COMPANY NO: 3917262

NW Brown Group Limited

Annual Report

Year ended 30 April 2018

Contents

Company Information

Directors	R M Jeffries - Chairman P B Burke (resigned 30 April 2018) M W Johnson C D R Manktelow L Turner O W Phillips C Grundy (appointed 1 May 2018) K Miller (appointed 1 August 2017)
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 The Royal Bank of Scotland Group Natwest Bank

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting of the NW Brown Group Limited will be held at Richmond House, 16-20 Regent Street, Cambridge, CB2 1DB on Thursday 6 September 2018 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 2018.
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.
4. To approve updated articles of association as a special resolution requiring the approval of 75% of those shareholders voting.

NOTE
It is the intention of the Board to declare an interim dividend on 31 October 2018. Subject to final confirmation as to the amount and no adverse events causing reconsideration your Board expects this to be about 91p per share. The ex-dividend date will be 30 September 2018.

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

The Chief Executive's report summarises the considerable progress which has been achieved in our aim of providing a seamless wealth management service to clients. The benefits of integrating the financial planning and investment management lines of the business into a single and complete service are clear, not least in the encouraging increase in funds managed through our IPS service. This integration was one of a range of initiatives introduced by Oliver Phillips when he became Chief Executive on 1 May 2017. I am very pleased to report that the transition of leadership has been smooth and that the Group is well-positioned for the future.

There have been other organisational changes since my last report: Jason Butler has succeeded Robert Raywood as Chief Investment Officer with responsibility for leading our approach to investment and managing client portfolios. Jason has worked closely with Robert since joining the Group in 2007 and we are very grateful to Robert not only for all he has done in the role but for ensuring we have such a high calibre successor in Jason. Shaun Carter was appointed to the board of NW Brown & Company on 1 May 2018. Shaun joined the Group in 1996 and has led the development of its IT systems with great energy and determination. As we look to develop our online presence and use technology to greater effect, Shaun's experience and perspective will be invaluable. With IT playing an ever-increasing role in the future of our business, Shaun will bring much needed IT expertise and imagination to the board table.

I mentioned in my last report that Paul Fox had been identified as Lyn Turner's successor with responsibility for managing and developing the Financial Planning element of our integrated offering. Lyn will be handing over the reins on 1 November 2018 but will continue to lead the Employee Benefits team until next May, when she will step back from the role and from her position on the NW Brown & Company board, while continuing in to serve as a Group Director. Lyn and Oliver Phillips will be using the coming months to plan for Lyn's succession in Employee Benefits. There will be other opportunities to pay tribute to Lyn for her considerable contribution to the Group but it would be remiss not to recognise in this report all she has done to expand the Group's capability and capacity in financial planning.

Graham Clark stepped down from the NW Brown and Company board at the end of April 2018. While he will leave our employment at the end of July, he will remain close to the company to ensure a smooth transition to Daniel Addison of the clients for whom he has been responsible. We offer our thanks to Graham for his valuable contributions to board meetings and wish him well as he works towards his retirement.

Phil Burke retired at the end of the financial year. He joined the NW Brown Group 13 years ago and has been instrumental in many of the positive changes across the Group over the last decade. We are particularly grateful to him for the improvements he led to systems and working methods, for the constructive challenge he provided, and, above all, for his wise counsel. We wish Phil a happy and fulfilling retirement. Charlotte Grundy was identified as Phil's long-term successor three years ago and I am delighted that she has succeeded him as Group Finance Director with effect from 1 May 2018, and now sits on the Group board.

In looking to the future, the Group board's focus is directed towards 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. Online platforms offer significant opportunities for growth and the board continues to explore other avenues to extend the breadth and depth of our wealth management offering. Whilst new staff will contribute to those efforts it is to existing staff to whom we must pay particular thanks for all they have done to enhance the Group's reputation over the last 12 months.

Mark Jeffries
Chairman, NW Brown Group Limited

Chief Executive's Report on the Year

The report below is taken from the words written by the Chief Executive of NW Brown & Company Limited. The business of NW Brown & Company Limited forms the essence of the NW Brown Group and so the same matters apply to each.

