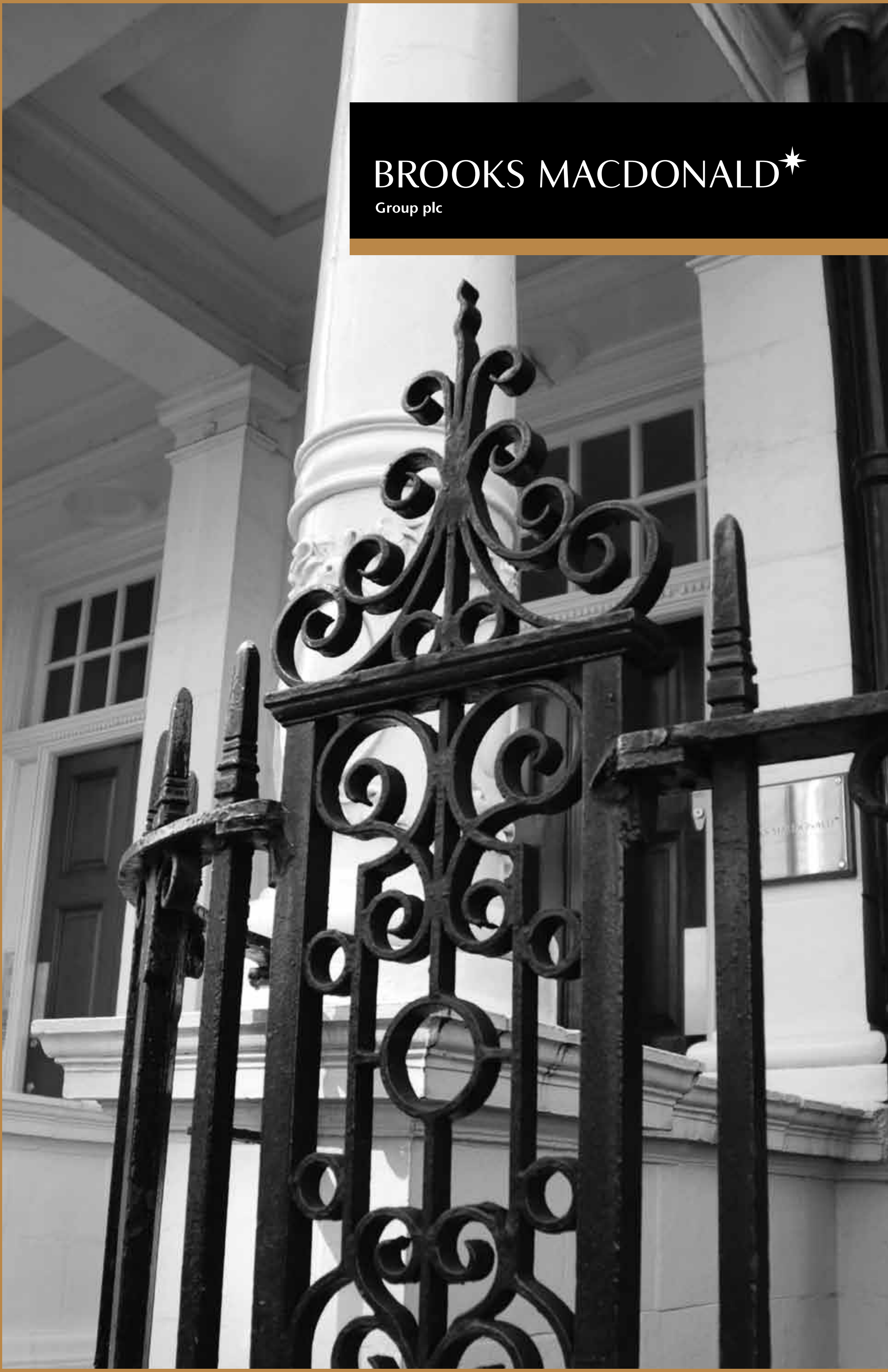
BROOKS MACDONALD
Group plc



Annual Report & Accounts
for the year ended 30 June 2011

111 Park Street London W1K 7JL

Financial Highlights

+49%

Revenue has increased from £35.1 million to £52.2 million a rise of 49%.

15p

A proposed final dividend of 10p per share making a total of 15p for the year, an increase of 67%.

+28%

Pre-tax profit was £7.29 million compared to £5.68 million, an increase of 28%.

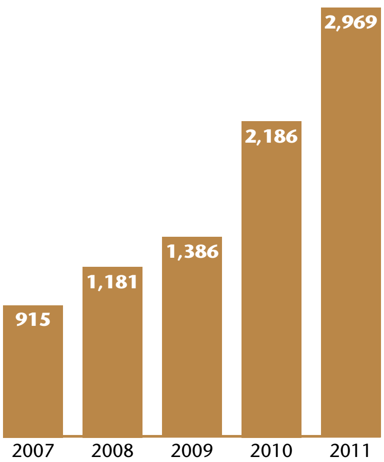
+36%

Discretionary Funds Under Management rose from £2.186 billion to £2.969 billion, an increase of 36%.

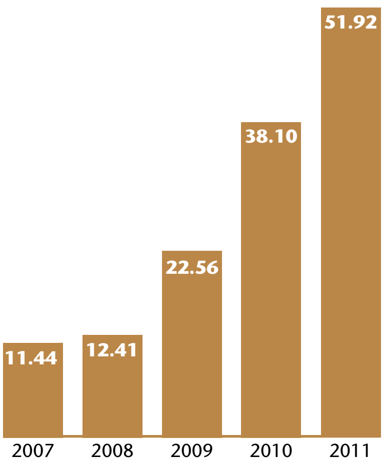
+36%

Basic earnings per share have increased from 38.10p to 51.92p, an increase of 36%.

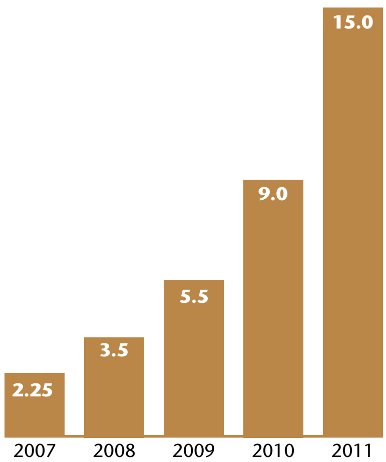
Funds under Management, £m



Earnings per share, pence



Dividend per share, pence



Group Overview

Brooks Macdonald Group plc is an AIM listed integrated wealth management group. The group consists of three principal companies: Brooks Macdonald Asset Management Limited, a discretionary asset management business; Brooks Macdonald Financial Consulting Limited, a financial advisory and employee benefits consultancy; and Braemar Group Limited, a specialist fund and estate management company.

Brooks Macdonald Asset Management provides a bespoke, fee based, investment management service to private high net worth individuals, charities and trusts. It also provides in-house custody, nominee and dealing services and has offices in London, Manchester, Hampshire, Tunbridge Wells, and Edinburgh.

Brooks Macdonald Financial Consulting is London based and provides fee based, independent advice to high net worth individuals, families and businesses.

The Braemar Group is based in Hale and acts as fund manager to our regulated OEICs, under the name Brooks Macdonald Funds, as well as providing specialist funds in the property and structured return sectors. It also manages property assets on behalf of the funds and other clients.

The Brooks Macdonald Group has developed under stable management since formation in 1991, now has in excess of 250 staff throughout the UK. The group's shares are listed on AIM, with management and staff retaining considerable ownership of the business.

Hampshire
The Long Barn Dean Estate Wickham Road
Fareham Hampshire PO17 5BN

Manchester
No 1 Marsden Street Manchester M2 1HW.

Tunbridge Wells
2 Mount Ephraim Rd Tunbridge Wells Kent TN1 1EE

Edinburgh
10 Melville Crescent Edinburgh EH3 7LU

Braemar
Richmond House Heath Road Hale Cheshire WA14 2XP

Chairman's Statement

Christopher Knight, Chairman

"I am pleased to report on another year of significant growth for the Group"

Profit before tax has increased by 28% from £5.68 million to £7.29 million, on turnover which has increased by 49% to £52.18million. Earnings per share were 51.92p, compared with 38.10p for the previous year, an increase of 36%.

As I reported in my interim statement, these results are after a charge of £545,000, being the levy imposed on Brooks Macdonald (in common with all other wealth managers) under the Financial Services Compensation Scheme.

The board has recommended a final dividend of 10p per share. If approved by shareholders this will result in total dividends for the year of 15p, an increase of 67% over the dividends of 9p per share paid for the previous financial year.

Funds under management (FUM) at 30 June 2011 were £2,969 million, an increase of £783 million or 36% over the figure a year earlier. When our shares were listed on AIM in 2005, our FUM were £315 million. This nine-fold increase in six years is a remarkable achievement and one, we believe, which reflects both the excellent service we provide to our clients and the strength of our relationship with our partners and professional introducers.

Since the year-end we have launched our funds business, initially consisting of the three funds we acquired as part of Braemar Group and four existing Brooks Macdonald funds. We are now marketing our funds to a wider group of potential investors.

In November we plan to open our sixth private client regional office in Taunton, where we have recently announced the acquisition of the investment management department of Clarke Willmott LLP. The acquisition will add over c. £120 million to our FUM. Our regional offices are closely associated with our Strategic Alliance partners and hence are an important part of our growth strategy.

We are pleased to welcome Diane Seymour-Williams as a non-executive director. Diane has had a distinguished career in investment management having spent over twenty years at Morgan Grenfell/Deutsche Asset Management. She is now an executive director of Lloyd George Management and a non-executive director of both Calculus Capital and of Witan Pacific Investment Trust and will undoubtedly be a valuable addition to the Brooks Macdonald Board.

The UK economy faces significant economic challenges, the eurozone is in turmoil and the US has a balance of payments problem that it is struggling to address. In challenging markets our approach remains unchanged: we look to invest our clients' funds with caution while providing them with an efficient and transparent service. We believe that this approach will continue to stand them and Brooks Macdonald in good stead as we continue to build our business.

Christopher Knight
Chairman

13 September 2011

Chief Executive's Review

Chris Macdonald, Chief Executive

"We have delivered value to our clients, shareholders and staff whilst critically maintaining our strong corporate ethos and culture"

Introduction

In spite of a volatile macroeconomic backdrop this has been another highly successful year for the Group. We have delivered value to our clients, shareholders and staff whilst critically maintaining our strong corporate ethos and culture.

Funds under management

Discretionary funds under management over the period rose from £2,186 million to £2,969 million representing an increase of 36%. As a comparison the APCIMS balanced index rose by 14% over the same period. This rise comes as a result of a combination of continuing strong new business and very solid investment performance across all risk mandates. Our principal areas of investment management are the management of private portfolios, self invested personal pensions and charities and trusts and I am pleased to report that we have seen growth in all three areas.

Strategies for growth

We have, and will continue to pursue, a number of strategies for growth, principally as follows: expanding by organic investment in our core businesses, acquiring investment management teams, expanding our regional presence and developing our product and service offering.

