COMPANY NO: 3917262

NW Brown Group Limited

Annual Report

Year ended 30 April 2019

Contents

Company Information

Directors	R M Jeffries - Chairman M W Johnson C D R Manktelow L Turner O W Phillips C Grundy (appointed 1 May 2018) K Miller
Secretary	M J Tolond
Registered office	Richmond House 16-20 Regent Street Cambridge CB2 1DB
Registered number	3917262
Auditors	Grant Thornton UK LLP
Bankers	Lloyds Bank plc Cater Allen Private Bank Svenska Handelsbanken AB Natwest Bank

NOTICE IS HEREBY GIVEN that the 2019 Annual General Meeting of the NW Brown Group Limited will be held at Richmond House, 16-20 Regent Street, Cambridge, CB2 1DB on Wednesday 31 July 2019 at 12 noon.

For the purpose of transacting the following business:
As ordinary business:

1. To receive the Directors' report and financial statements for the year ended 30 April 2019.
2. 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,
3. 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.

NOTE
It is the intention of the Board to declare an interim dividend on 31 October 2019. Subject to final confirmation as to the amount and no adverse events causing reconsideration your Board expects this to be about 80p per share. The ex-dividend date will be 30 September 2019.

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 Ros.Hall@nwbrown.co.uk

Chairman's Statement

In my report last year, I referred to the board's focus on ensuring that NW Brown & Company has the scale and resources both to continue the high standards of service which existing clients value so highly and to meet the requirements of new clients in East Anglia and beyond. The board believes that the proposed arrangements under which Brown Shipley & Co Limited (Brown Shipley) will acquire NW Brown & Company will ensure that those twin aims are achieved.

The Cambridge market is vibrant and expanding, and there is a substantial amount of private wealth in and around Norwich. The board is clear that, by broadening our range of services, particularly with the addition of private banking, we will be better placed to grow our market penetration of the many entrepreneurs in the region with recently acquired wealth as well as service the needs of those with more established wealth. The combination of wealth management as we know it, together with lending and banking, should be highly attractive and cement the Company's position as the leading wealth manager in the East of England.

We shall continue to trade initially under the name of NW Brown & Company. This will give us a chance to introduce Brown Shipley's involvement to our clients and to explain how we expect it to enhance the services that we already provide. The NW Brown & Company name is likely to change to Brown Shipley over the course of the next two years and we are planning for NW Brown Group to adopt the name of its largest shareholder, and become Kirly Group Holdings.

It has become clear in our discussions that Brown Shipley will adopt a collaborative approach to the integration of the NW Brown & Company business. The composition of the NW Brown & Company board will change with several nominees from Brown Shipley joining it. Oliver Phillips and Charlotte Grundy will continue as directors and the other current directors will continue to attend board meetings and contribute to the management of the business. Oliver will also continue as head of the Cambridge and Norwich offices.

I also mentioned last year that Lyn Turner's role was changing as we worked towards, and planned for, her retirement. I am pleased to report that the transition in leadership of our financial planning team from Lyn to Paul Fox has worked well as a result of which Lyn has been able to step down from the NW Brown & Company board with effect from 30 April as planned. She continues as a member of the Group board. This is therefore the appropriate opportunity to express the Group's enormous gratitude for all Lyn has enabled it to achieve, especially as it has sought to widen its offering to a comprehensive wealth management service. That has imposed a heavy burden in terms of recruitment, training and development and management on Lyn's part. We are deeply indebted to her.

Our arrangements with Brown Shipley are very much part of having an eye on the future, but I do also want to pay tribute to staff across the Group for the part they have played in delivering such a successful outcome for the Group in its 2018-19 financial year and more generally in ensuring that the business is in such a strong position to face the future. Many thanks.

Chief Executive's Report on the Year

This report takes a rather different format to that of previous years given the news, which we expect to have announced by the time shareholders read this report, that NW Brown and Company expects to merge our operations into those of Brown Shipley with effect from 1 September 2019. A summary of our results for the year can be found in the strategic report. The focus of my report will be on the future, detailing how the board arrived at the decision to align our company's future with that of Brown Shipley.

We have for the last six years or so considered that providing 'joined-up' wealth management, with a broad range of expertise offered to every client, is the future of our business. We have also felt that the one string missing from our bow has been private banking and over the six years we have talked to several possible partners to explore how we might incorporate it.

The very first conversation we had was with Brown Shipley. We did not pursue matters then because our respective approaches to other aspects of wealth management differed. However, we continued to keep in touch for the whole of this period. Over that time our approach to wealth management has converged considerably and towards the end of last year we again started to engage seriously with Brown Shipley on whether it made sense to join forces.

When considering the merits of a possible deal with Brown Shipley, the board challenged itself with three key questions, which are listed with our conclusions below:

Why is this good for clients?

