N W BROWN
GROUP LIMITED

NW BROWN GROUP LIMITED
ANNUAL REPORT
YEAR ENDED APRIL 2016

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COMPANY INFORMATION

Board of Directors

R M Jeffries - Chairman (Appointed 1 May 2015)
A R Kefford (Resigned 31 December 2015)
P B Burke
M W Johnson
C D R Manktelow
L Turner
O W Phillips

Secretary

M J Tolond

Registered office

Richmond House
16-20 Regent Street
Cambridge
CB2 1DB

Registered number

3917262

Bankers

Lloyds Bank plc
Carter Allen Private Bank
Svenska Handelsbanken AB
The Royal Bank of Scotland Group
Natwest Bank

Auditors

Grant Thornton UK LLP

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of the NW Brown Group Limited will be held at Richmond House, 16-20 Regent Street, Cambridge, CB2 1DB on Tuesday 30 August 2016 at 10am.

For the purpose of transacting the following business:

As ordinary business:

1. To receive the Directors' report and financial statements for the year ended 30th April 2016,

2. To adopt the new articles of association initialled by the Chairman as a true copy of those made available to shareholders. Article 40.2 shall be removed from the existing articles as it refers to preference shares which no longer exist. Approval is also sought to maintain shareholder records in wholly electronic form ("non-certificated ") by the substitution of Articles 31 and 32 with the following clause – "The Company will maintain its shareholder records in uncertificated form and confirmation of holdings and dividends will be solely given to shareholders by electronic means". A full copy of the new articles is available to all shareholders and will be available at the meeting. This item requires a special resolution and the approval of 75% of shareholders voting.

3. To appoint Grant Thornton UK LLP as auditors of the Company until the next Annual General Meeting at which Accounts are laid and to authorise the directors to determine their remuneration,

4. To give authority in accordance with paragraph 47(3)(b) of Part 3 of Schedule 4 to the Companies Act 2006 (Commencement No 5, Transitional Provisions and Savings) Order 2007, (SI 200713495) to the directors to authorise matters giving rise to an actual or potential conflict for the purposes of section 175 of the Companies Act 2006.

5. To authorise the Directors to issue to qualifying employees as part of the Company's Employee Share Option Scheme, options over shares to the value of £2 million over a 5 year period.

NOTICE:

To the holders of Ordinary Shares:

Any member entitled to attend and vote at the meeting may appoint a Proxy to attend and vote on their behalf. In order for proxies to be valid they need to be sent to the registered office up to 48 hours before the meeting.

A proxy need not be a member of the Company.

Shareholders intending to attend are invited to tell the Company in advance by email to Liz.McCausland@nwbrown.co.uk

CHAIRMAN'S STATEMENT

Since joining the Group board in May last year, and succeeding Alan Kefford as Chairman on 1 January 2016, I have very much enjoyed learning more about what has driven, and continues to drive, the NW Brown Group's success. Looking forward the increasing focus of the investment management, financial planning and corporate benefits business lines around a core wealth management offering will strengthen the NW Brown brand and position the group well for the future. The group's diversity has served it well in the past but I am in no doubt that a relentless focus on providing the very best wealth management service will in turn create best value for all our stakeholders.

We operate in a highly competitive sector where we can expect significant disruption as new delivery channels drive, and reflect, a continuing change in buying patterns. My background in other professional services convinces me that against such a backdrop the fewer distractions from what is now the Group's core business the better.

As you will see from this year's results the fundamentals of the business remain strong. Having increased our capability and capacity in financial planning, the Group Board believes we are well placed to take advantage of the relatively high levels of wealth across the East of England and, with increasing use of our online platforms, beyond.

Increasing scale, particularly in Norwich, remains high on the list of board priorities. The Group is in a strong position to invest for the future and the Board will continue to look for opportunities to acquire other businesses and teams which will enable the Group to maintain a pre-eminent position in the East of England. The Board has every confidence that there is huge potential for further growth from our IPS offering. To that end, additional investment in our online platforms is underway. Other investments in infrastructure, including the major refurbishment of Richmond House and the external landscaping and car parking at Pembroke House, are almost complete.

All these priorities require the very strongest leadership and management across the Group. The board established a small group to plan future succession within the management team and Board. I was delighted with the outcome which saw Oliver Phillips take on the newly created role of Group Chief Operating Officer and Charlotte Grundy join the NW Brown & Company Limited Board as Finance Director. It has been particularly encouraging to see how others across the Group have as a consequence been able to step up to take on additional responsibility. The Board will be using the results of a structured staff survey conducted by an external consultant to inform the future programme for career development across the Group. We are also seeking another non-executive member of the Group Board. All these changes are geared to driving further the One Firm approach which has long been identified as crucial to the Group's future success.

Before joining the board I had always been struck by what seemed to be a very open and transparent culture within the NW Brown Group. I am pleased to report that nothing has changed that perception as I have had the pleasure of getting to know better both the business and more importantly the people within it. I remain very confident that such a culture coupled with a healthy dose of ambition will assure our future success.

Mark Jeffries

Chairman

CHIEF EXECUTIVE'S REPORT ON THE YEAR

It is always pleasant to record the vision of one's predecessors and there is perhaps no more eloquent way to do this than in showing shareholders a satisfying growth in the assets they have left in our care. This year we have seen a growth in net asset value per share from £7.44 to £8.29 and there are two particular contributions to this growth which are mainly the result of decisions made over a decade ago. In March 2002 Freedom was established with strong support from your then Board, almost all of whom are now retired, but they and their successors for years supported the development of what is now a successful and profitable travel insurer, and this year shareholders have received shares with an estimated value of nearly £1m and the Group's net asset value has also increased by over £800,000 as a result of the disposal. It probably seemed at times to some shareholders that your money would be better paid out to you than used to fund a loss making business but I think everyone can now agree that the decisions of Directors to continue supporting the business were in the end totally vindicated. A rather smaller but again far-sighted decision at around the same time was to devote some of your resources to encouraging the funding of an investment in Spearhead International Ltd, a company promoted by another far-sighted local Group, Greens of Soham Ltd. We charged no fee but received shares in the venture and this year we realised a gain of over £100,000 as the Company has now been sold. In the meantime, under the able leadership of Tom Green, it has helped revolutionise the entire farming industry of Poland and become one of Europe's largest agri-businesses. I hope that in ten years' time you, or your successors as shareholders, will feel your current Board has been as faithful a steward of your Company as this years' results show our predecessors to have been.