Organic investment continues apace. We have expanded all parts of the business over the reporting period with growth in professional staff, senior hires in Compliance and Risk, Marketing, Trainees, Operations and New Business Development. Total staff numbers increased from 164 to 247, including an increase in investment managers from 35 to 43. Two trainees qualified as Investment Managers over the year. We remain firmly committed to our trainee programme and currently have 13 trainees who give us considerable capacity for the future as well as allowing us to recruit high quality graduates into the sector.

We continue to develop our product and service offering. We currently undertake around 85% of the back office functionality within Asset Management and over the next nine months we will be looking to undertake 100% in house. Whilst this will involve additional capital investment, it will improve further our service offering to clients and appropriately position the business to handle further growth. Service development and robust transparent investment performance are key beliefs of the business.

We have six offices throughout the UK with our office in Hale being the focus for our Estates and Funds business. All other offices are focussed on private clients and our growth has been strong across each location. Outside London our Hampshire and Manchester offices are the oldest (opening in 2005 and 2007 respectively) and these two offices have both had an exceptionally strong year.

New Taunton Office

In addition, as announced on 5 August 2011, we will be opening a new office in November in the South West of England, based in Taunton. This is as a result of our acquisition of the investment management department of Clarke Willmott LLP, the national law firm. As well as being a strong fit in terms of culture, the investment management team is a talented one.

Forming a relationship with Clarke Willmott also gives the Group the opportunity of working closer with the legal practice in all their regional offices. We are excited not only about the acquisition but by the opportunity of this new potential avenue for growth.

Chief Executive's Review

Strategic Alliances

Our new business is supported by both Strategic Alliances and introductions from other professional services sectors. We now have nine strategic partners and have commercial arrangements with over 240 quality professional services firms (Independent Financial Advisors, private client legal or accountancy practices). This number has risen by over 33% over the reporting period which represents our strongest period of growth since inception. I would like to go on record thanking all our professional connections for their continued support.

Braemar and launch of Funds business

The acquisition of Braemar Group plc completed in the last financial year and comprised of two businesses: Estates and Securities. The Estates business has continued its growth, now managing over £750 million of property assets, and gives the Group another avenue for recurrent income growth.

The Securities business has been used as the 'launch pad' for our Funds Business which we announced in July 2011. As a Group we have a highly successful Managed Portfolio Service ('MPS') that offers clients with £200,000 or less to have access to our fund management service by investing into a portfolio managed by risk mandates.
A natural extension of this was to launch a unitised version and this together with the existing three Braemar funds and our Structured Growth fund forms the basis of the new Funds business. Whilst clearly early days, initial progress is encouraging.

Financial Consulting

Our Financial Consulting arm continues to grow organically. It has been another year of progress developing and maintaining alliances with solicitors, accountants and investment managers allowing us to work as part of a team in the management of client affairs.

Regulation

The Retail Distribution Review (RDR) comes into force in January 2013. Transparency of charges, high professional standards, clarity of services and an industry that engages with consumers are some of the key outcomes of RDR. These are outcomes that we fully support and we are excited by the opportunities both before and beyond the implementation of RDR.

Brooks Macdonald Foundation

During the year we established the Brooks Macdonald Foundation that supports a range of charities that our staff have connections with. I would like to thank the trustees for their hard work in establishing the Foundation and all the staff involved in making this happen.

Summary and Outlook

In September of this year we will have been trading for 20 years. We are proud of what has been achieved in that period and look ahead with confidence. Since the period end and despite challenging markets, we have witnessed continued inflows of funds through our private client offices and professional contacts and our funds business continues to progress well.

This is in the main due to the quality of our staff. I would like to end this report by thanking them all for their continued hard work, drive and professionalism over the last year.

Chris Macdonald
Chief Executive

13 September 2011

"Our principal areas of investment management are the management of private portfolios, self invested personal pensions and charities and trusts and I am pleased to report that we have seen growth in all three areas"

Risks and uncertainties

Risks and uncertainties

The principal risks and uncertainties that face the group are:

Financial risks

The group's principal financial risks and the measures and policies for the management of those risks are set out in note 28 to the consolidated financial statements. Brooks Macdonald Group plc's Pillar III disclosure is presented on our website at www.brooksmacdonald.com. Further details on capital management processes can be found in note 29.

Non–financial risks

The significant non-financial risks faced by group are as follows:

Reputational risk

The group has a growing reputation as provider of high quality investment and wealth management services. There is a risk that significant damage to reputation could lead to the loss of existing clients as well as impacting on the ability to gain new clients which would lead to a fall in financial income.

Such risk could arise from events such as poor investment performance or poor client service or regulatory censure. This risk is minimised by ensuring the group maintains a culture of high ethical and professional standards whilst focussing on delivering a first class service to all of our clients. The group maintains an independent compliance department which ensures conformity with the regulations of the Financial Services Authority as well as relevant statutes in all of our dealings with our clients. This compliance function is monitored by the compliance and risk committee of the group board.

Regulatory risk

The sector in which the group operates is heavily regulated and any breach of regulations could lead to fines or disciplinary action against the group or its staff. The group monitors actual and impending changes in regulations in order to assess the impact on the business and to ensure that the group has sufficient resources to implement any necessary changes.

Competition risk

Operating in a competitive market there is a risk of loss of existing clients due to poor performance, failure to respond to changes in the market place, or the loss of key investment professionals. To minimise this risk, the group continues to invest in its employees and monitors developments in the marketplace in which it operates to ensure that the group continues to offer a wide range of services. Recruitment policies are designed to attract high quality staff and the group regularly reviews and benchmarks its remuneration packages and contractual arrangements in order to retain and motivate staff. A dedicated training manager provides structured training plans in order to ensure all staff continue to develop their careers within the group.

Technology risk

A key part of the high quality service delivered to clients is facilitated by a flexible and robust IT infrastructure.

New IT projects are regularly reviewed and appraised at board meetings in order to ensure that the group continues to develop its IT capabilities. As well as our offices in Hampshire, Manchester, Tunbridge Wells and most recently Edinburgh providing back up facilities we have a fully tested disaster recovery plan which would facilitate remote working capabilities.

Operational risk

Operational risk is the risk that the group suffers a loss resulting from inadequate or failed internal processes, people and systems or from external events that impact the operation of processes and systems. The group's policy to minimise these risks is to continuously monitor and review the controls in place and maintain a robust procurement process, good contract governance and regular reviews and management of our key suppliers.

Report of the Directors

The directors present herewith their annual report, together with the audited financial statements for the group for the year ended 30 June 2011.

Principal activities and business review

A review of the group's and company's activities and future developments, which fulfils the requirements of the business review, including the financial performance during the period, key performance indicators and a description of the principal risks and uncertainties facing the group is set out within the group overview, the chairman's statement, the chief executive's review, the financial highlights and the risks and uncertainties summary on pages 2 to 6 which form part of this report. A description of the group's financial risk management objectives and policies and its exposure to price, credit, liquidity and interest rate risk is contained in note 28 to the consolidated financial statements on pages 46 to 48.

Results and dividends

The profit before taxation for the year was £7,289,115 (2010: £5,682,463) and the profit for the year after taxation was £5,442,845 (2010: £3,856,821).

The company paid a final dividend and an interim dividend during the year of 6p (2010: 5p) and 5p (2010: 3p) respectively amounting in total to £1,160,685 (2010: £857,020).

The directors recommend a final dividend of 10p per share (2010: 6p). This results in total dividends of 15p (2010: 9p) per ordinary share for the year. These dividends amount to £1,608,797 (2010: £920,837).

Directors and their interests

The directors of the company during the year and their beneficial interests in the share capital of the company at the beginning and end of the year were as follows:

Ordinary shares of 1p

	At 30 June 2011*	At 30 June 2010*
C J Knight	71,585	71,585
C A J Macdonald	958,103	1,003,308
J M Gumpel	745,174	790,379
N I Holmes	42,226	41,002
S J Jackson	55,657	50,862
N H Lawes	37,057	32,262
A W Shepherd	46,057	29,262
R H Spencer	888,853	954,058
C R Harris (appointed 14 July 2010)	3,293	-
S P Wombwell	88,204	88,204

*or date of appointment if later

Details of share options held by the directors at the beginning and the end of the period can be found within the report on directors' remuneration on pages 10 to 13.

Retirement and re-appointment of directors

J M Gumpel, S J Jackson and R H Spencer will retire by rotation at the Annual General Meeting and being eligible will offer themselves for re-election.

Employee Benefit Trust

On 3 December 2010, the company established an Employee Benefit Trust, to provide benefits for long term awards to employees including executive directors. In the financial year, the company has purchased 86,904 ordinary 1p fully paid shares in Brooks Macdonald Group plc for a consideration of £980,364. At the balance sheet date the number of shares held by the Trust was 86,904 with a market value of £1,129,752. On 23 December 2010, 37,959 ordinary shares were awarded to executives and certain key employees. Details of the awards made to company's directors are disclosed in the directors' remuneration report, page 13.

Report of the Directors

Substantial shareholdings

Substantial interests in the company's shares as at 2 September 2011 have been advised to the company as follows:

	Number	Percentage holding
Artemis Investment Management Limited	1,046,141	9.70%
C A J Macdonald	958,103	8.88%
R H Spencer	888,853	8.24%
Liontrust Asset Management	774,223	7.18%
J M Gumpel	745,174	6.91%
Hargreave Hale & Co	691,268	6.41%
Montanaro Fund Managers Limited	470,000	4.36%
Invesco Asset Management (UK)	331,912	3.08%

Political and charitable donations

No contributions were made for political purposes during the period (2010: nil).

The group made contribution of £13,000 (2010: £10,000) to the Brooks Macdonald Foundation, which is administered by the Charities Aid Foundation (CAF). Staff are encouraged to donate to charity in a tax efficient manner through the Give As You Earn (GAYE) payroll giving scheme.

The objective of the Foundation is to make charitable donations and review community activities, as suggested by employees, and to support employees' participation in a wide range of activities involving both local and international charities.

Payment policy

The group and company do not apply a specific payment code. The payment of suppliers' invoices is made in accordance with terms agreed with suppliers subject to the resolution of any disagreement regarding the supply. In the majority of cases, the terms agreed with suppliers are for payment within 30 days of their invoice date. At the year end, the average trade creditor for both the group and company was 28 days (2010: 30 days).

Events since the end of the year

Details of events after the statement of financial position date are set out in note 32 to the financial statements on page 49.

Directors' Indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period and these remain in force at the date of this report.

Independent Auditors

During the year Moore Stephens LLP resigned as the company's auditors and PricewaterhouseCoopers LLP were appointed in their place. A resolution to ratify their appointment them as auditors will be put to the forthcoming Annual General Meeting.

Each of the persons who are directors at the time when this report is approved has confirmed that:

(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Annual General Meeting

The 2011 Annual General Meeting will be held on 19 October 2011 at 111 Park Street, London W1K 7JL. The notice of the meeting is on pages 59 to 62 with details of the resolutions proposed and explanatory notes.