Since the very beginnings of NW Brown, when Nigel Brown started the business in the questionable comfort of his garage more than forty years ago, a common principle has underpinned the company: always do what is right for the client. We remain convinced that doing what is right for our clients is the only way to continue to build a business that is both resilient and profitable. While last year was no exception to that principle, particularly at the individual level where we see it in evidence from colleagues every day, we took the time to take a step back and look at how we approach our wealth management services as a company.

During the last twelve months we brought together a cohort of talented colleagues, who work across different parts of the company, to work on a project taking a detailed look at all aspects of our Wealth Management service. The aim of the project was to consider what we do for our clients and how they experience our service, and make suggestions for improvements. The formal objective was to create a clear, concise client service proposition, which is largely innate in all of our people but which has become more important to articulate as we have grown, to ensure absolute consistency of service.

Part of the value of the project was found in the travelling not the arriving, offering an opportunity for self-reflection by a group with fresh perspective. The group considered our current client base and our ideal target client; they surveyed the competitive landscape; they constructed a feedback exercise for our Chairman, Mark Jeffries, and me to undertake with a sample of clients and business contacts; they looked at internal processes and identified areas for change, improvement or overhaul; they looked at how our people work together across the business today and identified the areas where we could work more efficiently together. A set of proposals for change were put to the Board and many of them will be implemented in the coming months. Together, they will improve our clients' experience of NW Brown.

Some of the proposals made by the team had their roots in better use of technology, which we view clearly as an opportunity not a threat. Technology will certainly help us provide a better service but our true value is as a 'people company' supported by technology and not the other way round. To ensure that every client continues to receive an outstanding service, we all need to focus on being as efficient as possible in our working practices. Any repetitive task that we can automate frees up time for a team member to add greater value to what we are doing for our clients.

Turning to the results for the year, our accounts show overall profitability to be up by some 8%, although within this total the picture is mixed, as is usually the case. Starting with Wealth Management, which from within the company is increasingly how we view the combined 'one team' services of Investment Management and Financial Planning, we have reported robust figures, supported again by a strong market and an inflow of funds under management. At year end, our funds under discretionary management were standing at £905m (2017: £832m). The single fastest growing area of our discretionary managed business remains within our model portfolio service (IPS), which has grown from under £40m three years ago, to over £120m today. We have also seen a steady flow of new business into the higher value bespoke investment management service.

We have not streamlined the administration of IPS as quickly as we would have liked over the last 12 months, in large part due to time absorbed by system changes needed to comply with two substantial pieces of legislation that came into force in the period (MIFiD II and GDPR). We continue to develop IPS, which is aimed mainly at smaller clients but suitable for almost any investor, and will improve it further behind the scenes to free up our people to concentrate on looking after clients. The delay has been frustrating but while the burden of regulation rises ever higher for all companies like ours, it is one that we take very seriously.

Financial Planning remains at the heart of why a typical client comes to us initially and remains with us for the long term. We continue to think of our financial planners as the 'front door' to our wealth management business, and coordinate the work we do for our clients in the interests of providing the rounded financial advice and management they want and need. One of the main challenges we face here is in finding and recruiting good people. We set the bar high here and continue to look only for advisers who will enhance the 'gene pool'. We are also paving the way to train new wealth managers from within to address the recruitment issue for the longer term.

In Employee Benefits we have seen results largely in line with what we expected, with a small fall in profits linked to the fall in activity relating to auto-enrolment work. The next twelve months will likely see a further fall in revenue, in large part due to the decision of one our largest clients to take our services '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. We are well positioned today to build upon our corporate business, which Lyn Turner will continue to lead until next May. Lyn and I will be using the coming months to identify her successor and ensure a smooth transition next year.

