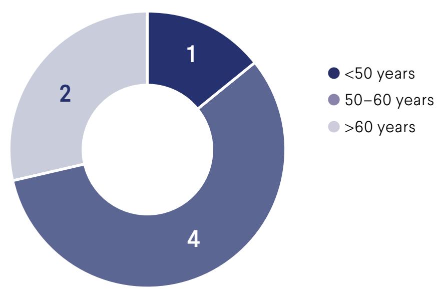
Independence



Board tenure



Age



Effective corporate governance is the cornerstone of sustainable growth and investor confidence and is essential for maintaining the integrity of our operations and achieving our strategic objectives.

Case study

Operating model and strategy refresh

In May 2023, the Company's Executive Committee held an off-site meeting to consider the structure of the business and how it should look going forwards. The discussion centred on the Company's operating model and how this could support a refreshed strategy. The output from this meeting was then brought to the Board.

June 2023

The CEO reported to the Board on the results of the Executive Committee meeting. While the overall requirement for advice was growing, the Board recognised that the market and the Company's business mix were changing. It was agreed that the current geographic structure of the Company's business was not optimal and, instead, the Company should consider aligning its operating model around its two main distribution channels – via financial advisers and direct private clients. Management were asked to carry out further work on the subject and revert with a plan of how this would work in practice.

September 2023

A workshop with 30 senior individuals was held in order to work through possible issues raised by the proposed change. The CEO reported on this to the Board, with the Board discussing the points raised. It was agreed that the Company should adopt the proposed two-pillar structure, supported by a strong corporate core, and that work should progress to put this in place.

December 2023

The new business structure was announced to the whole Company at a Town Hall. The Board thanked management for the work done, emphasising the importance of using this more efficient structure to maximise flows. They also highlighted the need for greater analysis of market data in order make the most of the opportunities for the business and it was agreed to hold a strategy day in February to look at how best to optimise the business.

February 2024

The Board held a strategy day, which included external input on the Company and the market opportunity. It was noted that there were several strategic choices available for the Company and was agreed that a review of the International business should be carried out. It was further agreed that management should revert with a set of tangible proposals at the April Board meeting.

April 2024

Management presented the Board with a series of priority initiatives for discussion. These focused on improving client outcomes, growing FUM and enhancing the core capabilities of the business. The Board agreed that these should be the key areas of focus for the next year. More details on these initiatives can be found in the 'Our strategy' section on pages 26 and 27.

Audit Committee report

“We welcomed Maarten’s input to the Committee this year, providing recent and relevant financial experience to further support the Committee.”

James Rawlingson
Audit Committee Chair

Role and responsibilities

As Chair of the Audit Committee, I am pleased to present the Committee’s report for the year ended 30 June 2024. The report provides insight into our work over the year, and details how we have discharged the responsibilities delegated to us by the Board. The Audit Committee assists the Board in meeting its responsibilities for the integrity of the Group’s internal financial controls and its financial reporting. The Audit Committee’s responsibilities can be grouped into the following aspects:

- To review and challenge the Group’s accounting policies and significant judgement areas and the integrity of its financial reporting;
- To provide oversight and monitoring of the internal and external audit functions, including appraising their performance and approving their fees; and
- To keep under review the adequacy and effectiveness of the Group’s internal financial controls; periodically receiving confirmation from the Risk and Compliance Committee that they have reviewed the adequacy and effectiveness of the Group’s internal control and risk management systems.

Read more

about our **viability and going concern assessment** on **page 43**

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

Composition and meetings

During the year, the Audit Committee comprised James Rawlingson (Chair), along with Robert Burgess, Dagmar Kershaw and John Linwood. The CEO, Chief Financial Officer, Chief Risk Officer, and representatives of the internal and external auditors routinely attend meetings. Maarten Slendebroek, Chair of the Group also attended meetings following his appointment as a Non-Executive Director on 27 November 2023, but is not a member of the Committee. The Committee meets with representatives of the internal and external auditors without management present at least once a year. The Company believes that the Audit Committee as a whole possesses recent and relevant financial experience, and overall competence relevant to the sector in which the Company operates.

The Audit Committee’s attendance during the year ended 30 June 2024 is set out in the summary table on page 68.

Audit Committee report

<table>
<tr><th colspan="2">The Audit Committee's areas of focus</th></tr>
<tr><td>Financial reporting</td><td>
• Reviewed the Interim and Annual Report and Accounts, ensuring these are fair, balanced and understandable for shareholders and other end users;
• Reviewed the policies, key assumptions and judgements applied in the preparation of the Interim and Annual Report and Accounts, including the external auditors' feedback on financial reporting changes and the Group's financial controls;
• Reviewed the estimated recoverable amount for the International business including review of the underlying assumptions in computing the associated goodwill impairment, and reviewed the associated impairment disclosures in the Interim and Annual Report and Accounts;
• Reviewed the overall presentation of alternative performance measures ("APMs") to ensure they are not given undue prominence, reviewed the nature of the adjusting items excluded from the statutory results and evaluated the clarity and explanations of APM reconciliations;
• Reviewed the key reporting considerations for the Group's Interim and Annual Report and Accounts presented by management with reference to the Financial Reporting Council thematic reviews issued during the year on fair value measurement and corporate reporting; and
• Reviewed the Group's going concern assumptions and the Viability statement.
</td></tr>
<tr><td>External audit</td><td>
• Approved the annual external audit plan, the terms of reappointment, remuneration, and Terms of Engagement;
• Provided oversight of the Group's external auditors, PricewaterhouseCoopers LLP ("PwC"), including assessing their independence, objectivity and effectiveness;
• Reviewed audit findings, including key issues, accounting and audit judgements and recommendations, guidance and observations around the Group's internal controls environment; and
• Reviewed management representation letters and associated responses.
</td></tr>
<tr><td>Internal audit</td><td>
• Reviewed, assessed and agreed an internal audit plan alongside the Group's internal auditors, KPMG. Monitored and reviewed the effectiveness of the plan and its alignment to key risks;
• Provided oversight of the internal auditors and considered and approved the scope of each engagement;
• Reviewed the results of individual internal audit reports and considered the effectiveness of actions agreed with management; and
• Received regular summary reports from the internal auditors, including their conclusions on the changes to controls and processes made by management.
</td></tr>
<tr><td>Control oversight</td><td>
• Maintained reviews of the adequacy and effectiveness of the Group's internal financial controls and, as required, worked with the Risk and Compliance Committee to confirm the adequacy and effectiveness of the Group's internal control and risk management systems;
• Reviewed and considered CASS-related matters, including PwC's and KPMG's CASS audit findings; and
• Reviewed and approved the Group's policy on non-audit services (for both external and internal audit).
</td></tr>
<tr><td>Routine matters</td><td>
• The Committee reviewed the Group's TCFD climate risk disclosure summary included within the Annual Report and Accounts to ensure it met key statutory and regulatory obligations with clear cross-referencing to the full TCFD report on the Group's website;
• Reviewed and updated the Committee's Terms of Reference in line with the updated UK Corporate Governance Code published in January 2024. The Committee is committed to high standards of corporate governance and is in support of these changes; and
• Reviewed the Committee's composition and minutes of prior meetings.
</td></tr>
</table>

Internal audit

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

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

External audit

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

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

The Audit Committee is satisfied that PwC has conducted an effective audit for the year ended 30 June 2024.

Independence and non-audit services

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

Whistleblowing

The Group is committed to creating a culture of openness, integrity and accountability, ensuring employees are able to raise concerns confidentially and without repercussion. A formal policy is in place setting out the procedures and ensuring that all employees are able to raise concerns, in confidence, about possible wrongdoing. Responsibility for whistleblowing rests with James Rawlingson, Chair of the Audit Committee, who has the role of the Group's overall 'Whistleblowing champion'. Changes to the policy require Group Board approval, and the Committee has responsibility for regularly reviewing the adequacy of arrangements to ensure an independent investigation of matters raised and appropriate follow-up action.

Financial reporting

The Committee reviewed the areas of judgement set out below in relation to the Group's Annual Report and Accounts for the year ended 30 June 2024. Discussions were held with management throughout the year and the Committee is comfortable the Consolidated financial statements included within the Annual Report and Accounts address the judgements and estimates applied, as well as the disclosures agreed. These significant judgement areas were also reviewed with the external auditors with the Committee's conclusions being in line with those of the auditors.

Audit Committee report

Goodwill (see Note 13)	The Committee reviewed the output of the value-in-use calculations presented by management supporting the value of goodwill held on the Group's balance sheet in respect of previously acquired businesses. The Committee concluded that the estimated recoverable amount for the International business was less than the goodwill held on the Group's balance sheet in respect of the International business, and accordingly approved an impairment charge of £11.6 million during the year. The Committee is satisfied that the remaining goodwill value is adequately supported by the respective value-in-use calculations.
Amortisation of client relationships (see Note 13)	In determining the useful economic life of the Group's client relationship intangible assets, the Committee reviewed relevant analysis presented by management. The Committee was in agreement and satisfied that the client relationship intangible assets are adequately supported by the respective impairment tests and reviews.
Provisions (see Note 23)	The Committee reviewed the assessment performed by management regarding its annual suitability reviews, and concluded that no provision is required, in line with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.
Non-current assets held for sale (see Note 2(d))	As announced in March 2024, the Group carried out a strategic review of the International business, evaluating potential outcomes, including the possible disposal of the business. As a result, it is necessary to consider whether a sale of the International business was highly probable at the balance sheet date. The Committee reviewed management's papers addressing the assessment of the key considerations and criteria set out in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as at 30 June 2024. The Committee agreed with management's assessment that the potential sale of the International business was still at the early stages and therefore the IFRS 5 criteria for the International businesses to be classified as held for sale, had not been met as at 30 June 2024.

Focus for FY25

As well as considering the routine items of business, the Committee will also focus on the following matters during the next financial year:

- Support the Group Board in overseeing a successful transition for the new CEO and appointment of a new CFO;
- Oversee the maintenance of the adequacy and effectiveness of the financial internal controls; and
- Reviewing the accounting in connection with the International strategy review as required.

Approval

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

James Rawlingson
Audit Committee Chair

11 September 2024

Nomination Committee report

"The Committee is embracing this time of change with a forward-thinking mindset to ensure we remain responsive to the needs of our clients and organisation and are able to drive our strategic vision forward."

Maarten Slendebroek
Nomination Committee Chair

Role and responsibilities

As Chair of the Nomination Committee since my appointment on 27 November 2023, I am pleased to present the Committee's report for the year ended 30 June 2024.

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

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

Composition and meetings

The Committee comprises Maarten Slendebroek (Chair), John Linwood, Dagmar Kershaw, Robert Burgess and James Rawlingson. Only members of the Committee may vote on Committee business, but other members of the Board and the General Counsel and Chief People Officer may attend all, or part, of a meeting by invitation. The attendance of each Committee member during the year is shown on page 68.

Main activities during the year

The Nomination Committee has overseen a number of Board changes during the last year. Last year's Nomination Committee report details the search for a new Chief Financial Officer, which resulted in the appointment of Andrea Montague with effect from 1 August 2023.

In February 2023 we announced that our Chairman, Alan Carruthers, was leaving the Board due to ill health. Richard Price, the Company's Senior Independent Director, assumed the role of Acting Chair until such time as a permanent Chair could be recruited and Robert Burgess took on the role of Senior Independent Director in Richard's place. Robert also led the search for the new permanent Chair and details of that process accompany this report on page 77. Following the receipt of regulatory approval for Maarten Slendebroek's appointment as Chair and, having completed a nine-year term as a Non-Executive Director, Richard Price stepped down as a Director of the Company in March of this year. In addition to having been Senior Independent Director and taking on the role of Acting Chair, Richard also chaired the Company's Audit Committee until May 2023, and the Committee would like to place on record its thanks to Richard for his contribution during his time with the Company.

We then saw the announcement in June 2024 of the retirement of Andrew Shepherd, our CEO, after 22 years of service with the Company, including holding the role of CEO for the last three years. Andrew has been pivotal in shaping the Group over this period, leaving behind a stronger business.

Nomination Committee report

Andrew will be stepping down at the end of September and we wish him well for the future. When Andrea was recruited as CFO it was recognised that she would also be a strong CEO succession candidate when required. Andrea's impressive performance over the last year validated that decision and, while other candidates were considered, it was an easy choice to appoint Andrea as CEO Designate from 1 July 2024 and as CEO from 1 October 2024.

Work is now underway to appoint a new CFO and we will report on this process next year.

Induction programme

The Company arranged an induction programme for Maarten, which involved a variety of presentations and meetings with people from both inside and from outside the Company. These included an overview of the Group, its structure, strategy and performance as well as sessions with those responsible for each individual business area. External meetings included those around Directors' SMCR and other regulatory responsibilities, together with a briefing from the Company's NOMAD giving a market overview and explaining AIM requirements. Subsequent to the formal induction programme, management remained available to answer any questions about the business that Maarten had.

Talent development and succession planning

The Committee is committed to maintaining an effective policy for the orderly succession of Executive Directors, Executive Committee members and other senior management roles across the business. As detailed above, Andrea's appointment as Chief Executive Officer was part of the Company's succession planning strategy for that role. The year also saw Richard Larner and Michael Toolan step up to become Co-Chief Investment Officers. Michael has been with the Company for over 24 years and Richard for 11 years, further evidence of our commitment to developing the people who are key to our business and the opportunities open to them.

The Committee is also committed to maintaining an appropriate balance of skills, experience, independence and diversity across the wider Group. Further information on the Group's approach to succession planning and leadership development can be found in the Responsible business report on page 46.

Diversity, equity and inclusion

The Committee takes an active role in setting and monitoring diversity objectives and strategies undertaken by the Group and embraces the benefits of having a diverse Board drawing on the knowledge, understanding, skills, experience and expertise of directors from a range of backgrounds. The Committee will also take the opportunity to improve the Board's diversity, where appropriate. Whenever external search consultancies are used in the recruitment of Board and senior members of management, they are asked to provide diverse lists of candidates. The Committee strongly supports management's efforts to nurture an inclusive culture within the Group. Diverse perspectives, experiences and backgrounds across our workforce help us better understand the needs of our clients and, therefore, to grow the business. Further details on the Group's approach to diversity are included in the Responsible business section of the Strategic Report on page 47. Across senior management as a whole, 61% are male and 39% are female.

Board effectiveness

The Committee is responsible for overseeing an annual evaluation of the Board, its Committees, the Chair and individual Directors. This includes a review of the composition, diversity and effectiveness of the Board and its Committees and the contribution of each Director. This year's Board evaluation was carried out internally in June and July 2024. A secure, online questionnaire was employed, which ensured the anonymity of responses received.

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

- The Board is keen to have more exposure to the next level down of management and business leaders and to visit other offices;
- More data on the Company's client base and the risks and opportunities that presents;
- More attention paid to the following up of and - most importantly - closing down of action points; and
- Earlier circulation of board papers.

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

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

- The Board is keen to see a greater use of data when shaping and justifying strategy – Market data was a key driver of the strategy refresh which took place during the year. External advisers were brought in to ensure the Board had a full picture of the market and the demographics that shape the opportunity. In addition, being able to provide more granular data will allow the Company to become an insight-led organisation;

- More deep dives on topics of interest – As part of the strategy refresh, the Board looked into growth areas of the business such as decumulation. In addition, there has been significant focus on CASS throughout the year, with external advisers presenting to the Board on this topic; and
- Earlier circulation of meeting minutes – Board meeting minutes are now circulated to the whole Board following review by the Chair.

Corporate governance

The Company has chosen to follow the Corporate Governance Code and reports against the 2018 version of the Code. The Company confirms that it intends to report against the updated 2024 version of the Code when that version of the Code comes into effect for our accounting period beginning on 1 July 2025.

Approval

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

Maarten Slendebroek
Nomination Committee Chair

11 September 2024

Read more

about our leadership development on page 46

Recruitment of new Chair

On 7 February 2023, it was announced that Alan Carruthers, the Company's Chairman, would be leaving the Company with immediate effect due to health reasons. Richard Price, the Company's then Senior Independent Director, took over as Acting Chair. The Company then began a search process to identity a permanent replacement.

Commencement of search

The Company's Board of Directors were asked to provide input on the qualities and attributes they would want to see in the new Chair and their responses were used to shape the profile of candidate being sought. The Company, led by the new Senior Independent Director, Robert Burgess, then began to put together a diverse list of potential candidates. This involved both direct introductions and Spencer Stuart, an executive search firm. This is the first time the Company has used the services of Spencer Stuart.

Potential candidates

This initial search produced around 30 potential candidates. Spencer Stuart held conversations with some of these in order to reduce the list of candidates down to a more manageable number. This narrowing down process resulted in a long list of candidates who were invited to meet with Robert Burgess.

Long list

Robert Burgess met with six candidates in order to assess their suitability for the role, both in terms of their expertise and background but also how well they would align with the Company's values. Those individuals who he felt were best matched for the position were then invited to further meetings with other Directors.

Short list

The three candidates who emerged from this process next met with the Acting Chair and the Company's Executive Directors. As a result of these meetings, a preferred candidate emerged, Maarten Slendebroek. The Company then engaged an external consultant to perform a leadership assessment on Maarten, gauging his leadership capability against the role requirements.

Nomination Committee meeting

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

Appointment of Maarten Slendebroek

On 27 November 2023 the Company announced the appointment of Maarten Slendebroek as Chair, subject to regulatory approval, and as a Non-Executive Director with immediate effect.

Remuneration Committee report

"As we have navigated significant change in our business and in our industry, our remuneration policy has ensured we continue to deliver outstanding outcomes for our clients, our people, and our shareholders."

John Linwood
Remuneration Committee Chair

Introduction

On behalf of the Remuneration Committee and the Board, I am pleased to present the Directors' remuneration report for the financial year ended 30 June 2024, which contains the Annual Remuneration Report (describing both the remuneration paid to directors during the year ended 30 June 2024, and the intended implementation of the policy for the year ending 30 June 2025), and the Directors' Remuneration Policy.

The Annual Remuneration Report describes how the policy has been put into practice over the past year, providing a detailed account of each Director's total remuneration and explaining how these outcomes appropriately align to the Group's pay for performance philosophy. This year, the Annual Report on Remuneration includes the remuneration arrangements for Andrew Shepherd, who in June, announced his intention to retire from the Group and for Andrea Montague, who was appointed CEO Designate from 1 July 2024.

The Directors' Remuneration Policy sets out the framework within which Executive Directors are paid.

Activities of the Committee

During the reporting period the Remuneration Committee reviewed, monitored and oversaw the effective implementation of the Group's remuneration policies, ensuring the continued alignment of remuneration outcomes with customer, risk, and shareholder outcomes through appropriate remuneration design and ongoing examination of its operation.

Key activities of the Committee during the year have included:

- Monitoring of external developments and remuneration trends in the wealth sector and assessing their impacts on the Group.
- Review and adjustment of the composition of performance measures within executive incentive arrangements to ensure alignment with the Group's strategic priorities. Further details of executive director annual bonus and long-term incentive plan ("LTIP") performance measures are provided later in this report.
- Engaging with major shareholders on executive director remuneration design.
- Examination of the Group's gender strategy initiatives, gender pay gap attribution factors and equal pay analysis.
- Oversight of remuneration arrangements for the Group's legal entities under strategic review and workforce reduction initiative during the FY24 reporting period.
- Reviewing the performance outcomes and remuneration alignments of the Group's performance management approach, including the consideration and approval of annual bonus risk adjustments.
- Approval of all Executive Director salary adjustments, annual bonuses and share awards.
- Assessment and approval of all annual bonus and LTIP performance criteria.
- Approval of new hire remuneration packages, severance packages and ongoing incentive funding arrangements for the Group's Executive Committee, Material Risk Takers ("MRTs"), Senior Managers in control functions and high earners as defined under the Remuneration Committee Terms of Reference.
- Approval of the FY2023 Directors' Remuneration Report.
- Direct engagement with the workforce re: remuneration perceptions via non-executive director hosted 'skip-level' meetings.

- Completion of regulatory governance activities including the review of the Group's remuneration policies against MIFIDPRU Remuneration Code and Consumer Duty requirements, (including: revalidation of the Group's code classification (non-SNI that is not significant); reapproval of the Group's maximum variable to fixed pay ratio; re-testing of MRT identification criteria; review of the risk adjustment matrix; the review of front office incentive design; as well as the setting of cash and share-based incentive funding levels for the reporting period).

Leaving and appointment arrangements for the CEO role

On 24 June 2024, after 22 years' service across a number of leadership roles, CEO Andrew Shepherd confirmed his intention to retire from the Group. The Board agreed that Andrew would step down from CEO and Executive Director responsibilities at the end of September 2024 and would retire from the Group.

As a retiree, the Remuneration Committee determined that Andrew would be treated as a Good Leaver, and his entitlement to incentives would be treated in line with the remuneration policy. Specifically, he will continue to receive his existing salary in line with his contractual entitlement to be paid in lieu of notice. Having completed the FY24 reporting period, he will receive a bonus for this period on an unchanged basis, in line with the targets established at the beginning of the reporting period, and subject to the usual deferral arrangements. Additionally, he may be considered for a pro-rata bonus award in respect of the period of active service he makes to the Group in the FY25 reporting period up to 30th September 2024.

Andrew's LTIP awards will be treated in accordance with the remuneration policy. A time pro-rata reduction will be applied to these awards, and the balances will vest on their normal vesting dates, subject to the regular performance assessments.

In view of Andrew's decision to retire, the Remuneration Committee determined that his salary would not be reviewed for the FY25 reporting period and that he would not be eligible for an LTIP grant in September 2024.

Andrew will not receive any ex-gratia payment as part of his leaving arrangements and full details of the awards and payments made to him in his last year of service will be provided in next year's Annual Remuneration Report.

Andrea Montague was announced as CEO Designate at 24 June 2024, assuming non-regulated CEO responsibilities from that point. In recognition of her appointment, her salary was increased to £460,000 from the commencement of the FY25 reporting period, representing an increase of 6.3% on the FY24 salary of the outgoing CEO. In determining the FY25 CEO salary, the Remuneration Committee agreed a position that was both consistent with the percentage increment awarded to equivalently high performing employees in the general workforce, and also consistent with the salary expectations of external candidates included in the process and what would have been paid to an external candidate. The position also reflected the confidence the Remuneration Committee had in the contribution she would make in the CEO role, based on the outstanding contribution she had made beyond her Chief Financial Officer responsibilities during the FY24 reporting period. The reference salary for Andrea's FY24 annual bonus opportunity remained unchanged and aligned to her previous Chief Financial Officer salary.

Incentive outcomes for the year

The organisational changes implemented by the Group in FY24 better positioned the Group for growth, improved our ability to deliver outstanding outcomes for our customers and supported significant cost savings, enabling the Group to deliver a year on year increase in underlying profits of 12.5% (£30.3 million to £34.1 million), exceeding market expectations. The Group's strong investment performance over the full year and gross flows performance in later part of the year and enabled a growth in funds under management ("FUM") in the reporting period of 7%, from £16.8 billion to £18.0 billion.

With the former Chief Operating Officer and Executive Director, Lynsey Cross, stepping down from executive director responsibilities and leaving the Group in FY23, the Board comprised two Executive Directors (CEO – Andrew Shepherd and Chief Financial Officer – Andrea Montague) for the majority of the FY24 reporting period, the Chief Financial Officer having joined the Group at 1 August 2023.

As such, the CEO is eligible for a full-year annual bonus and the Chief Financial Officer for the reporting period, who has since been promoted to CEO Designate, is eligible for an eleven-twelfths pro-ration.

The Group maintained the overall bonus scorecard structure that operated for FY23, with a balance of 60% financial measures and 40% non-financial measures, with a small number of changes being agreed by the Remuneration Committee at the beginning of the reporting period. These sought to widen the financial measures referenced and provide more structure and accountability in the assessment of non-financial deliverables. Accordingly, gross revenue and cost/income ratio targets were added to the basket of financial measures, reflecting the Group's evolving growth and cost efficiency strategic priorities and quantitative performance references were incorporated into some non-financial measures within the pre-existing strategy, client, people and risk categories. The use of quantitative references for non-financial categories was introduced to support a more objective assessment of non-financial ambitions.

The strong financial return generated by the Group in FY24 drove above target outturns for revenue, profit, margin and cost efficiency measures, however this was partially offset by the Group's net outflows performance. The formulaic pay-out was 68.5% of maximum opportunity for this part of the scorecard. No amendment was made, or discretion applied, by the Remuneration Committee to the formulaic financial measure outturns, these being deemed representative of holistic financial performance. This resulted in a slight year on year reduction in financial measures outturn from the 70.1% awarded for FY23.

The scoring of non-financial ambitions, which included amongst other factors, the design and effective implementation of the Group's strategy, the Group's investment performance against peers, customer service and outcomes goals and the Group's risk and controls performance, reflected both the overall organisational outcome, and also the relative contributions from each executive director, resulting in differentiated scores for each executive director. Where contributions were not assessed as being equal in delivering the overall category outcome, different performance scores were approved for each executive director.

For the CEO a non-financial outturn of 68.4% of maximum opportunity was approved, reflecting individual category scores ranging from 'satisfactory' for strategy and risk categories, to 'strong' for the client category. The Chief Financial Officer, in shaping the organisational strategy, leading key transformations and moving the risk and control agenda forward, to an extent that exceeded the expectations of the Chief Financial Officer role, received top scores in all non-financial categories and 100% of maximum non-financial bonus opportunity. A full description of the assessment and scoring of financial and non-financial measures is included later in this report.

The average overall outturn for the executive directors was 74.8% of maximum opportunity, with the CEO's score being 68.5% of maximum, equivalent to slightly above 'on target' performance, and the Chief Financial Officer's overall score being 81.1% of maximum, this being equivalent to above target performance. For the CEO this outturn was equivalent to 102.7% of salary, and for the Chief Financial Officer 121.7% of salary on an annualised basis, her bonus being subject to service pro-rata. The maximum annual bonus opportunity for both executive directors being 150% of salary.

The Remuneration Committee is satisfied that both these bonus outturns fairly reflect the Group's pay for performance principles, strike the right balance between the individual contributions made and the overall level of organisational performance delivered, and are consistent with the range of outcomes across the wider workforce. In achieving these aims, these outturns also fairly balance the interests of all the Group's stakeholders. Executive Director bonus awards are subject to the Group's malus and clawback policy and one third of overall bonus value will continue to be awarded in deferred share options, providing ongoing alignment of interests between senior leadership and shareholders.

The FY24 reporting period was the financial performance measurement period for the 2021 Executive Director LTIP award. The performance measures approved by the Remuneration Committee for the award prior to its grant in 2021 were, (i) underlying, diluted earnings per share ("EPS"), representing 90% of maximum opportunity, with (ii) a basket of defined ESG policy development goals forming the remaining 10% of maximum opportunity. The CEO and former Chief Operating Officer (Lynsey Cross) are the only two executives holding 2021 ED LTIP awards.

The FY24 underlying, diluted EPS outturn delivered was 161 pence per share, falling short of the threshold value of 185 pence per share needed for the pay-out of any shares against this measure. The Remuneration Committee's assessment of ESG performance concluded that the ESG policy goals had been fully satisfied and the full 10% award pay-out was approved.