Turning to the results for the year the picture is mixed with the results in our main investment management business improving a small amount as increased average values of assets were offset by slightly lower fees. Even excluding the impact of acquisitions, there was some growth in our revenue from financial planning and, although at best this activity taken as a whole is perhaps break-even, we believe it is an essential part of our client offering. Our employee benefits area, where we advise over 200 mainly local businesses on their pensions and other benefits, remains profitable and one of the very welcome consequences of the S-Tech purchase has been a significant increase in the number of clients we serve in this way. We can also offer a broader range of services to those clients so the move has been mutually beneficial.

The funds under discretionary management in direct individual discretionary portfolios at the year-end were £693m (£709m last year). We are still seeing significant funds invested with the Investment Portfolio Service (IPS) which we have developed specifically with the needs of smaller clients in mind. Whilst the funds under discretionary management here are still relatively small compared to our mainstream direct individually tailored portfolios we expect to see continued fast growth on this side. At the time of writing funds are in excess of £60m compared to under £40m a year ago. Corporate Benefits continues to provide a first class service to employers for their pensions and other employee benefits and we have continued to see new clients, often as a result of auto-enrolment requirements, in both Cambridge and Norwich. We advise on Pensions Funds with an estimated invested value in the region of £374m (£379m last year) in this business.

Financial Planning is the front door through which clients come to know and trust the firm and therefore we measure success in this area in more than just financial terms, but a better than break-even result is certainly required and we still intend to achieve that. We advise on investments directly in collectives and indirectly via bonds of in excess of £225m (£180m last year).

One of the ventures which we have failed to make work as we wish but your Board considers vital to our continued success you have heard much of in recent reports. I make no apology for again reporting to you that it is our belief that to continue growing we must have a front door open to new business and that this front door is Financial Planning. You will probably remember that this 'One Firm' approach to the changes in regulatory environment known as RDR involved the acquisition of KTFS in Norwich, and more recently of the planning division of S-Tech in Cambridge. Although both of these are profitable (after significant write offs in the case of KTFS) our biggest single challenge is to make the 'One Firm' work in the sense of giving our clients a unified and co-ordinated service.

This is a challenge for all our competitors as well and the best we can say today is that this is work in progress and as far as we can tell no-one else has yet managed to make the two disciplines of financial planning and investment management into a single wealth management service offering seamless and high quality advice and management.

We too certainly still have lots to do to achieve this. But our strategy is clear and in particular we aim in the short term by recruitment or purchase to extend and grow the financial planning side of the business in the confident expectation that rounded financial advice is what our clients want and need. It equally remains a central truth that the only predictably profitable activity within the wealth management area is the management of investments and therefore any expansion must be judged on the likelihood of its bringing in new introductions to our investment managers. Your Board is determined to make progress over this year in co-ordinating and unifying our offering and remain acutely aware that our internal distinctions make little or no sense to our clients. How we do this is a matter for active discussion.

On behalf of your Board I would like to thank all our staff for continuing to look after our clients; we never stop looking for ways in which we can improve but I am confident almost all our clients like what they get from us. Clients often compliment me on the friendly helpful treatment they get from our staff.

On behalf of shareholders I wrote to all my colleagues after the Brexit decision as follows:

We live in a world of uncertainty. There will be turmoil in the government, markets will be treacherous and we are in for a rough ride. There is one promise I can make to you with complete certainty and that is that in a year's time when the dust begins to settle NW Brown will still be here looking after our clients.

Our clients will need us to reassure them and guide them more than ever and I look to all our employees to ensure that client service is our number one priority. I would like you to know I am sure that our nations and Europe will survive in one form or other, and that the ability of most human societies to survive disaster and display surprising resilience is one of the lessons of our long history. I remind you of the famous words of Adam Smith when we lost the war against the American revolutionaries and a friend told him the nation was ruined: "There is a great deal of ruin in a nation," was Smith's calm reply.

He was right and in terms of history I believe in 250 years' time our descendants will regard yesterday in a similar manner to the loss of the 13 states from the UK ; a survivable disaster. We will survive, our clients will survive and it remains our job to make sure their life is as pain free as we can.

We have this year failed to buy in and cancel any shares, but we expect to continue to buy in shares where they become available and anticipate that we will purchase more over the coming months. Any shareholder wishing to buy or sell shares should contact Phil Burke.

Marcus Johnson

Chief Executive

STRATEGIC REPORT

A discussion of the firm's strategy is to be found in the Chairman's Statement. Other matters on which we are mandated to report appear below and the current direction of the firm is further discussed in the report from the Chief Executive.

Principal risks

The principal risks facing the company are outlined below. A growing risk, and one that the Board takes seriously, is that of financial crime. Fraudster's tactics are constantly evolving and becoming more sophisticated and so must our efforts to recognise and avoid these attempts to extract value from the Group and its clients. Our employees are highly vigilant in ensuring that strict procedures are followed to safeguard our clients', and our own, funds against any such attempts. We have also invested in the latest technology to further bolster ourselves against the risk of third party fraud.

Financial and non-financial KPIs

The key financial performance indicators are turnover, profit and net assets. Further commentary on the performance in the year is disclosed in the Chief Executive's report.

At 30 April 2016 the Group's employees (excluding the staff of Freedom Insurance Services Limited) were broken down by gender as follows:

	Male	Female
Directors of the Company	5	1
Employees in other senior positions	5	4
Other employees of the Group	30	33
Total	40	38

Business review and principal activities

The principal activities of the Group are:

- Discretionary investment management;
- Pension, administration and advice on employee benefits, mortgages and financial planning;
- Specialist travel insurance broking (discontinued).

The principal activity of the Company is the provision of central administration facilities and finance to its subsidiary companies. A review of the Group's business and future developments is included in the Chief Executive's Report on the Year. Your Board is confident that the results and prospects demonstrate that your Group is in good health and well able to cope with the business it has and expects to gain. The growth is controlled and in businesses we well understand.

Principal Risks

The main risks to this satisfactory situation continuing are anything which diminishes our high standing, and particularly a major long-term fall in the value of UK stock markets and claims against the company resulting therefrom, any severe misjudgements by your Board on acquisition strategy, losses caused by successful new entrants in to the local market or unexpected liabilities created by advice or action which seemed innocuous at the time. Financial crime is a growing threat. We are also exposed to the risk of fraud directly or indirectly by virtue of our activities in financial markets and insurance. We believe we are better than most in the effectiveness of our controls but we can never relax and say we are 100% safe. The best protection for our clients and shareholders will always be a well-motivated and trusted Group of employees who take pride in their jobs. The best indication that we are succeeding is a growth in average client size, a growth in the number of clients and a rise in turnover. Worrying features would include a large rise in staff turnover, a rise in complaints or a decrease in client numbers or average size. We monitor these factors. In the last year we have seen a 4% increase (2015: 6% decrease) in the level of complaints and a broadly similar level of staff turnover. We have seen an increase in average client size within Investment Management but with almost static client numbers. This is consistent with our aim of moving upmarket. Overall turnover is higher in all areas.