As we look forward to the next year, I remain convinced that we cannot stand still; our services must continue to evolve. We have built a company that is strong, stable and growing steadily by always looking to do what is right for our clients. I suspect that we could have grown faster over the years if we had compromised that principle but our integrity is the cornerstone of every client relationship and will remain at the heart of everything that we do. With an appetite to evolve and an unwavering commitment to do right by our clients, we are well-placed to flourish in a competitive and uncertain world.

Oliver Phillips

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 prominent risk, and one that the Board takes seriously, is that of financial crime and particularly cybercrime. 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 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. Further commentary on the performance in the year is in the Chief Executive's report.

At 30 April 2018 the Group's employees were broken down by gender as follows:

	Male	Female
Directors of the Group	5	3
Employees in other senior positions	6	2
Other employees of the Group	32	35
Total	43	40

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;

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 22% increase (2016: 73% 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 and an increase 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.

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 2018. 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. At the time of writing we have just received the results of our second staff survey in two years. We are encouraged that 94% of respondents reported that they were proud to work for the Group. Our focus now is to address 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 (£)
2018	1,123,648	176,109	1,151,424
2017	1,182,693	477,993	1,043,231

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)
2018	149,070	33,911	1,263	73	2,506	17.30
2017	165,535	81,398	1,189	78	3,119	15.24
2016	99,630	73,381	1,221	107	1,617	11.41

Our electricity consumption in the Cambridge office increased significantly during 2017 as a result of the installation of air conditioning and heating units on one floor of the building. The new system replaces the old gas heating system. Our gas consumption in Cambridge has therefore dropped to almost nil.

Approval

The strategic report was approved by the Board on 18 July 2018 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 2018.

Dividends

During the year the Company paid an interim dividend of 83p per share on 1,340,363 ordinary 0.009p shares amounting to £1,112,501. In the year ended 30 April 2017 the company paid an interim dividend of 31p per share on 1,479,659 ordinary 0.009p shares amounting to £458,694.

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 91p per share.

Directors

The present directors of the Company are included on page 2. All of the directors served throughout the year, except for P B Burke who resigned 30 April 2018, Kate Miller who was appointed 1 August 2017 and 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 2018 No.	**At 30 April 2017 No.**
P B Burke	33,770	30,437
M W Johnson	600,710	600,710
C D R Manktelow	87,526	87,526
L Turner	26,326	28,176
O W Phillips	42,290	42,290
C Grundy	-	-
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**	**2018 cumulative**	**Exercise price per share £**	**Date of grant**
P B Burke	3,333	-	-	3,333	-	5.36	1 Apr 2013
C Grundy	10,000	-	-	-	10,000	5.36	1 Apr 2013
C D R Manktelow	20,000	-	-	-	20,000	5.36	1 Apr 2013
O W Phillips	-	21,000	-	-	21,000	11.50	1 May 2017
L Turner	-	4,000	-	-	4,000	11.50	1 May 2017

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.

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 July 2018 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 2018 which comprise the Consolidated Profit and Loss account, the Consolidated and Company Balance Sheets, 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 2018 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.

Who we are reporting to

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.

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.

Paul Brown
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 2018

	Note	2018 Total	2017 Total
		£	£
Turnover	5	8,089,446	7,631,452
Administrative expenses		(5,417,308)	(5,352,225)
Other operating income	6	298,507	307,288
Operating profit	7	2,970,645	2,586,515
Interest receivable		127,779	35,657
Profit on ordinary activities before taxation		3,098,424	2,622,172
Tax on profit on ordinary activities	10	(634,623)	(337,102)
Profit for the year		2,463,801	2,285,070
Total comprehensive income wholly attributable to the owners of the parent company		2,463,801	2,285,070