No discretion was applied by the Remuneration Committee in relation to the EPS nil vesting outturn and the overall 2021 ED LTIP pay-out was approved at 10% of the number of BRK share options originally granted. For the CEO, this means that 3,309 of the originally granted 33,086 share options will become available to him when the award formally vests on 30 September 2024.

Additionally, two exceptional share option awards vested to the CEO in the FY24 reporting period. These retention awards were granted to Andrew Shepherd in November 2020 and June 2021, prior to his appointment to the Group Board. Being retention-focussed, neither award was subject to financial performance conditions and details of both awards were communicated by Regulatory News Service at the time of grant. Collectively, 10,755 BRK share options vested to the CEO from these awards during the FY24 reporting period. The value of these awards is not shown in the Single Figure Table as they would be recognised as remuneration in the year of grant, prior to Andrew being an Executive Director.

Long-term incentive awards granted during the year

In the first half of the FY24 reporting period, Executive Director LTIP (performance share) awards were made to the CEO and Chief Financial Officer under the 2018 Long-Term Incentive Plan. The grant was made on 23 October 2023, after the appointment of the Chief Financial Officer at 1 August 2023.

The performance measures for the awards granted continued to use underlying, diluted earnings per share ("EPS") and a basket of ESG metrics, with 90% of overall opportunity relating to EPS performance and 10% to ESG deliverables. In accordance with the Directors' Remuneration Policy, the grant levels for the CEO and Chief Financial Officer were 200% of base salary. Stretch targets, subject to Remuneration Committee assessment following the close of the FY26 reporting period, were established for both performance measures. Following the announcement of the CEO's upcoming retirement, he will now be eligible for a service-based pro-ration of this award in accordance with the rules of the plan.

Workforce engagement

During FY24, John Linwood continued to be the designated Non-Executive Director to lead the Board's engagement with our people. Throughout the year, a number of the Non-Executive Directors participated in 'skip-level' discussions, providing an opportunity for members of the Board to hear feedback, discuss ideas and better understand the experience and expectations, including those around executive pay, of employees outside of the Group's senior leadership cohort. The Group also maintained its employee engagement survey, 'Speak Up', to give more opportunities for employees to give their views and collect more detailed feedback, leading to a full harmonisation of annual leave entitlement for all employees across the Group and an ongoing understanding of employee opinion on individual components of pay and benefits.

Approach to executive remuneration in FY25

Following the appointment of Andrea Montague as CEO Designate at 1 July 2024, where she assumed the non-regulated responsibilities of the CEO role, her salary was reviewed against the CEO benchmark and increased to £460,000 per annum. This increase represented a 6.3% increase on the FY24 salary of the outgoing CEO and a progression for the role consistent with the increases applied to equally high performers in the wider workforce. The outgoing CEO's salary was not increased for FY25.

The implementation of the Executive Director annual bonus plan for FY25 will see no change to the maximum opportunity for the CEO and Chief Financial Officer roles, which will both remain at 150% of base salary, or base salary earnings, where an executive director is not in service for the full reporting period. The bonus will continue to be assessed using a balanced scorecard with the existing financial and non-financial weightings of 60% and 40% respectively. The Group's dual financial focuses of creating market-leading organic growth alongside the delivery of top quartile profitability, will see revenue, flows, profitability, margin and cost efficiency financial measures all retained from the FY24 scorecard, albeit with a greater emphasis on net flows compared to the dual gross and net flows targets that operated for FY24. Similarly, client, people and risk non-financial categories will all be retained, with strategy being updated to growth and strategy to emphasise the qualitative ambitions around growth. Client category measures will continue to monitor the Group's investment performance relative to peers as well as assess the level of service and outcomes delivered to clients. People category measures will continue to underpin the Group's DE&I ambitions and incorporate targets for the representation of women in the Group's senior leadership as well as assess the development of the Group's management and leadership capability. The performance outturns of the FY25 financial and non-financial measures against the targets set will be disclosed in next year's report.

During FY24, major shareholders were consulted on proposed changes to the measures used for assessing the next grant of Executive Director LTIP awards to be made at the start of the FY25 reporting period, Whilst no changes were proposed in respect of LTIP opportunity quantum or structure, shareholders were consulted on the expansion from two to three measures to enable the inclusion of an FUM growth incentive, recognising that the building of a strong and stable asset base is fundamental to the success of the business and continuation of sustainable returns to shareholders. This proposal was well received in the main and has been adopted for the next set of Executive Director LTIP awards to be granted shortly. The measures used for these awards will therefore be underlying, diluted EPS (50% of overall opportunity), average FUM growth (35% of overall opportunity) and targeted ESG measures (15% of overall opportunity).

The same Executive Director LTIP structural principles as operated previously will continue to apply with vesting occurring on a graduated basis from threshold performance (at which 25% of the award vests), rising to full vesting only in the event significant over-target performance is delivered. Formulaic adjustments for actual dilution and actual effective tax rate will continue to operate for the assessment of the underlying, diluted EPS performance, and automatic adjustments will be made to eliminate the impact of acquired and divested FUM for the assessment of average FUM growth.

The opportunity levels for the CEO and Chief Financial Officer will remain unchanged at 200% of base salary each. A full description of the amended Executive Director LTIP is available in the Directors' Remuneration Policy accompanying this report,

At present, no changes are proposed to key benefits in FY25. However, the Group will continue to review levels of retirement benefits it currently offers. In the event any future changes are approved by the Remuneration Committee, they would apply to the Executive Directors and the wider workforce alike.

The Remuneration Committee believes that the current structure of the Directors' Remuneration Policy and overall remuneration opportunity it offers will be effective in retaining and appropriately incentivising the incoming CEO and also in attracting a high calibre candidate for the Chief Financial Officer position.

Appointment of the Chief Financial Officer

The Group is currently conducting an extensive review of Chief Financial Officer candidates with the requisite leadership, commercial and financial acuity to drive forward the Group's ambitious growth strategy. At the conclusion of this process, it is expected that the successful candidate will be offered a level of salary consistent with the parameters currently operating for the role, will receive a pro-rata FY25 bonus opportunity and will receive an LTIP grant within the FY25 reporting period in alignment with the terms described in the Directors' Remuneration Policy. In the event the successful candidate would be disadvantaged by the loss of deferred compensation in joining the Group, the Remuneration Committee may consider offering a value of compensation and vesting terms and conditions equivalent to that being forfeit, with no additional incentive being made available. Pension benefits offered will be aligned with the wider workforce and the Remuneration Committee will directly oversee and pre-approve all elements of the Chief Financial Officer remuneration package.

Our upcoming AGM

This report will be presented to shareholders at the upcoming Annual General Meeting on 24 October 2024 and I hope that you will join the Board in supporting this non-binding resolution.

Read more

about our recognising and rewarding our people on **page 46**

Annual report on remuneration

Total remuneration for the financial years ended 30 June 2024 and 30 June 2023

£'000	Year	Salary and fees	Taxable benefits[1]	Annual bonus[2]	Long-term incentives[3]	Sharesave[4]	Other[5]	Pension-related benefits	Total	Total fixed remuneration	Total variable remuneration
Executive Directors											
Andrew Shepherd[6]	**2024**	**412**	**3**	**444**	**64**	**–**	**–**	**23**	**946**	**438**	**508**
	2023	416	3	421	–	15	–	23	878	442	436
Andrea Montague[7]	**2024**	**344**	**–**	**418**	**–**	**–**	**–**	**21**	**783**	**365**	**418**
	2023	–	–	–	–	–	–	–	–	–	–
Ben Thorpe[8]	**2024**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2023	201	1	–	132	–	–	12	346	214	132
Lynsey Cross[5,8]	**2024**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2023	167	1	206	–	–	271	–	655	178	477
	2024	**756**	**3**	**862**	**64**	**–**	**–**	**44**	**1,729**	**803**	**926**
	2023	784	5	627	132	15	271	45	1,879	834	1,045
Non-Executive Directors											
Maarten Slendebroek[9]	**2024**	**132**	**–**	**–**	**–**	**–**	**–**	**–**	**132**	**132**	**–**
	2023	–	–	–	–	–	–	–	–	–	–
Richard Price[10]	**2024**	**149**	**–**	**–**	**–**	**–**	**–**	**–**	**149**	**149**	**–**
	2023	135	–	–	–	–	–	–	135	135	–
Robert Burgess[11]	**2024**	**90**	**–**	**–**	**–**	**–**	**–**	**–**	**90**	**90**	**–**
	2023	77	–	–	–	–	–	–	77	77	–
Dagmar Kershaw[12]	**2024**	**73**	**–**	**–**	**–**	**–**	**–**	**–**	**73**	**73**	**–**
	2023	67	–	–	–	–	–	–	67	67	–
John Linwood	**2024**	**80**	**–**	**–**	**–**	**–**	**–**	**–**	**80**	**80**	**–**
	2023	77	–	–	–	–	–	–	77	77	–
James Rawlingson[13]	**2024**	**82**	**–**	**–**	**–**	**–**	**–**	**–**	**82**	**82**	**–**
	2023	24	–	–	–	–	–	–	24	24	–
Alan Carruthers[14]	**2024**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2023	124	–	–	–	–	–	–	124	124	–
	2024	**606**	**–**	**–**	**–**	**–**	**–**	**–**	**606**	**606**	**–**
	2023	504	–	–	–	–	–	–	504	504	–
Total remuneration	**2024**	**1,362**	**3**	**862**	**64**	**–**	**–**	**44**	**2,335**	**1,409**	**926**
	2023	1,288	5	627	132	15	271	45	2,383	1,338	1,045

Notes to the total remuneration table

1 Taxable benefits relate to the provision of medical insurance and company car (electric vehicle) benefit.

2 The annual bonus amounts shown reflect both the cash component (66.7% of total annual bonus value) and the deferred share option component (33.3% of total annual bonus value). FY23 award values reflect the period of Executive Director service. Ongoing tenure and malus and clawback provisions apply to deferred share awards.

3 Reported 2024 LTIP value for Andrew Shepherd reflects the value of 3,309 nil price share options from the assessment of 2021 ED LTIP where the performance period ended at 30 June 2024. Pricing of this award reflects the three month average BRK share price for the period April to June 2024 of £19.407.

4 No Executive Director participated in the 2021 Sharesave plan that matured in FY2024 and no gains were therefore realised. Values for FY2023 reflect the gain of the Sharesave contract calculated related to the discount price for the 2020 Sharesave contract that matured in the FY23 financial year.

5 Payment relates to Lynsey Cross stepping down from Executive Director responsibilities in FY23 as detailed in FY23 annual report.

6 The value of FY24 salary reported for Andrew Shepherd reflects him taking a total of 13 days of unpaid leave across three months in FY24. A working contribution was still maintained during these partial absences and no adjustment was made to bonus eligibility.

7 Andrea Montague was appointed as an Executive Director on 1 August 2023.

8 Ben Thorpe and Lynsey Cross both resigned as Executive Directors on 19 January 2023.

9 Maarten Slendebroek was appointed Chair on 27 November 2023, pending SMF9 regulatory approval and received an annual Chair fee of £220,000.

10 Richard Price was appointed Acting Chair in February 2023 and his FY23 fees reflect a blend of Acting Chair fee and Senior Independent Director's fees for FY23. His FY24 fees reflect his resignation from the Acting Chair role in March 2024 following confirmation of Maarten Slendebroek's regulatory approval as SMF9.

11 Robert Burgess' FY24 fees reflect his appointment as Senior Independent Director from 1 September 2023.

12 Dagmar Kershaw's FY24 fees reflect the payment of the Investment Committee attendance fee to her from 1 July 2023.

13 James Rawlinson's FY24 fees reflect a back payment of £2,000 for Audit Chair fees for FY23 following his SMF11 regulatory approval. He was appointed as a Non-Executive Director on 2 March 2023.

14 Alan Carruthers resigned as Chair on 7 February 2023.

Annual variable pay outcomes for financial year ended 30 June 2024

FY24 bonus outcomes for Executive Directors continued to be determined by performance against a balanced scorecard of performance measures. The measures and target range sliding scales were approved by the Remuneration Committee at the beginning of the FY24 reporting period with the intention of incentivising the delivery of the Group's strategic priorities and achieving an appropriate pay-out to Executive Directors relative to their performance against stretch targets. Under the existing Directors' Remuneration Policy, a maximum bonus opportunity of 150% of base salary applies to each Executive Director. The Chief Financial Officer is eligible for a time pro-rated award in reflection of her 1 August 2023 appointment date.

FY24 annual bonus performance targets

For the financial year ended 30 June 2024, the three existing financial measures of profit (£m), margin (%) and net flows were expanded upon to include revenue, gross flows and cost income ratio as a means to both incentivise and assess progress towards the Group's dual financial aims of market leading organic growth and top quartile profitability. These measures were grouped into the four financial categories of revenues, flows, profitability and margin & operating efficiency, each with a category weighting of 15% of overall annual bonus opportunity, as follows:

- Revenues, measured by gross revenues aligned to budget (15%);
- Flows, comprised of net organic growth in FUM as a % of opening FUM ("Net Flows") (7.5%) and gross organic flows aligned to budget ("Gross Flows) (7.5%);
- Profitability measured by underlying profit before tax ("Underlying PBT") aligned to budget (15%);
- Margin & operating efficiency measured by underlying profit before tax margin ("Underlying PBT Margin") (7.5%) and cost/income ratio (7.5%),

Once again, non-financial objectives within the four categories of strategy, client, people and risk made up the remaining 40% of the scorecard opportunity.

Sliding scales with threshold, target and maximum outturn positions were established for all financial measures using budgeted or other target values, with account being taken of market consensus expectation and sector performance. Non-financial objectives were set with a focus on strategy, client, risk and people deliverables, incorporating objective, quantifiable targets in areas such as investment performance and DE&I.

Category	Measure	Weighting	% of salary at maximum	Threshold[1]	Target[1]	Maximum[1]	Actual for FY24	% of maximum awarded for criteria	% of base salary awarded for these criteria
Revenue	Revenues (£m)	15.00%	22.50%	118.6	126.2	130.0	128.3	84.8%	19.07%
Flows	Gross flows (£bn)	7.50%	11.25%	2.4	2.7	3.1	2.33	0.0%	0.00%
	Net flows (%)	7.50%	11.25%	(2.5)	0.0	2.5	(5.2)	0.0%	0.00%
Profitability	Underlying PBT (£m)	15.00%	22.50%	27.6	31.4	33.3	34.1	100.0%	22.50%
Margin and operating efficiency	Underlying PBT margin (%)	7.50%	11.25%	22.0	25.0	26.5	26.6	100.0%	11.25%
	Cost/income Ratio (%)	7.50%	11.25%	84.0	75.0	70.5	73.4	78.5%	8.83%
Total		**60.00%**	**90.00%**					**68.50%**	**61.65%**

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

Performance against financial criteria (60% of overall opportunity)

Financial performance delivery was strong across revenue, profitability, and margin and operating efficiency measures with the outturn for each category being above target. However, underperformance across both flows measures, where neither outturn met threshold performance, moderated the overall financial outturn to an on target assessment, (see table):

Whilst the Committee has the discretion to adjust the final outcome to take account of overall performance and exceptional events, no discretion has been applied to the outturns of the financial metric calculations. The Committee considers that the Remuneration Policy has operated as intended in delivering appropriate incentive compensation relative to Company performance and 68.5% of maximum opportunity was approved as the financial outturn for both the CEO and the Chief Financial Officer.

The award of 61.65% of base salary for financial objectives, reflects a reduction of 1.4 percentage points or 2.3% decrease on the 63.1% of executive director salary awarded for FY23 financial performance. This rate of reduction is highly correlated to the year-on-year rate of change in underlying profit before tax delivered of 12.1%.

Performance against FY24 non-financial objectives (40% of overall opportunity)

Strategic objective	Objective(s)	Performance in FY24	Performance assessment against objective
Strategy	Effective implementation of the identified strategic model, continued delivery of organic growth, and the successful and cost-effective, identification, acquisition and integration of high-quality in-organic growth targets	• Effective identification and adoption of the new strategic model demonstrated by the migration to a client-centric organisational structure and onboarding of key strategic leaders. • Highly effective cost reduction exercise delivered. • Continued activity and progress in the identification and acquisition of in-organic growth targets. • Robust stewardship and oversight in the strategic review of Brooks Macdonald International. • Balanced performance delivered against organic growth objective.	CEO: Satisfactory CFO: Strong
Client	Focus on investment performance against peers (ARC wealth management benchmarks) and development of the client service proposition to better understand client needs and deliver outstanding client outcomes.	• FY24 full year investment performance assessed by ARC at 30 June 2024 as being in the first quartile and top of the second quartile for each of their wealth management benchmarks, delivering above benchmark investment outcomes for clients. • Successful implementation of new client technology systems including Salesforce and BM website relaunch, improving BM's understanding of client needs and product suitability, leading to better service levels, engagement and outcomes. • Roll-out of market-leading vulnerable client tools, materials and resources, as part of other Consumer Duty initiatives, to safeguard vulnerable client outcomes. • Increased participation in client and distributor surveys and feedback tools, including VouchedFor by Elevation, with returned views and feedback incorporated into evolving product and propositions.	CEO: Strong CFO: Strong
People	Focus on developing DE&I ambitions (% of women in leadership roles, development of DE&I reporting capability), management of people engagement and development of performance management aligned to the Group's strategic priorities.	• In FY24 BM exceeded its Women in Finance Charter % of women in leadership roles target a year early (35% achieved against a target of 32%). • Identification of DE&I strategic initiatives developed and presented to the Board. Development of ethnicity reporting capability foundations and engagement and with external providers to redevelop a commercially focussed best in class DE&I strategy. • Effective management of employee engagement demonstrated as measured by BM's 'Speak Up' survey in view of cost challenges, a material redundancy initiative and the strategic review of Brooks Macdonald International. • The successful redevelopment and roll-out of employee performance management with stronger alignment to, and accountability for, the delivery of identified commercial and transformation priorities.	CEO: Good CFO: Strong
Risk	Ongoing evolution and embedding of risk management framework and supporting culture and mitigating risk appropriately. Maintain a positive and proactive relationship with regulators and high standards in managing regulatory matters.	• Strong year to year improvement in the Group's overall Conduct Risk Score factor, a measure that tracks 'whole workforce' risk performance in the areas of portfolio composition vs mandate, service review completion, complaints, breaches, policy attestations and other conduct risk factors. • Evidenced operational enhancements to the Group's Risk Management Framework. • Areas of improvement around CASS processes, identified, prioritised and resourced, and addressed at pace.	CEO: Satisfactory CFO: Strong

Overall outcome of the FY24 bonus

Name	% of max financial performance achieved	% of max non-financial performance achieved	Overall % of max achieved	Total FY24 bonus award payable £'000[1,2]	Cash portion (2/3 total value - £000's)	Deferred shares portion (1/3 total value - £000's)	FY24 bonus award as a % of base salary on an annualised basis[2]
Andrew Shepherd, CEO	68.5%	68.4%	68.46%	444	296	148	102.69%
Andrea Montague, CFO	68.5%	100.0%	81.10%	418	279	139	121.65%

1 The annual base salaries referenced for the FY24 bonus awards for the CEO and CFO are £432,640 and £375,000, respectively.

2 The CFO's FY24 bonus award is an eleven months' pro-ration of the annualised value, reflecting her appointment date of 1 August 2023.

The Remuneration Committee's assessment of performance against non-financial objectives considered both the overall organisational outcome, and also the relative contributions from each executive director. This approach resulted in different performance scores and pay-out outturns for each executive director. The strongest executive director performances and organisational outcomes were delivered in the categories of client and people, where both executive directors were either rated good or strong, with strong being the top performance rating available. There was greater differentiation in the scoring the of executive directors in the strategy and risk categories, where the Remuneration Committee reflected on the exceptional and immediate impact made by the Chief Financial Officer in the areas of redesigning and embedding the Group's strategy, in identifying and realising organisational performance and cost efficiencies, and the key role she played in addressing priority areas in the Group's risk agenda at pace. For these reasons, the Chief Financial Officer was awarded the maximum score in each category and 100% of maximum bonus opportunity for non-financial performance, equivalent to 60% of base salary on an annualised basis. The CEO was awarded scores ranging from satisfactory to strong across the four categories and received an overall non-financial outturn of 68.4% of maximum opportunity, equivalent to 41.04% of base salary.

In addition to the Remuneration Committee's assessment of financial and non-financial performance, an additional risk adjustment review was also conducted by the Remuneration Committee to consider if any adjustments to bonus were appropriate to reflect crystallised or emerging material risks. The result of this assessment was that risk performance consideration had been adequately reflected in the assessment of the non-financial risk category and no further adjustment would be appropriate,

The final overall bonus award values that are payable, are detailed in the table above.

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

Outcome of FY21 Executive Director LTIP

Following his appointment as CEO in 2021, Andrew Shepherd received an Executive Director LTIP award at 30 September 2021. Pay-out of the award was conditional upon the achievement of a sliding scale of EPS and ESG performance criteria, with EPS representing 90% of overall award weighting and ESG 10% of overall award weighting. The performance period for the award ended at the 30 June 2024 and the Remuneration Committee made an assessment of performance delivered against the performance conditions agreed at grant.

The FY24 EPS outturn of 161.0 pence delivered a nil vesting for that portion of the award, as follows:

2021 ED LTIP measure	Threshold[1] (25% pay-out)	Target[1] (50% pay-out)	Maximum[1] (100% pay-out)	Actual for FY24	% of maximum awarded for measure	% of base salary awarded for this measure
Underlying diluted Earnings Per Share (pence)	185p	206p	229p	161.0p	0%	0%

The FY24 reporting period was the financial performance measurement period for the 2021 Executive Director LTIP award. The performance measures approved by the Remuneration Committee for the award prior to its grant in 2021 were, underlying, diluted earnings per share ("EPS"), representing 90% of maximum opportunity, complemented by a basket of defined ESG policy development goals, forming the remaining 10% of maximum opportunity. The CEO and former Chief Operating Officer (Lynsey Cross) are the only two executives holding 2021 ED LTIP awards.

The Remuneration Committee's assessment of ESG performance, the targets for which were the satisfactory implementation and embedding of a basket of ESG-related policies, concluded that the stated ESG policy goals had been fully satisfied. Fully satisfied being the standard for which full pay-out of the ESG portion was dependent. The Remuneration Committee assessment also noted that the Group had delivered additional ESG achievements within the performance period, demonstrated by its meeting of the certification standard required for B Corp certification. The Committee therefore approved pay-out of the maximum 10% award value for ESG deliverables.

No discretion was applied by the Remuneration Committee in relation to the EPS nil vesting outturn and the overall 2021 ED LTIP pay-out was approved at 10% of the number of BRK share options originally granted. For the CEO, this means that 3,309 of the originally granted 33,086 share options will become available to him when the award formally vests at 30 September 2024.

Lynsey Cross, the former Chief Operating Officer, who holds a pro-rated FY2021 Executive Director LTIP award, as part of her Good Leaver stats, will also be eligible for the same percentage outturn.

Face value of awards made to Executive Directors under LTIP and deferred element of annual bonus during FY24

Name	FY23 deferred bonus £'000[1]	FY24 LTIPs £'000[2]	One-off award £'000	Total £'000
Andrew Shepherd, CEO	140.00	865.00	–	1,005.00
Andrea Montague, CFO	–	750.00	–	750.00
Total	**140.00**	**1,615.00**	**–**	**1,755.00**

1 The CFO did not serve the FY23 performance period and was not eligible for an FY23 bonus award.

2 The values shown reflects the maximum opportunity available. The number of shares delivered, and realised value of the award, will be determined by performance delivered against the performance metrics.

Deferred bonus share awards granted during the FY24 reporting period

One-third of the FY23 bonus was awarded to the Chef Executive in the form of deferred nil price share options. These awards will vest over three years in three equal tranches at 12, 24 and 36 months from date of award.

Name	Basis of award	Date of award	No. of awards	Face value of awards £'000[1]	Vesting date
Andrew Shepherd	1/3 of annual bonus	28 Sep 2023	8,001	140	28 Sept 2024/2025/2026

1 Based on a share price of £17.56, being the average mid-market closing price over the five-day period prior to 28 September 2023.

LTIP awards granted during the FY24 reporting period

Name	Basis of award	Date of award	No. of awards	Face value of awards £'000[1]	Performance period end date	Vesting date	End of holding period
Andrew Shepherd	200% of salary	23-Oct-23	49,318	865	30-Jun-26	23-Oct-26	23-Oct-28
Andrea Montague	200% of salary	23-Oct-23	42,748	750	30-Jun-26	23-Oct-26	23-Oct-28

1 Based on a share price of £17.545, being the average mid-market closing price over the five-day period prior to 23 October 2023.

A performance share award equivalent to 200% was granted to both the CEO and Chief Financial Officer under the LTIP during October 2023, Both awards were based on a share price of £17.545, this being the average mid-market closing price over the five-day period prior to grant date. The performance period for the awards is the three reporting periods FY24, FY25 and FY26, with vesting occurring in October 2026 and the awards being subject to a further two-year, post-vesting holding period.

The LTIP awards are made in nil price share options and ongoing eligibility is subject to continued service and performance conditions relating to:

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

The EPS measure is structured as an absolute target value for the third year of vesting (FY26 underlying diluted EPS) and the targets set will be disclosed when the awards vest. At vesting, formulaic adjustments are applied to replace the forecast share dilution and effective tax rates inherent in the EPS target with the actual rates within the performance period. A pay-out of 25% of maximum opportunity is made at threshold performance and 50% of maximum opportunity at target performance.

LTIP targets are commercially sensitive and will be disclosed at the completion of the performance period.

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

To the extent that they vest, the outcomes for these awards will be reported for Andrea Montague in the total remuneration table for the financial year ending 30 June 2026, and for Andrew Shepherd as a payment to a former Director in the FY26 annual report, FY26 being the end of the performance period for both awards.

Dilution

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

Directors' share interests

At 30 June 2024, active Directors' shareholdings were as set out below

	Minimum shareholding requirement (% of salary)	Beneficially owned shares	Shares vested but not exercised net of tax	Unvested qualifying shares (deferred bonus shares/LTIP) net of tax[1,5]	Value at 30 June 2024[2] £'000	Shareholding as % of base salary
Executives						
Andrew Shepherd	200%	38,532	10,735	9,892	1,154	267%
Andrea Montague[4]	200%	–	–	–	–	–
Non-Executives						
Maarten Slendebroek	N/A	–	–	–	N/A	N/A
Richard Price (Acting Chair)[3]	N/A	N/A	–	–	N/A	N/A
Robert Burgess	N/A	3,044	–	–	N/A	N/A
Dagmar Kershaw	N/A	840	–	–	N/A	N/A
John Linwood	N/A	300	–	–	N/A	N/A
James Rawlingson	N/A	500	–	–	N/A	N/A
Total		**43,216**	**10,735**	**9,892**	**1,154**	

1 Value shown for Andrew Shepherd includes recognition of 3,309 2021 LTIP share options following completion of performance assessment.