Other risks

The Group also owns various financial assets including equities, cash, and trade debtors. The existence of these assets exposes the Group to a number of financial risks, such as market risk and credit risk. The directors review and agree policies for managing each of these risks. The Group seeks to manage financial risks by ensuring sufficient liquidity is available to meet foreseeable needs and to invest its assets safely and profitably. The Group finances its operations through retained equity. The principal credit risk arises from the Group's trade debtors. To manage credit risk the directors monitor ageing debtors on a regular basis. The nature of our business requires us to use electronic data in many forms to deal, record and communicate. It is a reality of the modern world that every day we are exposed to attempted breaches of our electronic defences and sometimes (but so far almost to an insignificant extent) these will succeed. We constantly improve our defences but the attacks get more numerous and more sophisticated and there is a risk that one day we suffer damage as a result.

Outlook

The Board's overall view of prospects for our key markets is broadly positive, notwithstanding stock market volatility and ever increasing regulatory constraints. Investment Management is still attracting clients who want personal service and want to feel their assets are being prudently looked after. To keep our income at stable levels we must find new clients every year. We are actively expanding our Financial Planning activities, which is perhaps a leap of faith but we believe we are addressing the problems and this area should become more economic as we expand. It is our front door to new business and our acquisition of teams from other firms should be seen in this context. Our experience is that both individual and corporate clients value the dedicated, bespoke and personal service which is the common hallmark of the Group's activities and it will be these qualities which increasingly will sustain our position and support our growth in relevant markets in future.

We continue to look at the major risks the Company faces, and estimate how much capital might be prudently required to accommodate reasonable risks and yet continue to trade at current levels of business in the areas in which we specialise. Our conclusion, which changes in quantum as our models are refined and which we are mandated by the FCA to disclose (BIPRU 11.3.1), is that the capital we currently have is more than required to cover all anticipated growth and any likely acquisitions for the foreseeable future. The last review was in May 2016 and partly because we have sold subsidiaries and partly because our shareholders funds have increased our surplus has grown. This confirmed your Board in its belief that a dividend policy of distributing half our adjusted post tax profits is both prudent and maintainable, and reinforces our commitment to profit sharing with those who work for us.

The challenge your Board faces is to continue to deliver a high quality personal service in each of our operating units whilst achieving growth and an acceptable profit margin. This involves investment in our people, in our systems and in our relationships with the outside world so that we can provide better value to our clients. Inevitably we must try both to move further up market where clients who can afford to pay us will get good value from our expertise, and to supply clients with similar needs at lower marginal cost. Better systems and high quality staff will enable us to meet this challenge. We believe we offer in Cambridge a regional source of financial expertise second to none. Our intention is to emulate this in Norwich and we believe that we have established a firm base on which we can do this. Shareholders are invited to visit Pembroke House, our Norwich premises, which has been restored to its Victorian splendour in part and made a modern attractive office in other parts. We hope to make it the vibrant hub of a top of the market investment and financial services operation over the next decade.

Your Board is confident that with skilled staff and our existing network of contacts we are in a very good position to achieve our ambitions. Our staff are the only reason we prosper and we have spent much time looking at ways to help all employees feel part of the firm and to feel that their contribution is valued. A part of this is an explicit commitment to profit sharing. We continue to look at other ways of expressing the appreciation that we the Board feel for the efforts of every member of staff who helps make the Company an enjoyable and rewarding place to work. Many staff are shareholders and we continue to encourage this by facilitating the purchase and sale of shares by employees and by offering all staff loans to finance a stake in the Company. On your behalf we place here on record the appreciation of the Company for the extraordinary efforts put in by many employees to delivering the high quality service which is our hallmark.

Our Social Commitment

Your Board recognises the value of reporting the Group's contribution to the Treasury.

	PAYE & NI (£)	Corporation tax (£)	VAT (£)
2016	1,218,908	672,747	959,855
2015	1,244,491	1,007,417	900,291

Our Green Commitment

Your Board will always work to minimise the impact of our activities on the environment. This includes recycling as much of the paper and plastic used at our offices as possible, donating old equipment to charity and finding ways to reduce energy consumption. We are committed to monitoring and managing our environmental impact, we encourage employees to use recycle bins and reduce energy and water waste where possible. As part of this commitment we publish below our energy and water usage:

	Electricity (kWh)	Gas (kWh)	Water (cubic metres)	No. Employees	Energy usage per head (KWh)	Water usage per head (cubic metres)
2016	99,630	73,381	1,221	107	1,617	11.41
2015	95,494	76,596	1,048	105	1,639	9.98

Approval

The strategic report was approved by the Board on 15 July 2016 and signed on its behalf by:

M W Johnson

Director

DIRECTOR'S REPORT

The directors present their report and the audited financial statements for the year ended 30 April 2016.

Dividends

During the year the Company paid two interim dividends. The first of 62p per share on 1,129,299 ordinary 0.01p shares amounting to £700,165 (2015: £592,126). The second of 30p per share on 1,480,159 ordinary 0.009p shares amounting to £444,048 (2015: nil). The Company also paid a dividend of £176,716 (2015: £148,214) on the cumulative preference shares.

We expect to pay an interim dividend on 31 October. Subject to final confirmation as to the amount and no adverse events causing reconsideration your Board expects this to be about 31p per share. Dividends on ordinary shares of £1,144,213 (2015 : £592,126) and on preference shares of £176,716 (2015 : £148,214) have been paid during the year.

Following a reorganisation of share capital (note 21) the Company paid a dividend in specie to its shareholders on 31 March 2016 for the book value of the assets and liabilities of Freedom Insurance Services Limited and its wholly owned subsidiary OK To Travel Limited (see note 26). No fair value adjustments were made. Each shareholder received one 4p share in Freedom Insurance Services for each 0.0001p NW Brown Group 'A' share held.

Directors

The present directors of the Company are included on page 2. All of the directors served throughout the year apart from R M Jeffries who was appointed on 1 May 2015 and A R Kefford who resigned on 31 December 2015.