Our business has been built around a focus on our clients' best interests and this question informs many of our daily decisions.

Put simply, Brown Shipley broadens what we can do for clients:

1) Private banking can be seen as an additional pillar of support for existing clients who need straightforward access to borrowing if they have a portfolio under our control. We also believe it could act as a potential 'hook' for new clients
2) Greater access to specialised facilities for our clients, such as the management of in-house AIM portfolios for inheritance tax planning and a diverse range of bond wrappers that allow for our investment managers to manage the underlying portfolios
3) Brown Shipley has a dedicated research team, which will give us access to deeper investment research and such specialist disciplines as technical pensions expertise. This strength and depth should allow us to focus more on adding genuine value in our client relationships

We believe that Brown Shipley is much better integrated than any other company we have compared ourselves with over the years. By giving our clients access to the extra services that Brown Shipley has to offer, we will be able to look after them better.

Why is this good for the company?

We have for many years positioned the company as a specialist provider of expertise to high net worth individuals and companies. We believe the future is brightest for those who can offer a wide range of advice and management together with a personalised service. To survive and hopefully prosper in future decades, we need to be absolutely the best at doing this. Competitive pressures are increasing all the time, as companies like Brown Shipley look to establish a presence in our region.

On the positive side, that is because the Cambridge market is vibrant and expanding, and there is still a substantial amount of private wealth in and around Norwich. We believe that by broadening our range of services, particularly with the addition of private banking to our capabilities, we will be by far the best operation in our area. In particular we believe that we can grow our market penetration of the many newly-wealthy entrepreneurs in the region. This is an area where the combination of wealth management as we know it, together with lending and banking, should be particularly attractive.

Why is this good for our people?

We have always felt that the best way to a brighter future for all is to grow the business and increase our profitability. We feel that this development offers us a better chance to achieve that; the ability to offer a wider range of services gives us the best chance to grow the firm, which in itself will enhance career opportunities. We have always from our foundation believed that if we look after our clients they will look after us and we are convinced that a vibrant expanding company offers better prospects for all those who make their career with us.

In many ways, having answered these three key questions to our satisfaction, the decision to merge into Brown Shipley was an easy one. Culturally, we see so many similarities; Brown Shipley was interested in NW Brown precisely because we have a great team of people doing what we do and they want to build on that.

We are all looking forward to continuing to develop our wealth management and corporate services, to cement our position as the premier provider in our region. We are certain that a bright future beckons for our clients, our company and our people.

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.

Our accounts show overall turnover to be up by 4% compared to the prior year. As ever, this reflects a mixed picture between divisions. In Wealth Management, being the combined services of Investment Management and Financial Planning, we have had another good year, with turnover increasing as a result of both growing funds under management and a relatively favourable market. At year end, our funds under discretionary management were standing at £943m (2018: £905m). The single fastest growing area of our discretionary managed business remains within our model portfolio service (MPS), which has grown from under £40m four years ago, to over £120m today. We have also seen a steady flow of new business into the higher value bespoke investment management service.

In Employee Benefits we have seen a small fall in turnover, in part as a result of the decision of one of our largest clients to take our service 'in-house'. This is always a risk when our corporate clients grow from medium sized into large companies; we believe that we continue to offer a rare combination of market insight, experience and support for company pension schemes and group risk that is hard to replicate, particularly for growing SMEs.

Costs have risen some 10% from the prior year. A large driver of this was the decision to end the ongoing support provided to the Group's former subsidiary, Freedom Insurance Services Limited. Following the divestment of this subsidiary in 2016 the Group continued to supply support services for a time, but chose to end the relationship in May 2018 in order to employ its resources fully in the operations of the Group and its continuing subsidiaries. The remuneration earned from this arrangement offset some of the employment and other costs of the Group.

We are delighted that during the year we agreed terms with Kay Burt which have allowed us to bring in house the service she previously provided through Kay Burt Investments. Kay's reputation in Norwich and the wider region as a sage investor and wise adviser is well deserved and we are very pleased to have her now as an integral part of our Norwich operation. She will gradually reduce her involvement but we are extremely pleased with the integration to date and believe her clients welcome the seamless transition to the new arrangements we have put in place.

Principal risks

The principal risks facing the company are outlined below. A prominent risk, and one that the Board takes seriously, is that of financial crime and particularly cybercrime. Fraudsters' 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 need to be highly vigilant and we have strict procedures which should be followed to safeguard our clients', and our own, funds against such attempts. We have provided fraud training to our staff at all levels to raise awareness of fraud and to help staff identify attempts at an early stage. 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.