On behalf of the Board

S J JACKSON
Director

13 September 2011

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed in page 10 confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group and company; and
- the directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the company and group, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for the maintenance and integrity of the group website, www.brooksmacdonald.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Remuneration Report

for the year ended 30 June 2011

Remuneration committee

The remuneration committee comprises Christopher Knight (Chairman) and Colin Harris. Simon Wombwell was Chairman of the committee until 6 February 2011 when he became an executive director of the group. The committee determines the specific remuneration packages for each executive director and certain senior executives.

Remuneration policy

Brooks Macdonald recognises the importance of its employees to the success of the group and consequently the policy is designed to be market competitive in order to motivate, aid staff retention and recruitment and align employee behaviour with the interests of shareholders. Benchmarking is used to ensure that the total compensation is market competitive.

The remuneration policy, which applies to directors and employees of the group is based on the following key principles:

- alignment to effective risk management;
- the need to provide market competitive total compensation;
- differentiation by merit and performance;
- an emphasis on variable, performance driven remuneration to bonus payments funded from retained profits;
- consistency with the FSA Remuneration Code;
- alignment with shareholders' interests through significant and widespread equity ownership; and
- clarity, transparency and fairness of process.

Directors' remuneration

	Salary or fee £	Profit related bonus £	Benefits £	2011 Total £	2010 Total £	2011 Pension contributions £	2010 Pension contributions £
Chairman							
C J Knight	50,000	-	-	50,000	31,100	-	-
Executive							
C A J Macdonald	208,750	400,000	2,964	611,714	595,933	31,312	30,566
J M Gumpel	154,775	180,000	2,468	337,243	328,158	23,216	22,650
N I Holmes	154,775	230,000	1,626	386,401	166,095	23,216	4,200
S J Jackson	154,775	220,000	3,350	378,125	393,899	23,216	22,650
N H Lawes	154,775	100,000	2,908	257,683	295,098	23,216	22,650
A W Shepherd	154,775	225,000	1,936	381,711	165,301	23,216	4,200
R H Spencer	154,775	190,000	2,470	347,245	373,158	23,984	29,982
S P Wombwell from 7 February 2011	64,493	85,000	-	149,493	-	9,374	-
Non-executive							
C R Harris from 14 July 2010	24,263	-	-	24,263	-	-	-
S P Wombwell to 6 February 2011	14,991	-	-	14,991	21,600	-	-
Total	**1,291,147**	**1,630,000**	**17,722**	**2,938,869**	**2,370,342**	**180,750**	**136,898**

The profit related bonuses are awarded to individual directors as determined by the remuneration committee following recommendations by the chief executive. They are calculated taking into account the performance of the director, the overall results of the group, the results of the business where the director has responsibility (where relevant) and market data where this is available. The remuneration committee has decided that 20% of the bonus awarded will be deferred for a period of three years with the balance paid in cash.

The benefits paid to directors relates to private health insurance cover and the benefit relating to interest free season ticket loans disclosed in note 31 to the financial statements.

Equity incentives

Sharesave Scheme

All directors are entitled to take part in the HM Revenue & Customs approved Brooks Macdonald Group Sharesave Scheme on the same terms as all other employees. An option grant was made on 1 June 2011 and the details of the grants to directors are shown below:

	At 30 June 2010	Awarded in the year	Exercised in the year	At 30 June 2011	Exercise price	Earliest exercise date	Expiry date
C A J Macdonald	4,795	-	(4,795)	-	196p	01.06.11	30.11.11
C A J Macdonald		985		985	916p	01.06.14	30.11.14
J M Gumpel	4,795	-	(4,795)	-	196p	01.06.11	30.11.11
J M Gumpel	-	985	-	985	916p	01.06.14	30.11.14
N I Holmes	4,795	-	(4,795)	-	196p	01.06.11	30.11.11
N I Holmes	-	985	-	985	916p	01.06.14	30.11.14
S J Jackson	4,795	-	(4,795)	-	196p	01.06.11	30.11.11
S J Jackson	-	985	-	985	916p	01.06.14	30.11.14
N H Lawes	4,795	-	(4,795)	-	196p	01.06.11	30.11.11
N H Lawes	-	985	-	985	916p	01.06.14	30.11.14
A W Shepherd	4,795	-	(4,795)	-	196p	01.06.11	30.11.11
A W Shepherd	-	985	-	985	916p	01.06.14	30.11.14
R H Spencer	4,795	-	(4,795)	-	196p	01.06.11	30.11.11
R H Spencer	-	985	-	985	916p	01.06.14	30.11.14

The aggregate gain during the year from the exercise of the above sharesave options was £389,018 (2010: £nil).

The company's share price at the exercise date was £13.55.

Enterprise Management Incentive Scheme

The Brooks Macdonald Group Enterprise Management Incentive Scheme (EMI) was adopted by the shareholders of the company on 11 February 2005.

Options granted can be exercised if there has been an increase in the diluted earnings per share of the company of at least 2% per annum more than the increase in the Retail Price Index over the period of three financial years starting with the financial year in which the date of grant falls and ending with the financial year in which the third anniversary of the date of grant falls.

Options may not normally be exercised before the third anniversary of the date of the grant and expire on the tenth anniversary of the grant.

Directors' Remuneration Report

for the year ended 30 June 2011

The details of the grants to directors are shown below:

	At 30 June 2010	Awarded in the year	Exercised in the year	At 30 June 2011	Exercise price	Earliest exercise date	Expiry date
C A J Macdonald	10,000	-	-	10,000	155p	01.11.08	01.11.15
	17,500	-	-	17,500	290.5p	17.10.10	31.10.17
J M Gumpel	10,000	-	-	10,000	155p	01.11.08	01.11.15
	12,500	-	-	12,500	290.5p	17.10.10	31.10.17
N I Holmes	15,000	-	-	15,000	155p	01.11.08	01.11.15
	9,000	-	(4,500)	4,500	215p	18.10.09	17.10.16
	6,000	-	-	6,000	290.5p	17.10.10	31.10.17
S J Jackson	22,100	-	(22,100)	-	140p	11.03.08	11.03.15
	20,000	-	(20,000)	-	155p	01.11.08	01.11.15
	17,000	-	-	17,000	215p	18.10.09	17.10.16
	12,500	-	-	12,500	290.5p	17.10.10	31.10.17
N H Lawes	4,000	-	(4,000)	-	140p	11.03.08	11.03.15
	10,000	-	(10,000)	-	155p	01.11.08	01.11.15
	17,000	-	(7,000)	10,000	215p	18.10.09	17.10.16
	12,500	-	-	12,500	290.5p	17.10.10	31.10.17
A W Shepherd	14,000	-	(14,000)	-	140p	11.03.08	11.03.15
	14,000	-	(14,000)	-	155p	01.11.08	01.11.15
	9,000	-	(9,000)	-	215p	18.10.09	17.10.16
	6,000	-	(6,000)	-	290.5p	17.10.10	31.10.17
R H Spencer	10,000	-	-	10,000	155p	01.11.08	01.11.15
	12,500	-	-	12,500	290.5p	17.10.10	31.10.17

The aggregate gain during the year from the exercise of the above EMI share options was £910,125 (2010: £102,143). The company's share price at the exercise dates ranged from £9.40 to £11.35 (2010: £3.395 to £6.745).

Phantom Share scheme

The Brooks Macdonald Group Phantom Share Scheme was adopted by the Board on 15 October 2008 with the intention of creating an incentive plan for senior key directors and employees of the group.

The scheme is a cash scheme based on the increase in the ordinary share price of the company. The award can be exercised if there has been compound annual growth of at least 20% in earnings per share of the company over the three year performance period from 1 July 2008 to 30 June 2011.

The details of the grants to directors in respect of the October 2008 scheme are shown below:

	At 30 June 2010	Awarded in the year	Exercised in the year	At 30 June 2011	Exercise price	Earliest exercise date	Expiry date
C A J Macdonald	25,000	-	-	25,000	218.5	15.10.11	29.10.11
J M Gumpel	25,000	-	-	25,000	218.5	15.10.11	29.10.11
N I Holmes	50,000	-	-	50,000	218.5	15.10.11	29.10.11
S J Jackson	50,000	-	-	50,000	218.5	15.10.11	29.10.11
N H Lawes	50,000	-	-	50,000	218.5	15.10.11	29.10.11
A W Shepherd	50,000	-	-	50,000	218.5	15.10.11	29.10.11
R H Spencer	25,000	-	-	25,000	218.5	15.10.11	29.10.11

C R Harris, C J Knight and S P Wombwell held no EMI share options or phantom awards at either the beginning or the end of the year or at the date of their appointment.

The average share price during the period was 1039 pence. Details of the share option schemes are provided in note 18 and note 24 (b) to the financial statements. The market price at the end of the period was 1308.25 pence and the highest and lowest price during the period was 1375 pence and 761.5 pence respectively.

Long Term Incentive Scheme (LTIS) and Employee Benefit Trust (EBT)

The company has made annual awards based on certain criteria made under the LTIS to certain executive directors and senior executives. The conditional awards, which vest three years after grant, are subject to the satisfaction of specified performance criteria, measured over a three years performance period. All conditional awards are at the discretion of the remuneration committee. The group established the EBT on 3 December 2010. The Trust was established to acquire ordinary shares in the company in connection with the LITS, as detailed above, and for other long term awards to employees.

Details of awards granted to the directors of the company under the terms of the LTIS, in respect of a deferred element of the bonuses for the year ended 30 June 2010 are as detailed below.

	At 30 June 2010	Awarded in the year	Exercised in the year	At 30 June 2011	Exercise price	Earliest exercise date
C A J Macdonald	-	4,112	-	4,112	-	23.12.2013
J M Gumpel	-	1,862	-	1,862	-	23.12.2013
N I Holmes	-	2,095	-	2,095	-	23.12.2013
S J Jackson	-	2,715	-	2,715	-	23.12.2013
N H Lawes	-	1,474	-	1,474	-	23.12.2013
A W Shepherd	-	2,095	-	2,095	-	23.12.2013
R H Spencer	-	2,405	-	2,405	-	23.12.2013

The market value of the company's shares at the date the awards were made was £9.55. The performance conditions relating to these awards are detailed in note 24 to the financial statements.

Independent Auditor's Report

to the members of Brooks Macdonald Group plc

We have audited the group financial statements of Brooks Macdonald Group plc for the year ended 30 June 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2011 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- 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.

Other matter

We have reported separately on the parent company financial statements of Brooks Macdonald Group plc for the year ended 30 June 2011.