2 Value based on mid-market close average share price on 30 June 2024 of £19.50.

3 Richard Price was no longer a Director at 30 June 2024.

4 An FY23 LTIP award was made to Andrea Montague, however this does not qualify until performance is assessed.

5 Value shown excludes consideration of FY24 bonus shares that will be granted shortly.

Vesting profile of all share awards

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

Deferred Bonus Plan ("DBP")

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

The Deferred Bonus Plan awards have no performance conditions and awards are made in the form of nil price options. Ongoing eligibility for the awards is subject to the plan rules. In view of the CEO's FY25 leaving reason being retirement, the Remuneration Committee have approved the presumption in the rules that he will remain eligible for his DBP awards at full value following leaving.

A Shepherd

Grant date	Exercise price (p)	Options at 1 July 2023	Granted during year	Exercised during year	Market value of exercises (£'000)	Lapsed during year	Forfeited during year	Options at 30 June 2024	Vesting date	Expiry date[1]
31/10/2019	–	1,122	–	–	–	–	–	1,122	30/09/2022	01/01/2026
30/09/2020	–	1,289	–	–	–	–	–	1,289	30/09/2022	01/01/2026
30/09/2020	–	1,290	–	–	–	–	–	1,290	30/09/2023	01/01/2026
30/09/2021	–	1,415	–	–	–	–	–	1,415	30/09/2022	01/01/2026
30/09/2021	–	1,415	–	–	–	–	–	1,415	30/09/2023	01/01/2026
30/09/2021	–	1,417	–	–	–	–	–	1,417	30/09/2024	01/01/2026
30/09/2022	–	2,968	–	–	–	–	–	2,968	30/09/2023	01/01/2026
30/09/2022	–	2,968	–	–	–	–	–	2,968	30/09/2024	01/01/2026
30/09/2022	–	2,969	–	–	–	–	–	2,969	30/09/2025	31/03/2026
28/09/2023	–	–	2,667	–	–	–	–	2,667	28/09/2024	01/01/2026
28/09/2023	–	–	2,667	–	–	–	–	2,667	28/09/2025	29/03/2026
28/09/2023	–	–	2,667	–	–	–	–	2,667	28/09/2026	29/03/2027
Total		**16,853**	**8,001**	**–**	**–**	**–**	**–**	**24,854**		

1 The expiry dates shown have been updated to reflect the CEO's upcoming retirement as per the treatment for good leavers within the plan rules.

Long-Term Incentive Plan ("LTIP") Conditional Awards

The Long-Term Incentive Plan conditional awards are discretionary awards, normally made in the form of nil price options, subject to the performance conditions as determined by the Remuneration Committee (specific conditions for FY24 awards are detailed in this report), with ongoing eligibility being subject to the plan rules. In view of the CEO's FY25 leaving reason being retirement, the Remuneration Committee have approved the presumption in the rules that he will remain eligible for a service-based pro-rata of any unvested LTIP awards. The CEO's unvested LTIP awards will continue to vest on the original schedule and the approach to performance assessment will remain unchanged. All LTIP awards are subject to a two-year holding period post vest date.

A Shepherd

Grant date	Exercise price (p)	Conditional shares at 1 July 2023	Granted during year	Exercised during year	Market value of exercises (£'000)	Lapsed during year	Forfeited during year	Conditional shares at 30 June 2024	Vesting date	Expiry date[1]
24/11/2020[1]	–	2,040	–	–	–	–	–	2,040	30/09/2023	24 months
09/06/2021[1]	–	8,715	–	–	–	–	–	8,715	09/06/2024	24 months
30/09/2021[2]	–	33,086	–	–	–	–	–	33,086	30/09/2024	24 months
17/10/2022	–	43,413	–	–	–	–	–	43,413	17/10/2025	24 months
23/10/2023	–	–	49,318	–	–	–	–	49,318	23/10/2026	24 months
Total		**87,254**	**49,318**	**–**	**–**	**–**	**–**	**136,572**		

1 The LTIP grants made in November 2020 and June 2021, preceded the CEO appointment into that role. These were the last LTIP awards to be made without stretch performance conditions. All LTIP awards from November 2021 have been made in performance LTIPs.

2 Performance of the LTIP granted at September 2021 was set and measured against FY24 financial performance conditions. This assessment has been completed and approved by the Remuneration Committee, with 10% of granted share options (3,309) being approved for payout at vesting. On the basis the performance period was completed and pay-out known as at 30 June 2024, the value of the 3,309 options is shown in the FY24 single figure table of total remuneration shown earlier in this report.

The Chief Financial Officer received a performance LTIP grant in October 2023, following her appointment. The award was made in accordance with the 200% of salary opportunity detailed in the Directors' Remuneration Policy, as follows:

A Montague

Grant date	Exercise price (p)	Conditional shares at 1 July 2023	Granted during year	Exercised during year	Market value of exercises (£'000)	Lapsed during year	Forfeited during year	Conditional shares at 30 June 2024	Vesting date	Expiry date[1]
23/10/2023	–	–	42,748	–	–	–	–	42,748	23/10/2025	24 months
Total		**–**	**42,748**	**–**	**–**	**–**	**–**	**42,748**		

Company Share Option Plan ("CSOP")

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

The scheme is a discretionary scheme whereby employees or Directors are granted an option to purchase the Company's shares in the future at a price set on the date of the grant. The maximum award under the terms of the scheme for an individual at any one time is a total market value of £60,000. There are performance conditions attaching to the scheme whereby there must be an increase in the underlying diluted EPS of the Company of at least 2% more than the increase in RPI over the three years starting with the financial year in which the option is granted. The Group has not made awards under CSOP for a number of years and no CSOP awards were made under the scheme during FY24.

The below table confirms the CEO's exercise of his final CSOP award during the FY24 reporting period.

A Shepherd

Grant date	Exercise price (p)	Options at 1 July 2023	Granted during year	Exercised during year	Lapsed during year	Options at 30 June 2024	Vesting date	Expiry date[1]
21/11/2013	1,452.00	2,067	–	(2,067)	–	–	21/11/2016	21/11/2023
Total		**2,067**	**–**	**(2,067)**	**–**	**–**		

Save As You Earn ("Sharesave")

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

Neither Executive Director participated in Sharesave schemes that were either granted or matured in the FY24 reporting period. No benefit values were therefore reportable for Sharesave gains in the FY24 single figure table of total remuneration shown earlier in this report. The table below confirms that the CEO currently participates in the 2023 Sharesave contract, initiated in the FY23 reporting period and that would ordinarily mature at 1 June 2026. As a good leaver at the end of FY25, the CEO will be allowed to exercise the options over the value of savings accrued to date and within the six months option window. The value of this benefit will be confirmed in the FY25 annual report.

A Shepherd

Grant date	Exercise price (p)	Options at 1 July 2023	Granted during year	Exercised during year	Forfeited during year	Options at 30 June 2024	Vesting date	Expiry date[1]
12/05/2023	1,434.00	1,255	–	–	–	1,255	01/06/2026	01/12/2026
Total		**1,255**	**–**	**–**	**–**	**1,255**		

Remuneration Arrangements relating to the CEO's retirement at the end of FY25

As detailed earlier in this report, subject to the successful regulatory approval of his successor, Andrea Montague, the CEO – Andrew Shepherd, will step down from Executive Director responsibilities at the end of September 2024.

The Remuneration Committee have determined in alignment with the remuneration policy and standard contractual provisions, that the outgoing CEO will:

- Be eligible to be paid salary in lieu of notice until his contractual leave date, as per the standard terms of his employment contract.
- Remain eligible for a full FY24 annual bonus opportunity reviewed against the targets established at the beginning of the reporting period and subject to the usual deferral provisions.
- Be considered by the Remuneration Committee (on a wholly discretionary basis) for a pro-rata FY25 bonus award, subject to a review of the contribution he delivers in the reporting period.
- Remain eligible for the FY21 ED LTIP outturn that will vest in service.
- Not be eligible for LTIP grants going forward and will not receive an LTIP grant in September 2024.
- Be treated as a Good Leaver for all inflight share awards, in accordance with the remuneration policy, as follows:
  - DBP awards will be delivered at full grant value on the normal vesting schedule.
  - LTIP awards will be subject to service-based pro-ration and reductions will be applied in proportion to the length of the vesting period that is not served. The balances will vest on the normal vesting schedule and the standard performance assessments will be made to determine the number of shares paid out.
- Not be eligible for any ex-gratia payment as part of his leaving arrangements.

Full details of the awards and payments made to the outgoing CEO will be provided in the FY25 Annual Remuneration Report.

No loss of office payments were made to any Director in the FY24 reporting period. As detailed earlier in the report, the performance assessment of the 2021 ED LTIP at 30 June 2024 confirmed a 10% of maximum opportunity pay-out. The former Chief Operating Officer held good leaver status on a pro-rata basis for this award and will receive 699 nil price options when the award vests in September 2024.

Service contracts for Executive Directors

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

Remuneration Committee report

Remuneration Committee

Richard Price left the Remuneration Committee during FY24 following his resignation from the Acting Chair role in March 2024. Maarten Slendebroek, who joined the Group as Chair in FY24, attends the Remuneration Committee, but is not a member.

The members of the Remuneration Committee as at the end of the FY24 reporting period are me as Chair, Dagmar Kershaw, Robert Burgess and James Rawlingson.

There were four scheduled Remuneration Committee meetings during FY24, with members also attending a number of additional ad hoc meetings. Members' attendance of schedule meetings is set out in the summary table on page 68.

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

The Committee also:

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

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

During the year, the Remuneration Committee received independent advice from Korn Ferry (UK) Limited (Korn Ferry). Korn Ferry were appointed by the Remuneration Committee in FY23 and provided advice in relation to remuneration market trends, executive incentive design and director market benchmarking. Fees were charged on a retained basis, with the total fees paid to Korn Ferry in respect of its services to the Remuneration Committee were £34,000 + VAT for the FY24 reporting period. No other services were provided by Korn Ferry during the year, and the Committee is satisfied that the advice received is objective and independent.

Non-Executive Directors' fees

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

Confirmation of the change in fee structure between FY23 and FY24, which was announced in last year's report, is shown in the below table.

	FY24 £'000	FY23 £'000	Change in fees
Chair fee[1]	**220.0**	210.0	4.8%
Acting Chair fee[2]	**210.0**	210.0	0.0%
Non-Executive Director base fee	**67.5**	67.5	0.0%
Senior Independent Director fee	**12.5**	10.0	25.0%
Committee Chair fee	**12.5**	10.0	25.0%
Investment Committee attendance fee[3]	**5.0**	–	N/A

1 The Chair fee was increased with the appointment of Maarten Slendebroek at November 2023.

2 The Acting Chair fee was paid to Richard Price until he resigned from that role and left the Group in March 2024.

3 The Investment Committee attendance fee was established at the beginning of the FY24 reporting period. Currently, Dagmar Kershaw is the only Director that receives this fee.

Base salary review

The Remuneration Committee undertook a review of the CEO's salary at the end of the FY23 reporting period, approving a 4% increase from £416,000 per annum to £432,640 per annum. This uplift was aligned to the average remuneration increase of the wider workforce during the FY23 year-end salary review and the Remuneration Committee the revised level to be commensurate with the contribution, experience and calibre required for the role. The positioning was also supported by executive pay market data.

Following the announcement the CEO would be retiring from the Group at the end of the FY25 reporting period, the Remuneration Committee determined that his FY24 salary would not be reviewed and would remain unchanged at £432,640 for the FY25 reporting period.

Andrea Montague was appointed as the Group's Chief Financial Officer with an annual base salary of £375,000 at 1 August 2023, shortly after the commencement of the FY24 reporting period. Her salary received no further review or change during that reporting period.

Following her appointment as CEO Designate, the Remuneration Committee reviewed her salary against the CEO role and responsibilities for the FY25 reporting period. In recognition of these expanded responsibilities, her salary was increased to £460,000 from 1 July 2024. This represented an increase of 6.3% on the FY24 salary of the outgoing CEO. This increment was both consistent with that received by equivalently high performers in the wider workforce and consistent with the expectations of external candidates who were considered for the role. It also reflected the Remuneration Committee's confidence in her ability to perform the CEO role to the highest standard, following the above target assessment of her performance in the Chief Financial Officer role in the reporting period. In repositioning her salary fully against the CEO benchmark from the beginning of the FY25, her salary will not be reviewed again when she assumes the role's full regulatory responsibility later in the reporting period.

Performance measures for the FY25 annual bonus

The Remuneration Committee has reviewed the efficacy of the FY24 annual bonus measures in incentivising the delivery of the Group's strategic priorities and will take forward the majority of measures that operated for FY24 into FY25. The changes that will be applied are that the Gross Flows measure will be removed in favour of all flows performance being assessed on the basis of Net Flows success. This approach better supports the Group's growth ambition and focus on the retention of existing investments being critical to growth. Similarly, the weighting of flows and revenues measures has been increased so that growth outcomes are more central to executive pay outcomes. Profit, margin and cost efficiency measures continue to emphasise the importance of our ambition to generate top quartile returns to the Group's shareholders.

The targets and associated ranges for the above measures are considered price sensitive and will be fully disclosed in the FY25 Annual Remuneration Report, along the with Remuneration Committee's outturn assessment.

The FY24 non-financial objective categories will be retained on a largely unchanged basis for FY25, the only change being that the strategy category will be renamed strategy and growth, better describing the nature of the objectives that have always operated.

The 60/40 scorecard weighting between financial and non-financial objectives will continue to operate.

Performance measures for the FY25 LTIP

During FY24, major shareholders were consulted on proposed changes to measures for the next grant of Executive Director LTIP awards to be made at the start of the FY25 reporting period, Whilst no changes were proposed in respect of LTIP opportunity quantum or structure, shareholders were consulted on the expansion from two to three measures to enable the inclusion of an FUM growth incentive, reflecting that the building of a strong and stable asset base is fundamental to the success of the business and continuation of sustainable returns to shareholders. The new measure would use FUM as at the close of FY24 as the starting position and growth would be measured over the full three year performance period (FY25 to FY27). Automatic adjustments will be made to normalise the impact of any acquisitions and divestments occurring within the performance period. However, no adjustment will be made for market movement over the period.

This proposal to add the FUM growth measure was well received in the main and has been adopted for the next set of Executive Director LTIP awards to be granted shortly. The measures used for these awards will therefore be:

- Underlying, diluted EPS (50% of overall opportunity).
- Average FUM growth – adjusted (35% of overall opportunity).
- Targeted ESG measures (15% of overall opportunity).

The same Executive Director LTIP structural principles as operated previously will continue to apply with vesting occurring on a graduated basis from threshold performance, at which 25% of the award vests, through to 50% vesting at the target position, rising to full vesting only in the event significant over-performance is delivered. Formulaic adjustments for actual dilution and actual effective tax rate will continue to operate for the assessment of the underlying, diluted EPS performance, and automatic adjustments will be made to eliminate the impact of acquired and divested FUM for the assessment of average FUM growth.

ESG deliverables will focus on measuring progress against the Group's 2030 net zero carbon footprint ambitions, measured independently through the Groups partnership with LG Energy group against agreed targets and delivering outstanding customer outcomes, measured by customer feedback. LTIP targets are commercially sensitive and will be disclosed at the completion of the performance period in the FY27 annual report.

The opportunity levels for the CEO and Chief Financial Officer will remain unchanged at 200% of base salary each. A full description of the amended Executive Director LTIP is available in the Directors' Remuneration Policy accompanying this report.

Financial category	Category measure(s)	Weighting within overall bonus
Revenue	FY24 Gross revenues target (£m)	20.0%
Flows	Net (organic) flows as a % of opening FUM (%)	20.0%
Profit and Operating Efficiency	Underlying PBT (£m)	6.67%
	Underlying PBT Margin (%)	6.67%
	Cost / Income Ratio (%)	6.67%

LTIP Performance metric	Weighting	Award payout (% of LTIP award) Threshold	Target	Maximum	Measurement period
Absolute underlying diluted EPS	50.0%	12.5%	25.0%	50.0%	Measured against FY27 EPS
FUM Growth	35.0%	8.75%	17.5%	35.0%	Measured FY25 to FY27
ESG outcomes aligned to the policy areas	15.0%	3.75%	7.5%	15.0%	

Non-Executive Director remuneration for the financial year ending 30 June 2025

The annual review of Non-Executive Director fees to be paid for the FY25 reporting period concluded that no changes would be made to the Chair fee, Senior Independent Director fee, Committee Chair fee or Investment Committee any Non-Executive Director fee component for the reporting period.

Confirmation of the change in fee structure between FY24 and FY25 is shown in the below table.

Pension

All Executive Directors and employees of the Group currently receive the same employer pension benefit of 6% of base salary. The Group regularly reviews the competitive positioning of the pension benefit it offers.

In the event any change is made to the level of pension benefit offered, the new rate of benefit would apply to both Executive Directors and all employees.

Compliance with the FCA Remuneration Code (SYSC19.G)

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

	FY25 £'000	FY24 £'000	Change in fees
Chair fee[1]	**220.0**	220.0	0.0%
Acting Chair fee[2]	**–**	210.0	–
Non-Executive Director base fee	**70.0**	67.5	3.7%
Senior Independent Director fee	**12.5**	12.5	0.0%
Committee Chair fee	**12.5**	12.5	0.0%
Investment Committee attendance fee	**5.0**	5.0	0.0%

1 The Chair fee was increased from £210k to £220k with the appointment of Maarten Slendebroek part way through FY24.

2 The Acting Chair ceased to be payable when Richard Price resigned from that role in March 2024.

Votes received on the Directors' Remuneration Report at the 2023 AGM

	Votes for	%	Votes against	%
Approval of the Directors' Remuneration report	12,954,381	97.92%	275,603	2.08%

Directors' Remuneration Policy

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

Remuneration Policy principles

The Policy is designed to:

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

Summary of remuneration elements for Executive Directors for FY25

Element	Purpose	Detail	Maximum
Base salary	Provides fixed remuneration at an appropriate level to attract and retain talent.	Individual levels of base salary are reviewed annually with any increases effective from 1 July, unless there are any exceptional reasons for increases at another time of the year.	Benchmarked against relevant market levels.
Pension	To aid retention of key talent.	Executive Directors receive a pension contribution from the Company equal to 6% of salary, which can either be paid into the Group's defined contribution pension scheme, paid into an alternative pension scheme, or taken in cash (in part or in full).	6% of base salary.
Benefits	To provide valued benefits to the individual.	Executive Directors receive benefits including private medical insurance, income protection insurance, life assurance, critical illness insurance, as well as an annual health assessment.	In line with Group Policy.
Annual bonus	Rewards annual Group and personal performance and aligns reward with longer-term performance and shareholder outcomes through deferral into shares.	Award value determined by performance achieved against financial and non-financial performance measures agreed by the Remuneration Committee. One-third of annual bonus is deferred into parent company shares which vest in three equal portions at 12, 24 and 36 months from grant. Malus and clawback provisions apply to annual bonus awards under the Group's malus and clawback policy.	150% of base salary.
LTIP	Rewards performance over the long term.	Executive Directors may be considered for performance-based LTIP awards. Awards vest after three years subject to meeting performance targets determined at grant. The performance metrics applicable to awards proposed to be granted in Q1 of FY25, are: FY27 underlying diluted EPS – 50% of overall opportunity FY25 to FY27 FUM Growth – 35% of overall opportunity ESG-related performance metrics – 15% of overall opportunity The Remuneration Committee may apply different measures and weightings for future awards under the plan. Post-vesting, recipients are required to hold the shares, net of any sales to settle income tax and National Insurance contributions that may be due on vesting, for a further two years. This will create further long-term alignment with shareholders' interests by creating a combined vesting and holding period of five years. Malus and clawback provisions apply under the Group's malus and clawback policy.	Up to 200% of base salary (£ face value of shares at grant).

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

Remuneration Committee report

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

Shareholding requirements

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

Statement of consideration of shareholder views

The Committee regularly compares the Policy with shareholder guidelines and takes account of the results of shareholder votes on remuneration. The Remuneration Committee Chair consults with major investors ahead of any material changes to the Policy and is available to meet with institutional shareholders to discuss any of the policy-related disclosures or outcomes contained in this Directors' Remuneration Report. During FY21 and FY24, consultations with major investors took place to seek feedback on proposed changes to Executive Director LTIPs and their views taken into account when determining the performance measures adopted.

Statement of consideration of employment conditions elsewhere in the Company

A consistent remuneration philosophy is applied to all employees across the Group. For the financial year ended 30 June 2024, all employees continue to be eligible for discretionary performance-related annual bonus based on a balanced scorecard of financial and non-financial objectives. The principle of mandatory bonus deferral applies to all MRTs and to employees whose bonuses exceed certain monetary thresholds.

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

Approach to remuneration for new Executive Director appointments

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

Service contracts and loss of office payments

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

Approval

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

John Linwood
Remuneration Committee Chair

11 September 2024

Risk and Compliance Committee report

"The firm maintained its focus on key risks that may impact the Group, further enhancing resilience and embedding key regulatory initiatives, such as Consumer Duty."

Robert Burgess
Risk and Compliance Committee Chair

Chair comment

As Chair of the Risk & Compliance Committee, I am pleased to present the Committee's report for the year ended 30 June 2024.

Our risk governance and risk processes are designed to enable our firm to manage risk effectively, avoiding foreseeable harms for clients and support the delivery of our strategic objectives in a sustainable way. Working with the new CRO, the Committee has become more outcome-focused enabling the Committee to provide greater oversight of management and support to the Board. Over the past year, the Committee has supported this through its continued focus on ongoing geopolitical challenges and the uncertain macroeconomic climate. The Committee has also focused on the UK's regulatory agenda, notably further embedding the Consumer Duty and the Taskforce on Climate-related Financial Disclosures ("TCFD"), as well as the Group's idiosyncratic risks.

Role and responsibilities

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

Read more

about our principal risks on pages 39 to 42

The commonality in the membership of each Committee ensures effective management of any remaining risks.

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

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

Composition and meetings

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

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

The Committee's attendance during the year ended 30 June 2024 is set out in the summary table on page 68.

Risk and Compliance Committee report

The Committee's areas of focus	
Risk appetite	• Overseeing and recommending to the Board the Group's risk appetite statements, key risk indicators and tolerances for controlling risk within the Board's stated appetite; • Monitoring the Group's risk appetite statements, key risk indicators and tolerances; • Reviewing any red-rated risks and assessing the adequacy of mitigating or remedial actions; and • Monitoring steps taken by management to bring red-rated risks in line with the Board's risk appetite.
Capital and liquidity requirements	• Overseeing the Group's Internal Capital Adequacy and Risk Assessment ("ICARA") process and its compliance with regulatory capital and liquidity requirements; • Recommending the harm scenarios to be considered and stress tested in the ICARA, as well as liquidity stress tests to be undertaken; • Reviewing and challenging the methodology and output of stress tests, considering recommended management responses, and ensuring that results are incorporated appropriately in the Group's capital and liquidity planning; and • Ensuring that ongoing consideration is given to capital and liquidity matters as decisions are taken by the Group Board and Executive Committee.
Top-down and emerging risks	• Monitoring external developments, for example competition, market conditions, macroeconomic and regulatory environment, taxation and legal developments, in order to assess the potential impact on the Group; • Periodically reviewing the Group's potential risk exposures, and considering and challenging management's methodology to identify and address such exposures; and • Recommending to the Board the principal risks to be reported in the Annual Report and Accounts.
Risk management framework	• Reviewing, on at least an annual basis, the adequacy and effectiveness of the Group's risk and control processes to support its strategy and objectives, and monitoring the implementation of enhancements identified; • Reviewing the Group's approach to the management of outsourcing arrangements; • Maintaining oversight of material issues, errors, breaches and complaints, including consideration of the adequacy of management actions proposed and any consequent implications for the Group's risk appetite status and framework; • Overseeing the scope and effectiveness of second-line assurance work, whilst considering the results of work undertaken by the third line insofar as it affects the Committee's areas of responsibilities; and • Ensuring that the second-line assurance programme is adequate in view of the complexity and risk profile of the Group, whilst monitoring completion of its work and overseeing remedial actions arising as appropriate.
Overseeing regulatory compliance	• Considering regulatory developments and the potential impact on the Group; • Reviewing key regulatory topics through reports prepared by second-line teams; and • Overseeing regulatory-related projects.
Oversight of the effectiveness of the Risk and Compliance functions	• Safeguarding the independence of the Risk and Compliance teams, and reviewing the adequacy of resources, reporting any concerns to the Board; • Receiving reports from second-line teams, and in particular the CRO, and promoting an open and transparent risk culture; • Maintaining effective oversight of the Risk and Compliance functions, monitoring performance against plan; and • Reviewing key communications with regulators and fostering a culture of cooperation and compliance.

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

Main activities during the year	
Key risks against risk appetite	Reviewed key risks faced by the Group, including emerging risks with particular focus on operational, investment, resilience, outsourcing and suitability risks that could impact the business strategy and operational model.
Third-party risk management	Reviewed the third-party outsourcing oversight process by the first and second line, particularly the impact to the firm as it embeds a new operating model.
Regulatory development	Reviewed key risks in relation to regulatory change with specific focus on embedding the Consumer Duty and TCFD.
Annual suitability reviews	Reviewing the Group's approach and completion rates for annual suitability reviews.
ICARA, Liquidity Risk Management Framework ("LRMF") and Wind-Down Plan ("WDP")	Supervised the ICARA process undertaken in the year, including the development of harm scenarios, stress tests and reported to the Board the level of capital and liquidity resources required.
Client money and assets ("CASS") framework	Reviewed the structure and operating effectiveness of the Group's CASS framework.

Looking forward

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

Approval

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

Robert Burgess
Risk and Compliance Committee Chair

11 September 2024

Report of the Directors

The Directors present herewith their Annual Report, together with the audited Financial statements of the Group for the year ended 30 June 2024.

Principal activities and business review

Brooks Macdonald specialises in providing investment management services in the UK and internationally. The Company is a public limited company whose shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange. A review of the business, together with its strategic outlook and future developments is set out in the Strategic report on pages 8 to 58, which is incorporated by reference in this Report.

Section 172, employee and other stakeholder engagement

When making decisions and setting the Company's strategy, the Directors of Brooks Macdonald consider the long-term interests of the Group. In doing so, they weigh the competing interests of the Company's stakeholders and the effect their decisions may have on the Company's reputation. Further information on how the Company considers the interests of its stakeholders can be found on pages 21 to 25 and more details of how the Company seeks to limit its impact on the environment are provided in the Responsible business report starting on page 44.

Results and dividends

The Group's statutory profit before taxation for the year ended 30 June 2024 was £11,618,000 (FY23: £22,239,000) and the statutory profit after taxation was £6,457,000 (FY23: £18,149,000).

The Directors recommend a final dividend of 49.0p (FY23: 47.0p) per share subject to approval by the shareholders at the AGM on 24 October 2024. Once approved, this will be paid on 1 November 2024 to shareholders on the Company's register at close of business on 20 September 2024. An interim dividend of 29.0p (FY23: 28.0p) per share was paid on 16 April 2024. This results in total dividends for the year ended 30 June 2024 of 78.0p (FY23: 75.0p) per share, representing a total estimated distribution to shareholders of £7,865,000 (FY23: £7,448,000).

Share capital

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

Directors and their interests

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

Details of share options held by the Directors at the beginning and end of the year can be found in the Remuneration Committee report on pages 78 to 96.