At 30 April 2019 the Group's employees were broken down by gender as follows:

	Male	Female
Directors of the Group	4	3
Employees in other senior positions	4	2
Other employees of the Group	25	31
Total	33	36

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;

NW Brown Group Limited

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 into the local market or unexpected liabilities created by advice or actions 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 23% increase (2018: 22% increase) in the level of complaints and a 2% increase in the level of staff turnover. We have seen an increase in average client size within Investment Management but a small decrease in client numbers. This is consistent with our aim of moving upmarket. Overall turnover is higher than last year in all areas of the business, except for Corporate Benefits where there has been a 2% decrease in turnover from the prior year.

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 risks arise from the Group's loans made to former subsidiaries and from trade debtors. To manage credit risk the directors regularly monitor the performance of the companies it has leant money and the ageing debtors. Any staff loans which are material in size are secured against company shares. 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 March 2019. While our shareholders funds have increased, we have also increased our estimated capital requirement such that there has been a marginal decrease in our surplus capital. Your Board continues to believe 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 has been 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 intend to make it the vibrant hub of a top of the market investment and financial services operation over coming years and have made definite progress in this direction over the last 12 months.

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. We aim to undertake staff surveys every three years. The results of the most recent staff survey (conducted summer 2018) told us that 94% of respondents reported that they were proud to work for the

Group. We continue to monitor the areas identified for improvement to further engage our staff and improve their experience working for the firm.

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 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 (£)
2019	1,193,644	581,364	1,085,030
2018	1,123,648	176,109	1,151,424

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)
2019	157,340	49,901	1,068	69	3,003	15.48
2018	149,070	33,911	1,263	73	2,506	17.30
2017	165,535	81,398	1,189	78	3,119	15.24

Approval

The strategic report was approved by the Board on 18 June 2019 and signed on its behalf by:

O W Phillips
Director

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 April 2019.

Dividends

During the year the Company paid an interim dividend of 91p per share on 1,346,840 ordinary 0.009p shares amounting to £1,225,654. In the year ended 30 April 2018 the company paid an interim dividend of 83p per share on 1,340,363 ordinary 0.009p shares amounting to £1,112,501.

We expect to pay an interim dividend on 31 October 2019. Subject to final confirmation as to the amount and no adverse events causing reconsideration your Board expects this to be about 80p per share.

Directors

The present directors of the Company are included on page 2. All of the directors served throughout the year, except for Charlotte Grundy who was appointed 1 May 2018.

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

	Ordinary shares	
	At 30 April 2019 No.	**At 30 April 2018 No.**
M W Johnson	542,375	600,710
C D R Manktelow	107,526	87,526
L Turner	23,826	26,326
O W Phillips	42,290	42,290
C Grundy	10,000	-
R M Jeffries	-	-
K Miller	-	-

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						
	2018 cumulative	**Issued in the current year**	**Lapsed in current year**	**Exercised in year**	**2019 cumulative**	**Exercise price per share £**	**Date of grant**
C Grundy	10,000	-	-	10,000	-	5.36	1 Apr 2013
C Grundy	-	4,000	-	-	4,000	12.00	1 May 2018
C D R Manktelow	20,000	-	-	20,000	-	5.36	1 Apr 2013
C D R Manktelow	-	4,000	-	-	4,000	12.00	1 May 2018
O W Phillips	21,000	-	-	-	21,000	11.50	1 May 2017
L Turner	4,000	-	-	-	4,000	11.50	1 May 2017
L Turner	-	4,000	-	-	4,000	12.00	1 May 2018

The share options exercisable at £5.36 per share were, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant.

The share options exercisable at £11.50 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.

The share options exercisable at £12.00 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.

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 Company's 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 18 June 2019 and signed on its behalf by:

O W Phillips
Director

Independent Auditors' Report to the Members of NW Brown Group Limited

Opinion

We have audited the financial statements of NW Brown Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, 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.

Responsibilities of directors for the financial statements

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, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Grant Thornton UK LLP

Paul Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
19 June 2019

Consolidated Profit and Loss Account

For the year ended 30 April 2019

	Note	2019 Total	2018 Total
		£	£
Turnover	5	8,431,872	8,089,446
Administrative expenses		(5,976,073)	(5,417,308)
Other operating income	6	253,110	298,507
Operating profit	7	2,708,909	2,970,645
Interest receivable		133,405	127,779
Profit on ordinary activities before taxation		2,842,314	3,098,424
Tax on profit on ordinary activities	10	(477,077)	(634,623)
Profit for the year		2,365,237	2,463,801
Total comprehensive income wholly attributable to the owners of the parent company		2,365,237	2,463,801