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 2018

	Note	2018	2017
		£	£
Fixed assets			
Intangible assets	12	182,333	306,313
Tangible assets	13	1,229,940	1,278,824
Investments	14	2,033,696	1,517,328
		3,445,969	3,102,465
Debtors: amounts falling due after more than one year	17	2,061,877	2,308,545
Current assets			
Debtors: Amounts due in less than a year	16	2,224,450	2,636,324
Cash at bank and in hand		9,157,772	8,337,995
		11,382,222	10,974,319
Creditors: amounts falling due within one year	18	(2,420,495)	(1,729,104)
Net current assets		8,961,727	9,245,215
Total assets less current liabilities		14,469,573	14,656,225
Provisions for liabilities	19	(210,000)	(210,000)
Deferred tax	11	(131,163)	(23,807)
Net assets		14,128,410	14,422,418
Capital and reserves			
Ordinary share capital	20	121	133
Capital redemption reserve		390,361	390,361
Share premium account		2,015,024	1,970,359
Special reserve		976,392	976,392
Profit and loss reserve		10,746,512	11,085,173
Total shareholders' funds		14,128,410	14,422,418

These financial statements were approved by the Board on 18 July 2018 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

Company Balance Sheet

30 April 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	217,700	227,464
Investments	14	3,238,630	2,718,817
		3,456,330	2,946,281
Debtors: amounts falling due after more than one year	17	1,943,262	2,142,944
Current assets			
Debtors: Amounts due in less than a year	16	5,302,051	5,881,726
Cash at bank and in hand		424,333	378,161
		5,726,384	6,259,887
Creditors: amounts falling due within one year	18	(478,090)	(294,712)
Net current assets		5,248,294	5,965,175
Total assets less current liabilities		10,647,886	11,054,400
Provisions for liabilities	19	(210,000)	(210,000)
Net assets		10,437,886	10,844,400
Capital and reserves			
Ordinary share capital	20	121	133
Capital redemption reserve		390,361	390,361
Share premium account		2,015,024	1,970,359
Special reserve		976,392	976,392
Profit and loss reserve		7,055,988	7,507,155
Total shareholders' funds		10,437,886	10,844,400

The parent Company made a profit of £2,366,062 for the period.

These financial statements were approved by the Board on 18 July 2018 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 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	2,463,801	2,229,070
Adjustments for		
Amortisation of intangible assets	123,980	223,980
Depreciation of tangible assets	123,891	123,947
Movement in fair value of investments	(555,705)	(57,829)
Written off investments	-	(56,000)
Taxation	634,623	337,102
Interest received	(127,779)	(35,657)
Decrease in trade and other debtors	658,538	377,875
Increase in trade creditors	327,899	237,034
Share option charge	45,475	26,346
Cash from operations	3,694,723	3,461,868
Income taxes paid	(163,774)	(333,606)
Net cash generated from operating activities	3,530,949	3,128,262
Cash inflows from investing activities		
Interest received	127,779	35,657
Payments to acquire investments	(1,196)	(1,435)
Receipts from sale of investment	40,535	199,745
Purchase of tangible assets	(75,006)	(175,547)
Net cash from investing activities	92,112	58,420
Cash flows from financing activities		
Redemption of share capital	(1,735,436)	(5,770)
Issuing of share capital	44,666	-
Cancellation of shares	(13)	-
Dividends paid	(1,112,501)	(458,694)
	(2,803,284)	(464,464)
Increase in cash	819,777	2,722,218
Cash at the beginning of the year	8,337,995	5,615,777
Cash at the end of the year	9,157,772	8,337,995

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

Consolidated Statement of Changes in Equity

For the year ended 30 April 2018

	Called-up share capital	Capital redemption reserve	Share premium account	Special reserve	Profit and loss reserve	Total
	£	£	£	£	£	£
At 1 May 2016	133	390,361	1,970,359	976,392	9,238,221	12,575,466
Profit for the year	-	-	-	-	2,285,070	2,285,070
Cancellation of shares	-	-	-	-	(5,770)	(5,770)
Share option charge	-	-	-	-	26,346	26,346
Dividends paid	-	-	-	-	(458,694)	(458,694)
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

Company Statement of Changes in Equity

For year ended 30 April 2018

	Called-up share capital	Capital redemption reserve	Share premium account	Special reserve	Profit and loss reserve	Total
	£	£	£	£	£	£
At 01 May 2016	133	390,361	1,970,359	976,392	6,164,818	9,502,063
Profit for the year	-	-	-	-	1,787,415	1,787,415
Share option charge	-	-	-	-	19,386	19,386
Cancellation of shares	-	-	-	-	(5,770)	(5,770)
Dividends paid	-	-	-	-	(458,694)	(458,694)
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

Notes to the Financial Statements

30 April 2018

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 £2,366,062 (2017: £1,787,415).