Marcus Hine (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
13 September 2011

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2011

	Note	2011 £	2010 £
Revenue	3	52,178,344	35,108,634
Administrative expenses		(44,949,945)	(29,500,860)
Operating profit	4	7,228,399	5,607,774
Finance income	6	148,048	105,676
Finance cost	6	(87,332)	(30,987)
Profit before taxation		7,289,115	5,682,463
Taxation	7	(1,846,270)	(1,825,642)
Profit for the year attributable to equity holders of the parent company		**5,442,845**	**3,856,821**
Earnings per share			
Basic	25	51.92p	38.10p
Diluted	25	50.51p	36.31p
Statement of comprehensive income			
Profit for the year attributable to equity holders of the company		5,442,845	3,856,821
Revaluation of available for sale investments	13	45,295	-
Transfer of share based payments exercised during the year		448,399	220,375
Total comprehensive income for the year, net of tax attributable to equity holders of the parent company		**5,936,539**	**4,077,196**

The accompanying notes from pages 19 to 49 form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2011

	Note	2011 £	2010 (re-statement) £
Assets			
Non-current assets			
Intangible assets	10	6,023,293	1,892,145
Property, plant and equipment	11	1,891,693	2,042,002
Investment properties	12	-	-
Available for sale financial assets	13	1,561,210	194,177
Held to maturity investments	14	-	-
Deferred tax assets	15	1,494,947	1,180,595
Total non-current assets		**10,971,143**	**5,308,919**
Current assets			
Trade and other receivables	16	9,860,226	3,793,191
Cash and cash equivalents	17	16,808,194	14,374,719
Total current assets		**26,668,420**	**18,167,910**
Total assets		**37,639,563**	**23,476,829**
Current liabilities			
Trade and other payables		(16,899,502)	(7,247,730)
Current tax liabilities	18	(24,680)	(1,232,408)
Provisions	20	(1,036,641)	(377,110)
Total current liabilities	18	**(17,960,823)**	**(8,857,248)**
Non-current liabilities			
Other non-current liabilities	21	(627,613)	(2,209,513)
Total non-current liabilities		**(627,613)**	**(2,209,513)**
Net assets		**19,051,127**	**12,410,068**
Financed by:			
Equity			
Share capital	23	107,882	102,451
Share premium account	23	4,125,634	2,012,427
Other reserves		2,562,965	1,790,739
Retained earnings		12,254,646	8,504,451
Total equity		**19,051,127**	**12,410,068**

Approved and authorised for issue by the Board of directors on 13 September 2011 and signed on its behalf

C A J Macdonald
Chief Executive

S J Jackson
Finance Director

Company registered number 4402058.

The accompanying notes from pages 19 to 49 form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flow

for the year ended 30 June 2011

	Note	2011 £	2010 £
Cash inflow from operating activities			
Cash generated from operations	22	10,763,715	10,432,064
Interest paid		(51,576)	(30,987)
Taxation paid		(2,491,600)	(1,709,681)
Net cash generated from operating activities		**8,220,539**	**8,691,396**
Cash flow from investing activities			
Purchase of property, plant and equipment		(484,444)	(1,053,043)
Purchase of intangible assets		(402,324)	(210,629)
Sale of held to maturity investment		9,000	-
Acquisition of subsidiary company, net of cash acquired	22	(2,871,323)	(848,184)
Purchase of available for sale asset		(1,500,000)	(194,177)
Disposal of available for sale asset		194,177	-
Proceeds of sale of land and buildings		60,000	-
Proceeds of sale of investment property		612,000	-
Interest received		148,048	105,676
Proceeds of sale of acquired relationships		401,169	-
Net cash used in investing activities		**(3,833,697)**	**(2,200,357)**
Cash flows from financing activities			
Proceeds of issue of shares		720,682	393,413
Purchase of own shares by employee benefit trust		(980,364)	-
Repayment of borrowings		(533,000)	-
Dividend paid to shareholders		(1,160,685)	(857,020)
Net cash used in financial activities		**(1,953,367)**	**(463,607)**
Net increase in cash and cash equivalents		2,433,475	6,027,432
Cash and cash equivalents at start of year		14,374,719	8,347,287
Cash and cash equivalents at end of year		**16,808,194**	**14,374,719**

The accompanying notes from pages 19 to 49 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2011

	Share capital	Share premium account	Share option reserve	Merger reserve	Available for sale reserve	Treasury Shares	Retained earnings	Total
Note	23	23				24		
	£	£	£	£	£	£	£	£
At 1 July 2009	100,162	1,621,303	881,719	191,541	-	-	5,284,275	8,079,000
Comprehensive income								
Profit for the year	-	-	-	-	-	-	3,856,821	3,856,821
Other comprehensive income								
Share based payments transfer	-	-	(220,375)	-	-	-	220,375	-
Total comprehensive income	-	-	(220,375)	-	-	-	4,077,196	3,856,821
Transactions with owners								
Issue of shares for cash	2,289	391,124	-	-	-	-	-	393,413
Share based payments	-	-	251,164	-	-		-	251,164
Share based payments deferred taxation	-	-	686,690	-	-	-	-	686,690
Dividends paid	-	-	-	-	-	-	(857,020)	(857,020)
At 30 June 2010	102,451	2,012,427	1,599,198	191,541	-	-	8,504,451	12,410,068
Comprehensive income								
Profit for the year	-	-	-	-	-	-	5,442,845	5,442,845
Other comprehensive income								
Revaluation of available for sale financial asset	-	-	-	-	45,295	-	-	45,295
Share based payments transfer	-	-	(448,399)	-	-	-	448,399	-
Total comprehensive income	-	-	(448,399)	-	45,295	-	5,891,244	5,488,140
Transactions with owners								
Issue of shares for cash	5,431	2,113,207	-	-	-	-	-	2,118,638
Share based payments	-	-	311,083	-	-	-	-	311,083
Purchase of own shares by employee benefit trust	-	-	-	-	-	(980,364)	-	(980,364)
Share based payments deferred taxation	-	-	864,247	-	-	-	-	864,247
Dividends paid	-	-	-	-	-	-	(1,160,685)	(1,160,685)
At 30 June 2011	**107,882**	**4,125,634**	**2,326,129**	**191,541**	**45,295**	**(980,364)**	**13,235,010**	**19,051,127**

The accompanying notes from pages 19 to 49 form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

General information

Brooks Macdonald Group plc is a public limited company, incorporated and domiciled in the United Kingdom.

Restatement of financial position as at 30 June 2010

In respect of the phantom scheme liabilities at 30 June 2010, an amount of £1,444,996 was classified as amounts falling due within one year and has now been re-classified as amounts falling due after more than one year.

The general accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

1. Principal accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC interpretations, and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical convention, as modified by the revaluation of available-for-sale financial assets and financial liabilities at fair value through profit and loss.

(b) Changes in accounting policies

(1) New and amended standards adopted by the group.

In the current year the following new and revised standards have been adopted and have affected the amounts reported in these financial statements.

IFRS 2 (Amendment) – 'Group cash-settled share-based payment transactions' (effective for accounting periods beginning on or after 1 January 2010). In addition to incorporating IFRIC 8 – 'Scope of FRS2' and IFRIC 11 IFRS 2 – 'Group treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. This has no material impact on the current year's results.

IFRIC 19 – 'Extinguishing financial liabilities with equity Instruments' (effective for accounting periods on or after 1 July 2010). The IFRIC clarifies that the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. This has no material impact on the current year's results.

Annual improvements to IFRSs (2009) (effective 1 January 2010) This is a collection of amendments to 12 standards as part of the ISAB's programme of annual improvements. This has no material impact on the current year's results.

(2) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 July 2010 but not currently relevant to the group.

The following standards are also mandatory for the group's accounting for the financial year beginning 1 July 2010 but which, in the opinion of the directors, are not relevant to the operations of the group:

Amendment to IAS 32 - 'Financial instruments: Presentation - classification of rights issues' (effective for annual periods beginning on or after 1 February 2010).

IFRS 1 (Amendment), 'First time adoption on financial instrument disclosures' (effective 1 July 2010).

IFRIC 15 - 'Agreements for construction of real estates' (effective 1 January 2009; EU-endorsed for 1 January 2010).

IFRIC 18 - 'Transfer of assets from customers' (effective for transfers of assets from customers received on or after 1 July 2009; EU-endorsed for use in annual periods beginning on or after 31 October 2009).

Notes to the Consolidated Financial Statements

1. Principal accounting policies - continued

(b) Changes in accounting policies - continued

(3) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2011 and not early adopted.

The following standards and amendments of the standards and interpretations which have not been applied in these financial statements but were in issue but not yet effective (and in some cases not yet been adopted by the EU):

Amendment to IAS 24 - 'Related party disclosures' (effective for annual periods beginning on or after 1 January 2011).

Amendments to IFRS 7 - 'Financial instruments: disclosures on derecognition' (effective for annual periods beginning on or after 1 July 2011).

Amendment to IAS 12 - 'Income taxes on deferred tax' (effective for annual periods beginning on or after 1 January 2012).

Amendment to IFRIC 14 - 'Prepayments of a minimum funding requirement' (effective for annual periods beginning on or after 1 January 2011).

Annual improvements to IFRSs (2010) (effective 1 January 2011).

IAS 36 (amended) 'Impairment of assets' (effective 1 January 2011).

Amendment to IFRS 1 'First time adoption on fixed assets and hyperinflation' (effective for accounting periods beginning on or after 1 July 2011).

Amendment to IAS 19 'Employee benefits' (effective for annual periods beginning on or after 1 January 2013).

Amendment to IAS 1 'Financial statement presentation regarding other comprehensive income' (effective for annual periods beginning on or after 1 July 2012).

IFRS 9 'Financial instruments classification and measurement (effective for annual periods beginning on or after 1 January 2013).

IFRS 10 'Consolidated financial statements' (effective for annual periods beginning on or after 1 January 2013).

IFRS 11 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2013).

IFRS 12 'Disclosures of interests in other entities' (effective for annual reports beginning on or after 1 January 2013).

IAS 27 (revised 2011) 'Separate financial statements' (effective for annual reports beginning on or after 1 January 2013).

IAS 28 (revised 2011) 'Associates and joint ventures' (effective for annual reports beginning on or after 1 January 2013).

Adoption of these standards and interpretations is not expected to have a material impact on the financial statements of the group.

(c) Critical accounting estimates and judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the accounting policies where judgement is necessarily applied are those that relate to; the measurement of intangible assets, business combinations per below and estimating the fair value of share based payments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects both current and future periods.

Further information about key assumptions the future and key sources of estimation uncertainty are set out below:

Business combinations
As described in note 8, the group has deferred consideration in respect of the acquisition of Lawrence House Fund Managers Limited which has been calculated as £725,719 allowing for an estimated growth in acquired funds discounted by the cost of capital. The group does not consider that the potential changes to these assumptions would result in the deferred consideration being materially different.

Notes to the Consolidated Financial Statements

1. Principal accounting policies - continued

(c) Critical accounting estimates and judgements - continued

Share based payments

The group engages in share-based payments in respect of services received from certain employees. Estimating fair value for these payments requires determining the most appropriate valuation model and the inputs to that model. The assumptions and models used for estimating fair value are disclosed in notes 18 and 23. The charge to the income statement in respect of share based payments is calculated using assumptions over the number of eligible employees leaving the group and the number of employees satisfying the relevant performance conditions. These estimates are reviewed regularly.

Intangibles

The group has acquired client relationships and new teams of fund managers as described in note 10 and in assessing the fair value of those assets the group has estimated the finite life based on the experience of existing client relationships. Acquired client relationship contracts and contracts acquired with fund managers are amortised over three and five years on a straight line basis respectively.