Employee share plans

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

Employee Benefit Trust

In 2010, the Group established an Employee Benefit Trust ("EBT") to acquire shares in the Company to satisfy awards made under the Group's share-based incentive schemes. JTC Employer Solutions Trustee Limited acts as the trustee of the EBT. During the year, the EBT purchased 123,918 shares and sold or transferred out 254,613 shares.

Number of shares	At 30 June 2024	At 30 June 2023
Chair		
Maarten Slendebroek[1]	**–**	N/A
Acting Chair		
Richard Price[2]	**N/A**	1,450
Executives		
Andrew Shepherd[3]	**39,733**	51,997
Andrea Montague[4]	**–**	N/A
Non-Executives		
John Linwood	**300**	300
Dagmar Kershaw	**840**	840
Robert Burgess	**3,044**	3,044
James Rawlingson	**500**	500

1 Maarten Slendebroek was appointed on 27 November 2023.
2 Resigned as Acting Chair and as a Director on 12 March 2024.
3 As at 30 June 2024, Andrew Shepherd held 20,254 share options that had vested, but had not yet been exercised, net of tax.
4 Andrea Montague was appointed on 1 August 2023.

Retirement and reappointment of Directors

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

Employees

Details of the Group's employment practices, and its policies on diversity and inclusion, are set out in the Responsible business report on pages 44 to 52.

Political donations

The Group did not make any political donations during the year (FY23: £nil).

Insurance and Directors' indemnities

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

Internal controls and risk management

The Directors confirm that they have carried out a robust assessment of the emerging and principal risks facing Brooks Macdonald, including those that could threaten the Group's business model, future performance, solvency or liquidity. The Board considers that the information it receives enables it to review the effectiveness of the Group's internal controls in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Details on how the Board monitors the Group's risk management and internal controls are contained in the Risk management and principal risks section of the Strategic report, starting on page 39.

Financial risk management and policies

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

Events since the end of the year

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

Independent Auditors

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

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

Going concern

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

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

As noted in the Viability statement on page 43, the Directors have considered the Group's prospects for a period exceeding 12 months from the date the Financial statements are approved, and have concluded that the Group has adequate financial resources over that period and, accordingly, are satisfied that the going concern basis for the preparation of these Financial statements is appropriate. Management's going concern assessment also covered the net current liability position of the parent company.

Substantial shareholdings

As at 30 June 2024, the Company's largest shareholders were as follows:

	Number of shares	% of total voting rights
Liontrust Asset Management	3,038,197	18.44
Octopus Investments Limited	2,468,605	14.99
Gresham House plc	2,092,226	12.70
Brooks Macdonald Asset Management Limited	1,105,946	6.71
Canaccord Genuity Group Inc.	1,021,288	6.20
Invesco	817,151	4.96
Charles Stanley Group	659,277	4.00
Amati Global Partners	572,459	3.48
Chelverton Asset Management	569,750	3.46
Directors, Employees and Related Parties	517,122	3.14

Annual General Meeting

The 2024 AGM will be held on 24 October 2024 at 21 Lombard Street, London EC3V 9AH. The notice of the meeting, together with details of the resolutions proposed and explanatory notes, are enclosed with this Report and can also be found on the Group's website. Full details of the meeting arrangements are given in the AGM Notice of Meeting.

By order of the Board of Directors

Phil Naylor
Company Secretary

11 September 2024

Statement of directors' responsibilities of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the parent Company Financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period. In preparing the Financial statements, the Directors are required to:

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

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

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

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

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and parent Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent Company's auditors are aware of that information.

The Statement of Directors' responsibilities has been approved by the Board of Directors and signed on its behalf by:

Andrew Shepherd
CEO

11 September 2024

Independent Auditors' report

Report on the audit of the financial statements

Opinion

In our opinion, Brooks Macdonald Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2024 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated statement of financial position and Company statement of financial position as at 30 June 2024; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows and Company statement of cash flows, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined based on our risk assessment. The group comprised 16 legal entities across the UK and Channel Islands during the reporting period. We conducted audit testing over 6 legal entities, including 2 entities in the Channel Islands. Taken together, our audit work accounted for more than 95% of group revenues.

Key audit matters

- Recognition of investment management fees (group)
- Strategic review - IFRS 5 considerations of the international business (group)
- Impairment of Investment in Subsidiaries (parent)

Materiality

- Overall group materiality: £1,289,000 (FY23: £1,100,000) based on 5% of Adjusted profit before tax adjusted for two non-recurring items comprising £11.6m Goodwill impairment (Note 13) & £2.6m redundancy costs (Note 5).
- Overall company materiality: £1,272,900 (FY23: £1,045,000) based on 1% of net assets.
- Performance materiality: £966,800 (FY23: £825,000) (group) and £954,690 (FY23: £783,750) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Strategic review - IFRS 5 considerations of the international business is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Recognition of investment management fees (group) Investment management fees are generated by Brooks Macdonald Asset Management Limited ("BMAM") and Brooks Macdonald Asset Management (International) Limited ("BMI") and are set out in Note 4 to the financial statements. Investment management fees of £79m represent approximately 62% of the group's £128m total revenue. Recognition of investment management fees is a Key audit matter due to its size and the significant audit effort involved in testing this revenue stream. Investment management fees are calculated by applying each client's fee rate to their funds under management ("FuM"). The calculation is largely automated, however there are a number of inherent risks including the manual input of fee rates from client contracts and the existence and valuation of funds under management, which could result in errors.	We performed the following procedures in relation to investment management fees: • We understood and evaluated the design and implementation of key controls, including relevant Information Technology ("IT") controls, in place around the investment management fee process; • For quarter ends, we reperformed the reconciliations of client cash and stockholding positions to external custody and bank confirmations and obtained evidence for any differences on a sample basis; • We agreed, on a sample basis, fee rates to client contracts; • We tested the valuation for a sample of investment positions by agreeing the prices used to calculate FuM to independent market prices; and • We tested the accuracy of investment management fees using data techniques, by reperforming the calculation ourselves. Based on the audit procedures performed and evidence obtained, our testing did not identify any evidence of material misstatement.
Strategic review - IFRS 5 considerations of the international business (group) In connection with the strategic review of the international business, which includes Brooks MacDonald Asset Management (International) Limited and Brooks MacDonald International Fund Managers Limited, management has been evaluating potential outcomes, including the possible disposal of the international business. If such a disposal were to have been considered highly probable as at 30 June 2024, the requirements of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' would necessitate classifying the international business as a held for sale disposal group. This classification would impact the financial statements by requiring separate presentation, valuation of the disposal group using a different measurement basis, and detailed disclosures. Significant judgement is required to interpret the criteria within IFRS 5 around whether or not the highly probable criteria were met as at 30 June 2024, management's judgement is detailed in Note 2. Given the judgement involved, the audit effort needed to assess management's view and the magnitude of the potential reclassification disclosures we have concluded that this is a Key audit matter.	We performed the following procedures in assessing the applicability of IFRS 5: • Evaluated management's year-end assessment of the IFRS 5 criteria, including analysis of the accuracy of management's judgement regarding their compliance with each criterion; • Examined relevant documentation to assess the progress made on the potential outcomes of the strategic review as at 30 June 2024; • Obtained relevant third-party evidence in connection with management's judgement; • Reviewed board meeting minutes; • Reviewed the engagement terms and the advice provided by management's strategic review adviser; • Conducted discussions with management regarding the progress of the strategic review as of 30 June 2024. Based on our procedures performed and the evidence obtained, we consider management's judgement to be reasonable.
Impairment of Investment in Subsidiaries (parent) The Parent company holds investment in subsidiaries of £102.4m which is set out in Note 42 of the company financial statements. The impairment assessment of the investment in subsidiaries balance is a Key audit matter due to the magnitude of the balance in the context of the net assets of the company. Management performed an impairment assessment where judgment is required to be applied in considering whether an impairment trigger has occurred utilising a number of assumptions, such as forecast cash flows, discount rates and long-term growth rates. Further during the current year, the strategic review warrants consideration towards the classification and measurement of investment in subsidiaries.	We performed the following procedures in relation to the impairment of investment in subsidiaries: • Obtained and reviewed management's impairment assessment; • Analysed the forecast cash flows generated by the company's subsidiaries; and • Assessed the appropriateness of the discount rates and long-term growth rate assumptions applied. • We verified that the methodology used by management in arriving at the carrying value of the investments in subsidiaries was in line with IAS 36. • We have considered the appropriateness of the classification and measurement of the investment in BMI within the parent financial statements in light of the International strategic review. Based on the audit procedures performed and evidence obtained, our testing did not identify any evidence of material misstatement.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group comprised 16 legal entities across the UK and Channel Islands during the reporting period. We conducted audit testing over 6 legal entities, including 2 entities in the Channel Islands,one of which is audited by PwC Channel Islands under our instruction and oversight. Across these legal entities, 3 were considered financially significant due to their contribution to the group's results, and were subject to an audit of their complete financial information. One legal entity was scoped in due to a statutory audit being performed over their financial information therefore this was leveraged for group coverage. We performed audit testing on specific FSLIs for two more legal entities on a judgemental risk based criteria. Together with the audit procedures performed at the group level on the consolidation, our audit work gave us the evidence we needed for our opinion on the financial statements as a whole.

A significant proportion of the group's trading, operational and financial processes are based in the UK resulting in the majority of the audit procedures being performed by the group audit team in the UK. The group audit team issued instructions to PwC Channel Islands for the legal entity, Brooks Macdonald International Fund Management Limited (BMIFML), because that entity's trading, operational and financial processes are based in the Channel Islands. We received inter-office reporting from PwC Channel Islands with respect to their audit of BMIFML and performed appropriate oversight of their audit work.

The audit of the company Financial Statements was performed entirely by the group audit team in the UK, leveraging on the work performed on the group audit where appropriate with additional audit procedures performed on other company specific balances.

The impact of climate risk on our audit

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Management concluded that there was no material impact on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. This included evaluating the long-term threats posed by climate change to some of the Group's key operating territories and the impact this may have on the risk of impairment of the related Goodwill balance.

We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, the financial statements and the knowledge obtained from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£1,289,000 (FY23: £1,100,000).	£1,272,900 (FY23: £1,045,000).
How we determined it	5% of Adjusted profit before tax adjusted for two non-recurring items comprising £11.6m Goodwill impairment (Note 13) & £2.6m redundancy costs (Note 5).	1% of net assets
Rationale for benchmark applied	The most appropriate benchmark for group materiality is Adjusted profit before tax on the basis that the group is primarily measured on its financial performance via its consolidated statement of comprehensive income, adjusted as appropriate for non-recurring items.	A benchmark of net assets has been used as the company's primary purpose is to act as a holding company with investments in the group's subsidiaries, not to generate operating profits and therefore a profit based measure was not considered appropriate. 1% of net assets was the benchmark used in the prior year.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £14,768 and £1,224,707. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (FY23: 75%) of overall materiality, amounting to £966,800 (FY23: £825,000) for the group financial statements and £954,690 (FY23: £783,750) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £64,458 (group audit) (FY23: £55,000) and £63,646 (company audit) (FY23: £52,250) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors' annual going concern assessment and challenging the rationale for assumptions including review of management's stress testing and scenario analyses using our knowledge of the business;
- Assessing management's forecasts for 12 months from the date of approval of the FY24 financial statements to determine the adequacy of the going concern basis;
- Performing an assessment over the variances between PY budget and CY actuals in order to conclude over management's ability to prepare forecasts;
- Reviewing the Group's latest Internal Capital Adequacy and Risk Assessment ('ICARA') document including the financial forecasts and various stress test scenarios contained within;
- Performing additional sensitivity tests over the stress test scenarios outlined within the ICARA;
- Reviewing the company's minimum capital requirements and regulatory capital requirements and assessing the net assets of the company against those;
- Reviewing and challenging the MTP (Medium Term Plan) which forms the basis of trading and profitability forecasts; and
- Reviewing the going concern disclosures within the Annual report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 30 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the corporate governance section is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to risk of fraud in revenue recognition through the posting of inappropriate journal entries. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Audit procedures performed by the group engagement team and/or component auditors included:

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, where any such journals were identified;
- Reviewing relevant board minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Enquiries with management, risk, compliance and legal, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessing methods, significant assumptions and data used by management in making significant accounting estimates;
- Developed an understanding of management's internal controls ; and
- Review of the most up to date litigation register and regulatory correspodance with the FCA.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jeremy Jensen (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 September 2024

“

We have a strong business model that consistently delivers for our clients. Our current strengths include a broad investment proposition, strong distribution and brand, a robust investment process yielding attractive returns, and a talented team.”

Andrea Montague
Chief Financial Officer

Financial Statements

Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Note	2024 £'000	2023 £'000
Revenue	4	**128,262**	123,777
Administrative costs	5	**(107,934)**	(102,207)
Gross profit		**20,328**	21,570
Other gains/(losses) - net	6	**83**	(162)
Operating profit	7	**20,411**	21,408
Finance income	8	**3,056**	1,127
Finance costs	8	**(208)**	(296)
Goodwill impairment	13	**(11,641)**	–
Profit before tax		**11,618**	22,239
Taxation	9	**(5,161)**	(4,090)
Profit for the year		**6,457**	18,149
Other comprehensive income		**–**	–
Total comprehensive income for the year		**6,457**	18,149
Earnings per share			
Basic	11	**40.1p**	114.7p
Diluted	11	**39.4p**	112.6p

The accompanying notes on pages 114 to 160 form an integral part of the Consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2024

	Note	30 June 2024 £'000	30 June 2023 £'000
Assets			
Non-current assets			
Intangible assets	13	**83,224**	100,582
Property, plant and equipment	14	**1,350**	2,123
Right-of-use assets	15	**3,225**	4,329
Financial assets at amortised cost	16	**29,963**	–
Financial assets at fair value through other comprehensive income	17	**500**	500
Total non-current assets		**118,262**	107,534
Current assets			
Financial assets at fair value through profit or loss	18	**905**	825
Trade and other receivables	20	**29,061**	33,542
Cash and cash equivalents	21	**44,732**	53,355
Total current assets		**74,698**	87,722
Total assets		**192,960**	195,256
Liabilities			
Non-current liabilities			
Lease liabilities	22	**(1,645)**	(3,181)
Provisions	23	**(378)**	(322)
Net deferred tax liabilities	19	**(5,394)**	(6,033)
Other non-current liabilities	26	**(587)**	(783)
Total non-current liabilities		**(8,004)**	(10,319)
Current liabilities			
Lease liabilities	22	**(2,169)**	(1,960)
Provisions	23	**(1,628)**	(1,000)
Deferred contingent consideration	24	**–**	(1,467)
Trade and other payables	25	**(27,889)**	(22,521)
Current tax liabilities		**(935)**	(645)
Total current liabilities		**(32,621)**	(27,593)
Net assets		**152,335**	157,344
Equity			
Share capital	28	**165**	164
Share premium account	28	**83,135**	81,830
Other reserves	29	**6,363**	9,112
Retained earnings	29	**62,672**	66,238
Total equity		**152,335**	157,344

The Consolidated financial statements on pages 110 to 160 were approved by the Board of Directors and authorised for issue on 11 September 2024, and signed on their behalf by:

Andrew Shepherd
CEO

Andrea Montague
CEO Designate and Chief Financial Officer

Company registration number: 4402058
The accompanying notes on pages 114 to 160 form an integral part of the Consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2024

	Note	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2022		162	79,141	9,962	59,160	148,425
Comprehensive income						
Profit for the year		–	–	–	18,149	18,149
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	18,149	18,149
Transactions with owners						
Issue of ordinary shares	28	2	2,689	–	–	2,691
Share-based payments		–	–	2,686	–	2,686
Share options exercised		–	–	(3,201)	3,201	–
Purchase of own shares by Employee Benefit Trust		–	–	–	(2,850)	(2,850)
Tax on share options		–	–	(335)	–	(335)
Dividends paid	12	–	–	–	(11,422)	(11,422)
Total transactions with owners		2	2,689	(850)	(11,071)	(9,230)
Balance at 30 June 2023		**164**	**81,830**	**9,112**	**66,238**	**157,344**
Comprehensive income						
Profit for the year		**–**	**–**	**–**	**6,457**	**6,457**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**
Total comprehensive income		**–**	**–**	**–**	**6,457**	**6,457**
Transactions with owners						
Issue of ordinary shares	28	**1**	**1,305**	**–**	**–**	**1,306**
Share-based payments		**–**	**–**	**2,407**	**–**	**2,407**
Share options exercised		**–**	**–**	**(4,221)**	**4,221**	**–**
Purchase of own shares by Employee Benefit Trust		**–**	**–**	**–**	**(2,150)**	**(2,150)**
Tax on share options		**–**	**–**	**(935)**	**–**	**(935)**
Dividends paid	12	**–**	**–**	**–**	**(12,094)**	**(12,094)**
Total transactions with owners		**1**	**1,305**	**(2,749)**	**(10,023)**	**(11,466)**
Balance at 30 June 2024		**165**	**83,135**	**6,363**	**62,672**	**152,335**

The accompanying notes on pages 114 to 160 form an integral part of the Consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Cash generated from operations	27	**43,336**	30,093
Corporation tax paid		**(6,444)**	(5,134)
Net cash generated from operating activities		**36,892**	24,959
Cash flows from investing activities			
Purchase of computer software	13	**(1,734)**	(2,954)
Purchase of property, plant and equipment	14	**(83)**	(745)
Investment in financial assets at amortised cost	16	**(29,978)**	–
Purchase of financial assets at fair value through profit or loss	18	**–**	(30)
Consideration paid for acquisitions	10	**–**	(15,111)
Deferred contingent consideration paid	24	**(852)**	(334)
Interest received	8	**3,231**	1,127
Net cash used in investing activities		**(29,416)**	(18,047)
Cash flows from financing activities			
Proceeds of issue of shares	28	**681**	1,691
Payment of lease liabilities	22	**(2,536)**	(2,304)
Purchase of own shares by Employee Benefit Trust	29	**(2,150)**	(2,850)
Dividends paid to shareholders	12	**(12,094)**	(11,422)
Net cash used in financing activities		**(16,099)**	(14,885)
Net decrease in cash and cash equivalents		**(8,623)**	(7,973)
Cash and cash equivalents at beginning of year		**53,355**	61,328
Cash and cash equivalents at end of year	21	**44,732**	53,355

The accompanying notes on pages 114 to 160 form an integral part of the Consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2024

1. General information

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

The Company is a public limited company by shares, incorporated and domiciled in England, United Kingdom under the Companies Act 2006 and listed on AIM. The address of its registered office is 21 Lombard Street, London, EC3V 9AH, England.

2. Principal accounting policies

The general accounting policies applied in the preparation of these Financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

a. Basis of preparation

The Group's Consolidated financial statements for the year ended 30 June 2024 have been prepared in accordance with UK-adopted International Accounting Standards ("IAS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These Consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments or deferred contingent consideration that are measured at fair value. Historic cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below. Unless otherwise stated, they have been applied consistently to all periods presented in the Financial statements.

At the time of approving the Financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial statements. For further details on the Group's going concern assessment, see the Viability statement on page 43 and Audit Committee report on pages 71 to 74. There have been no post balance sheet events that have materially impacted the Group's liquidity headroom and going concern assessment.

b. Basis of consolidation

The Group's Financial statements are a consolidation of the financial statements of the Company and its subsidiaries.

The underlying financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Subsidiaries and structured entities are all entities controlled by the Company, deemed to exist where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included from the date on which control is transferred to the Group to the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated on consolidation.

The Group has interests in structured entities, with one consolidated structured entity being the Brooks Macdonald Group Employee Benefit Trust (Note 28). The Group has interests in other structured entities as a result of contractual arrangements arising from the management of assets on behalf of its clients, but are not consolidated as the Group does not commit to financially support its funds, nor guarantee repayment of any borrowings (Note 35). The Group has disclosed all of its subsidiary undertakings in Note 41 of the Company's Financial statements.

c. Changes in accounting policies

The Group's accounting policies, which have been applied in preparing these Financial statements, are consistent with those disclosed in the Annual Report and Financial Statements for the year ended 30 June 2023, except as explained below.

New accounting standards, amendments and interpretations adopted in the year

In the year ended 30 June 2024, the Group did not adopt any new standards or amendments issued by the International Accounting Standards Board ("IASB") or interpretations by the International Financial Reporting Standards Interpretations Committee ("IFRS IC") that have had a material impact on the Consolidated financial statements.

Certain new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Standard, Amendment or Interpretation	Effective date
IFRS 17 'Insurance contracts'	1 January 2023
Deferred tax related to assets and liabilities arising from a single transaction (amendment to IAS 12)	1 January 2023
Definition of Accounting Estimates (amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Classification of Liabilities as Current or Non-Current (amendments to IAS 1)	1 January 2023
Initial application of IFRS 17 and IFRS 9 – Comparative information (amendments to IFRS 17)	1 January 2022

2. Principal accounting policies continued

d. Critical accounting estimates and material accounting policy information

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of currently available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, the Directors believe that the accounting policies, where important estimations are used, relate to the measurement of intangible assets and the estimation of the fair value of share-based payments. Management also needs to exercise judgement in applying the Group's accounting policies.

The preparation of the Group's Consolidated financial statements includes the use of estimates, assumptions and significant judgements. The significant accounting estimates, being those with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1, 'Presentation of Financial Statements', are the useful economic life estimates for acquired client-relationship contracts.

The Consolidated financial statements include other areas of judgement and accounting estimates. Whilst these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties. The other areas of judgement and accounting estimates are the pre-tax discount rate and perpetuity growth rate used within the International, Braemar, Cornelian, Adroit and Integrity CGU goodwill impairment reviews. See Note 13 for further details on the discount rate and the perpetuity growth for the various CGUs. Additionally, the inputs into the Black-Scholes model used to value the Group's equity-settled share-based payments (Note 30).

The underlying assumptions and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised only if the revision affects both current and future periods.

Further information about key assumptions and sources of estimation uncertainty are set out below.

Intangible assets

The Group has acquired client relationships and the associated investment management and financial advice contracts as part of business combinations, through separate purchase or with newly employed teams of fund managers, as described in Note 13. In assessing the fair value of these assets, the Group has estimated their finite life based on information about the typical length of existing client relationships. Acquired client relationship contracts are amortised on a straight-line basis over their estimated useful lives, ranging from 6 to 20 years.

Of the client relationship intangible assets held by the Group at 30 June 2024, the expected amortisation charge for the year ending 30 June 2025 is £5,326,000. If the useful economic lives were to reduce by one year, the estimated charge would increase by £3,547,000.

Goodwill recognised as part of a business combination is not amortised but instead reviewed annually for impairment, or when a change in circumstances indicates that it might be impaired. The recoverable amounts of CGUs are determined by value-in-use calculations, which require the use of estimates to derive the projected future cash flows attributable to each unit. Details of the more significant assumptions and sensitivity analysis are given in Note 13.

In assessing the value of client relationships and the associated investment management and financial advice contracts and goodwill or gain on bargain purchase arising as part of a business combination, the Group prepares forecasts for the cash flows acquired and discounts to a net present value. The Group uses a pre-tax discount rate, adjusting from a post-tax discount rate calculated by the Group's weighted average cost of capital ("WACC"), adjusted for any specific risks for the relevant CGU. The Group uses the capital asset pricing model ("CAPM") to estimate the WACC, which is calculated at the point of acquisition for a business combination, or the relevant reporting period date. The key inputs are the risk-free rate, market risk premium, the Group's adjusted beta with reference to beta data from peer-listed companies, small company premium and any risk-adjusted premium for the relevant CGU. See Note 13 for further details on the discount rate for the various CGUs.

Share-based payments

The Group operates various share-based payment schemes in respect of services received from certain employees. Estimating the fair value of these share-based payments requires the Group to apply an appropriate valuation model and determine the inputs to that model (Note 30). The charge to the Consolidated statement of comprehensive income in respect of share-based payments is calculated using assumptions about the number of eligible employees that will leave the Group and the number of employees that will satisfy the relevant performance conditions. These estimates are reviewed regularly. A decrease of 10% in the total options would decrease the estimated share-based payment charge and the associated national insurance charge in the Consolidated statement of comprehensive income for the year by £381,000 and £87,000, respectively, hence these assumptions do not constitute a critical estimate. The key inputs into the fair value calculations for the options granted during the year are disclosed in Note 30.

Income tax

The Directors have to estimate at each year end a provision for income taxes that takes into account the utilisation of existing deferred tax assets when available and, therefore, the level of the future taxable profits of the Company that support the recoverability of these deferred tax assets. The key inputs are management approved forecasts, determining if there will be sufficient future taxable profits to recognised deferred tax assets.

2. Principal accounting policies continued

Non-current assets held for sale

IFRS 5 'Non-current assets held for sale and discontinued operations' outlines how to account for non-current assets held for sale. Management judgement is required in determining whether the IFRS 5 held for sale criteria are met, including whether a sale is highly probable and expected to complete within one year of classification. Judgement typically involves evaluating the likelihood of obtaining any necessary approvals, determining the stage of negotiations and commitment of any potential interested parties, the likelihood of selling at a reasonable price and any possibility of a sale plan to change. Once classified as held-for-sale, continuous judgement is required to ensure the classification remains appropriate in future accounting periods.

As part of the ongoing strategic review of the International business, the Group evaluated potential outcomes, including the possible disposal of the International business. Management applied judgement in assessing that the International business did not meet the IFRS 5 criteria for classification as held for sale at 30 June 2024 on the basis that a potential sale was still at the early stages. Consequently, the International business has not been classified as held for sale within these Consolidated financial statements.

e. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the aggregate amount of the consideration transferred at the acquisition date, irrespective of the extent of any minority interest. Acquisition and integration-related costs are charged to the Consolidated statement of comprehensive income
when incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. If the business combination is achieved in stages, the fair value of the Group's previously held equity interest is remeasured at the acquisition date and the difference is credited or charged to the Consolidated statement of comprehensive income. Identifiable assets and liabilities assumed on acquisition are recognised in the Consolidated statement of financial position at their fair value at the date of acquisition.

Any deferred contingent consideration to be paid by the Group to the vendor is recognised at its fair value at the acquisition date, in accordance with IAS 39. Subsequent changes to the fair value of deferred contingent consideration are recognised in accordance with IFRS 9 in the Consolidated statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the acquired company's net identifiable assets and liabilities assumed. If the consideration is lower than the fair value of the net assets acquired, the difference is recognised in full as a gain on a bargain purchase in the Consolidated statement of comprehensive income.

Impairment

Goodwill and other intangible assets with an indefinite life are tested annually or more frequently if events or changes in circumstances indicate that they might be impaired. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units. The carrying amount of each CGU is compared to its recoverable amount which relates to the higher of an asset's fair value less costs of disposals and value in use, this is determined using a discounted future cash flow model.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

f. Revenue

Investment management fees

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

Fund management fees

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

Transactional income and foreign exchange trading

Transactional income is earned through dealing and admin charges levied on trades at the time a deal is placed for a client. Fees are calculated based on a percentage of the individual trade value, or a flat charge per trade. Revenue is recognised at the point of the trade being placed.