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 2019

	Note	2019	2018
		£	£
Fixed assets			
Intangible assets	12	1,266,071	182,333
Tangible assets	13	1,204,568	1,229,940
Investments	14	1,515,227	2,033,696
		3,985,866	3,445,969
Current assets			
Debtors: amounts falling due after more than one year	17	1,535,592	2,061,877
Debtors: Amounts due in less than a year	16	2,484,703	2,224,450
Cash at bank and in hand		10,435,806	9,157,772
		14,456,101	13,444,099
Creditors: amounts falling due within one year	18	(2,560,405)	(2,420,495)
Net current assets		11,895,696	11,023,604
Total assets less current liabilities		15,881,562	14,469,573
Provisions for liabilities	20	(210,000)	(210,000)
Deferred tax	11	(15,327)	(131,163)
Creditors: amounts falling due after more than one year	19	(785,471)	-
Net assets		14,870,764	14,128,410
Capital and reserves			
Ordinary share capital	21	121	121
Shares held in treasury		1	-
Capital redemption reserve		390,361	390,361
Share premium account		2,488,496	2,015,024
Other reserve		70,600	-
Revaluation reserve		75,000	-
Special reserve		976,392	976,392
Profit and loss reserve		10,869,793	10,746,512
Total shareholders' funds		14,870,764	14,128,410

These financial statements were approved by the Board on 18 June 2019 and signed on its behalf by:

O W Phillips, Director

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

Company Balance Sheet

30 April 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	162,687	217,700
Investments	14	4,153,482	3,238,630
		4,316,169	3,456,330
Current assets			
Debtors: amounts falling due after more than one year	17	3,035,592	1,943,262
Debtors: Amounts due in less than a year	16	2,776,718	5,302,051
Cash at bank and in hand		327,052	424,333
		6,139,362	7,669,646
Creditors: amounts falling due within one year	18	(1,246,416)	(478,090)
Net current assets		4,892,946	7,191,556
Total assets less current liabilities		9,209,115	10,647,886
Provisions for liabilities	20	(210,000)	(210,000)
Net assets		8,999,115	10,437,886
Capital and reserves			
Ordinary share capital	21	121	121
Shares held in treasury		1	-
Capital redemption reserve		390,361	390,361
Share premium account		2,488,496	2,015,024
Special reserve		976,392	976,392
Profit and loss reserve		5,143,744	7,055,988
Total shareholders' funds		8,999,115	10,437,886

The parent Company made a profit of £355,627 for the period.

These financial statements were approved by the Board on 18 June 2019 and signed on its behalf by:

O W Phillips
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 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	2,365,237	2,463,801
Adjustments for		
Amortisation of intangible assets	225,785	123,980
Depreciation of tangible assets	104,272	123,891
Movement in fair value of investments	39,083	(555,705)
Written off investments	(73,658)	-
Taxation	477,077	634,623
Interest received	(133,405)	(127,779)
Decrease in trade and other debtors	392,165	658,538
Increase in trade creditors	128,364	327,899
Share option charge	39,350	45,475
Cash from operations	3,564,270	3,694,723
Income taxes paid	(581,364)	(163,774)
Net cash generated from operating activities	2,982,906	3,530,949
Cash inflows from investing activities		
Interest received	133,405	127,779
Payments to acquire investments	(322)	(1,196)
Receipts from sale of investment	553,366	40,535
Acquisition of business	(453,452)	-
Purchase of tangible assets	(3,900)	(75,006)
Net cash from investing activities	229,097	92,112
Cash flows from financing activities		
Redemption of share capital	(1,055,682)	(1,735,436)
Issuing of share capital	347,337	44,666
Cancellation of shares	-	(13)
Dividends paid	(1,225,624)	(1,112,501)
	(1,933,969)	(2,803,284)
Increase in cash	1,278,034	819,777
Cash at the beginning of the year	9,157,772	8,337,995
Cash at the end of the year	10,435,806	9,157,772

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

Consolidated Statement of Changes in Equity

For the year ended 30 April 2019

	Called-up share capital	Shares held in treasury	Capital redemption reserve	Share premium account	Special reserve	Other reserve	Revaluation reserve	Profit and loss reserve	Total
	£	£	£	£	£	£	£	£	£
At 30 April 2017	133	-	390,361	1,970,359	976,392	-	-	11,085,173	14,422,418
Profit for the year	-	-	-	-	-	-	-	2,463,801	2,463,801
Issue of shares	1	-	-	44,665	-	-	-	-	44,666
Cancellation of shares	(13)	-	-	-	-	-	-	(1,735,436)	(1,735,449)
Share option charge	-	-	-	-	-	-	-	45,475	45,475
Dividends paid	-	-	-	-	-	-	-	(1,112,501)	(1,112,501)
At 30 April 2018	121	-	390,361	2,015,024	976,392	-	-	10,746,512	14,128,410
Profit for the year	-	-	-	-	-	-	-	2,365,237	2,365,237
Issue of shares	8	-	-	473,472	-	-	-	-	473,480
Purchase of own shares	-	1	-	-	-	-	-	-	1
Cancellation of shares	(8)	-	-	-	-	-	-	(1,055,682)	(1,055,690)
Share option charge	-	-	-	-	-	-	-	39,350	39,350
Property revaluation	-	-	-	-	-	-	75,000	-	75,000
	-	-	-	-	-	70,600	-	-	70,600
Dividends paid	-	-	-	-	-		-	(1,225,624)	(1,225,624)
At 30 April 2019	121	1	390,361	2,488,496	976,392	70,600	75,000	10,869,793	14,870,764