Those directors who had beneficial and family interests in the shares of the company at 30 April are as follows:

	Ordinary shares		Preference shares	
	At 30 April 2016 No.	At 30 April 2015 No.	At 30 April 2016 No.	At 30 April 2015 No.
P B Burke	33,637	19,770	-	-
M W Johnson	543,371	397,488	-	559,790
C D R Manktelow	87,526	73,801	-	54,900
L Turner	30,086	11,886	-	-
A R Kefford	5,826	5,826	-	-
O W Phillips	42,290	24,290	-	-
R M Jeffries	-	-	-	-

The following directors declared beneficial and family interests in share options in the ordinary share capital of the Company as follows:

	Approved share option plan						
	2015 cumulative	Issued in the current year	Lapsed in current year	Exercised in year	2016 cumulative £	Exercise price per share	Date of grant
P B Burke	16,667	-	-	16,667	-	5.36	1 Apr 2011
P B Burke	3,333	-	-	-	3,333	5.36	1 Apr 2013
L Turner	20,000	-	-	20,000	-	5.36	1 Apr 2011
C D R Manktelow	20,000	-	-	-	20,000	5.36	1 Apr 2013
O W Phillips	20,000	-	-	20,000	-	5.36	1 Apr 2011

The share options exercisable at £5.36 per share are, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant. During the year the exercise price of these shares was reduced from £6.00 to £5.36 in recognition of the divestment of Freedom Insurance Services Limited.

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 parent company and of the Group and the profit or loss of the parent company and of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the parent company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors of the Group will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 15 July 2016 and signed on its behalf by:

M W Johnson

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NW BROWN GROUP LIMITED

We have audited the financial statements of NW Brown Group Limited for the year ended 30 April 2016 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Company's affairs as at 30 April 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

Consolidated Profit and Loss Account

For the year ended 30 April 2016

	Note	2016 Continuing operations	2016 Discontinued operations	2016 Total	2015 Continuing operations	2015 Discontinued operations	2015 Total
		£	£	£	£	£	£
Turnover	5	7,265,715	1,554,059	8,819,774	6,772,576	1,473,233	8,245,809
Administrative expenses		(5,333,624)	(1,410,152)	(6,743,776)	(4,757,462)	(1,312,121)	(6,069,583)
Other operating income		349,711	-	349,711	276,126	4,696	280,822
Operating profit	6	2,281,802	143,907	2,425,709	2,291,240	165,808	2,457,048
Sale of subsidiary	27	516,220	-	516,220	2,983,183	-	2,983,183
Interest receivable		36,767	-	36,767	45,538	-	45,538
Profit on ordinary activities before taxation		2,834,789	143,907	2,978,696	5,319,961	165,808	5,485,769
Tax on profit on ordinary activities	9	(417,573)	(15,104)	(432,677)	(611,022)	53,938	(557,084)
Profit for the year		2,417,216	128,803	2,546,019	4,708,939	219,746	4,928,685
Total comprehensive income wholly attributable to the owners of the parent company				2,546,019			4,928,685

The accompanying accounting policies and notes form part of these financial statements.

There were no recognised gains or losses other than those reported above.

Consolidated Balance Sheet

30 April 2016

	Note	2016	2015
		£	£
Fixed assets			
Intangible assets	11	530,293	500,786
Tangible assets	12	1,227,224	1,242,383
Investments	13	1,657,809	1,851,557
		3,415,326	3,594,726
Debtors: amounts falling due after more than one year	16	2,719,926	1,833,108
Current assets			
Debtors: Amounts due in less than a year	15	2,602,818	3,610,581
Cash at bank and in hand		5,615,777	4,483,284
		8,218,595	8,093,865
Creditors: amounts falling due within one year	17	(1,492,065)	(2,268,125)
Deferred tax	10	(20,316)	(48,964)
		1,512,381	(2,317,089)
Net current assets		6,706,214	5,776,776
Total assets less current liabilities		12,841,466	11,204,610
Creditors: amounts falling due after more than one year	18	(56,000)	(56,000)
Provisions for liabilities	20	(210,000)	(210,000)
Net assets		12,575,466	10,938,610
Capital and reserves			
Ordinary share capital	21	133	113
Preference share capital	22	-	114,011
Capital redemption reserve		390,361	276,378
Share premium account		1,970,359	1,617,495
Special reserve		976,392	976,392
Profit and loss reserve		9,238,221	7,954,221
Total shareholders' funds		12,575,466	10,938,610

These financial statements were approved by the Board on 15 July 2016 and signed on its behalf by:

M W Johnson, Director
The accompanying accounting policies and notes form part of these financial statements.
Company number 3917262

Company Balance Sheet

30 April 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	168,048	139,593
Investments	13	2,963,810	3,122,810
		3,131,858	3,262,403
Debtors: amounts falling due after more than one year	16	2,535,126	1,634,564
Current assets			
Debtors: Amounts due in less than a year	15	4,234,885	3,680,673
Cash at bank and in hand		66,985	45,730
		4,301,870	3,726,403
Creditors: amounts falling due within one year	17	(256,791)	(255,613)
Net current assets		4,045,079	3,470,790
Total asset less current liabilities		9,712,063	8,367,757
Provisions for liabilities	20	(210,000)	(210,000)
Net assets		9,502,063	8,157,757
Capital and reserves			
Ordinary share capital	21	133	113
Preference share capital	22	-	114,011
Capital redemption reserve		390,361	276,378
Share premium account		1,970,359	1,617,495
Special reserve		976,392	976,392
Profit and loss reserve		6,164,818	5,173,368
Total shareholders' funds		9,502,063	8,157,757

These financial statements were approved by the Board on 15 July 2016 and signed on its behalf by:

M W Johnson
Director

The accompanying accounting policies and notes form part of these financial statements

Company number 3917262

Consolidated Statement of Cash Flows

Year ended 30 April 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the financial year		2,428,913	4,928,685
Adjustments for			
Adjustment on disposal of subsidiary		455,170	(2,983,183)
Amortisation of intangible assets		242,191	182,483
Depreciation of tangible assets		132,311	172,019
Movement in fair value of investments		137,740	(67,181)
Taxation		549,783	557,084
Interest received		(36,767)	(45,538)
Increase in provisions		(23,250)	(159,409)
Decrease / (increase) in trade and other debtors		218,388	(877,119)
Increase in trade creditors		102,387	680,925
Share option charge		58,910	64,996
Cash from operations		4,265,776	2,453,762
Income taxes paid		(672,747)	(1,007,417)
Net cash generated from operating activities		3,593,029	1,446,345
Cash inflows from investing activities			
Interest received		36,767	45,538
Payments to acquire investments		(44,792)	(3,328)
Receipts from sale of investment		100,796	24,834
Purchase on tangible assets		(119,181)	(204,110)
Purchase of intangible assets		(375,000)	-
Proceeds from disposal of subsidiary undertaking		-	1,214,119
Net cash disposed of in subsidiary undertaking		(1,091,067)	(919,529)
Net cash from investing activities		(1,492,477)	(137,066)
Cash flows from financing activities			
Redemption of share capital		-	(82,694)
Issuing of share capital		352,870	-
Dividends paid		(1,320,929)	(740,339)
		(968,059)	(823,033)
Increase in cash		1,132,493	780,836
Cash at the beginning of the year		4,483,284	3,702,448
Cash at the end of the year		5,615,777	4,483,284