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

2. Principal accounting policies continued

Financial planning

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

Interest income

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

g. Cash and cash equivalents

Cash comprises cash in hand and call deposits held with banks. Cash equivalents comprise short-term, highly liquid investments that are not subject to any major risk of value fluctuations, with a maturity of less than three months from the date of acquisition.

h. Share-based payments

The Group engages in equity-settled share-based payment transactions in respect of services received from certain employees. The fair value of the services received is measured by reference to the fair value of the shares or share options on the grant date. This cost is then recognised in the Consolidated statement of comprehensive income over the vesting period, with a corresponding credit to equity.

The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk-free rate of interest, the expected volatility of the Company's share price over the life of the award and other relevant factors.

i. Segmental reporting

The Group determines and presents operating segments based on the information that is provided internally to the Group Board of Directors, which is the Group's chief operating decision-maker.

j. Fiduciary activities

The Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these Financial statements, as they are not assets of the Group.

The Group holds money on behalf of some clients in accordance with the client money rules of the Financial Conduct Authority ("FCA"). Such monies and the corresponding liability to clients are not included within the Consolidated statement of financial position as the Group is not beneficially entitled thereto.

k. Property, plant and equipment

All property, plant and equipment is included in the Consolidated statement of financial position at historical cost less accumulated depreciation and impairment. Costs include the original purchase cost of the asset and the costs attributable to bringing the asset into a working condition for its intended use.

Provision is made for depreciation to write off the cost less estimated residual value of each asset, and is charged to administrative expenses in the Consolidated statement of comprehensive income using a straight-line method, over its expected useful life as follows:

Leasehold improvements – over the lease term

Fixtures, fittings and office equipment – five years

IT equipment – four or five years

The assets' residual values and useful economic lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Gains and losses arising on disposal are determined by comparing the proceeds with the carrying amount. These are included in the Consolidated statement of comprehensive income.

l. Intangible assets

Amortisation of intangible assets is charged to administrative expenses in the Consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets (4 to 20 years).

Acquired client relationship contracts and contracts acquired with fund managers

Intangible assets are recognised where client relationship contracts are either separately acquired or acquired with investment managers who are employed by the Group. These are initially recognised at cost, and are subsequently amortised on a straight-line basis over their estimated useful economic life. Separately acquired client relationship contracts are amortised over 6 to 20 years and those acquired with fund managers over five years. Both types of intangible asset are reviewed annually to determine whether there exists an indicator of impairment or an indicator that the assumed useful economic life has changed.

2. Principal accounting policies continued

Computer software

Costs incurred on internally developed computer software are initially recognised at cost, and when the software is available for use, the costs are amortised on a straight-line basis over an estimated useful life of either four years, or the contract term ranging between three and eight years. Initial research costs and planning prior to a decision to proceed with development of software are recognised in the Consolidated statement of comprehensive income when incurred.

Goodwill

Goodwill arising as part of a business combination is initially measured at cost, being the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. In accordance with IFRS 3 'Business Combinations', goodwill is not amortised, but is reviewed annually for impairment and is therefore stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the Consolidated statement of comprehensive income and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. On acquisition, any goodwill acquired is allocated to CGUs for the purposes of impairment testing. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated statement of comprehensive income as a gain on bargain purchase.

m. Financial investments

The Group classifies financial assets in the following categories: fair value through profit or loss; fair value through other comprehensive income; and amortised cost. The classification is determined by management on initial recognition of the financial asset, which depends on the purpose for which it was acquired.

Fair value through profit or loss

Financial investments are classified as fair value through profit or loss if they are either held for trading or specifically designated in this category on initial recognition. Assets in this category are initially recognised at fair value and subsequently remeasured, with gains or losses arising from changes in fair value being recognised in the Consolidated statement of comprehensive income.

Financial assets at fair value through profit or loss include investments in regulated OEICs, which are managed and evaluated on a fair value basis in line with the market value.

Fair value through other comprehensive income

Financial investments are classified as fair value through other comprehensive income if the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and if the asset's contractual cash flows represents solely payment of principal and interest. Assets in this category are initially recognised at fair value and subsequently remeasured, with gains or losses arising from changes in fair value being recognised in other comprehensive income.

Financial assets at fair value through other comprehensive income relates to an investment of redeemable preference shares, which satisfy the definition above due to being held to collect contractual cash flows via an annual fixed preferential dividend.

Amortised cost

Financial instruments are classified as amortised cost if the asset is held to collect contractual cash flows and the asset's contractual cash flows represent solely payment of principal and interest.

n. Foreign currency translation

The Group's functional and presentational currency is Pound Sterling (£). Foreign currency transactions are translated using the exchange rate prevailing at the transaction date. At the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the prevailing rates on that date. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of period-end monetary assets and liabilities are recognised in the Consolidated statement of comprehensive income.

o. Retirement benefit costs

Contributions in respect of the Group's defined contribution pension scheme are charged to the Consolidated statement of comprehensive income as they fall due.

p. Taxation

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's Financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled based on tax rates (and laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax balances are presented on the Consolidated statement of financial position as the net deferred tax balance by each jurisdiction the Group operates within. The gross deferred tax assets and liabilities are disclosed within the deferred tax Note 19.

2. Principal accounting policies continued

q. Trade receivables

Trade receivables represent amounts due for services performed in the ordinary course of business. They are recognised in trade and other receivables and, if collection is expected within one year, they are recognised as a current asset. If collection is expected in greater than one year, they are recognised as a non-current asset. Trade receivables are measured at amortised cost less any expected credit losses.

r. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities in the Consolidated statement of financial position.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

s. Employee Benefit Trust ("EBT")

The Company provides finance to an EBT to purchase the Company's shares on the open market in order to meet its obligation to provide shares when an employee exercises certain options or awards made under the Group's share-based payment schemes. The administration and finance costs connected with the EBT are charged to the Consolidated statement of comprehensive income. The cost of the shares held by the EBT is deducted from equity. A transfer is made between other reserves and retained earnings over the vesting periods of the related share options or awards to reflect the ultimate proceeds receivable from employees on exercise. The trustees have waived their rights to receive dividends on the shares held by the EBT.

The EBT is considered to be a structured entity, as defined in Note 30. In substance, the activities of the trust are being conducted on behalf of the Group according to its specific business needs, in order to obtain benefits from its operation. On this basis, the assets held by the trust are consolidated into the Group's Financial statements.

t. Share capital

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

Where the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly incremental costs (i.e. net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included within equity attributable to the Company's equity holders.

u. Dividend distribution

The dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial statements in the period in which the dividend is authorised and no longer at the discretion of the Company. Final dividends are recognised when approved by the Company's shareholders at the Annual General Meeting and interim dividends are recognised when paid.

v. Exceptional items

The goodwill impairment in the opinion of the Board, is material by size and irregular in nature and therefore requires separate disclosure within the Consolidated statement of comprehensive income in order to assist the users of the Consolidated financial statements in understanding the underlying business performance of the Group.

3. Segmental information

For management purposes, the Group's activities are organised into two operating divisions: UK Investment Management and International. The Group's other activity, offering nominee and custody services to clients, is included within UK Investment Management. These divisions are the basis on which the Group reports its primary segmental information to the Group Board of Directors, which is the Group's chief operating decision-maker. In accordance with IFRS 8 'Operating Segments', disclosures are required to reflect the information that the Board of Directors uses internally for evaluating the performance of its operating segments and allocating resources to those segments. The information presented in this Note is consistent with the presentation for internal reporting.

The UK Investment Management segment offers a range of investment management services to private high net worth individuals, pension funds, institutions, charities and trusts, as well as wealth management services to high net worth individuals and families, giving independent 'whole of market' financial advice, enabling clients to build, manage and protect their wealth. The International segment is based in the Channel Islands and the Isle of Man, offering a similar range of investment management and wealth management services as the UK Investment Management segment. The Group segment principally comprises the Group Board's management and associated costs, along with the consolidation adjustments.

Following the acquisitions of Integrity and Adroit (Note 10), the activities since the two acquisitions were completed have been included in the UK Investment Management segment.

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

3. Segmental information continued

Year ended 30 June 2024	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total revenue	113,713	19,911	–	133,624
Inter-segment revenue	(5,362)	–	–	(5,362)
External revenue	108,351	19,911	–	128,262
Underlying administrative costs	(47,863)	(11,126)	(38,122)	(97,111)
Operating contribution	60,488	8,785	(38,122)	31,151
Allocated costs	(28,743)	(5,951)	34,694	–
Net finance income and other gains/losses	1,774	477	690	2,941
Underlying profit/(loss) before tax	33,519	3,311	(2,738)	34,092
Goodwill impairment	–	–	(11,641)	(11,641)
Amortisation of acquired client relationship contracts	(3,383)	(2,465)	–	(5,848)
Organisational restructure	(1,729)	(887)	(423)	(3,039)
International strategic review costs	–	–	(1,513)	(1,513)
Acquisition and integration related costs	(423)	–	–	(423)
Finance cost of deferred contingent consideration	–	–	(13)	(13)
Change in fair value of deferred contingent consideration	–	–	3	3
Profit/(loss) mark-up on Group allocated costs	258	(258)	–	–
Total underlying adjustments	(5,277)	(3,610)	(13,587)	(22,474)
Profit/(loss) before tax	28,242	(299)	(16,325)	11,618
Taxation				(5,161)
Profit for the year attributable to equity holders of the Company				6,457

Year ended 30 June 2024	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total assets	92,377	26,706	73,877	192,960
Total liabilities	(33,775)	(2,775)	(4,075)	(40,625)
Net assets	58,602	23,931	69,802	152,335

3. Segmental information continued

Year ended 30 June 2024	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Statutory operating costs included the following:				
– Amortisation	**4,296**	**941**	**2,214**	**7,451**
– Depreciation	**2,175**	**809**	**11**	**2,995**
– Interest income	**1,709**	**516**	**606**	**2,831**

Year ended 30 June 2023	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Total revenue	109,737	20,319	–	130,056
Inter-segment revenue	(6,279)	–	–	(6,279)
External revenue	103,458	20,319	–	123,777
Underlying administrative costs	(47,405)	(13,576)	(33,373)	(94,354)
Operating contribution	56,053	6,743	(33,373)	29,423
Allocated costs	(22,127)	(6,844)	28,971	–
Net finance costs	590	226	88	904
Underlying profit/(loss) before tax	34,516	125	(4,314)	30,327
Amortisation of client relationships	(3,205)	(2,465)	–	(5,670)
Dual running costs of operating platforms	(1,424)	(192)	–	(1,616)
Acquisition and integration-related costs	(499)	–	(69)	(568)
Changes in fair value of deferred contingent consideration	–	–	(173)	(173)
Finance cost of deferred contingent consideration	–	(7)	(54)	(61)
Profit/(loss) mark-up on Group allocated costs	299	(299)	–	–
Total underlying adjustments	(4,829)	(2,963)	(296)	(8,088)
Profit/(loss) before tax	29,687	(2,838)	(4,610)	22,239
Taxation				(4,090)
Profit for the year attributable to equity holders of the Company				18,149

3. Segmental information continued

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

Year ended 30 June 2023	UK Investment Management £'000	International £'000	Group and consolidation adjustments £'000	Total £'000
Statutory operating costs included the following:				
– Amortisation	3,429	912	2,491	6,832
– Depreciation	1,943	689	17	2,649
– Interest income	762	279	51	1,092

4. Revenue

Year ended 30 June 2024	UK Investment Management £'000	International £'000	Total £'000
Investment management fees	**67,825**	**12,027**	**79,852**
Transactional income and foreign exchange trading fees	**12,394**	**2,946**	**15,340**
Fund management fees	**8,583**	**3,565**	**12,148**
Financial planning income	**8,182**	**–**	**8,182**
Interest income	**11,367**	**1,373**	**12,740**
Total revenue	**108,351**	**19,911**	**128,262**

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

4. Revenue continued

a. Geographic analysis

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

	2024 £'000	2023[1] £'000
United Kingdom	**108,351**	103,458
Channel Islands	**19,911**	20,319
Total revenue	**128,262**	123,777

1 The prior year geographical revenue analysis has been reclassified with £146,000 previously reported within the Isle of Man now recognised within the Channel Islands.

b. Major clients

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

5. Employee information

Administrative costs are recognised as the services are received. The biggest component of the Group's administrative costs is the costs of employee benefits as shown below. Other costs incurred in administrative costs can be seen in Note 7.

a. Payroll costs

	2024 £'000	2023 £'000
Wages and salaries	**46,099**	44,330
Social security costs	**5,547**	5,419
Other pension costs	**2,105**	2,029
Share-based payments	**1,598**	1,845
Redundancy costs	**2,575**	413
Total payroll costs	**57,924**	54,036

Pension costs relate entirely to a defined contribution scheme.

During the year, the Group carried out an organisational restructure to ensure it is set up for future success. The Group identified opportunities to streamline and remove duplication from core processes, resulting in redundancy costs of £2,575,000.

5. Employee information continued

b. Number of employees

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

	2024 Number of employees	2023 Number of employees
Business staff	**309**	310
Functional staff	**176**	199
Total staff	**485**	509

Details of Directors' engagement with employees, and information on how the Directors have had regard to employee interests is detailed within the Responsible business report on pages 44 to 48.

c. Key management compensation

The compensation of the key management personnel of the Group, defined as the Group Board of Directors including both the Executives and Non-Executives, is set out below.

	2024 £'000	2023 £'000
Short-term employee benefits	**2,227**	2,065
Post-employment benefits	**44**	44
Share-based payments	**64**	132
Total compensation	**2,335**	2,241

The current year total compensation, including bonuses, includes one Executive Director for the full year, and the other Executive Director from the date of appointment in August 2023. The prior year total compensation includes one Executive Director, including bonuses, plus two further Executive Directors until their resignation during the prior year.

d. Directors' emoluments

Further details of Directors' emoluments are included within the Remuneration Committee report on pages 78 to 96.

	2024 £'000	2023 £'000
Salaries and bonuses	**1,618**	1,411
Non-Executive Directors' fees	**606**	504
Other payment	**–**	271
Benefits in kind	**3**	5
	2,227	2,191
Pension contributions	**44**	45
Amounts receivable under long-term incentive schemes	**64**	147
Total Directors' remuneration	**2,335**	2,383

The aggregate amount of gains made by Directors on the exercise of share options during the year was £20,000 (FY23: £446,000). Retirement benefits are accruing to two Directors (FY23: one) under a defined contribution pension scheme.

Other payment reflects the total of payments to an Executive Director in relation to stepping down from Executive Director responsibilities as described in the Remuneration Committee report on pages 78 to 96.

The remuneration of the highest paid Director during the year was as follows:

	2024 £'000	2023 £'000
Remuneration and benefits in kind	**859**	841
Amounts received under long-term incentive schemes	**64**	–
Total remuneration	**923**	841

The amount of gains made by the highest paid Director on the exercise of share options during the year was £20,000 (FY23: £175,000).

6. 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 Consolidated statement of comprehensive income.

	2024 £'000	2023 £'000
Gain/(loss) in fair value of deferred contingent consideration (Note 24)	**3**	(173)
Gain in fair value of financial assets at fair value through profit or loss (Note 18)	**80**	11
Other gains/(losses) – net	**83**	(162)

7. Operating profit

Operating profit is stated after charging:

	2024 £'000	2023 £'000
Payroll costs (Note 5)	**57,924**	54,036
Amortisation of client relationships (Note 13)	**5,848**	5,670
Depreciation of right-of-use assets (Note 15)	**2,139**	1,825
Auditors' remuneration (see below)	**1,310**	1,355
Amortisation of computer software (Note 13)	**1,603**	1,162
Depreciation of property, plant and equipment (Note 14)	**856**	824
Financial Services Compensation Scheme levy (see below)	**672**	458
Acquisition and integration-related costs (Note 10)	**423**	568
Dual running costs of operating platform	**–**	1,616

A more detailed analysis of auditors' remuneration is provided below:

	2024 £'000	2023 £'000
Fees payable to the Company's auditors for the audit of the consolidated Group and Parent Company financial statements	**356**	405
Fees payable to the Company's auditors and its associates for other services:		
– Audit of the Company's subsidiaries pursuant to legislation	**440**	416
– Audit-related assurance services	**512**	532
– Non-audit-related services	**2**	2
Total remuneration	**1,310**	1,355

Audit-related assurance services relates to the provision of half-year review services, positive CASS assurance review, profit verifications and regulatory and compliance services. Non-audit-related services relates to a digital platform subscription fee.

Financial Services Compensation Scheme levies

Administrative costs for the year ended 30 June 2024 include a charge of £672,000 (FY23: £458,000) in respect of the Financial Services Compensation Scheme ("FSCS") levy, all of which is in respect of the estimated levy for the 2024/25 scheme year.

8. Finance income and finance costs

	2024 £'000	2023 £'000
Finance income		
Dividends on preference shares	**28**	35
Interest on assets held at amortised cost	**197**	–
Bank interest on deposits	**2,831**	1,092
Total finance income	**3,056**	1,127
Finance costs		
Finance cost of lease liabilities (Note 22)	**195**	235
Finance cost of deferred contingent consideration (Note 24)	**13**	61
Total finance costs	**208**	296

9. Taxation

The tax charge on profit for the year was as follows:

	2024 £'000	2023 £'000
UK Corporation Tax at 25% (FY23: 20.5%)	6,221	5,703
Over provision in prior years	514	(834)
Total current tax	6,735	4,869
Deferred tax credits	(1,788)	(1,189)
Under provision of deferred tax in prior years	214	410
Income tax expense	5,161	4,090

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

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the time apportioned tax rate applicable to profits of the consolidated entities in the UK as follows, split out between underlying and statutory profits:

Year ended 30 June 2024	Underlying profit £'000	Underlying profit adjustments £'000	Statutory profit £'000
Profit/(loss) before taxation	34,092	(22,474)	11,618
Profit/(loss) multiplied by the standard rate of tax in the UK of 25%	8,523	(5,619)	2,904
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
– Depreciation and amortisation	543	34	577
– Non-taxable income	(6)	–	(6)
– Overseas tax losses not available for UK tax purposes	(366)	–	(366)
– Lower tax rates in other jurisdictions in which the Group operates	(121)	–	(121)
– Disallowable expenses	316	3	319
– Share-based payments	(1,676)	106	(1,570)
– Over provision in prior years	514	–	514
– Goodwill impairment	–	2,910	2,910
Income tax expense/(credit)	7,727	(2,566)	5,161
Effective tax rate	22.7%	n/a	44.4%

9. Taxation continued

The higher effective tax rate on underlying and statutory profit has been contributed by the goodwill impairment not deductible for tax purposes, the increased Corporation Tax rate in the current year and under provision from prior period tax charges.

Year ended 30 June 2023	Underlying profit £'000	Underlying profit adjustments £'000	Statutory profit £'000
Profit/(loss) before taxation	30,327	(8,088)	22,239
Profit/(loss) multiplied by the standard rate of tax in the UK of 20.5%	6,217	(1,658)	4,559
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
– Depreciation and amortisation	604	(285)	319
– Non-taxable income	(124)	–	(124)
– Overseas tax losses not available for UK tax purposes	67	–	67
– Lower tax rates in other jurisdictions in which the Group operates	(107)	–	(107)
– Disallowable expenses	263	48	311
– Share-based payments	(512)	–	(512)
– Over provision in prior years	(423)	–	(423)
Income tax expense/(credit)	5,985	(1,895)	4,090
Effective tax rate	19.7%	n/a	18.4%

The standard rate of Corporation Tax in the UK was 25.0% with effect from 1 April 2023. Accordingly, the Company's profits for this accounting year are taxed at a rate of 25.0% (FY23: 20.5%). The relevant deferred tax balances have been remeasured at this increased rate from the prior year. Deferred tax assets and liabilities are calculated at the rate that is expected to be in force when the temporary differences unwind, however, limited to the extent that such rates have been substantively enacted.

The deferred tax charges for the year arise from:

	2024 £'000	2023 £'000
Share-based payments	**(503)**	(1)
Accelerated capital allowances	**71**	(27)
Accelerated capital allowances on research and development	**(152)**	(117)
Dilapidations	**7**	(54)
Amortisation of acquired client relationship contracts	**(1,427)**	(934)
Trading losses carried forward	**216**	(56)
Under provision in prior years	**214**	410
Deferred tax charge	**(1,574)**	(779)

10. Business combinations – prior year ended 30 June 2023

Integrity

On 31 October 2022, the Group acquired Integrity Wealth Bidco Limited and Integrity Wealth (Holdings) Limited, together with its subsidiary Integrity Wealth Solutions Limited ("IWS"), (collectively "Integrity"). The acquisition brings a successful and rapidly growing Independent Financial Adviser ("IFA") business into the Group and brings scale to the Group's Private Clients business, adding distinctive expertise in their specialist area. The acquisition consisted of acquiring 100% of the issued share capital of Integrity Wealth (Holdings) Limited and Integrity Wealth Bidco Limited (intermediate holding company), which was funded through existing financial resources. On 14 April 2023, the Group acquired an additional client book, which has been incorporated into the Integrity business and acquisition accounting.

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

	Note	£'000
Initial cash consideration		4,246
Shares consideration	i	1,000
Excess for net assets	ii	601
Deferred contingent consideration at fair value	iii	1,240
Total purchase consideration		**7,087**

ii The Group issued 52,084 ordinary shares to the previous shareholders of Integrity Wealth (Holdings) Limited and Integrity Wealth Bidco Limited at a price of £19.20 per share. The amount of shares issued was based on the share price at the completion date to provide the equivalent consideration value of £1,000,000.

iii In accordance with the Sale and Purchase Agreement ("SPA"), the Group was required to pay the difference between the available capital and the required regulatory capital for Integrity.

iv The total estimated cash deferred contingent consideration for the original Integrity acquisition was £1,505,000, payable in a period between one and three years following completion, based on revenue criteria and client attrition of the acquired business. As outlined in the SPA, the maximum cash deferred contingent consideration payable was up to £2,746,000 if certain revenue criteria are met.

On 30 June 2023, the Group agreed to renegotiate the deferred contingent consideration, which resulted in the Group recognising a change in fair value of deferred contingent consideration of £173,000 on 30 June 2023. See Note 24 for further details.

Client relationship intangible assets of £3,156,000 were recognised on acquisition in respect of the expected cash inflows and economic benefit from the acquired business. An associated deferred tax liability of £787,000 was recognised in relation to the expected cash inflows on the acquired client relationship intangible asset. Goodwill of £3,945,000 was recognised on acquisition in respect of the expected growth in the acquired business and associated cash inflows. The fair value of the assets acquired were the gross contractual amounts and were all considered to be fully recoverable. The fair value of the identifiable assets and liabilities acquired, at the date of acquisition, are detailed in the following table.

Net assets acquired through business combination

	£'000
Trade and other receivables	268
Cash at bank	804
Trade and other payables	(167)
Corporation tax payable	(132)
Total net assets recognised by acquired companies	773
Fair value adjustments:	
– Client relationship contracts	3,156
– Deferred tax liabilities	(787)
Net identifiable assets	2,369
Goodwill	3,945
Total purchase consideration	**7,087**

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

10. Business combinations – prior year ended 30 June 2023 continued

Adroit

On 15 December 2022, the Group acquired Adroit Financial Planning Limited ("Adroit"), a successful and rapidly growing IFA business. The acquisition brings further scale to the Group's Private Clients business, adding distinctive expertise in their specialist area. The acquisition consisted of acquiring 100% of the issued share capital of Adroit Financial Planning Limited, which was funded through existing financial resources.

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

	Note	£'000
Initial cash consideration		10,991
Additional consideration	i	270
Total purchase consideration		**11,261**

i In accordance with the Sale and Purchase Agreement ("SPA"), the Group was required to pay an additional amount based on the number of days between the date of exchange and the date of completion.

Client relationship intangible assets of £2,931,000 were recognised on acquisition in respect of the expected cash inflows and economic benefit from the acquired business. An associated deferred tax liability of £733,000 was recognised in relation to the expected cash inflows on the acquired client relationship intangible asset. Goodwill of £8,541,000 was recognised on acquisition in respect of the expected growth in the acquired business and associated cash inflows. The fair value of the assets acquired were the gross contractual amounts and were all considered to be fully recoverable. The fair value of the identifiable assets and liabilities acquired, at the date of acquisition, are detailed below.

Net assets acquired through business combination

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

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

10. Business combinations – prior year ended 30 June 2023 continued

Acquisition impact on reported results

Directly attributable acquisition and integration-related costs of £568,000 were incurred in relation to the acquisitions during the year ended 30 June 2023, which were charged to administrative costs in the Consolidated statement of comprehensive income, but excluded from underlying profit.

In the period from acquisition to 30 June 2023, the two acquisitions earned revenue of £2,484,000 and statutory profit before tax of £285,000. Had the acquisitions been consolidated from 1 July 2022, the Consolidated statement of comprehensive income would have included revenue of £4,068,000 and statutory profit before tax of £585,000.

Net cash outflow resulting from business combinations

	£'000
Total purchase consideration	18,348
Less shares issued as consideration	(1,000)
Less deferred cash contingent consideration at fair value	(1,240)
Cash paid to acquire business combinations	16,108
Less cash held by acquired entities	(997)
Net cash outflow – investing activities	**15,111**

11. Earnings per share

The Directors believe that underlying earnings per share provides an appropriate reflection of the Group's performance in the year. Underlying earnings per share, which is an alternative performance measure ("APM"), is calculated based on 'underlying earnings', which is also an APM. Refer to page 172 for a glossary of the Group's APMs, their definition and criteria for how underlying adjustments are considered. The tax effect of the underlying adjustments to statutory earnings has also been considered; refer to Note 9 for the taxation on underlying and statutory profit. Earnings for the year used to calculate earnings per share as reported in these Consolidated financial statements were as follows:

	2024 £'000	2023 £'000
Earnings attributable to ordinary shareholders	**6,457**	18,149
Amortisation of acquired client relationship contracts (Note 13)	**5,848**	5,670
Dual running costs of operating platform	**–**	1,616
Acquisition and integration-related costs (Note 10)	**423**	568
Changes in fair value of deferred contingent consideration (Note 24)	**(3)**	173
International strategic review	**1,513**	–
Impairment of goodwill	**11,641**	–
Restructure costs	**3,039**	–
Finance cost of deferred contingent consideration (Note 24)	**13**	61
Tax impact of adjustments (Note 9)	**(2,566)**	(1,895)
Underlying earnings attributable to ordinary shareholders	**26,365**	24,342

Basic earnings per share is calculated by dividing earnings attributable to ordinary shareholders by the weighted average number of shares in issue throughout the period. Included in the weighted average number of shares for basic earnings per share purposes are employee share options at the point all necessary conditions have been satisfied and the options have vested, even if they have not yet been exercised.

Diluted earnings per share represents the basic earnings per share adjusted for the effect of dilutive potential shares issuable on exercise of employee share options under the Group's share-based payment schemes, weighted for the relevant period.

The diluted weighted average number of shares in issue and diluted earnings per share considers the effect of all dilutive potential shares issuable on exercise of employee share options. The potential shares issuable includes the contingently issuable shares that have not yet vested and the vested unissued share options that are either nil cost options or have little or no consideration.