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% (2017: 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 £888,499 (2017: £776,657).

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 the S-Tech business. The period was also five years for goodwill relating to NW Brown Financial Services Limited. This has now been fully amortised.

The brought forward amounts for cost and amortisation include amounts now fully amortised. Of the remaining net goodwill, £162,500 relates to the purchase of S-Tech. It is being amortised over 5 years at £75,000 per year.

4.4 Investment Property

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

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 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:

	2018 £	2017 £
Investment Management	5,057,630	4,838,425
Corporate Benefits	888,429	976,735
Financial Services	2,143,387	1,816,292
	8,089,446	7,631,452

6. Other Operating Income

	2018 £	2017 £
Rent received	223,032	162,996
Other income	75,475	144,292
	298,507	307,288

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):

	2018 £	2017 £
Amortisation of intangible fixed assets	123,980	223,980
Depreciation of owned assets	123,891	123,947
Profit on disposal of fixed assets and investments	(13,945)	(41)
Operating lease rentals		
Land and buildings	210,000	210,000
Rental income	(223,032)	(162,996)
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of financial statements - Company	12,000	11,000
- Subsidiaries	10,500	9,500
Fees payable to the Company's auditor for non-audit services		
- Other assurance services	35,000	35,000
Movement in fair value of fixed asset investments	(555,705)	(57,829)

8. Directors

Group emoluments of the Company directors:

	2018 £	2017 £
Emoluments	667,016	653,811
Pension contributions	60,504	64,659
	757,520	718,470

The number of directors accruing pension benefits:

	2018 No	2017 No
Money purchase pension schemes	7	7

The emoluments of the highest paid director are as follows:

	2018 £	2017 £
Emoluments	261,205	174,723
Pension contributions	-	-
	261,205	174,723

9. Employees

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

	2018 No	2017 No
Professional staff	29	31
Office and administration	44	46
	73	77

Staff costs for the Group, including directors:

	2018 £	2017 £
Wages and salaries	3,186,649	3,348,028
Social security costs	356,119	347,667
Pension costs	326,050	353,927
Cost of employee share scheme (note 19)	45,475	26,346
	3,914,293	4,075,968

10. Taxation

	2018 £	2017 £
Current taxation		
United Kingdom corporation tax	491,319	488,505
Adjustment in respect of prior period	35,948	(154,894)
Deferred tax	107,356	3,491
	634,623	337,102

Current tax reconciliation

	2018 £	2017 £
Profit on ordinary activities before tax	3,098,424	2,622,172
Theoretical tax at UK tax rate of 19% (2017: 20%)	588,700	524,434
Effects of:		
Expenses not deductible for tax purposes	(4,606)	(28,595)
Deferred tax not provided	14,581	(3,843)
Adjustment in respect of prior period	35,948	(154,894)
	634,623	337,102

The rate of UK Corporation Tax reduced to 19% from 20% on 1 April 2017. It reduces to 18% from 1 April 2020.

11. Deferred Taxation

	2018 £
Opening deferred tax liability	23,807
Increase in the period	107,356
Closing deferred tax liability	131,163

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 2017	4,505,901
At 30 April 2018	4,505,901
Amortisation	
At 1 May 2017	4,199,588
Charge for the year	123,980
At 30 April 2018	4,323,568
Net book value	
At 30 April 2018	182,333
At 30 April 2017	306,313

The Company does not have any intangible fixed assets (2017: Nil).