The accompanying accounting policies and notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 April 2016

	Called-up share capital	Preference share capital	Capital redemption reserve	Share premium account	Special reserve	Profit and loss reserve	Total
	£	£	£	£	£	£	£
At 01 May 2014	114	114,011	276,378	1,617,495	976,392	3,783,572	6,767,962
Profit for the year	-	-	-	-	-	4,928,685	4,928,685
Purchase of shares	-	-	-	-	-	(82,693)	(82,693)
Share option charge	-	-	-	-	-	64,996	64,996
Purchase of shares	(1)	-	-	-	-	-	(1)
Issue of shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(740,339)	(740,339)
At 30 April 2015	113	114,011	276,378	1,617,495	976,392	7,954,221	10,938,610
Profit for the year	-	-	-	-	-	2,546,019	2,546,019
Share option charge	-	-	-	-	-	58,910	58,910
Conversion of preference shares	28	(114,011)	113,983	-	-	-	-
Disposal of A shares	(14)	-	-	-	-	-	(14)
Issue of shares	6	-	-	352,864	-	-	352,870
Dividends paid	-	-	-	-	-	(1,320,929)	(1,320,929)
At 30 April 2016	133	-	390,361	1,970,359	976,392	9,238,221	12,575,466

Company Statement of Changes in Equity

For year ended 30 April 2016

	Called-up share capital	Preference share capital	Capital redemption reserve	Share premium account	Special reserve	Profit and loss reserve	Total
	£	£	£	£	£	£	£
At 01 May 2014	114	114,011	276,378	1,617,495	976,392	2,572,156	5,556,546
Profit for the year	-	-	-	-	-	3,359,248	3,359,248
Other comprehensive income	-	-	-	-	-	-	-
Share option charge	-	-	-	-	-	64,996	64,996
Purchase of shares	(1)	-	-	-	-	(82,693)	(82,694)
Dividends paid	-	-	-	-	-	(740,339)	(740,339)
At 30 April 2015	113	114,011	276,378	1,617,495	976,392	5,173,368	8,157,757
Profit for the year	-	-	-	-	-	2,260,798	2,260,798
Conversion of preference shares	28	(114,011)	113,983	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-
Share option charge	-	-	-	-	-	51,581	51,581
Conversion to A shares	(14)	-	-	-	-	-	(14)
Issue of shares	6	-	-	352,864	-	-	352,870
Dividends paid	-	-	-	-	-	(1,320,929)	(1,320,929)
At 30 April 2016	133	-	390,361	1,970,359	976,392	6,164,818	9,502,063

N W BROWN GROUP LIMITED

1. Company information

NW Brown Group Limited is a private limited company incorporated in England and Wales.

2. Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (‘FRS 102’) and with the Companies Act 2006.The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for investment properties and investments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 26 for an explanation of the transition.

The financial statements are presented in Sterling (£).

The Group financial statements consolidate the financial statements of NW Brown Group Limited and its subsidiary undertakings drawn up to 30 April each year. Freedom and OK To Travel Limited were divested on 1 April 2016. See note 27 for further information.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company’s profit for the year was £2,260,798 (2015: £3,359,248).

Going concern

After reviewing the Group’s forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The judgements made in respect of the value of the property are disclosed in note 12.

The most significant area of judgement in these accounts is the calculation of accrued investment management fees. Investment Management clients are invoiced at six monthly intervals. To ease the administration of invoicing a large volume of clients they are divided into two arbitrary Groups and the invoice date staggered by three months between those Groups. This results in four invoice dates during the period, each 3 months apart with each individual client being invoiced at six monthly intervals.

The value of fees is estimated as being equivalent to the previous amount invoiced to each client, less a provision of 5% (2015: 10%) for a fall in the stock market. The impact of the 5% decrease in the provision as at 30 April 2016 is £38,270. There is no provision for an increase or reduction of clients. At the year end the amount of accrued Investment Management fees was £727,124.

4. Principal accounting policies

4.1 Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Where activities meet the definition of discontinued in accordance with FRS 102, the results of these activities are shown on the face of the profit and loss account as discontinued in the year. The prior year comparatives are restated accordingly.

4.2 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

4.3 Goodwill

Positive goodwill, which represents the excess of cost of acquisition of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal annual instalments over its estimated useful economic life. This is 5 years for NW Brown Financial Services Limited, the S-Tech business and OK To Travel Limited while it was part of the Group.

4.4 Properties

Properties are included at valuation. Impairment is recognised in the profit and loss account in the year. Revaluation gains are not available for distribution as dividends until the property is sold.

4.5 Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of tangible fixed assets to write them down to their estimated residual value over their estimated useful economic lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. The principal annual rates used are:

Computer equipment	33% straight line
Office furniture and equipment	10% - 33% straight line
Fixtures	Over the remaining term of the lease

4.6 Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

4.7 Investments

Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Quoted investments are measured at fair value. Changes in fair value are recognised in profit or loss.

Investments in unquoted shares, whose market value can be reliably determined, are measured at market value at each reporting date. Gains and losses on re-measurement are recognised in profit and loss for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

4.8 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.9 Debtors & Creditors

Short term debtors are measured at transaction price less any impairment. Short term creditors are measured at transaction price.

4.10 Turnover

The Group accounting policy for turnover is as follows:

For the Investment Management, Corporate Benefits and Financial Planning revenue the turnover shown in the profit and loss account represents amounts earned in the year for services provided excluding value added tax.

For Freedom the turnover represents net insurance commissions and medical screening fees earned during the year. For OK To Travel the turnover represents net insurance commissions earned during the year. Brokerage is recognised at the date of receipt of the premium from the insured.

4.11 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income

4.12 Deferred taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

N W BROWN GROUP LIMITED

4.13 Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Where any part of an operating lease is sublet, the Group includes any rental income within other operating income.

4.14 Pensions

The Group contributes into employees' personal pension schemes. Contributions are charged to the profit and loss account as they become due.

4.15 Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted or the effective date of adoption of FRS 102 'Share-based Payments' using the Black Scholes model. The cost is recognised as an expense over the vesting period, which ends on the date on which the relevant employee becomes fully entitled to the award.