The weighted average number of shares in issue during the year was as follows:

	2024 Number of shares	2023 Number of shares
Weighted average number of shares in issue	**16,098,412**	15,825,397
Effect of dilutive potential shares issuable on exercise of employee share options	**275,450**	293,992
Diluted weighted average number of shares in issue	**16,373,862**	16,119,389

Earnings per share for the year attributable to equity holders of the Company were:

	2024 p	2023 p
Based on reported earnings:		
Basic earnings per share	**40.1**	114.7
Diluted earnings per share	**39.4**	112.6
Based on underlying earnings:		
Basic earnings per share	**163.8**	153.8
Diluted earnings per share	**161.0**	151.0

12. Dividends

Amounts recognised as distributions to equity holders of the Company in the year were as follows:

	2024 £'000	2023 £'000
Final dividend paid for the year ended 30 June 2023 of 47.0p (FY22: 45.0p) per share	**7,467**	7,021
Interim dividend paid for the year ended 30 June 2024 of 29.0p (FY23: 28.0p) per share	**4,627**	4,401
Total dividends	**12,094**	11,422
Final dividend proposed for the year ended 30 June 2024 of 49.0p (FY23: 47.0p) per share	**7,865**	7,448

The interim dividend of 29.0p (FY23: 28.0p) per share was paid on 16 April 2024.

A final dividend for the year ended 30 June 2024 of 49.0p (FY23: 47.0p) per share was declared by the Board of Directors on 12 September 2024 and is subject to approval by the shareholders at the Company's Annual General Meeting. It will be paid on 1 November 2024 to shareholders who are on the register at the close of business on 20 September 2024. In accordance with IAS 10 'Events After the Reporting Period', the aggregate amount of the proposed dividend expected to be paid out of retained earnings is not recognised as a liability in these Consolidated financial statements.

13. Intangible assets

	Goodwill £'000	Computer software £'000	Acquired client relationship contracts £'000	Contracts acquired with fund managers £'000	Total £'000
Cost					
At 1 July 2022	51,887	6,930	70,011	3,521	132,349
Additions	12,486	2,954	6,087	–	21,527
Disposals	–	(1,054)	–	(3,521)	(4,575)
At 30 June 2023	64,373	8,830	76,098	–	149,301
Additions	**–**	**1,734**	**–**	**–**	**1,734**
At 30 June 2024	**64,373**	**10,564**	**76,098**	**–**	**151,035**
Accumulated amortisation and impairment					
At 1 July 2022	11,213	251	31,477	3,521	46,462
Amortisation charge	–	1,162	5,670	–	6,832
Accumulated amortisation on disposals	–	(1,054)	–	(3,521)	(4,575)
At 30 June 2023	11,213	359	37,147	–	48,719
Amortisation charge	**–**	**1,603**	**5,848**	**–**	**7,451**
Impairment	**11,641**	**–**	**–**	**–**	**11,641**
At 30 June 2024	**22,854**	**1,962**	**42,995**	**–**	**67,811**
Net book value					
At 1 July 2022	40,674	6,679	38,534	–	85,887
At 30 June 2023	53,160	8,471	38,951	–	100,582
At 30 June 2024	**41,519**	**8,602**	**33,103**	**–**	**83,224**

The amortisation charge of intangible assets is recognised within administrative costs in the Consolidated statement of comprehensive income.

At 30 June 2024, intangible assets net book value totalling £70,009,000 are recognised in the United Kingdom and £13,215,000 are recognised in the Channel Islands.

13. Intangible assets continued

a. Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the 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:

	2024 £'000	2023 £'000
Funds		
Braemar Group Limited ("Braemar")	**3,320**	3,320
International		
Brooks Macdonald Asset Management (International) Limited ("Brooks Macdonald International")	**9,602**	21,243
Cornelian		
Cornelian Asset Managers Group Limited ("Cornelian")	**16,111**	16,111
Integrity		
Integrity Wealth (Holdings) Limited ("Integrity")	**3,945**	3,945
Adroit		
Adroit Financial Planning Limited ("Adroit")	**8,541**	8,541
Total goodwill	**41,519**	53,160

Goodwill is reviewed annually for impairment and its recoverability has been assessed at 30 June 2024 by comparing the carrying amount of the CGUs to their expected recoverable amount, estimated on a value-in-use basis. The value in use of each CGU has been calculated using pre-tax discounted cash flow projections based on the most recent budgets and forecasts approved by the relevant subsidiary company boards of directors. The most recent budgets prepared are part of the detailed budget process for the year ending 30 June 2024, and then extrapolated over a longer period for the following four years, resulting in the budgets and forecasts covering a period of five years. Cash flows are then extrapolated beyond the five-year budget and forecast period using an expected long-term growth rate, with the long-term growth rate considered reasonable against the budgeted and forecast growth.

During the six months ended 31 December 2023, the prevailing macroeconomic environment and market volatility seen during the reporting period had an impact on client sentiment and new business, whilst the higher interest rate environment resulted in higher outflows with clients withdrawing funds to repay debt. This gave rise to impairment indicators in relation to the International CGU, which were recognised upon the acquisition of the Spearpoint business in 2012. Accordingly, an impairment review was carried out for this CGU, and based on a value-in-use calculation, the recoverable amount of the International CGU at 31 December 2023 did not support the carrying amount of the International CGU of £31,311,000. As a result, the International goodwill balance was impaired by £11,641,000, leaving a goodwill balance of £9,061,000 as at 31 December 2023.

International

Based on a value-in-use calculation as at 30 June 2024, the recoverable amount of the Brooks Macdonald International CGU at 30 June 2024 was £36,697,000 (FY23: £33,642,000), giving a surplus over the Brooks Macdonald International CGU carrying amount of £17,263,000, indicating that there is no impairment. The key underlying assumptions of the calculation are the discount rate, the medium-term growth in earnings and the long-term growth rate of the business. A pre-tax discount rate of 13% (FY23: 13%) has been used, based on the Group's assessment of the risk-free rate of interest and specific risks relating to Brooks Macdonald International. The key input in forecasting revenue is FUM, which is forecast to grow based on new business targets, attrition and estimated impact of market performance. FUM is multiplied by estimated fee yields for the business resulting in annual revenue growth between 4% and 6% annually over the five-year period. Expenditure growth is forecast to increase by between 3% and 4% annually over the five-year period, which includes consideration for reasonable allocated costs. The underlying methodology for allocating costs is reviewed by management each year when preparing the value-in-use calculations to ensure the methodology remains appropriate. The period covered is five years and the forecasts are based on management's growth projections for the business based on its strategic objectives, taking into account historic performance and prevailing market and economic conditions. The 2% long-term growth rate applied is considered prudent in the context of the long-term average growth rate for the funds and investment management industries in which the CGU operates.

The Directors do not believe that any reasonably possible change would result in an impairment, including the outcome of the strategic review discussed in Note 36; however, to provide additional analysis, sensitivity analysis has been performed to show what may be required for an impairment to be recognised.

- An increase of the pre-tax discount rate of 10% (FY23: 2%), from 13% to 23%, would result in an impairment.
- The perpetuity growth rate would need to reduce by 29% (FY23: 2%), from 2% to (27%), to result in an impairment.
- The forecast pre-tax cash inflows would need to reduce by 44% (FY23: 11%) each year to result in an impairment.

13. Intangible assets continued

Cornelian

The Cornelian CGU recoverable amount was calculated as £37,223,000 at 30 June 2024 (FY23: £46,836,000), giving a surplus over the Cornelian CGU carrying amount of £8,416,000, indicating that there is no impairment. The key underlying assumptions of the calculation are the discount rate, the medium-term growth in earnings and the long-term growth rate of the business. The revenue growth forecasts range between 8% and 9% annually over the five-year period. Revenue growth is forecast using new business targets, expected outflows and estimated impact of market performance on FUM, multiplied by estimated fee yields for both the discretionary and fund management business. Expenditure growth forecasts range between 4% and 9% annually over the five-year period. Both the revenue growth and expenditure growth reflect historic actual growth and planned management actions and are considered to be reasonable in the current market and industry conditions. A pre-tax discount rate of 13% has been used (FY23: 15%), based on the Group's assessment of the risk-free rate of interest and specific risks relating to Cornelian. The recoverable amount was based on the estimated cash inflows over the next five financial years, the period covered by the most recent forecasts, which reflect planned management actions and are considered to be reasonable in the current market and industry conditions. The 2% long-term growth rate applied is considered prudent in the context of the long-term average growth rate for the funds and investment management industries in which the CGU operates.

The Directors do not believe that any reasonably possible change would result in an impairment; however, to provide additional analysis, sensitivity analysis has been performed to show what may be required for an impairment to be recognised.

- An increase of the pre-tax discount rate of 3% (FY23: 6%), from 13% to 16%, would result in an impairment.
- The perpetuity growth rate would need to reduce by 5% (FY23: 10%), from 2% to (3%), to result in an impairment.
- The forecast pre-tax cash inflows would need to reduce by 21% (FY23: 28%) each year to result in an impairment.

Funds

Based on a value-in-use calculation, the recoverable amount of the Braemar CGU at 30 June 2024 was £13,602,000 (FY23: £14,463,000), giving a surplus over the Braemar CGU carrying amount of £9,384,000 indicating that there is no impairment. A pre-tax discount rate of 15% (FY23: 16%) has been used, based on the Group's assessment of the risk-free rate of interest and specific risks relating to Braemar. The key underlying assumptions of the calculation are the discount rate, the growth in FUM of the funds business and the long-term growth rate. Forecasted FUM is multiplied by estimated fee yields for each of the funds resulting in forecasted revenue remaining flat over the five-year period. FUM growth is forecast using estimated new business targets, expected outflows and estimated impact of market performance. Expenditure growth is forecast to decrease by between 1% and 3% annually over the five-year period. The inputs to the forecast cash inflows over the next five financial years reflect historic actual growth and planned management activities and are considered to be reasonable in the current market and industry conditions. The 2% long-term growth rate applied is considered prudent in the context of the long-term average growth rate for the funds industry in which the CGU operates.

The Directors do not believe that any reasonably possible change would result in an impairment; however, to provide additional analysis, sensitivity analysis has been performed to show what may be required for an impairment to be recognised.

- An increase of the pre-tax discount rate of 30% (FY23: 28%), from 15% to 45%, would result in an impairment.
- The 2% perpetuity growth rate could reduce by ›100% (FY23: 100%) to trigger an impairment.
- The forecast pre-tax cash inflows would need to reduce by 54% (FY23: 52%) each year to result in an impairment.

Integrity

Based on a value-in-use calculation, the recoverable amount of the Integrity CGU at 30 June 2024 was £9,335,000 (FY23: £7,725,000), giving a surplus over the Integrity CGU carrying amount of £4,010,000, indicating that there is no impairment. The key underlying assumptions of the calculation are the discount rate, the medium-term growth in earnings and the long-term growth rate of the business. A pre-tax discount rate of 14% (FY23: 15%) has been used, based on the Group's assessment of the risk-free rate of interest and specific risks relating to Integrity. The key input in forecasting revenue is based on new business, which is forecast to grow based on new business targets, attrition and estimated impact of market performance. The revenue growth forecasts range between 8% and 13% annually over the five-year period. Revenue growth is forecast using new business targets, expected outflows and estimated impact of market performance on AUM. Expenditure growth is forecast to increase by between 4% and 6% annually over the five-year period, which includes consideration for reasonable allocated costs. The underlying methodology for allocating costs is reviewed by management each year when preparing the value-in-use calculations to ensure the methodology remains appropriate. In the current year, this resulted in a change to the allocation metrics used within the five-year forecast. The period covered is five years and the forecasts are based on management's growth projections for the business based on its strategic objectives, taking into account historic performance and prevailing market and economic conditions. The 2% long-term growth rate applied is considered prudent in the context of the long-term average growth rate for the funds, investment management and financial planning industries in which the CGU operates.

13. Intangible assets continued

The Directors do not believe that any reasonably possible change would result in an impairment; however, to provide additional analysis, sensitivity analysis has been performed to show what may be required for an impairment to be recognised.

- An increase of the pre-tax discount rate of 8% (FY23: 4%), from 14% to 22%, would result in an impairment.
- The perpetuity growth rate would need to reduce by 15% (FY23: 6%), from 2% to (13%), to result in an impairment.
- The forecast pre-tax cash inflows would need to reduce by 36% (FY23: 23%) each year to result in an impairment.

Adroit

Based on a value-in-use calculation, the recoverable amount of the Adroit CGU at 30 June 2024 was £12,854,000 (FY23: £12,121,000), giving a surplus over the Adroit CGU carrying amount of £2,769,000 indicating that there is no impairment. A pre-tax discount rate of 14% (FY23: 15%) has been used, based on the Group's assessment of the risk-free rate of interest and specific risks relating to Adroit. The key input in forecasting revenue is based on new business, which is forecast to grow based on new business targets, attrition and estimated impact of market performance. The revenue growth forecasts range between 9% and 15% annually over the five-year period. Revenue growth is forecast using new business targets, expected outflows and estimated impact of market performance on AUM. The inputs to the forecast cash inflows over the next five financial years reflect historic actual growth and planned management activities and are considered to be reasonable in the current market and industry conditions. The 2% long-term growth rate applied is considered prudent in the context of the long-term average growth rate for the funds, investment management and financial planning industries in which the CGU operates.

The Directors do not believe that any reasonably possible change would result in an impairment; however, to provide additional analysis, sensitivity analysis has been performed to show what may be required for an impairment to be recognised.

- An increase of the pre-tax discount rate of 3% (FY23: 1%), from 14% to 17%, would result in an impairment.
- The perpetuity growth rate would need to reduce by 4% (FY23: 6%), from 2% to (2%), to result in an impairment.
- The forecast pre-tax cash inflows would need to reduce by 9% (FY23: 8%) each year to result in an impairment.

b. Computer software

Costs incurred on internally developed computer software are initially recognised at cost and, when the software is available for use, the costs are amortised on a straight-line basis over an estimated useful life of four years, with some specific projects amortised over longer useful economic lives ("UELs") based on their size and usability.

c. Acquired client relationship contracts

This asset represents the fair value of future benefits accruing to the Group from acquired client relationship contracts. The amortisation of client relationships is charged to the Consolidated statement of comprehensive income on a straight-line basis over their estimated useful lives (6 to 20 years).

During the prior year ended 30 June 2023, the Group acquired client relationship contracts totalling £3,156,000 and £2,931,000, as part of the Integrity and Adroit acquisitions, respectively (Note 10), which were recognised as separately identifiable intangible assets in the Condensed consolidated statement of financial position, with UEL of 15 years.

d. Contracts acquired with fund managers

This asset represents the fair value of the future benefits accruing to the Group from contracts acquired with fund managers. Payments made to acquire such contracts are stated at cost and amortised on a straight-line basis over a UEL of five years.

14. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	IT equipment £'000	Total £'000
Cost				
At 1 July 2022	2,688	741	1,246	4,675
Additions	477	74	194	745
Disposals	(19)	(173)	(474)	(666)
At 30 June 2023	3,146	642	966	4,754
Additions	**13**	**47**	**23**	**83**
Disposals	**(11)**	**(3)**	**(3)**	**(17)**
At 30 June 2024	**3,148**	**686**	**986**	**4,820**
Accumulated depreciation				
At 1 July 2022	1,131	513	829	2,473
Depreciation charge	535	102	187	824
Depreciation on disposals	(19)	(173)	(474)	(666)
At 30 June 2023	1,647	442	542	2,631
Depreciation charge	**571**	**95**	**190**	**856**
Depreciation on disposals	**(11)**	**(3)**	**(3)**	**(17)**
At 30 June 2024	**2,207**	**534**	**729**	**3,470**
Net book value				
At 1 July 2022	1,557	228	417	2,202
At 30 June 2023	1,499	200	424	2,123
At 30 June 2024	**941**	**152**	**257**	**1,350**

During the year ended 30 June 2024, the Group conducted a review of the property, plant and equipment assets and retired assets from the fixed asset register with a £nil net book value, and no longer used in the business. This resulted in disposals of property, plant and equipment with cost and accumulated depreciation both totalling £17,000.

Property, plant and equipment net book value totalling £1,062,000 at 30 June 2024 are recognised in the United Kingdom and £288,000 are recognised in the Channel Islands.

15. Right-of-use assets

	Cars £'000	Property £'000	Total £'000
Cost			
At 1 July 2022	328	9,425	9,753
Additions	470	713	1,183
At 30 June 2023	798	10,138	10,936
Additions	**174**	**1,125**	**1,299**
Adjustment on change of lease terms	**(91)**	**(315)**	**(406)**
At 30 June 2024	**881**	**10,948**	**11,829**
Accumulated depreciation			
At 1 July 2022	37	4,745	4,782
Depreciation charge	158	1,667	1,825
At 30 June 2023	195	6,412	6,607
Depreciation charge	**210**	**1,929**	**2,139**
Adjustment on change of lease terms	**50**	**(192)**	**(142)**
At 30 June 2024	**455**	**8,149**	**8,604**
Net book value			
At 1 July 2022	291	4,680	4,971
At 30 June 2023	603	3,726	4,329
At 30 June 2024	**426**	**2,799**	**3,225**

The Group offers a car leasing arrangement to provide a salary sacrifice car leasing scheme for employees. Each vehicle leased to individual employees creates a separate right-of-use asset and lease liability measured at present value of the remaining lease payments, discounted using the lessee's estimated incremental borrowing rate (see Note 22).

The property additions relate to six new leases that commenced during the year ended 30 June 2024.

Right-of-use assets net book value totalling £2,823,000 at 30 June 2024 are recognised in the United Kingdom and £402,000 are recognised in the Channel Islands.

16. Financial assets held at amortised cost

	2024 £'000	2023 £'000
At 1 July	**–**	–
Additions	**29,978**	–
Implied interest income	**197**	–
Contractual coupons received	**(212)**	–
At 30 June	**29,963**	–

During the year ended 30 June 2024, the Group invested £29,978,000 in UK Government Investment Loan and Treasury Stock ("Gilts"). The Gilts carry coupon rates ranging from 1.5%-4.5% per annum and have maturity dates ranging from 2026-28. Investments in Gilts are classified as financial assets at amortised cost.

17. Financial assets at fair value through other comprehensive income

	2024 £'000	2023 £'000
At 1 July	**500**	500
Change in fair value	**–**	–
At 30 June	**500**	500

At 30 June 2024, the Group held an investment of redeemable £500,000 preference shares in an unlisted company incorporated in the UK. The preference shares carry an entitlement to a fixed preferential dividend at a rate of 4% per annum. Unlisted preference shares are classified as financial assets at fair value through other comprehensive income.

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

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

17. Financial assets at fair value through other comprehensive income continued

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
At 1 July 2023	825	–	500	1,325
Additions	–	–	–	–
Financial assets held at amortised cost	**29,963**	–	–	**29,963**
Changes in fair value	**80**	–	–	**80**
At 30 June 2024	**30,868**	–	**500**	**31,368**
Comprising:				
Financial assets at fair value through other comprehensive income	–	–	**500**	**500**
Financial assets held at amortised cost (Note 16)	**29,963**	–	–	**29,963**
Financial assets at fair value through profit and loss (Note 18)	**905**	–	–	**905**
Total financial assets	**30,868**	–	**500**	**31,368**

The Level 3 assets include unlisted preference shares, which are valued using a perpetuity income model, based upon the preference dividend cash flows. The fair value of the assets are not deemed to be impacted by changes in the unobservable inputs as the dividend cash flows are contractual.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial liabilities				
At 1 July 2023	–	–	1,467	1,467
Finance cost of deferred contingent consideration	–	–	**13**	**13**
Change in fair value	–	–	**(3)**	**(3)**
Payments made	–	–	**(852)**	**(852)**
Share issues as consideration	–	–	**(625)**	**(625)**
At 30 June 2024	–	–	–	–
Comprising:				
Deferred contingent consideration (Note 24)	–	–	–	–
Total financial liabilities	–	–	–	–

The Level 3 financial liabilities consist of deferred contingent consideration, valued using the net present value of the expected future amounts payable. The key inputs are management-approved forecasts and expectations against the criteria of the deferred contingent consideration to set expectations of future amounts payable. The deferred contingent consideration is reviewed and revalued at regular intervals over the deferred contingent consideration period (Note 24). The fair value is sensitive to the change in management-approved forecasts; however, at each reporting date, the relevant management-approved forecasts are deemed to be the most accurate and relevant input to the fair value measurement.

18. Financial assets at fair value through profit or loss

	2024 £'000	2023 £'000
At 1 July	**825**	784
Additions	**–**	30
Changes in fair value	**80**	11
At 30 June	**905**	825

The Group holds 500,000 shares in five of the SVS Cornelian Risk Managed Passive Funds. During the year ended 30 June 2024, the Group recognised a gain on these investments of £60,000. The Group's holding in the SVS Cornelian Risk Managed Passive Funds at 30 June 2024 was £652,000.

The Group previously invested £215,000 in the Blueprint Multi Asset Fund range across the various models within the fund range. During the year ended 30 June 2024, the Group recognised a gain on these investments of £20,000. The Group's holding in the Blueprint Multi Asset Fund range at 30 June 2024 was £253,000.

19. Net deferred tax liabilities

Deferred income tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. An analysis of the Group's deferred assets and deferred tax liabilities is shown below.

	2024		
	UK £'000	CI £'000	Total £'000
Deferred tax assets			
Share-based payments	**1,901**	**–**	**1,901**
Trading losses carried forward	**–**	**147**	**147**
Dilapidations	**111**	**1**	**112**
Accelerated capital allowances	**93**	**–**	**93**
Total deferred tax assets	**2,105**	**148**	**2,253**
Deferred tax liabilities			
Intangible asset amortisation	**(5,809)**	**(920)**	**(6,729)**
Accelerated capital allowances on research and development	**(918)**	**–**	**(918)**
Total deferred tax liabilities	**(6,727)**	**(920)**	**(7,647)**
Net deferred tax liabilities	**(4,622)**	**(772)**	**(5,394)**

19. Net deferred tax liabilities continued

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

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

	2024 £'000	2023 £'000
At 1 July	**(6,033)**	(4,957)
Additional liability on acquisition of client relationship intangible assets (Note 10)	**–**	(1,520)
Credit to the Consolidated statement of comprehensive income (Note 9)	**1,574**	779
Charge recognised in equity	**(935)**	(335)
At 30 June	**(5,394)**	(6,033)

19. Net deferred tax liabilities continued

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

	Share-based payments £'000	Trading losses carried forward £'000	Dilapidations £'000	Accelerated capital allowances £'000	Total £'000
Deferred tax assets					
At 1 July 2022	2,667	133	65	137	3,002
Over provision in prior years	–	174	–	–	174
Charge to the Consolidated statement of comprehensive income	1	56	54	27	138
Credit to equity	(335)	–	–	–	(335)
At 30 June 2023	2,333	363	119	164	2,979
Credit to the Consolidated statement of comprehensive income	**503**	**(216)**	**(7)**	**(71)**	**209**
Charge to equity	**(935)**	**–**	**–**	**–**	**(935)**
At 30 June 2024	**1,901**	**147**	**112**	**93**	**2,253**

	2024 £'000	2023 £'000
Deferred tax assets		
Deferred tax assets to be settled after more than one year	**1,061**	1,198
Deferred tax assets to be settled within one year	**1,192**	1,781
Total deferred tax assets	**2,253**	2,979

The carrying amount of the deferred tax asset is reviewed at each reporting date and is only recognised to the extent that it is probable that future taxable profits of the Group will allow the asset to be recovered. There is an amount of unrecognised deferred tax in relation to capital losses carried forward at 30 June 2024 of £859,000. A deferred tax asset is not recognised in these Consolidated financial statements, nor the Parent Company financial statements, on the basis that it is not probable that capital gains will be available against which capital losses can be offset.

19. Net deferred tax liabilities continued

The change in deferred income tax liabilities during the year is as follows:

	Accelerated capital allowances on research and development £'000	Intangible asset amortisation £'000	Total £'000
Deferred tax liabilities			
At 1 July 2022	389	7,570	7,959
Additional liability on acquisition of client relationship intangible assets	–	1,520	1,520
Credit to the Consolidated statement of comprehensive income	(117)	(934)	(1,051)
Over provision in prior year	584	–	584
At 30 June 2023	856	8,156	9,012
Credit to the Consolidated statement of comprehensive income	**62**	**(1,427)**	**(1,365)**
At 30 June 2024	**918**	**6,729**	**7,647**

	2024 £'000	2023 £'000
Deferred tax liabilities		
Deferred tax liabilities to be settled after more than one year	**(6,641)**	(7,777)
Deferred tax liabilities to be settled within one year	**(1,006)**	(1,235)
Total deferred tax liabilities	**(7,647)**	(9,012)

20. Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	**2,899**	2,820
Other receivables	**496**	1,452
Prepayments and accrued income	**25,666**	29,270
Total current trade and other receivables	**29,061**	33,542

The credit risk balance is immaterial in relation to trade receivables; refer to Note 31(c) for details on the credit risk assessment. Accrued income includes portfolio management fee income for the quarter ended 30 June 2024, outstanding at the Consolidated statement of financial position date.

Notes to the consolidated financial statements

For the year ended 30 June 2024

21. Cash and cash equivalents

Cash and cash equivalents are distributed across a range of financial institutions with high credit ratings in accordance with the Group's treasury policy. Cash at bank comprises current accounts and immediately accessible deposit accounts.

22. Lease liabilities

	Cars £'000	Property £'000	Total £'000
At 1 July 2022	292	5,735	6,027
Additions	470	713	1,183
Payments made	(169)	(2,135)	(2,304)
Finance cost of lease liabilities	18	217	235
At 30 June 2023	611	4,530	5,141
Additions	**174**	**1,157**	**1,331**
Adjustment on change of lease terms	**(142)**	**(175)**	**(317)**
Payments made	**(225)**	**(2,311)**	**(2,536)**
Finance cost of lease liabilities	**21**	**174**	**195**
At 30 June 2024	**439**	**3,375**	**3,814**
Analysed as:			
Amounts falling due within one year	**194**	**1,975**	**2,169**
Amounts falling due after more than one year	**245**	**1,400**	**1,645**
Total lease liabilities	**439**	**3,375**	**3,814**

The Group offers a car leasing arrangement to provide a salary sacrifice car leasing scheme for employees. Each vehicle leased to individual employees creates a separate right-of-use asset (Note 15) and lease liability measured at present value of the remaining lease payments, discounted using the lessee's estimated incremental borrowing rate.