Goodwill is recognised as an asset and is reviewed for impairment at least annually or when other occasions or changes in circumstances indicate that it might be impaired. Any impairment is recognised in the income statement and is not subsequently reversed.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

In the ordinary course of business, the group can receive complaints from clients in relation to the services provided. Complaints are assessed on a case by case basis and provisions are made where judged necessary.

(d) Business combinations

Basis of consolidation

The group's financial statements comprise a consolidation of the financial statements of the parent company (Brooks Macdonald Group plc) and its subsidiaries. The underlying financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Subsidiaries are entities controlled by the company and control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included from the date on which control is transferred to the group to the date that control ceases.

All intra-group transactions and balances are eliminated on consolidation.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the aggregate amount of the consideration transferred, at the acquisition date irrespective of the extent of any minority interest. Acquisition costs incurred are charged to the income statement.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is acquired in stages, the fair value of the groups' previously held equity interest is re-measured as at the acquisition date and the difference is charged or credited to the income statement. Identifiable assets and liabilities assumed on acquisition are brought on to the balance sheet at either their fair value at the date of acquisition.

Any contingent consideration to be transferred by the group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in the income statement or as a change to other comprehensive income.

Notes to the Consolidated Financial Statements

1. Principal accounting policies - continued

(d) Business combinations - continued

Goodwill is initially measured at cost being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If the consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in income statement.

Impairment
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

(e) Fees, commissions and interest

Portfolio and other management advisory and custody services are billed in arrears and are recognised over the period the service is provided. These fees are calculated on the basis of a percentage of the value of the portfolio over the period the service is provided. Dealing charges are levied at the time the deal is placed for the client. Fees are recognised when the fee amount can be estimated reliably and it is probable that the fee will be receivable.

Financial consulting fees are charged to clients on an hourly fee rate or by a fixed fee arrangement and are recognised over the period the service is provided. Commissions receivable and payable are accounted for in the period which they are earned.

Where amounts are due conditional on the successful completion of fund raising for investment vehicles revenue is recognised where in the opinion of the directors, there is a reasonable certainty that sufficient funds have been raised to enable the successful operation of that investment vehicle. Amounts due on an annual basis for the management of third party investment vehicles are recognised on a time apportioned basis.

Interest is recognised as the interest accrues (using the effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(f) Cash and cash equivalents

Cash comprises cash in hand and cash on demand deposits which may be accessed without penalty. Cash equivalents comprise short term highly liquid investments with a maturity of less than three months from the date of acquisition.

(g) Share based payments

The group provides equity and cash settled share-based payment transactions in respect of services received from certain employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the service period, with a corresponding credit to equity or accruals depending on the nature of the scheme.

The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the company's share price over the life of the option/award and other relevant factors.

The group also operates a phantom cash settled share based scheme. On the grant date, the liability incurred is measured at fair value. The liability is re-measured at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the income statement.

Notes to the Consolidated Financial Statements

1. Principal accounting policies - continued

(h) Segmental reporting

The group determine and presents operating segments based on the information that is provided internally to the group board which is the group's chief operating decision maker.

(i) Fiduciary activities

The group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the group.

The group holds money on behalf of some clients in accordance with the client money rules of the Financial Services Authority. Such monies and the corresponding liability to clients are not included within the balance sheet as the group is not beneficially entitled thereto.

(j) Property, plant and equipment

All property plant and equipment is included in the balance sheet at historical cost less accumulated depreciation and any provisions for impairment. Costs include the original purchase cost of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Provision is made for depreciation rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, using a straight line method as follows:

Fixtures and fittings	15%-25% per annum
Equipment	20% per annum
Leasehold improvements	over the term of the lease
Long leasehold property	50 years

The assets' residual lives are reviewed, and adjusted if appropriate, at the balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(k) Intangible assets

Client relationships
Client relationships are recognised when acquired by the group as part of a business combination or when separate payments are made to acquire funds under management by adding teams of investment managers. Client relationships are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and any impairment losses. If acquired as part of a business combination the initial cost of client relationships is the fair value at the acquisition date.

The amortisation of client relationships is charged to the income statement on a straight line basis over their estimated useful lives (five to fifteen years).

Acquisition of new teams of fund managers
Payments made acquire new teams of fund managers are stated at cost and amortised on a straight line basis over five years.

Computer software
Software costs are amortised over their estimated useful lives of four years straight line basis.

Notes to the Consolidated Financial Statements

1. Principal accounting policies - continued

(k) Intangible assets - continued

Goodwill
Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities of a subsidiary or associate at date of acquisition. In accordance with IFRS 3 Business combinations, goodwill is not amortised but reviewed annually for impairment and as such, is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the income statement and not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

(l) Financial assets

The group classifies financial assets in the following categories; available for sale, held to maturity and as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the initial recognition.

Loans and receivables
Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. They included in current assets except for maturities greater than 12 months after the end of the reporting period. These are classified as non- current assets. The group's loans and receivables comprise "trade and other receivables".

Available for sale
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available for sale financial assets are initially recognised at fair value and subsequently carried at fair value and their value is based on the current bid prices of the asset as quoted in active markets.

Held-to-maturity investments
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinate payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity assets investments are measured at amortised cost.

(m) Provisions

Provisions are recognised when the group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Client compensation
Complaints are assessed on a case by case basis and provisions for compensation are made where judged necessary.

(n) Foreign currency translation

The company's functional and the group's presentation currency is sterling. Foreign currency transactions are translated using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of period end monetary assets and liabilities are recognised in the income statement.

Notes to the Consolidated Financial Statements

1. Principal accounting policies - continued

(o) Retirement benefit costs

Contributions in respect of the group's defined contribution retirement scheme are charged to the income statement as they fall due.

(p) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the group financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled based on its tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes and liabilities relate to income taxes levied by the same taxation authority on either authority on either the taxable entity or different taxable entities where there is an intention to settle on a net basis.

(q) Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Doubtful debts are provided for when the collection of the full amount is no longer probable, whilst bad debts are written off when identified.

(r) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Operating lease payments

Rents due under operating leases are charged to income statement on a straight line basis over the term of the lease. Where leases which have lease incentives, such as rent- free periods, the benefit of these incentives is recognised over the lease term.

(t) Investment properties

Investment property comprises non owner occupied buildings held to earn rentals and for capital appreciation. Investment property is carried at fair value and is restated at each balance sheet date. Changes in fair values are recognised in the statement of comprehensive income in the period in which the changes arises.

(u) Financial instruments

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on the balance sheet at fair value when the group becomes a party to the contractual provisions of the instrument.

Notes to the Consolidated Financial Statements

1. Principal accounting policies - continued

(v) Carried interest receivable

The group earns a performance fee, carried interest receivable, on funds it manages on behalf of its investors. Carried interest receivable is recognised where, at the balance sheet date, the performance criteria have been met based on the valuations of funds. Carried interest that has been earned, but where the amounts are not yet for payment, is discounted to its present value. They are included in the current liabilities on the balance sheet.

(w) Employee Benefit Trust (EBT)

The company provides finance to an EBT to purchase the company's shares on the open market to meet its obligation to provide shares when an employee exercises certain options or awards. The administration and finance costs connected with the trust are charged to the income statement. The cost of the shares held by the EBT is deducted from equity. A transfer is made between other reserves and retained earnings over the vesting periods of the related share options or awards to reflect the ultimate proceeds receivable from employees on exercise. The Trustees have waived their rights to receive dividends on the shares.

The EBT is considered to be a Special Purpose Entity (SPE) where the substance of the relationship between the group and the SPE indicates that the SPE is controlled by the group - in substance, the activities of the trust are being conducted on behalf of the group according to its specific business needs in order to obtain benefits from its operation. On this basis, the assets held by the trust are consolidated into the group's financial statements.

(x) Share capital

Ordinary share capital is classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax from the proceeds.

Where the group company purchases the company's equity share capital (treasury shares) the consideration paid, including any directly incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in the equity attributable to the company's equity.

2. Segmental information

For management purposes the group's activities are organised into three operating divisions: investment management, financial planning, and with the acquisition of Braemar Group Limited on 6 July 2010, niche fund and property management. The group's other activity, offering nominee and custody services to clients, has been included in investment management. These divisions are the basis on which the group reports its primary segmental information. There has been no impact on the comparative figures.

Revenues and expenses are allocated to the business segment that originated the transaction. Revenues and expenses that are not directly originated by a business segment are reported as unallocated. Sales between segments are carried out at arm's length. Centrally incurred expenses are allocated to business segments on an appropriate pro-rata basis. Segmental assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet.

In accordance with IFRS 8 'Operating Segments', disclosures are required to reflect the information which the board uses internally for evaluating the performance of its operating segments and allocating resources to those segments. The information presented in this note follows the presentation for internal reporting to the group board.

Notes to the Consolidated Financial Statements

2. Segmental information - continued

Year ended 30 June 2011	Investment management £	Financial planning £	Braemar Group £	Total £
Total revenues	49,021,037	2,843,507	3,122,640	54,987,184
Inter company revenues	(1,970,940)	(837,900)	-	(2,808,840)
External revenues	47,050,097	2,005,607	3,122,640	52,178,344
Segmental result	9,744,150	29,295	(637,402)	9,136,043
Unallocated items				(1,846,928)
Profit before tax				7,289,115
Taxation				(1,846,270)
Profit for the year				**5,442,845**

Year ended 30 June 2010	Investment management £	Financial planning £	Total £
Total revenues	34,556,615	2,738,212	37,294,827
Inter company revenues	(1,632,254)	(553,939)	(2,186,193)
External revenues	32,924,361	2,184,273	35,108,634
Segmental result	7,813,507	43,683	7,857,190
Unallocated items			(2,174,727)
Profit before tax			5,682,463
Taxation			(1,825,642)
Profit for the year			**3,856,821**

Geographical analysis

The group's operations are all located in the United Kingdom

3. Revenue

	2011 £	2010 £
Fee income	48,527,225	31,677,564
Financial services commissions	3,651,119	3,431,070
	52,178,344	**35,108,634**

Notes to the Consolidated Financial Statements

4. Operating profit

	2011 £	2010 £
This is stated after charging/(crediting):		
Staff costs (see note 5)	21,697,258	14,814,404
Auditors' remuneration (see below)	146,500	84,872
Depreciation	680,369	482,201
Operating leases – buildings and equipment	658,421	530,985
Financial Services Compensation Levy (see below)	544,867	-
Amortisation	330,894	310,695
(Profit) on foreign exchange	(2,232)	-

A more detailed analysis of auditors' remuneration is provided below:

	2011 £	2010 £
Fees payable to the company's auditors for the audit of the parent company and the consolidated financial statements	22,000	1,000
Fees payable to the company's auditors for the other services to the group:		
- audit of the company's subsidiaries pursuant to legislation	103,000	67,391
- other services pursuant to corporate finance transactions	-	6,059
Other services	21,500	10,422
	146,500	84,872

Financial Services Compensation Scheme levies

In January 2011 the FSCS announced that it would be raising an interim levy of £326 million, principally to cover the cost of compensating investors from the failure of Keydata Investment Services Limited and other intermediaries. The group received invoices totalling £544,867 for these failures and this amount has been charged to the income statement.