13. Tangible Fixed Assets

Group	Property £	Computer equipment £	Office furniture and equipment £	Total £
Cost or valuation				
At 1 May 2017	775,000	993,339	1,062,089	2,830,428
Additions	-	57,599	17,407	75,006
At 30 April 2018	775,000	1,050,938	1,079,496	2,905,434
Depreciation				
At 1 May 2017	-	948,831	602,773	1,551,604
Charge for the year	-	51,791	72,100	123,891
At 30 April 2018	-	1,000,621	674,873	1,675,494
Net book value				
At 30 April 2018	775,000	50,317	404,623	1,229,940
At 30 April 2017	775,000	44,508	459,316	1,278,824

Company	**Computer equipment** £	**Office furniture and equipment** £	**Total** £
Cost			
At 1 May 2017	530,757	505,715	1,036,472
Additions	57,599	4,647	62,246
At 30 April 2018	588,356	510,362	1,098,718
Depreciation			
At 1 May 2017	492,440	316,568	809,008
Charge for the year	46,733	25,277	72,010
At 30 April 2018	539,173	341,845	881,018
Net book value			
At 30 April 2018	49,183	168,518	217,700
At 30 April 2017	38,317	189,147	227,464

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 value. 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 2018. Management have estimated that the value of the property is unlikely to have fluctuated materially between the balance sheet dates.

14. Fixed Asset Investments

Group	**Unlisted investments** £	**Listed investments** £	**Total** £
Valuation			
At 1 May 2017	165,707	1,351,621	1,517,328
Additions	1,196	-	1,196
Disposals	(40,533)	-	(40,533)
Change in fair value	527,718	27,987	555,705
At 30 April 2018	654,088	1,379,608	2,033,696

Company	**Investments in Group undertakings** £	**Unlisted investments** £	**Total** £
Valuation			
At 1 May 2017	2,638,257	80,560	2,718,817
Disposal	-	(9,101)	(9,101)
Impairment	-	-	-
Change in fair value	-	528,914	528,914
At 30 April 2018	2,638,257	600,373	3,238,630

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 83p per share on 1,340,363 ordinary 0.009p shares amounting to £1,112,501. In the year ended 30 April 2017 the company paid an interim dividend of 31p per share on 1,479,659 ordinary 0.009p shares amounting to £458,694.

16. Debtors: Amounts due in less than a year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	170,298	125,922	36,420	-
Amounts owed by Group undertakings	-	-	4,090,117	4,184,885
Other debtors	940,503	1,459,193	1,105,895	1,631,420
Prepayments and accrued income	1,113,649	1,051,209	69,619	65,421
	2,224,450	2,636,324	5,302,051	5,881,726

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Subordinated loan	885,000	885,000	885,000	885,000
Loan	118,616	165,601	-	-
NWBIB sale proceeds	1,058,261	1,257,944	1,058,262	1,257,944
	2,061,877	2,308,545	1,943,262	2,142,944

The subordinated 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 £48,675 was received during the year (2017: £57,685).

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.

18. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2018	**2017**	**2018**	**2017**
	£	**£**	**£**	**£**
Trade creditors	182,218	116,979	112,139	45,579
Corporation tax	395,456	31,960	-	-
Other tax and social security	362,994	358,420	130,980	51,894
Other creditors	492,441	479,366	33,476	12,375
Accruals and deferred income	987,386	742,379	201,495	184,864
	2,420,495	1,729,104	478,090	294,712

19. Provisions for Liabilities

	Dilapidations	
	Group	**Company**
	£	**£**
At 1 May 2017	210,000	210,000
Provided in the year	-	-
Released in the period	-	-
At 30 April 2018	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).

20. Ordinary Share Capital

	2018	**2017**
	£	**£**
Called up, allotted and fully paid		
1,347,784 (2017: 1,480,159) ordinary shares of 0.009p	121	133

Issue/redemption of shares
Further to the exercise of share options, during the year the Company issued 8,333 ordinary shares of 0.009p at a price of £5.64 per share giving rise to a total consideration of £44,665 in accordance with the terms of the approved share option scheme. During the year the Company purchased 140,208 ordinary shares of 0.009p for a total consideration of £1,744,129. All of these shares 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.