The Group is party to leases as lessee in relation to property agreements for the use of office space. All leases are accounted for by recognising a right-of-use asset and a lease liability at the lease commencement data. Lease liabilities are initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the Group is required to dismantle, remove or restore the asset. Additionally, they may be re-measured to reflect reassessment due to lease modifications.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Additionally, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

If the Group revises its estimate of the term of any lease, it will adjust the carrying amount of the lease liability to reflect the payments to be made over the revised term, discounted at the revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

23. Provisions

	Client compensation £'000	FSCS levy £'000	Leasehold dilapidations £'000	Tax-related £'000	Total £'000
At 1 July 2022	112	386	367	280	1,145
Charge to the Consolidated statement of comprehensive income	579	239	260	–	1,078
Utilised during the year	(441)	(458)	(2)	–	(901)
At 30 June 2023	250	167	625	280	1,322
Charge to the Consolidated statement of comprehensive income	**640**	**691**	**83**	**–**	**1,414**
Utilised during the year	**(295)**	**(167)**	**(268)**	**–**	**(730)**
At 30 June 2024	**595**	**691**	**440**	**280**	**2,006**
Analysed as:					
Amounts falling due within one year	**595**	**691**	**62**	**280**	**1,628**
Amounts falling due after more than one year	**–**	**–**	**378**	**–**	**378**
Total provisions	**595**	**691**	**440**	**280**	**2,006**

a. Client compensation

Client compensation provisions relate to the potential liability arising from client complaints against the Group. Complaints are assessed on a case-by-case basis and provisions for compensation are made where judged necessary. The amount recognised within provisions for client compensation represents management's best estimate of the potential liability. The timing of the corresponding outflows is uncertain as these are made as and when claims arise.

b. FSCS levy

Following confirmation by the FSCS in July 2024 of its final industry levy for the 2024/25 scheme year, the Group has made a provision of £691,000 (FY23: £167,000) for its estimated share.

c. Leasehold dilapidations

Leasehold dilapidations relate to dilapidation provisions expected to arise on leasehold premises held by the Group, and monies due under the contract with the assignee of leases on the Group's leased properties.

d. Tax-related

Tax-related provisions relate to voluntary disclosures made by the Group to HM Revenue and Customs ("HMRC") following an input VAT review carried out by the Group during FY23.

24. Deferred contingent consideration

Deferred contingent consideration payable is split between non-current liabilities and current liabilities to the extent that it is due for payment within one year of the reporting date. It reflects the Directors' best estimate of amounts payable in the future in respect of certain client relationships and subsidiary undertakings that were acquired by the Group. Deferred contingent consideration is measured at its fair value based on discounted expected future cash flows. The movements in the total deferred contingent consideration balance during the year were as follows:

	2024 £'000	2023 £'000
At 1 July	**1,467**	327
Additions	**–**	1,240
Finance cost of deferred contingent consideration	**13**	61
Fair value adjustments	**(3)**	173
Share issues as consideration	**(625)**	–
Payments made during the year	**(852)**	(334)
At 30 June	**–**	1,467
Analysed as:		
Amounts falling due within one year	**–**	1,467
Amounts falling due after more than one year	**–**	–
Total deferred consideration	**–**	1,467

During the year ended 30 June 2023, the Group completed the Integrity Wealth Solutions Limited acquisition, and an additional client book later in the year, and part of the consideration is to be deferred over a period of one to three years. The total cash deferred contingent consideration of £1,505,000 was recognised at its fair value of £1,240,000 on acquisition. The deferred contingent consideration was payable in May 2024 and October 2025 based on the future revenue generated by the discretionary business acquired. The Integrity Wealth Solutions Limited deferred contingent consideration was renegotiated at 30 June 2023, and it was agreed that £1,250,000 was to be paid to the vendors of Integrity Wealth Solutions Limited, settled in cash of £625,000 and Brooks Macdonald Group plc shares valued at £625,000. As a result, a change in fair value of the contingent consideration of £173,000 was recognised for the year ended 30 June 2023. This revised deferred contingent consideration was settled during the year ended 30 June 2024.

During the year ended 30 June 2023, the final payment was made in relation to the acquisition of the Lloyds Channel Islands business totalling £334,000. Full details of the Lloyds acquisition are disclosed in Note 10 of the 2021 Annual Report and Financial Statements.

Deferred contingent consideration is classified as Level 3 within the fair value hierarchy, as defined in Note 17.

25. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	**3,728**	4,003
Other taxes and social security	**2,767**	2,741
Other payables	**–**	30
Accruals and deferred income	**21,394**	15,747
Total trade and other payables	**27,889**	22,521

Included within accruals and deferred income is an accrual of £324,000 (FY23: £428,000) in respect of employer's National Insurance contributions arising from share option awards under the LTIS (Note 30(b)). The options have been valued using a Black–Scholes model based on the market price of the Company's shares at the grant date (Note 30).

26. Other non-current liabilities

	2024 £'000	2023 £'000
At 1 July	**783**	570
Additional liability in respect of share option awards	**128**	731
Transfer to non-current liabilities	**(324)**	(518)
At 30 June	**587**	783

Other non-current liabilities include employer's National Insurance contributions arising from share option awards under the LTIS and LTIP schemes. During the year, an additional liability was recognised of £128,000 (FY23: £731,000) in respect of existing awards, granted in previous years, that are expected to vest in the future. During the year, an amount of £324,000 (FY23: £518,000) was transferred to current liabilities, reflecting awards that are expected to vest within the next 12 months. At 30 June 2024, the non-current liability for employer's National Insurance contributions arising from share option awards under the LTIS and LTIP schemes was £587,000 (FY23: £783,000).

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

	2024 £'000	2023 £'000
Operating profit	**20,411**	21,408
Adjustments for:		
Amortisation of intangible assets	**7,451**	6,832
Depreciation of property, plant and equipment	**856**	824
Depreciation of right-of-use assets	**2,139**	1,825
Other (gains)/losses - net	**(83)**	162
Decrease/(increase) in receivables	**4,391**	(2,215)
Increase/(decrease) in payables	**5,276**	(1,526)
Increase/(decrease) in provisions	**684**	(147)
(Decrease)/increase in other non-current liabilities	**(196)**	244
Share-based payments charge	**2,407**	2,686
Net cash inflow from operating activities	**43,336**	30,093

28. Share capital and share premium account

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

	Number of shares	Exercise price p	Share capital £'000	Share premium account £'000	Total £'000
At 1 July 2022	16,205,542		162	79,141	79,303
Shares issued:					
– on exercise of options	1,866	1,710.0 – 2,400.0	–	30	30
– to Sharesave Scheme	140,171	1,172.0 – 1,704.0	1	1,660	1,661
– of consideration for the acquisition of Integrity	52,084	1,900.0 – 1,920.0	1	999	1,000
At 30 June 2023	16,399,663		164	81,830	81,994
Shares issued:					
– on exercise of options	**8,554**	**1,381.0 – 1,725.0**	**–**	**135**	**135**
– to Sharesave Scheme	**35,488**	**1,172.0 – 1,988.0**	**1**	**545**	**546**
– of consideration for the acquisition of Integrity	**28,748**	**1,900.0 – 2,174.0**	**–**	**625**	**625**
At 30 June 2024	**16,472,453**		**165**	**83,135**	**83,300**

The total number of ordinary shares issued and fully paid at 30 June 2024 was 16,472,453 (FY23: 16,399,663) with a par value of 1p per share.

There was £1,306,000 share capital issued on exercise of options and to Sharesave Scheme members in the year ended 30 June 2024 (FY23: £2,691,000).

Employee Benefit Trust

The Group established an Employee Benefit Trust ("EBT") on 3 December 2010 to acquire ordinary shares in the Company to satisfy awards under the Group's Long-Term Incentive Scheme; see Note 30(b). At 30 June 2024, the EBT held 421,938 (FY23: 552,633) 1p ordinary shares in the Company, acquired for a total consideration of £19,100,000 (FY23: £16,950,000) with a market value of £8,228,000 at 30 June 2024 (FY23: £11,633,000). They are classified as treasury shares in the Consolidated statement of financial position, their cost being deducted from retained earnings within shareholders' equity.

29. Retained earnings and other reserves

The movements in retained earnings during the year were as follows:

	2024 £'000	2023 £'000
At beginning of the year	**66,238**	59,160
Profit for the financial year	**6,457**	18,149
Transfer from share option reserve	**4,221**	3,201
Purchase of own shares by Employee Benefit Trust	**(2,150)**	(2,850)
Dividends paid	**(12,094)**	(11,422)
At end of the year	**62,672**	66,238

The movements in other reserves during the year were as follows. All movements relate to movement on the share option reserve:

	2024 £'000	2023 £'000
At beginning of the year	**8,920**	9,970
Share-based payments	**2,407**	2,686
Transfer to retained earnings	**(4,221)**	(3,201)
Tax charge on share-based payments	**(935)**	(335)
At end of the year	**6,171**	8,920

Other reserves comprise the following balances:

	2024 £'000	2023 £'000
Share option reserve	**6,171**	8,920
Merger reserve	**192**	192
Total other reserves	**6,363**	9,112

a. Share option reserve

The share option reserve represents the cumulative charge to the Consolidated statement of comprehensive income for the Group's equity-settled share-based payment schemes, as described in Note 30.

b. Merger reserve

The merger reserve arises when the consideration and nominal value of the shares issued during a merger and the fair value of assets transferred during the business combination differ.

30. Equity-settled share-based payments

All share options granted to employees under the Group's equity-settled share-based payment schemes are valued using the Black–Scholes model, based on the market price of the Company's shares at the grant date and annualised volatility of up to 50%, covering the period to the end of the contractual life. Volatility has been estimated on the basis of the Company's historical share price subsequent to flotation. The risk-free annual rate of interest is deemed to be the yield on a gilt-edged security with a maturity term between seven months and five years, ranging from 0.01% to 2.00%. No options outstanding at 30 June 2024 (FY23: none) carry any dividend or voting rights.

The share options in issue under the various equity-settled share-based payment schemes have been valued at prices ranging from £7.35 to £16.49 per share. The charge to the Consolidated statement of comprehensive income for the year in respect of these was £2,407,000 (FY23: £2,686,000). The weighted average remaining contractual life of all equity-settled share-based payment schemes at 30 June 2024 was 1.36 years (FY23: 1.17 years). The weighted average share price of all options exercised during the year was £18.32 (FY23: £19.34).

A summary of the inputs into the fair value calculations for options granted during the year is set out below.

	Long-Term Incentive Plan	Save As You Earn ("SAYE")
Grant date	Various	01/06/2024
Share price at grant	£16.50 - £18.05	£20.60
Vesting period	27 – 51 months	36 months
Volatility	35.34 – 38.06%	38.01%
Annual dividend	4.26 – 4.73%	3.79%
Risk-free rate	3.95 – 4.92%	4.07%
Option value	£14.33 – £16.49	£7.35

The exercise price and fair value of share options granted during the year were as follows:

	Exercise price £	Fair value £	Number of options
Long-Term Incentive Plan	–	14.33 – 16.49	232,851
Employee Sharesave Scheme	14.62	7.35	63,603

30. Equity-settled share-based payments continued

a. Long-Term Incentive Plan

The Long-Term Incentive Plan was approved by shareholders at the 2018 Annual General Meeting and encompasses annual deferral of bonuses into a Deferred Bonus Plan ("DBP"), Long-Term Incentive Plan ("LTIP") awards made to senior management, and Exceptional Share Option Awards ("ESOA"). Certain ESOA grants carry performance conditions. All awards are subject to continued employment and are made at the discretion of the Remuneration Committee. No awards expired during the year (FY23: 1,452).

	2024		2023	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
At 1 July	**687,360**	**–**	711,763	–
Awarded in the year	**232,851**	**–**	306,603	–
Exercised in the year	**(252,507)**	**–**	(168,107)	–
Forfeited in the year	**(58,541)**	**–**	(162,899)	–
At 30 June	**609,163**	**–**	687,360	–

i. Deferred Bonus Plan ("DBP") Awards

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2024 Number of options	2023 Number of options
2018	–	2019 – 2021	**2,694**	12,491
2019	–	2020 – 2022	**8,278**	13,132
2020	–	2021 – 2023	**17,071**	27,689
2021	–	2022 – 2024	**26,619**	44,239
2022	–	2023 – 2025	**54,931**	78,834
2023	–	2024 – 2026	**63,107**	–
All years			**172,700**	176,385

ii. Long-Term Incentive Plan ("LTIP") Awards

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2024 Number of options	2023 Number of options
2020	–	2023	**–**	10,128
2021	–	2024	**42,964**	44,619
2022	–	2025	**55,100**	59,088
2023	–	2026	**113,878**	–
All years			**211,942**	113,835

iii. Exceptional Share Option Awards ("ESOA")

The number of share options outstanding at the reporting date was as follows:

Financial year of grant	Exercise price £	Vesting period	2024 Number of options	2023 Number of options
2018	–	2018 – 2023	**7,460**	8,302
2019	–	2019 – 2024	**51,208**	122,092
2020	–	2020 – 2024	**23,449**	45,419
2021	–	2021 – 2024	**20,626**	116,580
2022	–	2022 – 2025	**21,870**	7,032
2023	–	2023 – 2026	**70,796**	97,715
2024	–	2024 – 2027	**29,112**	-
All years			**224,521**	397,140

30. Equity-settled share-based payments continued

b. Long-Term Incentive Scheme ("LTIS")

The Group made no new awards under the LTIS during the year. The conditional awards, which vest three years after the grant date, are subject to the satisfaction of specified performance criteria, measured over a three-year performance period. No awards expired during the year (FY23: none). Off-cycle awards were made in 2017 to senior executives to replace awards forfeited from previous employers.

	2024 Number of options	2023 Number of options
At 1 July	**5,442**	5,442
Exercised in the year	**(4,298)**	–
At 30 June	**1,144**	5,442

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2024 Number of options	2023 Number of options
2015	–	2018	**495**	1,077
2016	–	2019	**649**	1,416
2017 (off-cycle)	–	2020	**–**	2,949
All years			**1,144**	5,442

At 30 June 2024, options for schemes up to and including the 2017 scheme have vested and are able to be exercised.

c. Employee Benefit Trust ("EBT")

Brooks Macdonald Group plc established an Employee Benefit Trust on 3 December 2010 to acquire ordinary shares in the Company to satisfy awards under the LTIS and LTIP. All finance costs and administration expenses connected with the EBT are charged to the Consolidated statement of comprehensive income as they accrue. The EBT has waived its rights to dividends. The following table shows the number of shares held by the EBT that have not yet vested unconditionally.

	2024 Number of shares	2023 Number of shares
At 1 July	**552,633**	580,806
Acquired in the year	**123,918**	140,495
Exercised in the year	**(254,613)**	(168,668)
At 30 June	**421,938**	552,633

30. Equity-settled share-based payments continued

d. Company Share Option Plan ("CSOP")

The Company has established a Company Share Option Plan, which was approved by HMRC in November 2013. The CSOP is a discretionary scheme whereby employees or Directors are granted an option to purchase the Company's shares in the future at a price set on the date of the grant. The maximum award under the terms of the scheme is a total market value of £30,000 per recipient.

	2024		2023	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
At 1 July	**16,955**	**16.37**	18,821	16.32
Exercised in the year	**(8,554)**	**15.83**	(1,866)	15.89
At 30 June	**8,401**	**16.92**	16,955	16.37

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2024 Number of options	2023 Number of options
2013	14.52	2016	**–**	2,067
2014	13.81	2017	**725**	2,537
2015	17.19	2018	**5,236**	9,016
2016	17.25	2019	**2,440**	3,335
All years			**8,401**	16,955

At 30 June 2024, all options for the CSOP schemes have vested and are able to be exercised. No awards expired during the year under the CSOP schemes (FY23: none).

30. Equity-settled share-based payments continued

e. Employee Sharesave Scheme ("SAYE")

Under the scheme, employees can contribute up to £500 a month over a three-year period to acquire shares in the Company. At the end of the savings period, employees can elect to receive shares or receive their savings in cash.

	2024		2023	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
At 1 July	**225,003**	**15.23**	254,111	14.25
Granted in the year	**63,603**	**14.62**	161,518	19.35
Exercised in the year	**(31,958)**	**15.77**	(143,701)	11.85
Forfeited in the year	**(58,186)**	**15.51**	(46,925)	17.21
At 30 June	**198,462**	**14.87**	225,003	15.23

The number of share options outstanding at the reporting date was as follows:

Scheme year (grant date)	Exercise price £	Vesting period	2024 Number of options	2023 Number of options
2020	11.72	2023	**–**	7,611
2021	17.04	2024	**7,882**	36,473
2022	19.88	2025	**11,772**	21,911
2023	14.34	2026	**115,205**	159,008
2024	14.62	2027	**63,603**	–
All years			**198,462**	225,003

At 30 June 2024, options for the 2021 scheme have vested and are able to be exercised. No awards under the 2019 scheme expired during the year (FY23: 77).

31. Financial risk management

The Group has identified the financial risks arising from its activities and has established policies and procedures as part of a formal structure for managing risk, including establishing risk lines, reporting lines, mandates and other control procedures. The structure is reviewed regularly. The Group does not use derivative financial instruments for risk management purposes.

a. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The primary objective of the Group's treasury policy is to manage short-term liquidity requirements and to ensure that the Group maintains a surplus of immediately realisable assets over its liabilities, such that all known and potential cash obligations can be met.

The table below shows the undiscounted cash inflows and outflows from the Group under non-derivative financial assets and liabilities, together with cash and bank balances available on demand.

	On demand £'000	Not more than 3 months £'000	After 3 months but not more than 1 year £'000	After 1 year but not more than 6 years £'000	No fixed payment date £'000	Total £'000
At 30 June 2024						
Cash flows from financial assets						
Financial assets at amortised cost	**–**	**–**	**–**	**29,963**	**–**	**29,963**
Financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**500**	**–**	**500**
Financial assets at fair value through profit or loss	**–**	**–**	**–**	**–**	**905**	**905**
Cash and balances at bank	**44,731**	**–**	**–**	**–**	**–**	**44,731**
Trade receivables	**–**	**2,899**	**–**	**–**	**–**	**2,899**
Other receivables	**–**	**496**	**–**	**–**	**–**	**496**
	44,731	**3,395**	**–**	**30,463**	**905**	**79,494**
Cash flows from financial liabilities						
Trade payables	**–**	**(3,728)**	**–**	**–**	**–**	**(3,728)**
Other financial liabilities	**–**	**(25,618)**	**(2,206)**	**(2,032)**	**–**	**(29,856)**
	–	**(29,346)**	**(2,206)**	**(2,032)**	**–**	**(33,584)**
Net liquidity gap	**44,731**	**(25,951)**	**(2,206)**	**28,431**	**905**	**45,910**
At 30 June 2023						
Cash flows from financial assets						
Financial assets at fair value through other comprehensive income	–	–	–	–	500	500
Financial assets at fair value through profit or loss	–	–	–	–	825	825
Cash and balances at bank	53,355	–	–	–	–	53,355
Trade receivables	–	2,820	–	–	–	2,820
Other receivables	–	30,722	–	–	–	30,722
	53,355	33,542	–	–	1,325	88,222
Cash flows from financial liabilities						
Trade payables	–	(4,003)	–	–	–	(4,003)
Other financial liabilities	–	(20,825)	(2,120)	(4,286)	–	(27,231)
	–	(24,828)	(2,120)	(4,286)	–	(31,234)
Net liquidity gap	53,355	8,714	(2,120)	(4,286)	1,325	56,988

31. Financial risk management continued

b. Market risk

Interest rate risk

The Group may elect to invest surplus cash balances in short-term cash deposits with maturity dates not exceeding three months. Consequently, the Group has a limited exposure to interest rate risk due to fluctuations in the prevailing level of market interest rates.

A 1% fall in the average monthly interest rate receivable on the Group's cash and cash equivalents would have the impact of reducing interest receivable, and therefore profit before taxation by £447,000 (FY23: £534,000). An increase of 1% would have an equal and opposite effect.

Foreign exchange risk

The Group does not have any material exposure to transactional foreign currency risk, and therefore no analysis of foreign exchange risk is provided.

Price risk

Price risk is the risk that the fair value of the future cash flows from financial instruments will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to price risk through its holdings of equity securities and other financial assets, which are measured at fair value in the Consolidated statement of financial position (Notes 17 and 18). A 1% fall in the value of these financial instruments would have the impact of reducing total comprehensive income by £14,000 (FY23: £13,000). An increase of 1% would have an equal and opposite effect.

c. Credit risk

The Group may elect to invest surplus cash balances in highly liquid money market instruments with maturity dates not exceeding three months. The difference between the fair value and the net book value of these instruments is not material. To reduce the risk of a counterparty default, the Group deposits the rest of its funds in approved, high-quality banks. As part of the Group's strict due diligence assessment, there is a requirement for all banking counterparties to have a minimum credit rating of BBB+.

In line with the Group's corporate treasury policy, during the year ended 30 June 2024, the Group invested a proportion of surplus cash resources into UK Government bonds. The credit risk severity is considered minimal due to the inherent government backing. A minimum credit rating requirement for gilts as part of the Group's strategy has therefore been set at 'AA' which aligns to the current credit rating of UK Government bonds.

Assets exposed to credit risk recognised on the Consolidated statement of financial position total £44,732,000 (FY23: £53,355,000), being the Group's total cash and cash equivalents.

Trade receivables with a carrying amount of £2,899,000 (FY23: £2,820,000) are neither past due nor impaired. Trade receivables have no external credit rating as they relate to individual clients, although the value of investments held in each individual client's portfolio is always in excess of the total value of the receivable. All trade receivables fall due within one year (FY23: one year).

32. Capital management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves of the Company. Total capital at 30 June 2024 was £152,335,000 (FY23: £157,344,000). Regulatory capital is derived from the Group's Internal Capital Adequacy and Risk Assessment ("ICARA"), which is a requirement of the Investment Firm Prudential Regime ("IFPR"). The ICARA draws on the Group's risk management process that is embedded within the individual businesses, function heads and executive committees within the Group.

The Group's objectives, when managing capital, are to comply with the capital requirements set by the FCA, to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the business.

The Group assesses the adequacy of its own funds on a consolidated and legal entity basis on a frequent basis. This includes continuous monitoring of 'K-factor' variables, which captures the variable nature of risk involved in the Group's business activities. A regulatory capital update is additionally provided to senior management on a monthly basis alongside a rolling 12-month regulatory capital forecast. In addition to this, the Group has implemented a number of 'Key Risk Indicators', which act as early warning signs with the aim of notifying senior management if own funds misalign with the Group's risk appetite and internal thresholds.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. The Group's 2024 ICARA will be approved in December 2025. There have been no capital requirement breaches during the year. Brooks Macdonald Group plc's IFPR public disclosure is presented on our website at www.brooksmacdonald.com.

33. Contingent liabilities and guarantees

In the normal course of business, the Group is exposed to certain legal issues, which, in the event of a dispute, could develop into litigious proceedings and, in some cases, may result in contingent liabilities. Similarly, a contingent liability may arise in the event of a finding in respect of the Group's tax affairs, including the accounting for VAT, which could result in a financial outflow and/or inflow from the relevant tax authorities.

A claim for unspecified losses has been made by a client against Brooks Macdonald Financial Consulting Limited, a subsidiary of the Group, in relation to alleged negligent financial advice. The claimant has not yet advised the quantum of their claim so it is not possible to reliably estimate the potential impact of a ruling in their favour. There remains significant uncertainty surrounding the claim and the Group's legal advice indicates that it is not probable that the claim will be upheld; therefore no provision for any liability has been recognised at this stage.

Brooks Macdonald Asset Management Limited, a subsidiary company of the Group, has an agreement with the Royal Bank of Scotland plc to guarantee settlement for trading with CREST stock on behalf of clients. The Group holds client assets to fund such trading activity.

34. Related-party transactions

Transactions between the Company and its subsidiaries, which are related parties, are eliminated on consolidation. The Company's individual financial statements include the amounts attributable to subsidiaries. These amounts are disclosed in aggregate in the relevant company financial statements and in detail in the following table:

	Amounts owed by related parties		Amounts owed to related parties	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Brooks Macdonald Asset Management Limited	**–**	239	**14,654**	–
Brooks Macdonald Asset Management (International) Limited	**162**	83	**–**	–
Brooks Macdonald Funds Limited	**–**	–	**900**	900
Adroit Financial Planning Limited	**–**	–	**355**	–

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

35. Interest in unconsolidated structured entities

Structured entities are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who has control, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group's interests in consolidated and unconsolidated structured entities are described below.

The only consolidated structured entity is the Brooks Macdonald Group Employee Benefit Trust, details of which are given in Note 30.

The Group has interests in structured entities as a result of contractual arrangements arising from the management of assets on behalf of its clients. Assets under management within the UK Investment Management segment include those managed within structured entities. These structured entities consist of unitised vehicles such as OEICs, which entitle investors to a percentage of the vehicle's net asset value. The structured entities are financed by the purchase of units or shares by investors. As fund manager, the Group does not guarantee returns on its funds or commit to financially support its funds. Where external finance is raised, the Group does not provide a guarantee for the repayment of any borrowings. The business activity of all structured entities, in which the Group has an interest, is the management of assets in order to maximise investment returns for investors from capital appreciation and/or investment income. The Group earns a management fee from its structured entities, based on a percentage of the entity's net asset value.

The funds under management of unconsolidated structured entities within both the UK Investment Management and International segments total £1.945 billion (FY23: £2.079 billion). Included in the revenue on the Consolidated statement of comprehensive income is management fee income of £12,148,000 (FY23: £13,722,000) from unconsolidated structured entities managed by the Group.

36. Events since the end of the year

On 11 September 2024, the Group determined the sale of its International business (the International segment in Note 3) was highly probable following the previously announced strategic review. The Group have exchanged contracts for the sale of Brooks Macdonald Asset Management (International) Limited, and its wholly owned subsidiaries for estimated gross proceeds of £50,850,000, inclusive of total deferred contingent consideration amounts, with completion expected by March 2025. The Group and Parent Company expects to make a gain on disposal and no impairment is required. As at 30 June 2024, the sale of the International business was not deemed as highly probable and did not meet the criteria for reclassification to assets held for sale under IFRS 5 as the sale was at its early stages.

Post 30 June 2024, the Group received confirmation from HMRC that its AIM Portfolio Service could be treated as exempt from VAT. As a result, the Group is awaiting a refund from HMRC in respect of VAT arising on those services during the period from 31 December 2019 to 30 September 2023 of £2,249,000. This is being treated as a non-adjusting post balance sheet event.

Company Financial Statements

Company statement of financial position

As at 30 June 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investment in subsidiaries	41	**102,411**	110,302
Financial assets at fair value through other comprehensive income	42	**500**	500
Financial assets at amortised cost	43	**29,963**	–
Total non-current assets		**132,874**	110,802
Current assets			
Trade and other receivables	44	**260**	354
Cash and cash equivalents		**12,525**	17,300
Total current assets		**12,785**	17,654
Total assets		**145,659**	128,456
Liabilities			
Current liabilities			
Trade and other payables	46	**(18,365)**	(2,486)
Deferred contingent consideration	45	**–**	(1,250)
Corporation tax payable		**(2)**	(2)
Total current liabilities		**(18,367)**	(3,738)
Net assets		**127,292**	124,718
Equity			
Share capital	48	**165**	164
Share premium account	48	**83,135**	81,830
Share option reserve		**5,618**	7,432
Retained earnings		**38,374**	35,292
Total equity		**127,292**	124,718

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own Statement of comprehensive income for the year ended 30 June 2024; Brooks Macdonald Group plc reported profit after tax for the year ended 30 June 2024 of £13,105,000 (FY23: £21,014,000).

The Company financial statements on pages 162 to 171 were approved by the Board of Directors and authorised for issue on 11 September 2024, and signed on their behalf by

Andrew Shepherd
CEO

Andrea Montague
CEO Designate and Chief Financial Officer

Company registration number: 4402058
The accompanying notes on pages 165 to 171 form an integral part of the Company financial statements.