Company Statement of Changes in Equity

For year ended 30 April 2019

	Called-up share capital	Shares held in treasury	Capital redemption reserve	Share premium account	Special reserve	Profit and loss reserve	Total
	£	£	£	£	£	£	£
At 30 April 2017	133	-	390,361	1,970,359	976,392	7,507,155	10,844,400
Profit for the year	-	-	-	-	-	2,366,062	2,366,062
Shares issued	1	-	-	44,665	-	-	44,666
Share option charge	-	-	-	-	-	30,708	30,708
Cancellation of shares	(13)	-	-	-	-	(1,735,436)	(1,735,449)
Dividends paid	-	-	-	-	-	(1,112,501)	(1,112,501)
At 30 April 2018	121	-	390,361	2,015,024	976,392	7,055,988	10,437,886
Profit for the year	-	-	-	-	-	355,627	355,627
Issue of shares	8	-	-	473,472	-	-	473,480
Purchase of own shares	-	1	-	-	-	-	1
Share option charge	-	-	-	-	-	13,435	13,435
Cancellation of shares	(8)	-	-	-	-	(1,055,682)	(1,055,690)
Dividends paid	-	-	-	-	-	(1,225,624)	(1,225,624)
At 30 April 2019	121	1	390,361	2,488,496	976,392	5,143,744	8,999,115

Notes to the Financial Statements

30 April 2019

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.

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.

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 £355,627 (2018: £2,366,062).

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% (2018: 5%) for a fall in the stock market. There is no provision for an increase or reduction of clients. At the year end the amount of accrued Investment Management fees was £880,579 (2018: £888,499).

The Company holds shares in unlisted investments. Where the historic value of these shares cannot be reliably measured for the purpose of restating values under FRS 102, they have been valued at cost (less impairment if necessary). Where shares were purchased or sold within a month of the balance sheet date the value at the transaction date has been used.

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 considered to be 5 years.

4.5 Tangible fixed assets and depreciation

Land and buildings are measured at valuation. The Group owns its premises at 36 Unthank Road in Norwich. The value of the property at 30 April 2019 was determined by reference to the report of an independent chartered surveyor dated 7 June 2019. The surveyor is a registered member of the Royal Institute of Chartered Surveyors with knowledge of the local market.

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

Included in office furniture and equipment is capitalised spend on fixtures which is depreciated over the remaining term of the office lease (16 years).

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 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 and 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:

In the investment management, financial planning and pensions division's revenue is recognised when the performance of a service has been completed. If the service is provided over a period of time, the proportion of income relating to the services performed in the accounting period is included in turnover. The turnover shown in the profit and loss account for these business areas represents amounts earned in the year for services provided excluding value added tax.

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.

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. Turnover

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

	2019 £	2018 £
Investment Management	5,368,244	5,057,630
Corporate Benefits	870,519	888,429
Financial Services	2,193,110	2,143,387
	8,431,873	8,089,446

6. Other Operating Income

	2019 £	2018 £
Rent received	174,450	223,032
Other income	78,660	75,475
	253,110	298,507

The Group earns rental income on commercial property leased to external tenants. This is recognised on an accruals basis. Other income is also earned on holdings in listed and unlisted investments.

7. Operating Profit

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

	2019 £	2018 £
Amortisation of intangible fixed assets	225,785	123,980
Depreciation of owned assets	104,272	123,891
Profit on disposal of fixed assets and investments	(4,052)	(13,945)
Operating lease rentals		
Land and buildings	220,000	210,000
Rental income	(174,450)	(223,032)
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of financial statements - Company	26,000	12,000
- Subsidiaries	10,500	10,500
Fees payable to the Company's auditor for non-audit services		
- Other assurance services	41,180	35,000
Movement in fair value of fixed asset investments	(51,713)	(555,705)

8. Directors

Group emoluments of the Company directors:

	2019 £	2018 £
Emoluments	587,002	667,016
Pension contributions	70,637	60,504
	657,639	757,520

The number of directors accruing pension benefits:

	2019 No	2018 No
Money purchase pension schemes	5	7

The emoluments of the highest paid director are as follows:

	2019 £	2018 £
Emoluments	175,103	261,205
Pension contributions	-	-
	175,103	261,205

9. Employees

Average number of employees for the Group, including directors:
Group

	2019 No	2018 No
Professional staff	26	29
Office and administration	43	44
	69	73

Staff costs for the Group, including directors:

	2019 £	2018 £
Wages and salaries	3,211,482	3,186,649
Social security costs	323,781	356,119
Pension costs	405,991	326,050
Cost of employee share scheme (note 20)	39,350	45,475
	3,980,604	3,914,293

10. Taxation

	2019 £	2018 £
Current taxation		
United Kingdom corporation tax	568,006	491,319
Adjustment in respect of prior period	11,102	35,948
Deferred tax	(102,031)	107,356
	477,077	634,623

Current tax reconciliation

	2019 £	2018 £
Profit on ordinary activities before tax	2,842,314	3,098,424
Theoretical tax at UK tax rate of 19% (2018: 19%)	540,040	588,700
Effects of:		
Expenses not deductible for tax purposes	(95,019)	(4,606)
Deferred tax not provided	20,954	14,581
Adjustment in respect of prior period	11,102	35,948
	477,077	634,623

The rate of UK Corporation Tax reduces from 19% to 18% from 1 April 2020.

11. Deferred Taxation

	2019 £
Opening deferred tax liability	131,163
Decrease in the period	(115,836)
Closing deferred tax liability	15,327

The deferred tax liability arises on the net movement in valuation of investments held by the Group.

12. Intangible Fixed Assets

Group	Goodwill £
Cost	
At 1 May 2018	4,505,901
Acquired in the period	1,309,523
At 30 April 2019	5,815,424
Amortisation	
At 1 May 2018	4,323,568
Charge for the year	225,785
At 30 April 2019	4,549,353
Net book value	
At 30 April 2019	1,266,071
At 30 April 2018	182,333

The Company does not have any intangible fixed assets (2018: Nil).

The Group acquired the trade of Kay Burt Investments on 1 November 2018. The consideration is made up of an initial payment of £453,452, plus two further instalment payments due to be made on 1 May 2020 and 31 October 2021. The payment due on 1 May 2020 is £453,452. The final payment is contingent upon the successful transfer of the business to NW Brown & Company Limited. An estimate of this amount based on expected conversion rates has been included within the financial statements.

13. Tangible Fixed Assets

Group	Property £	Computer equipment £	Office furniture and equipment £	Total £
Cost or valuation				
At 1 May 2018	775,000	1,050,938	1,079,496	2,905,434
Revaluation	75,000	-	-	75,000
Additions	-	3,900	-	3,900
At 30 April 2019	850,000	1,054,838	1,079,496	2,984,334
Depreciation				
At 30 April 2018	-	1,000,621	674,873	1,675,494
Charge for the year	-	32,416	71,856	104,272
At 30 April 2019	-	1,033,037	746,729	1,779,766
Net book value				
At 30 April 2019	850,000	21,801	332,767	1,204,568
At 30 April 2018	775,000	50,317	404,623	1,229,940

Company	Computer equipment £	Office furniture and equipment £	Total £
Cost			
At 30 April 2018	588,356	510,362	1,098,718
Additions	-	-	-
At 30 April 2019	588,356	510,362	1,098,718
Depreciation			
At 30 April 2018	539,173	341,845	881,018
Charge for the year	29,981	25,032	55,013
At 30 April 2019	569,154	366,877	936,031
Net book value			
At 30 April 2019	19,202	143,485	162,687
At 30 April 2018	49,183	168,517	217,700

Included in freehold property is land and buildings with an historic cost of £942,450. The property was revalued on 7 June 2019 by an external independent value. The surveyor is a registered member of the Royal Institute of Chartered Surveyors with knowledge of the local market.

14. Fixed Asset Investments

Group	Unlisted investments £	Listed investments £	Total £
Valuation			
At 30 April 2018	654,088	1,379,608	2,033,696
Additions	322	-	322
Disposals	(467,078)	-	(467,078)
Impairment	(12,630)	-	(12,630)
Change in fair value	(879)	(38,204)	(39,083)
At 30 April 2019	173,823	1,341,404	1,515,227

Company	Investments in Group undertakings £	Listed Investments £	Unlisted investments £	Total £
Valuation				
At 30 April 2018	2,638,257	-	600,373	3,238,630
Additions	-	1,296,575	42,098	1,338,673
Disposals	-	-	(456,020)	(456,020)
Impairment	-	-	(12,630)	(12,630)
Change in fair value	-	44,829	-	44,829
At 30 April 2019	2,638,257	1,341,404	173,823	4,153,482

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 Wealth Management; NW Brown Employee Benefits; NW Brown Corporate Benefits; NW Brown ISA Nominees Limited; NW Brown Nominees Limited; NW Brown Trustees Limited; DAN Holdings Limited; Cambridge Index Limited. The Group owned 51% of Investment Portfolio Service (formerly DW Associates) which was dormant through the year. NW Brown Executive Limited Partnership is a partnership where the Group is a member.