The group has been advised that a further levy in respect of the 2010/2011 may be made. However, no provision has been set aside for this as the board has no information which indicates that this is probable.

Notes to the Consolidated Financial Statements

5. Employee information

(a) Staff costs

	2011 £	2010 £
Wages and salaries	15,145,182	11,738,119
Social security costs	1,440,724	1,287,408
Pension costs	578,268	281,695
Share based payments	4,533,084	1,507,182
	21,697,258	14,814,404

Pension costs are in respect of a defined contribution retirement scheme.

(b) Staff numbers

The average monthly number of employees during the year including directors was made up as follows:

	2011	2010
Professional staff	90	63
Support staff	145	88
	235	151

(c) Directors' emoluments

Key management personnel are considered to comprise only the company directors.

	2011 £	2010 £
Salaries	2,831,893	2,303,386
Non executive directors' fees	89,254	52,700
Benefits in kind	17,722	14,256
	2,938,869	2,370,342
Pension contributions- defined contribution retirement scheme	180,750	136,898
Amounts receivable under long term incentive plans	910,125	102,143
	4,029,744	2,609,383
Gains on the exercise of sharesave options	389,018	-
Highest paid director		
Remuneration and benefits in kind	611,714	595,933
Pension contribution to defined contribution retirement scheme	31,312	30,566
	643,026	626,499
Gain on the exercise of sharesave options	55,574	-

Retirement benefits are accruing to eight directors (2010: seven) under a defined contribution retirement scheme.

Notes to the Consolidated Financial Statements

6. Finance income and finance cost

Finance income	2011 £	2010 £
Bank interest	148,048	104,306
Other interest-tax repayment supplement	-	1,370
	148,048	105,676

Finance expense	2011 £	2010 £
Bank interest	50,148	-
Other interest-deferred consideration	37,184	30,987
	87,332	30,987

7. Taxation

	2011 £	2010 £
The tax charge on the profit on ordinary activities for the period was as follows:		
UK corporation tax @ 27.5% (2010: 28%)	2,140,853	2,152,642
Under provision in prior years	33,636	66,964
Total current tax	2,174,489	2,219,606
Deferred taxation	(328,219)	(393,964)
Total deferred tax	(328,219)	(393,964)
Income tax expense	1,846,270	1,825,642

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2011 £	2010 £
Factors affecting the charge for the year		
Profit on ordinary activities before tax	7,289,115	5,682,463
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 27.5% (2010: 28%)	2,004,507	1,591,089
Tax effect of :		
Disallowable expenses	52,479	167,589
Non-taxable income	(237,875)	-
Under provision in prior years	33,636	66,964
Effect of change in corporation tax rate	(6,477)	-
Tax charge	1,846,270	1,825,642

Notes to the Consolidated Financial Statements

7. Taxation - continued

The deferred taxation credit of £328,219 (2010: credit of £393,964) represents a credit of £227,114 (2010: credit of £429,833) arising out of the share option reserve at the balance sheet date and a credit of £101,105 (2010: charge £35,869) relating to accelerated capital allowances.

From 1 April 2011, the Finance Act 2011 reduced the rate of corporation tax from 28% to 26% with effect from 1 April 2011. As a result the effective rate of corporation tax applicable to the company during the year ended 30 June was 27.5% (2010: 28%).

The tax rate used in respect the determining the deferred tax assets and liabilities is 26% (2010: 28%).

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements.

The tax charge relating to the components of comprehensive income is as follows:

	2011 £	2010 £
Revaluation of available for sale investments	61,210	-
Tax charge	(15,915)	-
	45,295	-
Transfer of share based payments exercised during the year	448,399	220,379
Comprehensive income	**493,694**	**220,379**

8. Business combinations

Current period
On 6 July 2010, Brooks Macdonald Group plc completed the acquisition of 100% of the issued share capital of Braemar Group plc (BG) at a price of 2.25p for each ordinary share. The price of 2.25p for each share was determined by the directors using the discounted cash flows of the future income of BG and the fair value of the assets and liabilities of BG. BG has two core divisions: Braemar Securities which designs, promotes and manages niche structured financial products in the property sector through open ended investment companies and closed end residential funds; and Braemar Estates (BE) which manages property assets on behalf of the funds and other clients. At the date of the acquisition the value of the funds was approximately £45million and BE managed approximately 3,100 properties in the UK with a combined value of over £500 million.

The acquisition of this range of property funds has enabled the group to strengthen its position in the specialist fund management market. Acquisition costs of £400,279 have been expensed in the income statement.

The total consideration of £4,118,780 of was satisfied by cash of £3,032,977 in respect of 123,868,959 ordinary shares and outstanding share options in BG and by the issue of 139,851 new shares in Brooks Macdonald Group plc, with a value of £1,085,803, to the management of BG in exchange for their aggregate holding of 48,257,421 ordinary shares. The fair value of the 139,851 ordinary shares issued as part of the consideration for Braemar Group plc was based on the published market price of £7.764 per share, being the volume weighted average price of Brooks Macdonald Group plc shares over the five dealing days prior to the announcement date, 8 June 2010.

Notes to the Consolidated Financial Statements

8. Business combinations - continued

The fair value of the assets is the gross contractual amounts and all are considered to be fully recoverable. At the date of the acquisition the assets and liabilities acquired are detailed below:

Purchase consideration	£
Cash paid	3,032,977
Issue of shares	1,085,803
Total purchase consideration	**4,118,780**

	Carrying amounts £
Cash and cash equivalents	161,654
Investment properties	607,000
Property, plant and equipment	135,056
Held to maturity assets	9,000
Trade receivables	775,536
Other current assets	97,541
Trade and other payables	(1,242,831)
Borrowings(note 19)	(844,650)
Deferred tax liabilities	(40,413)
Net identifiable liabilities	(342,107)
Intangible assets-software	38,502
Intangible assets-client relationships	830,000
Goodwill	3,592,385
	4,118,780

The goodwill relates to BG's expected future income and the synergies expected to arise after the company's acquisition of the subsidiary.

Impact on reported results from date of acquisition	Revenues from external customers £	Loss £
Braemar Group Limited	3,122,640	(637,402)

Net cash outflow	Cash consideration paid £	Cash in acquired company £	Net cash outflow £
Acquisitions	(3,032,977)	161,654	(2,871,323)

9. Dividends

	2011 £	2010 £
Paid final dividend of 6p (2010: 5.5p)	630,705	550,893
Paid interim dividend of 5p (2010: 3p)	529,980	306,127
	1,160,685	857,020
Proposed final dividend of 10p (2010: 6p)	1,078,817	630,705

The final dividend is payable on 24 October 2011 to shareholders on the register at the close of business on 23 September 2011 subject to approval by the shareholders at the Annual General Meeting.

Notes to the Consolidated Financial Statements

10. Intangible assets

Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill all relates to Braemar Group Limited.

Computer software

Software costs are amortised over their estimated useful lives of four years on a straight line basis.

Acquired client relationships contracts

This asset represents the fair value of future benefits accruing to the group from acquired client relationship contracts. The amortisation of client relationships is charged to the income statement on a straight line basis over their estimated useful lives (five to fifteen years).

Contracts acquired with fund managers

This asset represents the fair value of future benefits accruing to the group from contracts acquired with fund managers. Payments made to acquire such contracts are stated at cost and amortised on a straight line basis over five years.

	Goodwill £	Software £	Acquired client relationship contracts £	Contracts acquired with fund managers £	Total £
Cost					
At 1 July 2010	-	-	1,585,362	1,495,959	3,081,321
Additions on acquisition of subsidiary at fair value	3,592,385	38,502	830,000	-	4,460,887
Additions	-	48,754	-	353,570	402,324
Disposals	(42,296)	-	(358,873)	-	(401,169)
At 30 June 2011	**3,550,089**	**87,256**	**2,056,489**	**1,849,529**	**7,543,363**
Accumulated amortisation					
At 1 July 2010	-	-	88,592	1,100,584	1,189,176
Charge for the year	-	22,854	141,165	166,875	330,894
At 30 June 2011	**-**	**22,854**	**229,757**	**1,267,459**	**1,520,070**
Net book value					
At 30 June 2010	-	-	1,496,770	395,375	1,892,145
At 30 June 2011	**3,550,089**	**64,402**	**1,826,732**	**582,070**	**6,023,293**

Notes to the Consolidated Financial Statements

10. Intangible assets - contined

	Goodwill £	Software £	Acquired client relationship contracts £	Contracts acquired with fund managers £	Total £
Cost					
At 1 July 2009	-	-	-	1,285,330	1,285,330
Additions	-	-	1,585,362	210,629	1,795,991
Disposals					
At 30 June 2010	**-**	**-**	**1,585,362**	**1,495,959**	**3,081,321**
Accumulated amortisation					
At 1 July 2009	-	-	-	878,481	878,481
Charge for the year	-	-	88,592	222,103	310,695
At 30 June 2010	**-**	**-**	**88,592**	**1,100,584**	**1,189,176**
Net book value					
At 30 June 2009	-	-	-	406,849	406,849
At 30 June 2010	**-**	**-**	**1,496,770**	**395,375**	**1,892,145**

11. Property, plant and equipment

	Land and buildings £	Vehicles and machinery £	Fixtures and fittings £	Equipment and leasehold improvements £	Total £
Cost					
At 1 July 2010	-	-	612,446	3,197,706	3,810,152
Additions on acquisition of subsidiary at fair value	86,815	2,625	11,288	34,328	135,056
Additions	-	-	73,027	411,417	484,444
Disposals	(86,815)	(2,625)	-	-	(89,440)
At 30 June 2011	**-**	**-**	**696,761**	**3,643,451**	**4,340,212**
Accumulated depreciation					
At 1 July 2010	-	-	197,182	1,570,968	1,768,150
Charge for the year	27,344	750	98,338	582,031	708,463
Disposals	(27,344)	(750)	-	-	(28,094)
At 30 June 2011	**-**	**-**	**295,520**	**2,152,999**	**2,448,519**
Net book value					
At 30 June 2010	-	-	415,264	1,626,738	2,042,002
At 30 June 2011	**-**	**-**	**401,241**	**1,490,452**	**1,891,693**

Notes to the Consolidated Financial Statements

11. Property, plant and equipment - continued

	Land and buildings £	Vehicles and machinery £	Fixtures and fittings £	Equipment and leasehold improvements £	Total £
Cost					
At 1 July 2009	-	-	281,661	2,475,448	2,757,109
Additions	-	-	330,785	722,258	1,053,043
Disposals	-		-	-	-
At 30 June 2010	-	-	**612,446**	**3,197,706**	**3,810,152**
Accumulated depreciation					
At 1 July 2009	-	-	131,603	1,154,346	1,285,949
Charge for the year	-	-	65,579	416,622	482,201
Disposals	-	-	-	-	-
At 30 June 2010	-	-	**197,182**	**1,570,968**	**1,768,150**
Net book value					
At 30 June 2009	-	-	150,058	1,321,102	1,471,160
At 30 June 2010	-	-	**415,264**	**1,626,738**	**2,042,002**

12. Investment properties

	2011 £
At 1 July 2010	-
Additions	607,000
Disposals	(607,000)
At 30 June 2011	-

The investment property relates to a property owned by a Braemar Group Limited, a subsidiary company. The property was an investment property in Harrogate and was disposed of during the year.