5. Significant judgements and estimates

The analysis of turnover by activity, all of which falls within the United Kingdom, is as follows:

	2016	2015
	£	£
Investment Management	4,355,596	4,257,358
Insurance Broking	1,554,059	1,473,233
Corporate Benefits	1,000,897	951,904
Financial Services	1,909,222	1,563,314
	8,819,774	8,245,809

6. Operating Profit

Operating profit is arrived at after charging / (crediting):

	2016	2015
	£	£
Amortisation of intangible fixed assets	242,191	182,483
Depreciation of owned assets	130,096	172,019
Profit on disposal of fixed assets and investments	(136,497)	(2,989,904)
Operating lease rentals		
Land and buildings	210,000	210,000
Rental income	(151,905)	(175,906)
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of financial statements		
- Company	14,088	16,000
- Subsidiaries	40,912	26,000
Movement in fair value of fixed asset investments	(32,369)	(196,487)

7. Directors

Group emoluments of the Company directors:

	2016	2015
	£	£
Emoluments	694,268	676,473
Pension contributions	202,340	70,397
	896,608	746,870

The number of directors accruing pension benefits:

	2016	2015
	No.	No.
Money purchase pension schemes	9	9

The emoluments of the highest paid director are as follows:

	2016	2015
	£	£
Emoluments	132,398	142,151
Pension contributions	111,146	39,855
	243,544	182,006

8. Employees

Average number of employees for the Group, including directors:

Group	2016	2015
	No.	No.
Professional staff	31	30
Office and administration	76	75
	107	105

Staff costs for the Group, including directors:

	2016	2015
	£	£
Wages and salaries	3,743,709	3,740,461
Social security costs	388,781	382,520
Pension costs	545,854	317,468
Cost of employee share scheme (note 21)	58,910	64,996
	4,737,254	4,505,445

9. Taxation

	2016	2015
	£	£
Current taxation		
United Kingdom corporation tax	448,359	511,642
Adjustment in respect of prior period	12,966	-
Deferred tax	(28,648)	45,442
	432,677	557,084

Current tax reconciliation

	2016	2015
	£	£
Profit on ordinary activities before tax	2,978,696	5,485,769
Theoretical tax at UK tax rate of 20% (2015: 21%)	595,739	1,152,011
Effects of:		
Gain on sale of subsidiary	(103,244)	(626,468)
Expenses not deductible for tax purposes	(47,996)	23,576
Deferred tax not provided	(24,818)	(17,118)
Loans to participators	-	12,970
Adjustment in respect of prior period	12,996	12,113
	432,677	557,084

10. Deferred Taxation

	2016
	£
Opening deferred tax liability	48,964
Utilised in the period	(28,648)
Closing deferred tax liability	20,316

11. Intangible Fixed Assets

Group	Goodwill
Cost	£
At 1 May 2015	4,298,417
Acquisition	375,000
Disposal of subsidiary	(167,516)
At 30 April 2016	4,505,901
Amortisation	
At 1 May 2015	3,797,631
Disposal of subsidiary	(64,214)
Charge for the year	242,191
At 30 April 2016	3,975,608
Net book value	
At 30 April 2016	530,293
At 30 April 2015	500,786

The Company does not have any intangible fixed assets (2015: Nil).

12. Tangible Fixed Assets

Group	Property	Computer Equipment	Office furniture and equipment	Total
	£	£	£	£
Cost or valuation				
At 1 May 2015	751,750	1,114,679	907,120	2,773,549
Additions	-	74,775	44,406	119,181
Increase on revaluation	23,250	-	-	23,250
Disposals	-	(231,862)	(29,237)	(261,099)
At 30 April 2016	775,000	957,592	922,289	2,654,881
Depreciation	-			
At 1 May 2015	-	1,037,336	493,830	1,531,166
Charge for the year		71,079	61,232	132,311
Disposals		(212,937)	(22,883)	(235,820)
At 30 April 2016	-	895,478	532,179	1,427,657
Net book value				
At 30 April 2016	775,000	62,114	390,110	1,227,224
At 30 April 2015	751,750	77,343	413,290	1,242,383

Company	Computer Equipment	Office furniture and equipment	Total
	£	£	£
Cost			
At 1 May 2015	448,911	376,911	825,822
Additions	49,503	36,253	85,756
At 30 April 2016	498,414	413,164	911,578
Depreciation			
At 1 May 2015	412,837	273,392	686,229
Charge for the year	39,136	18,165	57,301
At 30 April 2016	451,973	291,557	742,530
Net book value			
At 30 April 2016	46,441	121,607	168,048
At 30 April 2015	36,074	103,519	139,593

Included in freehold property is land and buildings with an historic cost of £942,450. The property was revalued on 1 June 2016 by an external independent valuer. The surveyor is a registered member of the Royal Institute of Chartered Surveyors with knowledge of the local market. No similar valuation was obtained for 30 April 2014 or 30 April 2015. Management have estimated that an increase of 3% per annum over this period are reasonable in determining the fair value at those dates.

13. Fixed Asset Investments

Group	Unlisted investments	Listed investments	Total
	£	£	£
Valuation			
At 1 May 2015	367,036	1,484,521	1,851,557
Additions	44,734	58	44,792
Disposals	(206,171)	-	(206,171)
Change in fair value	5,242	(37,611)	(32,369)
At 30 April 2016	210,841	1,446,968	1,657,809

Company	Investments in Group undertakings	Unlisted investments	Total
	£	£	£
Cost			
At 1 May 2015	3,027,529	95,281	3,122,810
Increase in share capital	6,573	-	6,573
Disposals	(165,573)	-	(165,573)
At 30 April 2016	2,868,529	95,281	2,963,810

Details of Group undertakings at the balance sheet date are as follows:

Name of undertaking	Nature of business	Class of shares	Group and company holding (%)
NW Brown & Company Limited	Discretionary Investment Management Corporate Benefits, Pensions and Financial Planning advice	Ordinary	100
NW Brown Financial Services Limited	Non-trading	Ordinary	100
NW Brown Property Limited	Commercial Property Letting	Ordinary	100

All subsidiaries are registered in the UK.

The Group owned 100% of the ordinary share capital of the following companies all of which were dormant through the year; NW Brown ISA Nominees Limited; NW Brown Nominees Limited; NW Brown Trustees Limited; NW Brown Directors Nominees Limited; NW Brown Executive Limited Partnership; NW Brown Premium Finance Limited; DAN Holdings Limited; Cambridge Index Limited, Travel Positive Limited; OK To Travel Cruise Insurance Solutions Limited. The Group owned 51% of DW Associates which was dormant through the year.