Company statement of changes in equity

For the year ended 30 June 2024

	Note	Share capital £'000	Share premium account £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2022		162	79,141	7,947	25,349	112,599
Comprehensive income						
Profit for the year	39	–	–	–	21,014	21,014
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	21,014	21,014
Transactions with owners						
Issue of ordinary shares		2	2,689	–	–	2,691
Share-based payments		–	–	2,686	–	2,686
Share options exercised		–	–	(3,201)	3,201	–
Purchase of own shares by Employee Benefit Trust		–	–	–	(2,850)	(2,850)
Dividends paid	40	–	–	–	(11,422)	(11,422)
Total transactions with owners		2	2,689	(515)	(11,071)	(8,896)
Balance at 30 June 2023		164	81,830	7,432	35,292	124,718
Comprehensive income						
Profit for the year	39	**–**	**–**	**–**	**13,105**	**13,105**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**
Total comprehensive income		**–**	**–**	**–**	**13,105**	**13,105**
Transactions with owners						
Issue of ordinary shares		**1**	**1,305**	**–**	**–**	**1,306**
Share-based payments		**–**	**–**	**2,407**	**–**	**2,407**
Share options exercised		**–**	**–**	**(4,221)**	**4,221**	**–**
Purchase of own shares by Employee Benefit Trust		**–**	**–**	**–**	**(2,150)**	**(2,150)**
Dividends paid	40	**–**	**–**	**–**	**(12,094)**	**(12,094)**
Total transactions with owners		**1**	**1,305**	**(1,814)**	**(10,023)**	**(10,531)**
Balance at 30 June 2024		**165**	**83,135**	**5,618**	**38,374**	**127,292**

The accompanying notes on pages 165 to 171 form an integral part of the Company financial statements.

Company statement of cash flows

For the year ended 30 June 2024

	Note	2024 £'000	2023 £'000
Cash flow from operating activities			
Cash generated from operations	47	**34,362**	27,339
Net cash generated from operating activities		**34,362**	27,339
Cash flows from investing activities			
Consideration paid on purchase of investment in subsidiaries		**–**	(15,862)
Capital contribution from subsidiaries relating to share-based payments		**4,215**	6,817
Investment in financial assets held at amortised cost	43	**(29,978)**	–
Finance income		**814**	47
Deferred contingent consideration paid	45	**(625)**	–
Net cash used in investing activities		**(25,575)**	(8,998)
Cash flows from financing activities			
Proceeds of issue of shares	48	**681**	1,691
Purchase of own shares by Employee Benefit Trust		**(2,150)**	(2,850)
Dividends paid to shareholders	40	**(12,094)**	(11,422)
Net cash used in financing activities		**(13,563)**	(12,581)
Net (decrease)/increase in cash and cash equivalents		**(4,775)**	5,760
Cash and cash equivalents at beginning of year		**17,300**	11,540
Cash and cash equivalents at end of year		**12,525**	17,300

The accompanying notes on pages 165 to 171 form an integral part of the Company financial statements.

Notes to the Company financial statements

For the year ended 30 June 2024

37. Principal accounting policies

General information

Brooks Macdonald Group plc (the "Company") is the Parent Company of a group of companies. The Company is a public limited company, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and listed on AIM. The address of its registered office is 21 Lombard Street, London, EC3V 9AH, England.

Statement of compliance

The individual Financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These Financial statements have been prepared on a historical cost basis, except for the revaluation of financial assets at fair value through other comprehensive income, financial assets held at amortised cost and deferred contingent consideration such that they are measured at their fair value.

Developments in reporting standards and interpretations

The Company's accounting policies, which have been applied in preparing these Financial statements, are consistent with those disclosed in the Annual Report and Accounts for the year ended 30 June 2023, other than where new policies have been adopted. Developments in reporting standards and interpretations are set out in Note 2(c) to the Consolidated financial statements.

The principal accounting policies adopted are set out below:

a. Basis of preparation

The Financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets at fair value through other comprehensive income and deferred contingent consideration such that they are measured at their fair value.

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

b. Investments in subsidiary companies

Where the Company has investments in subsidiary companies whereby one entity (the "subsidiary") is controlled by another entity (the "Parent"), the investments are stated at cost less, where appropriate, provision for impairment. The carrying values of investments in subsidiary companies are reviewed annually to determine whether any indicator of impairment exists. Any impairment is recognised immediately in the Statement of comprehensive income and is not subsequently reversed.

c. Subsidiary company guarantees and contingent liabilities

As required by Section 479C of the Companies Act, the Company guarantees all outstanding liabilities to which its unaudited subsidiary companies are subject at the end of the financial year. Where the outflow is not probable or cannot be reliably measured, the potential obligation is disclosed as a contingent liability in the Financial statements.

d. Retirement benefit costs

Contributions in respect of the Group's defined contribution pension scheme are recognised in the Statement of comprehensive income as they fall due.

e. Employee Benefit Trust

Where the Company holds its own equity shares through an Employee Benefit Trust, these shares are shown as a reduction in shareholders' equity. Any consideration paid or received for the purchase or sale of these shares is shown as a reduction in the reconciliation of movements in shareholders' funds. No gain or loss is recognised in the Statement of comprehensive income on the purchase, sale, issue or cancellation of these shares.

38. Critical accounting judgements and key sources of estimation and uncertainty

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of currently available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, the Directors believe that the accounting policies, where important estimations are used, relate to the measurement of intangible assets and the estimation of the fair value of share-based payments.

The preparation of the Company's Financial statements includes the use of estimates and assumptions. The significant accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1, 'Presentation of Financial Statements', are the pre-tax discount rate and perpetuity growth rate used to calculate the Brooks Macdonald International net present value, used within the investments within subsidiaries impairment review.

The Consolidated financial statements include other areas of judgement and accounting estimates. Whilst these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties. The other areas of judgement and accounting estimates are the pre-tax discount rate and perpetuity growth rate used within the investment in subsidiaries impairment reviews, and the inputs into the Black-Scholes model used to value the Company's equity-settled share-based payments.

38. Critical accounting judgements and key sources of estimation and uncertainty continued

The underlying assumptions and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised only if the revision affects both current and future periods.

Further information about key assumptions and sources of estimation uncertainty is set out below.

Investment in subsidiaries

The Company's investment in subsidiaries is reviewed annually for impairment, or when a change in circumstances indicates that it might be impaired. When required, the recoverable amounts of subsidiaries are determined by value-in-use calculations, which require the use of estimates to derive the projected future cash flows attributable to each subsidiary. If the projected cash flows cannot support the cost of investment, an impairment in the investment in subsidiary may be required. Details of the investment in subsidiaries are given in Note 41.

39. Profit for the year

Brooks Macdonald Group plc reported profit after tax for the year ended 30 June 2024 of £13,105,000 (FY23: £21,014,000). Auditors' remuneration is disclosed in Note 7 of the Consolidated financial statements. The average monthly number of employees during the year was eight (FY23: eight). Directors' emoluments are set out in Note 5(d) of the Consolidated financial statements.

40. Dividends

Details of the Company's dividends paid and proposed, subject to approval at the Annual General Meeting, are set out in Note 12 of the Consolidated financial statements.

41. Investment in subsidiaries

	Group undertakings £'000
Net book value	
At 1 July 2022	102,011
Additions	17,889
Impairment in subsidiary	(4,802)
Capital contributions to subsidiaries relating to share-based payments	2,686
Capital contributions from subsidiaries relating to share-based payments	(7,482)
At 30 June 2023	110,302
Impairment in subsidiaries	**(6,074)**
Capital contributions to subsidiaries relating to share-based payments	**2,398**
Capital contributions from subsidiaries relating to share-based payments	**(4,215)**
At 30 June 2024	**102,411**

During the year, the Company recognised an impairment in relation to a subsidiary company, Brooks Macdonald Asset Management (International) Limited of £5,768,000. Based on a value-in-use calculation, the recoverable amount of the International CGU for investment in subsidiary purposes at 30 June 2024 was £44,097,000. This fell short of the carrying amount of the Company's investment in Brooks Macdonald Asset Management (International) Limited by £5,768,000, resulting in an impairment charge recognised for this amount.

During the year, the Company recognised an impairment in relation to a subsidiary company, Braemar Group Limited of £306,000. The net assets of the Braemar Group CGU at 30 June 2024 was £3,813,000, which was below the carrying amount of the Company's investment in Braemar Group Limited by £306,000, resulting in an impairment charge recognised for this amount.

During the year, the Company provided capital contributions of £2,398,000 to underlying subsidiaries. During the year, the Company received capital contributions from underlying subsidiaries in relation to share options exercises of £4,215,000.

During the year ended 30 June 2023, the Company acquired the entire share capital of Integrity Wealth (Holdings) Limited, Integrity Wealth Bidco Limited and their subsidiary company, Integrity Wealth Solutions Limited at a cost of £7,087,000 and Adroit Financial Planning Limited at a cost of £11,261,000 (as disclosed in Note 10 of the Consolidated financial statements).

41. Investment in subsidiaries continued

Details of the Company's subsidiary undertakings at 30 June 2024, all of which were 100% owned and included in the Consolidated financial statements, are provided below:

Company	Type of shares and par value	Country of incorporation	Nature of business
Adroit Financial Planning Limited	Ordinary 1p	UK	Wealth management
Braemar Group Limited	Ordinary 1p	UK	Parent holding company
Brooks Macdonald Asset Management Limited	Ordinary £1	UK	Investment and wealth management
Brooks Macdonald Asset Management (International) Limited	Ordinary £1	Channel Islands	Investment and wealth management
Brooks Macdonald Financial Consulting Limited	Ordinary 5p	UK	Non-trading
Brooks Macdonald Funds Limited	Ordinary £1	UK	Non-trading
Brooks Macdonald International Fund Managers Limited	Ordinary £1	Channel Islands	Fund management
Brooks Macdonald International Nominees (Guernsey) Limited	Ordinary £1	Channel Islands	Non-trading
Brooks Macdonald Nominees Limited	Ordinary £1	UK	Non-trading
Cornelian Asset Managers Group Limited	Ordinary 20p	UK	Parent holding company
Cornelian Asset Managers Limited	Ordinary £1	UK	Fund management
Cornelian Asset Managers Nominees Limited	Ordinary £1	UK	Non-trading
Integrity Wealth (Holdings) Limited	Ordinary £1	UK	Parent holding company
Integrity Wealth Bidco Limited	Ordinary £1	UK	Non-trading
Integrity Wealth Solutions Limited	Ordinary £1	UK	Wealth management
Levitas Investment Management Services Limited	Ordinary £1	UK	Fund sponsor
Secure Nominees Limited	Ordinary £1	Channel Islands	Non-trading

The registered office for all subsidiaries is 21 Lombard Street, London, EC3V 9AH, except for the following:

Company	Registered office
Brooks Macdonald Asset Management (International) Limited	Third Floor, 1 Grenville Street, St Helier, Jersey, JE2 4UF
Brooks Macdonald International Fund Managers Limited	Third Floor, 1 Grenville Street, St Helier, Jersey, JE2 4UF
Brooks Macdonald International Nominees (Guernsey) Limited	Ground Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, GY1 2HT
Cornelian Asset Managers Group Limited	Hobart House, 80 Hanover Street, Edinburgh, EH2 1EL
Cornelian Asset Managers Limited	Hobart House, 80 Hanover Street, Edinburgh, EH2 1EL
Cornelian Asset Managers Nominees Limited	Hobart House, 80 Hanover Street, Edinburgh, EH2 1EL
Secure Nominees Limited	Suite 1, Block C, Hirzel Court, St. Peter Port, Guernsey, GY1 2NN

41. Investment in subsidiaries continued

Brooks Macdonald Group plc has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 30 June 2024:

- Adroit Financial Planning Limited
- Braemar Group Limited
- Brooks Macdonald Financial Consulting Limited
- Brooks Macdonald Funds Limited
- Brooks Macdonald Nominees Limited
- Cornelian Asset Managers Group Limited
- Cornelian Asset Managers Limited
- Cornelian Asset Managers Nominees Limited
- Integrity Wealth (Holdings) Limited
- Integrity Wealth Bidco Limited
- Integrity Wealth Solutions Limited
- Levitas Investment Management Services Limited
- Secure Nominees Limited

As a condition of the exemption, the Company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries at 30 June 2024 were £662,000.

42. Financial assets at fair value through other comprehensive income

	2024 £'000	2023 £'000
At beginning of year	**500**	500
Net changes in fair value	**–**	–
At end of year	**500**	500

At 30 June 2024, the Company held an investment of 500,000 redeemable £1 preference shares in an unlisted company incorporated in the UK. The preference shares carry an entitlement to a fixed preferential dividend at a rate of 4% per annum. Unlisted preference shares are classified as financial assets at fair value through other comprehensive income.

43. Financial assets at amortised cost

	2024 £'000	2023 £'000
At 1 July	**–**	–
Additions	**29,978**	–
Implied interest income	**197**	–
Contractual coupons received	**(212)**	–
At 30 June	**29,963**	–

During the year ended 30 June 2024, the Company invested £29,978,000 in UK Government Investment Loan and Treasury Stock ("Gilts"). The Gilts carry coupon rates ranging from 1.5%-4.5% per annum and have maturity dates ranging from 2026-28.

44. Trade and other receivables

	2024 £'000	2023 £'000
Amounts owed by subsidiary undertakings	**162**	322
Other receivables	**18**	–
Prepayments and accrued income	**80**	32
Total trade and other receivables	**260**	354

Amounts owed by subsidiary companies are unsecured, interest-free and repayable on demand.

45. Deferred contingent consideration

Deferred contingent consideration reflects the Directors' best estimate of amounts payable in the future in respect of certain client relationships and subsidiary undertakings that were acquired by the Company. Deferred contingent consideration is measured at its fair value based on discounted expected future cash flows. The movements in the total deferred contingent consideration balance during the year were as follows:

	2024 £'000	2023 £'000
At beginning of year	**1,250**	–
Additions	**–**	1,026
Finance cost of deferred contingent consideration	**–**	51
Fair value adjustments	**–**	173
Initial cash consideration	**(625)**	–
Shares consideration	**(625)**	–
At end of year	**–**	1,250
Analysed as:		
Amounts falling due within one year	**–**	1,250
Amounts falling due after more than one year	**–**	–
Total deferred contingent consideration	**–**	1,250

During the year ended 30 June 2023, the Company completed the Integrity Wealth Solutions Limited acquisition, and part of the consideration was to be deferred over a period of three years. The total cash deferred contingent consideration of £1,275,000 was recognised at its fair value of £1,026,000 on acquisition. The deferred contingent consideration was payable in October 2025 based on the future revenue generated by the discretionary business acquired. During the year, the Integrity Wealth Solutions Limited deferred contingent consideration was paid to the vendors of Integrity Wealth Solutions Limited, settled in cash of £625,000 and Brooks Macdonald Group plc shares valued at £625,000.

46. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	**171**	30
Amounts owed to subsidiary undertakings	**15,909**	900
Accruals and deferred income	**2,285**	1,556
Total trade and other payables	**18,365**	2,486

Amounts owed to subsidiary companies are unsecured, interest-free and repayable on demand. This balance has increased in line with treasury and cash management within the Group.

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

	2024 £'000	2023 £'000
Operating profit	**12,308**	21,018
Adjustments for:		
– Increase in payables	**15,512**	1,123
– Share-based payments	**374**	318
– Decrease/(increase) in receivables	**94**	(95)
– Changes in fair value of deferred contingent consideration	**–**	173
– Impairment of subsidiary	**6,074**	4,802
Net cash inflow from operating activities	**34,362**	27,339

48. Share capital and share premium account

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

	Number of shares	Share capital £'000	Share premium account £'000	Total £'000
At 1 July 2022	16,205,542	162	79,141	79,303
Shares issued:				
on exercise of options	1,866	–	30	30
to Sharesave Scheme	140,171	1	1,660	1,661
of consideration for the acquisition of Integrity	52,084	1	999	1,000
At 30 June 2023	16,399,663	164	81,830	81,994
Shares issued:				
on exercise of options	**8,554**	**–**	**135**	**135**
to Sharesave Scheme	**35,488**	**1**	**545**	**546**
of consideration for the acquisition of Integrity	**28,748**	**–**	**625**	**625**
At 30 June 2024	**16,472,453**	**165**	**83,135**	**83,300**

The total number of ordinary shares, issued and fully paid at 30 June 2024, was 16,472,453 (FY23: 16,399,663) with a par value of 1p per share. Excluding 421,938 (FY23: 552,633) treasury shares held by the Employee Benefit Trust, the Company had 16,050,515 (FY23: 15,847,030) ordinary 1p shares in issue as at 30 June 2024. Details of the shares issued are given in Note 28 of the Consolidated financial statements.

Employee Benefit Trust

The Company established an Employee Benefit Trust ("EBT") on 3 December 2010 to acquire ordinary shares in the Company to satisfy awards under the Group's Long-Term Incentive Scheme; see Note 30(c) to the Consolidated financial statements. All finance costs and administration expenses connected with the EBT are charged to the Statement of comprehensive income as they accrue. The EBT has waived its rights to dividends.

During the year, the EBT received instructions to exercise 254,613 (FY23: 168,668) options. The cost of the shares released on exercise of these options amounted to £4,986,000 (FY23: £3,388,000). At 30 June 2024, the number of shares held by the EBT was 421,938 (FY23: 552,633) with a market value of £8,228,000 (FY23: £11,633,000) acquired for a total consideration of £19,100,000 (FY23: £16,950,000). These shares are presented as treasury shares in the Company financial statements and the cost is deducted from retained earnings within shareholders' equity.

The Company has made annual awards under the LTIP to Executive Directors and other senior executives. The conditional awards, which vest three years after the grant date, are subject to the satisfaction of specified performance criteria, measured over a three-year performance period. All such conditional awards are made at the discretion of the Remuneration Committee.

49. Related-party transactions

The remuneration of key personnel of the Company, defined as the Company's Directors, is set out below:

	2024 £'000	2023 £'000
Short-term employee benefits	**2,227**	2,191
Post-employment benefits	**44**	45
Share-based payments	**64**	147
Total compensation	**2,335**	2,383

Dividends totalling £34,000 (FY23: £51,000) were paid in the year in respect of ordinary shares held by key management personnel and their close family members.

During the year, the Company entered into the following transactions with its subsidiaries:

	2024 £'000	2023 £'000
Dividends received:		
Brooks Macdonald Asset Management Limited	**24,500**	22,000
Cornelian Asset Managers Group Limited	**–**	8,253
Levitas Investment Management Services Limited	**300**	600
Total transactions with subsidiaries	**24,800**	30,853

The Company's balances with fellow Group companies at 30 June 2024 are set out in Note 35 to the Consolidated financial statements. All transactions with fellow Group companies are carried out at arm's length and all outstanding balances are to be settled in cash. None of the balances are secured and no provisions have been made for doubtful debts in respect of any of the amounts due from fellow Group companies.

50. Financial risk management objectives and policies

The financial risk management objectives and policies applied by the Company are in line with those of the Group as disclosed in Note 31 to the Consolidated financial statements.

51. Events since the end of the year

Refer to Note 36 of the Consolidated financial statements for the Group and Parent company's events since the end of the year.

Non-IFRS financial information

Non-IFRS financial information or alternative performance measures ("APMs") are used as supplemental measures in monitoring the performance of the Group. The adjustments applied to IFRS measures to compute the Group's APMs exclude income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item. The Board considers the disclosed APMs to be an appropriate reflection of the Group's performance.

The Group follows a rigorous process in determining whether an adjustment should be made to present an alternative performance measure compared to IFRS measures. For an adjustment to be excluded from underlying profit as an alternative performance measure compared to statutory profit, it must initially meet at least one of the following criteria:

- It is unusual in nature, e.g. outside the normal course of business and operations.
- It is a significant item, which may be recognised in more than one accounting period.
- It has been incurred as a result of an acquisition, disposal or a company restructure process.

The Group uses the below APMs:

APM	Equivalent IFRS measure	Definition and purpose
Underlying profit before tax	Statutory profit before tax	Calculated as profit before tax excluding income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item. It is considered by the Board to be an appropriate reflection of the Group's performance and considered appropriate for external analyst coverage and peer group benchmarking. See page 36 for a reconciliation of underlying profit before tax and statutory profit before tax, and an explanation for each item excluded in underlying profit before tax.
Underlying tax charge	Statutory tax charge	Calculated as the statutory tax charge, excluding the tax impact of the adjustments excluded from underlying profit. See Note 9 of the Consolidated financial statements.
Underlying earnings/ Underlying profit after tax	Total comprehensive income	Calculated as underlying profit before tax less the underlying tax charge. See Note 11 of the Consolidated financial statements for a reconciliation of underlying profit after tax and statutory profit after tax.
Underlying profit margin before tax	Statutory profit margin before tax	Calculated as underlying profit before tax over revenue for the year. This is another key metric assessed by the Board and appropriate for external analyst coverage and peer group benchmarking.
EBITDA/Underlying EBITDA	N/A	Earnings before interest, tax, depreciation and amortisation ("EBITDA"). Underlying EBITDA is EBITDA excluding income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item. See page 37 for reconciliation between EBITDA and underlying EBITDA and profit measures.
Underlying basic earnings per share	Statutory basic earnings per share	Calculated as underlying profit after tax divided by the weighted average number of shares in issue during the year. This is a key management incentive metric and is a measure used within the Group's remuneration schemes. See Note 11 of the Consolidated financial statements for the earnings per share.
Underlying diluted earnings per share	Statutory diluted earnings per share	Calculated as underlying profit after tax divided by the weighted average number of shares in issue during the year, including the dilutive impact of future share awards. This is a key management incentive metric and is a measure used within the Group's remuneration schemes. See Note 11 of the Consolidated financial statements for the earnings per share.
Underlying costs	Statutory costs	Calculated as total administrative expenses, other net gains/(losses), finance income and finance costs and excluding income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item, which are listed on page 36. This is a key measure used in calculating underlying profit before tax. See page 34 for details on underlying costs.
Segmental underlying profit before tax	Segmental statutory profit before tax	Calculated as profit before tax, excluding income and expense categories, which are deemed of a non-recurring nature or a non-cash operating item for each segment. See Note 3 of the Consolidated financial statements for the segmental information.
Segmental underlying profit before tax margin	Segmental statutory profit before tax margin	Calculated as segmental underlying profit before tax over segmental revenue.
Own Funds Capital Adequacy Ratio	N/A	Calculated as the Group's total regulatory resources relative to its Fixed Overhead requirement.

Company information

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

Financial calendar

Results announcement	12 September 2024
Ex-dividend date for final dividend	19 September 2024
Record date for final dividend	20 September 2024
Annual General Meeting	24 October 2024
Final dividend payment date	1 November 2024

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Glossary

AFP, Adroit	Adroit Financial Planning Limited
AGM	Annual General Meeting
AGS	Adaptive Grand Slam
AIM	Alternative Investment Market
AML	Anti-money laundering
ANLA	Adjusted Net Liquid Asset
APM	Alternative performance measure
APS	AIM Portfolio Service
ARC	Asset Risk Consultants
BMAM	Brooks Macdonald Asset Management Limited
BMG, Company, Parent Company	Brooks Macdonald Group plc
BMI	Brooks Macdonald Asset Management (International) Limited
BMIS	BM Investment Solutions
BOE	Bank of England
BPS	Bespoke Portfolio Service
BR	Business Relief
Braemar	Breamar Group Limited CGU
CAPM	Capital asset pricing model
CASS	Client Assets Sourcebook
CEO	Chief Executive Officer
CGU	Cash-generating unit
CIP	Centralised Investment Process
COO	Chief Operating Officer
Cornelian	Cornelian Asset Managers Group Limited and its controlled entities
COVID-19	Coronavirus global pandemic
CREST	The settlement system used by the London Stock Exchange for settling all its transactions
CRO	Chief Risk Officer
CSOP	Company Share Option Plan
DBP	Deferred Bonus Plan
DCF	Defensive Capital Fund
DE&I	Diversity, equity and inclusion
DEFRA	Department for Environment, Food and Rural Affairs
DESNZ	Department for Energy Security and Net Zero
DFM	Discretionary Fund Managers
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBT	Employee Benefit Trust
EPS	Earnings per share
ERMC	Executive Risk Management Committee
ESG	Environmental, social and governance
ESGAC	Environmental, Social and Governance Advisory Committee
ESOA	Exceptional Share Options Awards
EU	European Union
ExCo	Executive Committee
FCA	UK Financial Conduct Authority
FIT	FIT Remuneration Consultants LLP
FRC	UK Financial Reporting Council
FSCS	Financial Services Compensation Scheme
FUM	Funds under management
FUM/A	Funds under management or advice
FY22	Year ended 30 June 2022
FY23	Year ended 30 June 2023
FY24	Year ended 30 June 2024
FY25	Year ending 30 June 2025
FY26	Year ending 30 June 2026
FY27	Year ending 30 June 2027
GAIN	Girls Are Investors
GAYE	Give-As-You-Earn
GFSC	Guernsey Financial Services Commission
GHG	Greenhouse gas
GOSH	Great Ormond Street Hospital
Group	Brooks Macdonald Group plc and its controlled entities
H2 FY24	Six months ended 30 June 2024
H&S	Health and safety

HMRC	HM Revenue and Customs
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IC	Investment Committee
ICARA	Internal Capital and Risk Assessment
IFA	Independent Financial Adviser
IFPR	Investment Firms Prudential Regime
IFPRU	The FCA's Prudential Sourcebook for Investment Firms
IFRS	International Financial Reporting Standard
IFRS IC	International Financial Reporting Standards Interpretations Committee
IHT	Inheritance Tax
ISAs (UK)	International Standards on Accounting (UK)
IT	Information technology
IWS, Integrity	Integrity Wealth Solutions Limited
JFSC	Jersey Financial Services Commission
KPI	Key performance indicator
KRI	Key Risk Indicators
LRMF	Liquidity Risk Management Framework
LTIP	Long-term incentive plan
LTIS	Long-term incentive scheme
M&A	Mergers and acquisitions
MAF	Multi-Asset Fund
ManCo	Management Committee
MPS	Managed Portfolio Service
MRT	Material Risk Takers
MTP	Medium-Term Plan
Net flows	Net organic growth in FUM
NOMAD	Nominated adviser
OEIC	Open-Ended Investment Company
PBT	Profit before tax
PIMFA	Personal Investment Management and Financial Advice Association
PMPS	Platform Managed Portfolio Service
PRI	Principles for Responsible Investing
PwC	PricewaterhouseCoopers LLP
RCC	Risk and Compliance Committee
RCSA	Risk and control self-assessment
RIS	Responsible Investment Service
RMF	Risk management framework
SAYE, Sharesave	Employee Sharesave Scheme, Save As You Earn
SECR	Streamlined Energy and Carbon Reporting
SMCR	Senior Managers and Certification Regime
SNI	Small and non-interconnected
SPA	Sale and Purchase Agreement
TCFD	Task Force on Climate-related Financial Disclosures
TDRM	Top-down risk map
The Code	UK Corporate Governance Code
UKIM	UK Investment Management
ULEVs	Ultra Low Emission Vehicles
WACC	Weighted average cost of capital
WDP	Wind Down Plan

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