13. Available for sale financial assets

	2011 £	2010 £
At 1 July 2010	194,177	
Disposals (note a)	(194,177)	
Additions (note b)	1,500,000	194,177
Gain from changes in fair value	61,210	-
At 30 June 2011	**1,561,210**	**194,177**

(a) Disposals

The brought forward available for sale asset represents the purchase of 8,544,638 shares in Braemar Group plc, an AIM listed company. During the year, the group acquired 100% of the issued share capital of Braemar Group plc as detailed in note 8 to the financial statements and its results have been consolidated from the date of acquisition. The brought forward available for sale investment in Braemar Group plc shares is therefore shown as a disposal as at the date of acquisition. There was no movement in the share price from the date of acquisition to the date of disposal.

Notes to the Consolidated Financial Statements

13. Available for sale financial assets - continued

(b) Additions

Addition to available for sale assets represents 1,440,230.43 shares in Braemar PCC Limited Student Accommodation Cell – B Shares. The market value of the investment at 30 June 2011 was £1,561,210.

14. Held to maturity investments

	2011 £
At 1 July 2010	-
Additions on acquisition of subsidiary at fair value	9,000
Disposals	(9,000)
At 30 June 2011	-

Held-to-maturity investments represent Braemar Group Limited's holdings in investment schemes and companies operated by Braemar Group Limited's subsidiaries. The investment represents 50,000 £1 ordinary shares held by Braemar Group Limited in Braemar UK Agricultural Land plc, which is in a solvent members' voluntary liquidation. The fair value represented the amount to be received during the year.

15. Deferred tax assets

An analysis of deferred tax assets and deferred tax liabilities is as follows:

	2011 £	2010 £
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	241,839	466,883
Deferred tax assets to be recovered within 12 months	1,312,855	858,649
	1,554,694	1,325,532
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(15,915)	-
Deferred tax liability to be recovered within 12 months	(43,832)	(144,937)
	(59,747)	(144,937)
Deferred tax assets	**1,494,947**	**1,180,595**

The gross movement on the deferred income tax account is as follows:

	2011 £	2010 £
At 1 July 2010	1,180,595	99,941
Income statement credit (note 7)	328,219	393,964
Tax charge relating to components of other comprehensive income	(15,915)	-
Tax credited to equity	2,048	686,690
At 30 June 2011	**1,494,947**	**1,180,595**

Notes to the Consolidated Financial Statements

15. Deferred tax assets - continued

The movement on the deferred tax income tax assets and liabilities during the year is as follows:

Deferred tax assets

	Share based payments £	Total £
At 1 July 2009	209,009	209,009
Credited to the Income statement	429,833	429,833
Credited directly to equity	686,690	686,690
At 30 June 2010	**1,325,532**	**1,325,532**
At 1 July 2010	1,325,532	1,325,532
Credit to the income statement	227,114	227,114
Charged to comprehensive income	2,048	2,048
At 30 June 2011	**1,554,694**	**1,554,694**

Deferred tax liabilities

	Accelerated tax depreciation £	Fair value gains £	Total £
At 1 July 2009	109,068	-	109,068
Charge to the Income statement	35,869	-	35,869
At 30 June 2010	**144,937**	-	**144,937**
At 1 July 2010	144,937	-	144,937
Credit to the income statement	(101,105)	-	(101,105)
Charged to comprehensive income	-	15,915	15,915
At 30 June 2011	**43,832**	**15,915**	**59,747**

16. Trade and other receivables

	2011 £	2010 £
Trade receivables	1,080,230	706,427
Other receivables	414,180	302,770
Prepayments and accrued income	8,365,816	2,783,994
	9,860,226	3,793,191

Notes to the Consolidated Financial Statements

17. Cash and cash equivalents

	2011 £	2010 £
Cash at bank	16,799,558	14,374,719
Cash held in employee benefit trust	8,636	-
	16,808,194	14,374,719

Cash and cash equivalents are distributed across a range of financial institutions with high credit ratings in accordance with the group's treasury policy. Cash at bank comprises current accounts and immediately accessible deposit accounts.

18. Current liabilities

	2011 £	2010 (restated) £
Trade payables	1,789,792	1,878,841
Corporation tax liabilities	24,680	1,232,408
Other taxes and social security	1,291,300	945,081
Other payables	1,046,694	493,027
Accruals and deferred income	12,771,715	3,930,781
Provisions (note 20)	1,036,642	377,110
	17,960,823	8,857,248

Included in accruals and deferred income is an accrual of £5,040,947 (2010: nil) in respect of the phantom share option scheme granted in October 2008. In respect of the Phantom Schemes granted in April 2011, October 2010, July 2010 and October 2009, the amounts accrued have been included in non-current liabilities .The schemes are cash settled plans and payments are made to participants in respect of awards in the form of cash made payable by the subsidiary undertakings . The phantom scheme is awarded at no cost to the participants. The amount that is ultimately payable to the participants of the scheme is equal to the increase in market value of the ordinary shares determined after a three year vesting period. The award will be vested after three years to the extent that the performance conditions are satisfied. These awards will be forfeited in total if the performance fails to meet the minimum criteria. The options granted were valued on the basis of the market prices at the time the options were granted and were calculated using the Black Scholes model, details of which are given in note 24. The total charge for all phantom schemes in the year was £4,222,001 (2010: £1,256,018).

Phantom Schemes	2011 Number of options	2011 Weighted average base price £	2010 Number of options	2010 Weighted average base price £
At 1 July 2010	516,500	2.401	469,000	2.185
Granted in the year	167,103	8.129	55,000	4.255
Forfeited in the year	(88,000)	7.631	(7,500)	2.461
At 30 June 2011	**595,603**	**3.325**	**516,500**	**2.401**

Notes to the Consolidated Financial Statements

19. Borrowings

The company's subsidiary company, Braemar, repaid the following loans during the period:

	Amount £
Convertible loan notes	310,723
Northern Rock plc	225,000
Royal Bank of Scotland plc	308,000
	843,723

The convertible loan notes were redeemable on the earlier of the date on which Braemar had sufficient working capital to enable payment and five years from the date of issue, subject to the approval of the holders of the loan notes. The loan notes accrued interest at a fixed rate of 2% above bank base rate on the date of issue, payable upon redemption or conversion of the loan notes. The loan notes were convertible into Braemar ordinary shares at 3p per share at any time or before the fifth anniversary of the issue provided the holders of the loan notes and their concert parties do not hold more than 29.99% of the entire issued share capital of Braemar. The option to convert to ordinary shares was at the discretion of the holders of the notes. The fifth anniversary of the loan notes and the final date for their repayment was in December 2010. The loan notes together with the accrued interest were repaid in full by the issue of 40,205 ordinary shares in Brooks Macdonald Group plc on the acquisition of Braemar.

The loan from Northern Rock plc was secured by a fixed charge on an investment property for an amount of £225,000. The interest rate was fixed at 7.05% for the full five year period of the loan and the loan was repayable in full on the fifth anniversary of the loan in October 2012. The loan was repaid during the year.

The loan from Royal Bank of Scotland plc was secured by a fixed charge on investment property for an amount of £308,000. The loan was due for repayment in full on 13 January 2014 and the interest was set at 2.75% per annum above the Royal Bank of Scotland plc's base rate. The loan was repaid in full during the year.

20. Provisions

Client compensation provision	2011 £	2010 £
At 1 July 2010	**377,110**	**188,710**
Charged to income statement	244,815	395,434
Unused amount credited to income statement	(230,360)	-
Net charge to income statement	14,455	395,434
Paid during the year	(148,815)	(207,034)
At 30 June 2011	**242,750**	**377,110**
Deferred contingent consideration (note 21)		
Transfer from non current liabilities	756,706	-
Interest charge	37,185	-
At 30 June 2011	**793,891**	-
Total provisions at 30 June 2011	**1,036,641**	**377,110**

Notes to the Consolidated Financial Statements

20. Provisions - continued

Provisions for client compensation payments relate to the potential liability resulting from client complaints against the group. The complaints are assessed on a case by case basis and provisions for compensation are made where judged necessary. Complaints are on average settled within eight months (2010: eight months) from the date of notification of the complaint.

Deferred contingent consideration relates to the funds acquired by Brooks Macdonald Asset Management Limited from Lawrence House Fund Managers Limited (now called Brooks Macdonald Asset Management (Tunbridge Wells) Limited). The final amount payable is dependent on the value of the funds acquired after 24 months from the date of acquisition, 4 September 2009, and is therefore classified as a current liability at 30 June 2011.

21. Other non-current liabilities

	2011 £	2010 (re-stated) £
At 1 July 2010	1,444,996	188,978
Phantom share scheme	566,628	1,256,018
Transfer phantom share scheme to current liabilities	(1,385,574)	-
At 30 June 2011	**626,050**	**1,444,996**
Other payables	1,563	7,811
Deferred consideration – transferred to provisions (note 20)	-	756,706
At 30 June 2011	**1,563**	**764,517**
Total other non-current liabilities at 30 June 2011	**627,613**	**2,209,513**

22. Notes to cash flows

	2011 £	2010 (re-stated) £
Operating profit before taxation	7,228,399	5,607,774
Depreciation-net of disposals	680,369	482,201
Amortisation of intangible assets	330,894	310,695
Profit on disposal of assets	(43,125)	-
Increase in debtors	(5,193,965)	(263,821)
Increase in creditors	8,408,940	2,360,955
Increase in provisions	623,020	188,400
(Decrease)/increase in non-current liabilities	(1,581,900)	1,494,696
Share based payments	311,083	251,164
Cash generated from operations	10,763,715	10,432,064

Notes to the Consolidated Financial Statements

22. Notes to cash flows - continued

During the year the group obtained control of Braemar Group Limited, as detailed in note 8. The fair values of the assets acquired and liabilities assumed were as follows:

	£
Intangibles	4,460,887
Non current assets	751,063
Cash and cash equivalents	161,654
Other current assets	873,070
Current liabilities	(2,127,894)
Total purchase price paid	4,118,780
Less: issue of shares	(1,085,803)
Cash paid	3,032,977
Less: cash of subsidiary acquired	(161,654)
Cash paid to obtain control net of cash acquired	(2,871,323)

In the year ended 30 June 2010, the group obtained control of Lawrence House Fund Managers Limited, The fair values of the assets acquired and liabilities assumed were as follows:

	£
Intangibles	1,585,362
Cash	224,781
Other current assets	22,179
Current liabilities	(33,638)
Total purchase price paid	1,798,684
Less: deferred consideration	(725,719)
Cash paid	1,072,965
Less: cash of subsidiary acquired	(224,781)
Cash paid to obtain control net of cash acquired	(848,184)

23. Share capital

	Issued and allotted 2011 £	Issued and allotted 2010 £
10,788,167 (2010: 10,245,171) ordinary shares of 1p each, fully paid	107,882	102,451

From 1 October 2009, the Companies Act 2006 abolished the requirement for a company to have an authorised share capital. Shareholders wishing to restrict the number of shares that can be issued by a company need to address this issue in the company's articles.