15. Dividends

During the year the Company paid an interim dividend of 91p per share on 1,346,840 ordinary 0.009p shares amounting to £1,225,624. In the year ended 30 April 2018 the company paid an interim dividend of 83p per share on 1,340,363 ordinary 0.009p shares amounting to £1,112,501.

16. Debtors: Amounts due in less than a year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	87,360	170,298	-	36,420
Amounts owed by Group undertakings	-	-	1,238,468	4,090,117
Other debtors	1,189,739	940,503	1,338,956	1,105,895
Prepayments and accrued income	1,207,604	1,113,649	199,294	69,619
	2,484,703	2,224,450	2,776,718	5,302,051

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Subordinated loan A	685,000	885,000	685,000	885,000
Subordinated loan B	-	-	1,500,000	-
Loan	-	118,616	-	-
NWBIB sale proceeds	850,592	1,058,261	850,592	1,058,262
	1,535,592	2,061,877	3,035,592	1,943,262

Subordinated loan A is repayable in five equal instalments commencing 1 August 2020. Interest is payable annually and is charged at LIBOR plus five percent. Interest of £31,475 was received during the year (2018: £48,675).

Subordinated loan B is repayable in one instalment on 10 December 2023. Interest is payable annually and is charged at LIBOR plus five percent. Interest of £34,767 was received during the year (2018: nil).

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

18. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Trade creditors	302,168	182,218	237,271	112,139
Corporation tax	407,002	395,456	81,549	-
Amounts owed to group undertakings	-	-	623,912	-
Other tax and social security	348,868	362,994	13,341	130,980
Other creditors	445,190	492,441	12,375	33,476
Accruals and deferred income	1,057,177	987,386	277,968	201,495
	2,560,405	2,420,495	1,246,416	478,090

19. Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Deferred consideration	785,471	-	-	-
	785,471	-	-	-

20. Provisions for Liabilities

	Dilapidations	
	Group	**Company**
	£	**£**
At 1 May 2018	210,000	210,000
Provided in the year	-	-
Released in the period	-	-
At 30 April 2019	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 22).

21. Ordinary Share Capital

	2019 £	2018 £
Called up, allotted and fully paid		
1,351,840 (2018: 1,347,784) ordinary shares of 0.009p	121	121

Issue/redemption of shares

During the year the Company purchased 89,280 ordinary shares of 0.009p for a total consideration of £1,055,685. Of these shares, 30,945 were cancelled within the period, a further 53,335 were allotted further to the exercise of share options and 5,000 were retained as treasury shares.

During the year the Company issued 35,001 ordinary shares of 0.009p at a price of £5.36 per share giving rise to a total consideration of £187,605.36 in accordance with the terms of the approved share option scheme. Of these shares 30,000 were cancelled within the period.

Share options

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

2018 cumulative	Lapsed	Issued	Exercised in year	2019 cumulative	Exercise price per share £	Date of grant
20,000	-	-	(20,000)	-	5.36	1 April 2011
68,332	-	-	(68,332)	-	5.36	1 April 2013
35,000	(1,500)	-	-	33,500	11.50	1 May 2017
-	(1,500)	32,000	-	30,500	12.00	1 May 2018
123,332	(3,000)	32,000	(88,332)	64,000		

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.

The share options exercisable at £11.50 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.

The share options exercisable at £12.00 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.

The company recognised an expense of £13,435 (2018: £30,708) in relation to equity settled share-based payment transactions in the year. The Group recognised an expense of £39,350 (2018: £45,745) in relation to equity settled share-based payment transactions in the year.

22. 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 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Land and buildings leases:				
Not later than one year	240,000	210,000	240,000	210,000
Later than one year and not later than five years	983,333	840,000	983,333	840,000
Later than five years	2,250,000	2,236,932	2,250,000	2,236,932
	3,473,333	3,286,932	3,473,333	3,286,932

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.

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Land and buildings leases:				
Not later than one year	76,378	76,378	76,378	76,378
Later than one year and not later than five years	221,626	276,956	221,626	276,956
Later than five years	-	21,049	-	21,049
	298,004	374,383	298,004	374,383

23. 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	**2019** £	**2018** £
Investments	1,515,227	2,033,696
	1,515,227	2,033,696

Financial assets – carried at amortised cost	**2019** £	**2018** £
Cash	10,435,806	9,157,772
Long term debtors	1,535,592	2,061,877
Trade debtors	87,360	170,298
Other debtors	1,189,742	940,503
Accrued income	889,523	1,113,649
	14,138,023	13,444,099

Financial liabilities – carried at amortised cost	**2019** £	**2018** £
Trade creditors	302,143	182,218
Other creditors	445,190	492,441
Accruals	953,545	987,386
Deferred consideration	785,471	-
	2,486,349	1,662,045

The group is exposed to minimal credit, liquidity and market risk.