14. Dividends

During the year the Company paid two interim dividends. The first of 62p per share on 1,129,299 ordinary 0.01p shares amounting to £700,165 (2015: £592,126). The second of 30p per share on 1,480,159 ordinary 0.009p shares amounting to £444,048 (2015: nil). The Company also paid a dividend of £176,716 (2015: £148,214) on the cumulative preference shares (note 22).

The company paid a dividend in specie to its shareholders on 31 March 2016 for the book value of the assets and liabilities of Freedom Insurance Services Limited and its wholly owned subsidiary OK To Travel Limited (see note 27). No fair value adjustments were made. Each shareholder received one 4p share in Freedom Insurance Services for each 0.0001p NW Brown Group ‘A’ share held.

15. Debtors: Amounts due in less than a year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	99,646	1,505,818	-	4,439
Amounts owed by Group undertakings	-	-	2,748,701	2,282,522
Other debtors	1,571,851	1,208,271	1,424,835	1,331,947
Prepayments and accrued income	931,321	896,492	61,349	61,765
	2,602,818	3,610,581	4,234,885	3,680,673

Included in ‘Other debtors’ is a subordinated loan balance of nil (2015: £150,000) (note 16).

16. Debtors: Amounts Falling Due After More Than One Year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Subordinated loan	1,085,000	-	1,085,000	-
Loan	184,800	198,544	-	-
NWBIB sale proceeds	1,450,126	1,634,564	1,450,126	1,634,564
	2,719,926	1,833,108	2,535,126	1,634,564

The subordinated loan was increased from £150,000 to £1,085,000 on 1 November 2015. The loan is repayable in five equal instalments commencing 1 August 2020. Interest is payable annually and is charged at LIBOR plus five percent. Interest of £34,027 was received during the year.

The loan was advanced on 30 April 2014. The loan is interest-free provided that the beneficiary holds an agreed percentage of their personal investments with the Group. If this condition ceases to be satisfied interest will be charged at 2% per annum. The loan is repayable by 31 December 2020.

17. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	98,768	667,225	52,248	53,112
Corporation tax	-	127,100	-	16,316
Other tax and social security	327,718	304,422	19,404	18,631
Other creditors	443,377	431,292	4,876	4,876
Accruals and deferred income	622,202	738,086	180,263	162,678
	1,492,065	2,268,125	256,791	255,613

18. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Borrowings (note 19)	56,000	56,000	-	-
	56,000	56,000	-	-

N W BROWN GROUP LIMITED

19. Borrowings

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Due after more than one year				
Liability component of 6% preference shares arising on acquisition	56,000	56,000	-	-
Total borrowings	56,000	56,000	-	-

20. Provisions for Liabilities

	Dilapidations	
	Group	Company
	£	£
At 1 May 2015	210,000	210,000
Provided in the year	-	-
Released in the period	-	-
At 30 April 2016	210,000	210,000

The provision relates to repairs required to be made under the terms of the lease to return the property, at the end of the lease, to the same state as when the lease commenced. The underlying lease was renewed in December 2013 (note 24).

21. Ordinary Share Capital

	2016	2015
	£	£
Called up, allotted and fully paid		
1,480,159 (2015: 1,129,299) ordinary shares of 0.009p (2015: 0.01p) each	133	113

Issue/redemption of shares

65,834 shares were issued in the year. No share options were granted. During the year the company converted 1,140,105 10p preference shares into 285,026 0.01p ordinary shares (see note 22). On 31 March 2016 each 0.01p ordinary share was split into one 0.009p ordinary share and one 0.001p ordinary 'A' share. On the same date each ordinary 'A' share was exchanged for one 4p share in Freedom Insurance Services Limited.

Share options

The following share options have been granted under an approved share option scheme in respect of ordinary shares of 0.009p each.

2015 cumulative	Lapsed	Issued	Exercised in year	2016 cumulative	Exercise price per share (£)	Date of grant
102,501	-	-	(65,834)	36,667	5.36	1 April 2011
73,333	(3,334)	-	-	69,999	5.36	1 April 2013
175,834	(3,334)	-	(65,834)	106,666		

The share options exercisable at £5.36 per share are, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant. During the year the exercise price of these shares was reduced from £6.00 to £5.36 in recognition of the divestment of Freedom Insurance Services Limited.

The company recognised an expense of £51,581 (2015: £64,996) in relation to equity settled share-based payment transactions in the year. The Group recognised an expense of £58,910 (2015: £64,996) in relation to equity settled share-based payment transactions in the year.

22. Cumulative Preference Shares

	2016	2015
	£	£
Called up, allotted and fully paid		
Nil (2015: 1,140,105) cumulative preference shares of 10p each	-	114,011

The preference shares accrued dividends per share equal to one quarter of any dividend declared on the ordinary shares at any time. The preference share dividends took priority over the ordinary dividends. In the event of a winding up or liquidation of the Company any surpluses would have been applied first to any arrears of preference dividends and then to repaying the issue price of the preference shares.

The preference shares were converted to ordinary shares on 21 December 2015. One 0.01p ordinary share was exchanged for every four 10p preference shares held.

23. Other Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior period retained profits and losses.

Special reserve – exists for the reclassification of Preference shares to Ordinary shares on a 10 for 1 basis.

Capital redemption reserve – arises from the redemption of preference shares in the current year and in accounting periods preceding the year ended 30th April 2007.

24. Operating Lease Commitments

The Company and the Group had the following future minimum lease payments under non-cancellable operating leases at the balance sheet date.

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Land and buildings leases:				
Not later than one year	210,000	210,000	210,000	210,000
Later than one year and not later than five years	840,000	840,000	840,000	840,000
Later than five years	2,656,932	2,656,932	2,656,932	2,656,932
	3,706,932	3,706,932	3,706,932	3,706,932

The company's lease of its Cambridge premises at 16 Regent Street expires on 24 December 2033. The company has sublet, under operating leases to third parties, a part of the land and buildings leased above.

25. Financial Assets and Liabilities

The Group had the following financial assets and liabilities at the balance sheet date:

Financial assets – carried at fair value through the profit and loss	2016	2015
	£	£
Investments	1,657,809	1,851,557
	1,657,809	1,851,557

Financial assets – carried at amortised cost	2016	2015
	£	£
Cash	5,615,777	4,483,284
Long term debtors	2,719,926	1,833,108
Trade debtors	99,646	1,505,818
Other debtors	1,438,565	1,208,271
Accrued income	786,455	725,331
	10,660,369	9,755,812

Financial liabilities – carried at amortised cost	2016	2015
	£	£
Trade debtors	98,768	667,225
Other debtors	443,377	431,292
Accruals	605,990	725,892
	1,148,135	1,824,409

N W BROWN GROUP LIMITED

26. Transition to FRS 102

The company has adopted FRS 102 for the year ended 30 April 2016 and has restated the comparative prior year amounts.