2017 cumulative	Lapsed	Issued	Exercised in year	2018 cumulative	Exercise price per share £	Date of grant
28,333	-	-	(8,333)	20,000	5.36	1 April 2011
68,332	-	-	-	68,332	5.36	1 April 2013
-	-	35,000	-	35,000	11.50	1 May 2017
96,665	-	35,000	(8,333)	123,332		

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 company recognised an expense of £30,708 (2017: £19,386) in relation to equity settled share-based payment transactions in the year. The Group recognised an expense of £45,745 (2017: £26,346) in relation to equity settled share-based payment transactions in the year.

21. 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	
	2018 £	2017 £	2018 £	2017 £
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	2,236,932	2,446,932	2,236,932	2,446,932
	3,286,932	3,496,932	3,286,932	3,496,932

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.

22. Contingent Liabilities

There is one unresolved matter, which arose in the year and which is outstanding at year end, where it is alleged that our conduct did not meet the standards of a regulator. The Company is in the process of firmly resisting this allegation. Included in these accounts is an accrual of £50,000 in respect of possible legal fees we might incur in the course of defending ourselves, and we would hope that any expense beyond this would be unlikely. The dispute does not concern any action which could have resulted in any detriment to any client.

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	**2018**	**2017**
	£	**£**
Investments	2,033,696	1,517,328
	2,033,696	1,517,328

Financial assets – carried at amortised cost	**2018**	**2017**
	£	**£**
Cash	9,157,772	8,337,995
Long term debtors	2,061,877	2,308,545
Trade debtors	170,298	125,922
Other debtors	940,503	1,459,193
Accrued income	1,113,649	889,523
	13,444,099	13,121,178

Financial liabilities – carried at amortised cost	**2018**	**2017**
	£	£
Trade creditors	182,218	116,979
Other creditors	492,441	479,366
Accruals	987,386	654,678
	1,662,045	1,251,023

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 (£885,000 from Freedom Insurance Services Limited and £1,058,261 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 capital adequacy 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. 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 £67,370 (2017: £123,202). 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 formerly controlled by M W Johnson and his family, provided confidential waste disposal services to the Group in the previous financial year. Transactions were dealt with on an arms length basis and on normal terms. The Company ceased to use the services of Anglian Archives in March 2017, but paid Anglian Archives Limited £2,592 in the year to April 2017 of which £0 was outstanding at the year end.

The Group paid £20,490 (April 2017: nil) to Kirly Limited for the provision of consultancy services in the period. A further £7,269 has been accrued at year end for services performed but not yet invoiced.

In the previous year the Company settled a debt which related in part to companies owned and controlled by Marcus Johnson. The amount outstanding 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. 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 £80,563 (2017: 76,069) during the year of which £3,847 (2017: £0) 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 £nil (2017: £140,287) to the Group for a range of services including IT, accounting and human resource management. The Group was also owed £885,000 by Freedom Insurance Services Limited 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 £528 to the Cambridgeshire Chamber of Commerce for membership subscriptions during the year (2017: nil), 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 £10,500 to the Cambridge Network for membership subscriptions and training courses during the year (2017: £7,800), 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	
	2018	**2017**	**2018**	**2017**
	£	**£**	**£**	**£**
P Burke	-	91,587	3,196	2,614
L Turner	126,731	138,666	2,880	3,924
O Phillips	121,402	177,809	3,633	4,906
T Yates	69,518	74,784	1,436	1,969
G Clark	6,880	7,863	-	-
P Fox	56,258	17,956	357	115
	380,789	508,665		

	2018	**2017**
	£	£
Key management personnel compensation	1,540,663	1,623,737

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.

	2018	**2017**
	£	**£**
M Johnson	498,589	186,220
C Manktelow	72,646	27,133
P Burke	25,263	9,435
L Turner	21,851	8,735
O Phillips	35,101	13,110
R Raywood	59,527	22,233
T Yates	7,968	2,976
P Fox	1,441	538
D Wilson	1,737	649
N Brown	90,180	33,604
A Puckridge	71,122	26,564
S Carter	7,391	2,672
S Thorpe	6,067	40,058
	898,883	373,927