Credit risk
The Group is exposed to credit risk on the amounts it is owed in respect of the sale of former subsidiaries of the Group (£685,000 from Freedom Insurance Services Limited and £1,100,592 from One Broker Limited in respect of the sale of NW Brown Insurance Brokers Limited). There are no financial assets past due at the year-end that are not impaired. For Investment Management clients the significant majority of fees are collected by the Company from the client's portfolio, and therefore the Company is exposed to minimal credit risk from trade debtors. During the year, the Company has written off no material amount of bad debt.

Liquidity risk
All financial liabilities are due in less than 3 months. The group retains Cash reserves in excess of the liquidity requirements of its subsidiaries.

Market risk
The group is exposed to minimal foreign exchange risk. The Group is exposed to fluctuations in the stock markets as its fees are calculated relative to market values.

24. Post Balance Sheet Events

At the date of signing the Company was in the final stages of agreeing the sale of its subsidiary, NW Brown & Company Limited, to Brown Shipley & Co Limited. NW Brown & Company is the main trading subsidiary of the Group and accounts for almost all of the Group's income, profit and cash. Most of the Group's residual income will arise from the rental of properties to external tenants.

The Company made a loan of £1,000,000 to Kirly Limited on 30 May 2019. It is expected that a further advance, of £500,000, will be made in June 2019. The loan attracts interest at the HM Revenue and Customs official rate of interest (currently 2.5%). The loan is repayable by 31 May 2024.

25. 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 £8,335 (2018: £67,370). 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.

The Group paid £94,780 (April 2018: £20,490) to Kirly Limited for the provision of consultancy services in the period, of which £38,744 was outstanding at year end. A further £18,004 (April 2018: £7,269) was accrued at year end for services performed but not yet invoiced.

In the year ended 30 April 2017 the Company settled a debt which related in part to companies owned and controlled by Marcus Johnson. The amount outstanding from Kirly Limited to the Group at year end was £7,563.24.

In the course of negotiating the sale of NW Brown Insurance Brokers Limited to One Broker Limited in May 2014, Kirly Limited made a loan of £1,250,000 to One Broker Limited so that the settlement of the cash consideration was not delayed. The loan has now been repaid in full to Kirly Limited. 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.

The Company made a loan of £1,000,000 to Kirly Limited on 30 May 2019. The loan attracts interest at the HM Revenue and Customs official rate of interest (currently 2.5%). The loan is repayable by 31 May 2024.

During the year the Company made a subordinated loan to its subsidiary company, NW Brown & Company Limited. At the year end £1,500,000 (2018: nil) was owed to the Company for the subordinated loan.

During the year the Company paid £2,013 (2018: nil) to the nephew of a company director for the provision of removal services, of which nothing was outstanding at year end.

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 £86,491 (2018: £80,563) during the year of which nothing (2018: £3,847) 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 in March 2016, owed £685,000 (2018: £885,000) to the Company for the subordinated loan.

The Group is a member of the Cambridgeshire Chamber of Commerce, a Limited Company where Charlotte Grundy serves as a director of the Board. The Group paid £570 (2018: £528) to the Cambridgeshire Chamber of Commerce for membership subscriptions during the year, of which nothing was outstanding at year end.

The Group is a member of the Cambridge Network, a Limited Company where Colin Manktelow serves as a director of the Board. The Group paid £7,136 to the Cambridge Network for membership subscriptions and training courses during the year (2018: £10,500), of which nothing was outstanding at year end.

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 and Company		Interest on loan	
	2019	2018	2019	2018
	£	£	£	£
L Turner	121,697	126,731	2,805	2,880
O Phillips	107,069	121,402	2,264	3,633
C Grundy	53,600	-	639	-
J Butler	10,000	-	-	-
S Carter	52,557	45,470	969	881
T Yates	118,720	69,518	2,165	1,436
P Fox	117,825	56,258	1,683	357
	581,468	419,379		

	2019	2018
	£	£
Key management personnel compensation	1,555,649	1,540,663

During the year the Group paid the following amounts in dividends to the directors of the Group and the directors of its subsidiary companies. These balances include dividends paid to close family members of the directors.

	2019	2018
	£	£
M Johnson	493,561	498,589
C Manktelow	97,849	72,646
L Turner	21,682	21,851
O Phillips	38,484	35,101
R Raywood	63,590	59,527
T Yates	9,100	7,968
P Fox	8,251	1,441
D Wilson	1,905	1,737
N Brown	98,872	90,180
A Puckridge	77,977	71,122
S Carter	9,621	7,391
C Grundy	9,100	-
P Burke	-	25,263
S Thorpe	-	6,067
	929,992	898,883