Restated statement of financial position

	30 April 2015	1 May 2014
	£	£
Original shareholders' funds	10,902,942	6,924,280
Investment valuation adjustment	115,582	48,860
Unlisted investment adjustment	129,236	-
Revaluation of investment property	(135,100)	(168,773)
Holiday pay accrual	(25,086)	(26,633)
Deferred tax adjustment	(48,964)	(9,772)
Revised shareholder's funds	10,938,610	6,767,962

	30 April 2015
	£
Original profit after tax	4,736,699
Investment valuation adjustment	66,722
Unquoted investment valuation adjustment	129,236
Deferred tax on investment adjustment	(39,192)
Revaluation of investment property	33,673
Holiday pay accrual	1,547
Restated profit after tax	4,928,685

The adjustment to the value of the property arose as it had been held at cost less depreciation until the adoption of FRS 102. The current market value of the property was less than the book value as the Company paid a premium for the building at the time of purchase.

The adjustment to the value of the investments arose as they had been held at cost less impairment until the adoption of FRS 102. The current market value of the investment was greater than the book value.

27. Divestment of a subsidiary

On 1 November 2015 the Group sold its 100% holding in OK To Travel limited to Freedom Insurance Services Limited (which was also a wholly owned subsidiary of the Group) for total proceeds of £985,000. The valuation of OK To Travel Limited was provided by an external professional and the transaction took place at an arm's length price.

The transaction was financed by the increase in the existing subordinated loan of £150,000 from NW Brown Group Limited to Freedom Insurance Services Limited. The total loan is repayable in 5 equal installments on the following dates:

1 August 2020	£217,000
1 August 2021	£217,000
1 August 2022	£217,000
1 August 2023	£217,000
1 August 2024	£217,000
Total	£1,085,000

The Group divested its 100% holding in Freedom Insurance Services Limited on 31 March 2016 to its shareholders at that date. Each 0.01p ordinary NW Brown Group share was split into one 0.009p ordinary share and one 0.001p ordinary 'A' share. On the same date each ordinary 'A' share was exchanged for one 4p share in Freedom Insurance Services Limited.

Following the divestment the Group purchased 66,823 shares in Freedom Insurance Services Limited. They are included in the accounts at a cost of £42,981.

The book value of the assets and liabilities attributable to the subsidiary at 31 March 2016 were taken from the workings for the Company's statutory accounts.

	£
Deemed proceeds	985,000
LESS:	
OK To Travel net assets	(205,668)
Goodwill on consolidation eliminated	(103,302)
Freedom net assets	(146,215)
Professional fees	(13,610)
NW Brown Group 0.0001p shares cancelled on divestment	14
Net gain on disposal	516,220

28. Post balance sheet events

On 23rd June 2016 the United Kingdom voted to leave the European Union. The full impact of this on the Group's future profitability is as yet unknown.

29. Related Party Transactions

Certain directors of the Company and other Group subsidiaries have entered into mortgage related contracts through the subsidiary NW Brown & Company Limited. The business is undertaken on staff terms and no fees are charged. Close family members are also offered staff terms and directors are granted credit terms in excess of those generally given to clients.

Due to changes in pension scheme rules to restrict the amount of any one person's fund the company made one off payments to directors which may result in lower payments in future years. In the opinion of the directors an estimate of the impact on future expenses might be £220,154. As in the event of their departure from the Group we would be wholly dependent on the goodwill of the director concerned to receive any value for the contributions made. No prepayment has been created within those accounts.

Certain directors of the Company and other Group subsidiaries who have entered into SIPP arrangements through the subsidiary NW Brown & Company Limited do so on preferential terms – that is, that fees are reduced or waived. Close family members are also offered staff terms.

Certain directors of the Company and other Group subsidiaries are required to conduct their securities business through the subsidiary NW Brown & Company Limited and do so on staff terms – that is a reduced commission scale applies. Directors working full time in the investment division do not pay management fees when they are managing their own or closely related family funds. All other directors who have discretionary funds managed by the Group pay fees that are reduced from those which would be paid by unrelated clients.

The Company provides administrative services in respect of Group personal pensions with Standard Life at no cost to members of staff, including several directors.

Kirly Limited, a company controlled by M W Johnson and his family, its subsidiaries and its pension scheme, have investments managed by NW Brown & Company Limited on staff terms. NW Brown (Trustees) Limited is a trustee of the Kirly pension scheme, and is remunerated on an arm's length basis.

Anglian Archives Limited, a company controlled by M W Johnson and his family, provides confidential waste disposal services to the Group. Transactions are dealt with on an arms length basis and on normal terms. The Group paid Anglian Archives Limited £3,306 (2015: £2,846) during the year of which £604 (2015: £nil) was outstanding at the year end. A R Kefford is also a director of Anglian Archives Limited and has an interest in the share capital of the Company.

In the course of negotiating the sale of NW Brown Insurance Brokers Limited to One Broker Limited, Kirly Limited made a loan of £1,250,000 to One Broker Limited so that the settlement of the cash consideration was not delayed. Kirly Limited is a substantial shareholder of NW Brown Group Limited and M W Johnson and his family effectively control Kirly Limited. The terms of the loan are Base plus 4% and a fee of 1% was payable on drawdown. The terms are considered arm's length by the Company.

NWBIB Limited, a former 100%-owned subsidiary provides insurance broking services to the Group. Transactions are dealt with on an arm's length basis and on normal terms. The Group paid £81,735 during the year of which £4,134 was outstanding at the year end. The figure includes both insurance premiums due to the insurer and income for NWBIB Limited.

At the year-end Freedom Insurance Services Limited, a Company divested during the year owed £167,819 to the Group for a range of services including IT, accounting and human resource management.

Interest free loans of up to £10,000 are made available to all staff to purchase NW Brown Group Limited shares. The following loans to directors and subsidiary directors were outstanding at the year end. Interest is charged at the HMRC official rate on all loans over the HMRC interest-free limit.

	Loan from Group / Company		Interest on loan	
	2016	2015	2016	2015
	£	£	£	£
P B Burke	91,596	2,300	231	-
L Turner	145,458	521,302	3,766	15,444
O Phillips	185,255	116,763	2,689	3,582
T Yates	77,745	80,845	1,964	348
G Clark	8,846	9,829	-	-
	508,900	731,039		

	2016	2015
	£	£
Key management personnel compensation	£2,040,951	£1,843,002

NW BROWN
GROUP LIMITED

The following subsidiary of NW Brown Group Ltd is
authorised and regulated by the Financial Conduct Authority

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