Notes to the Consolidated Financial Statements

23. Share capital - continued

The movements in the share capital were as follows:

	Number of shares £	Exercise price p	Share capital £	Share premium £	Total £
At 1 July 2009	10,016,241		100,162	1,621,303	1,721,465
Shares issued on exercise of options	187,400	140-215	1,874	304,614	306,488
to Save as you Earn scheme	41,530	176-220	415	86,510	86,925
At 30 June 2010	**10,245,171**		**102,451**	**2,012,427**	**2,114,878**
on acquisition of subsidiary - (note 8)	139,851	776.4	1,399	1,084,405	1,085,804
Issue of shares to repay subsidiary's loan notes - (note 19)	40,205	776.4	403	311,749	312,152
on exercise of options	188,950	140-290.5	1,890	340,587	342,477
to Save as you Earn scheme	173,990	196-240	1,739	376,466	378,205
At 30 June 2011	**10,788,167**		**107,882**	**4,125,634**	**4,233,516**

Employee Benefit Trust

Brooks Macdonald Group plc established an EBT on 3 December 2010. The Trust was established to acquire ordinary shares in the company in connection with the Long Term Incentive Scheme (LITS), as detailed below, and for other long term awards to employees. The EBT acquired 86,904 1p ordinary shares in Brooks Macdonald for a consideration of £980,364. At the balance sheet date the market value of the shares was £1,129,752. The shares are held as Treasury shares and the cost of these shares has been deducted from retained earnings within shareholders' equity.

24. Equity settled share based payments

Enterprise Management Incentive Scheme

Under the approved share option scheme, certain employees hold options to subscribe for shares in the company at prices ranging from 140p to 775p. Options are conditional on the employee completing a three year's service (the vesting period) and are exercisable three years from the grant date. The options have a contractual option term of seven years from the date they become exercisable. The group has no legal or constructive obligation to repurchase or settle the options in cash.

Employee Sharesave Scheme

Under the scheme, employees can contribute up to £250 a month to acquire shares at the end of the three years savings period. At the end of the savings period, employees can elect to acquire shares or receive their savings, including interest, in cash.

Long Term Incentive Scheme (LTIS) and Employee Benefit Trust

The company has made annual rewards based on certain criteria made under the LTIS to executive directors and senior executives. The conditional awards, which vest three years after grant, are subject to the satisfaction of specified performance criteria, measured over three year performance period. All conditional awards are at the discretion of the remuneration committee.

Notes to the Consolidated Financial Statements

24. Equity settled share based payments - continued

Brooks Macdonald Group plc established an EBT on 3 December 2010. The Trust was established to acquire ordinary shares in the company in connection with the LTIS, as detailed above, and for other long term awards to employees. The following table shows the number of shares held in trust that have not yet vested unconditionally and the associated reduction in shareholders' funds.

Enterprise Management Incentive Scheme	2011 Number of options	2011 Weighted average exercise price £	2010 Number of options	2010 Weighted average exercise price £
At 1 July 2010	428,600	2.165	624,500	2.01
Granted in the year	27,010	7.75	-	-
Forfeited in the year	(8,103)	7.75	(8,500)	2.20
Exercised in the year	(188,950)	2.00	(187,400)	1.635
At 30 June 2011	**258,557**	**2.69**	**428,600**	**2.170**

Employee Sharesave Scheme	2011 Number of options	2011 Weighted average exercise price £	2010 Number of options	2010 Weighted average exercise price £
At 1 July 2010	318,317	2.85	300,478	2.09
Granted in the year	67,121	9.16	66,470	5.78
Forfeited in the year	(15,277)	2.99	(7,101)	3.13
Exercised in the year	(173,990)	1.97	(41,530)	2.09
At 30 June 2011	**196,171**	**5.78**	**318,317**	**2.84**

Long Term Incentive Scheme	Number of options
At 1 July 2010	-
Granted in the year	37,959
Forfeited in the year	-
Exercised in the year	-
At 30 June 2011	**37,959**

The options granted under the Employee Sharesave Scheme, the EMI Scheme and the Phantom Scheme (note 18) were valued on the basis of market prices at the time the options were granted and were calculated using the Black Scholes model with a volatility ranging between 15% and 49%, on an historic price, covering the period to the end of the contractual life. The expected volatility was estimated on the basis of the share price history subsequent to flotation. The risk free interest rate was assessed as the yield on gilt edged security with a maturity term of 10 years.

The options were valued at prices from £1.40 to £9.16 per share. The charge for the period was £311,083 (2010: £251,164). The weighted average remaining contractual life of the equity settled scheme for share options at the end of the year was 3.87 years (2010: 3.92 years). The weighted average share price at the date of exercise for options exercised during the period was £11.613. The total charge for the equity based schemes and phantom schemes was £4,533,084 (2010: £1,507,182).

Notes to the Consolidated Financial Statements

24. Equity settled share based payments - continued

Share options granted during the year, were as follows:

	Exercise price in pence	Fair value of option in pence
Enterprise management incentive scheme		
Granted in the year	775	310
Employee sharesave scheme		
Granted in the year	916	680
Long Term Incentive scheme		
Granted in the year	-	955
Phantom schemes		
Phantom scheme dated 14 July 2010		
Granted in the year	775	698
Phantom scheme dated 27 October 2010		
Granted in the year	966.5	600
Phantom scheme dated 27 April 2011		
Granted in the year	1177.5	550

In respect of those equity options granted during the year, the Black Scholes model was used to calculate the fair value of the options. The assumptions used were the market price of the share price at the grant date, a volatility of 50%, no dividend yield, an expected option life of three years and an annual risk-free interest rate of 2%.

The phantom scheme options use the same assumptions in calculating the fair value but are re-calculated on a quarterly basis.

An analysis of the number of share options outstanding is as follows:

Year of grant	Exercise price (p)	Exercise period	2011	2010
Enterprise management Incentive scheme				
2005	140	2008-2015	6,000	56,100
2005	155.5	2008-2015	72,000	125,000
2006	215	2009-2016	53,250	84,500
2007	290.5	2010-2017	108,400	163,000
2010	775	2013-2020	18,907	-
At 30 June 2011			**258,557**	**428,600**
Employee sharesave scheme				
2007	220	2010	-	4,295
2008	196	2011	-	175,782
2009	240	2012	67,698	73,340
2010	578	2013	61,352	64,900
2011	916	2014	67,121	-
At 30 June 2011			**196,171**	**318,317**

Notes to the Consolidated Financial Statements

24. Equity settled share based payments - continued

	2011 Exercise price (p)	2011 Exercise period	2010 Number of options	2010 Number of options
Long Term Incentive Scheme				
At 1 July 2010	-	-	-	-
Granted in the year	-	December 2013	37,959	-
At 30 June 2011	-		**37,959**	-

25. Earnings per share

Earnings used to calculate earnings per share presented in the financial statements were:

	2011 £	2010 £
Profit attributable to shareholders	5,442,845	3,858,621

Basic earnings per share have been calculated by dividing earnings by the weighted average number of shares in issue throughout the year ended 30 June 2011 (year to 30 June 2010).

Diluted earnings per share is the basic earnings per share, adjusted for the effect of contingently issuable shares under the sharesave scheme, enterprise management incentive scheme and employee benefit trust (collectively "share options) weighted for the relevant periods.

	2011 Number	2010 Number
Weighted average number of shares - basic	10,482,942	10,123,097
Effect of share options	292,899	500,051
Diluted ordinary shares	10,775,841	10,623,148
Basic earnings per share	51.92p	38.10p
Diluted earnings per share	50.51p	36.31p

26. Lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2011 £	2010 £
Within one year	776,039	658,754
In the second year to fifth year inclusive	2,281,713	2,491,057

Notes to the Consolidated Financial Statements

27. Client money and funds under management

	2011 £'000	2010 £'000
Clients' bank accounts	303,000	331,000
Clients' funds under management	2,969,000	2,186,000

The group holds client money and assets on behalf of clients in accordance with the client money rules of the Financial Services Authority and other regulatory bodies. Such money and the corresponding liabilities to clients are not shown on the face of the balance sheet as the group is not beneficially entitled thereto.

28. Financial risk management

The group has identified the risks arising from its activities and has established policies and procedures as part of a formal structure for managing risk, including established risk lines, reporting lines, mandates and other control procedures. The structure is reviewed regularly. The group does not use derivative financial instruments for risk management purposes.

(a) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The primary objective of the group's treasury policy is to manage short-term liquidity requirements and to ensure that the group maintains a surplus of immediately realisable assets over its liabilities such that all known and potential cash obligations can be met.

The table below presents the cash flows payable by the group under non-derivative financial liabilities together with cash and balances at bank on demand.

30 June 2011	On demand £	Not more than 3 months £	After 3 months but not more than 1 year £	After 1 year but less than 5 years £	Total £
Cash flows arising from financial assets					
Available for sale financial assets	-	-	-	1,561,210	1,561,210
Cash and balances at bank (note 17)	16,799,558	-	-	-	16,799,558
Trade receivables	-	1,080,230	-	-	1,080,230
Other receivables	-	-	120,982	-	120,982
	16,799,558	**1,080,230**	**120,982**	**1,561,210**	**19,561,980**
Cash flows arising from financial liabilities					
Trade payables	-	1,789,792	-	-	1,789,792
Other financial liabilities	-	14,612,303	242,750	626,050	15,481,103
	-	**16,402,095**	**242,750**	**626,050**	**17,270,895**
Net liquidity gap	**16,799,558**	**(15,321,865)**	**(121,768)**	**935,160**	**2,291,085**

Notes to the Consolidated Financial Statements

28. Financial risk management - continued

30 June 2010	On demand £	Not more than 3 months £	After 3 months but not more than 1 year £	After 1 year but less than 5 years £	Total £
Cash flows arising from financial assets					
Cash and balances at bank	14,374,719	-	-	-	14,374,719
Trade receivables	-	706,427	-	-	706,427
Other receivables	-	-	302,770	-	302,770
	14,374,719	**706,427**	**302,770**	-	**15,383,916**
Cash flows arising from financial liabilities					
Trade payables	-	1,878,841	-	-	1,878,841
Other financial liabilities	-	4,423,808	377,110	2,209,513	7,010,431
	-	**6,302,649**	**377,110**	**2,209,513**	**8,889,272**
Net liquidity gap	**14,374,719**	**(5,596,222)**	**(74,340)**	**(2,209,513)**	**6,494,644**

(b) Market risk

Interest rate risk

The group's cash and short term deposits mature in the short term, no longer than three months. As a result the group is subject to limited exposure to fair value interest rate risk due to fluctuations at prevailing levels of market interest rates. Excess cash and cash equivalents of the group are invested in short-term cash deposits with the term of maturity no longer than three months.

A 1% fall in the average monthly interest rate obtained by the group's cash and cash equivalents would reduce interest receivable and profit before taxation by £168,000 (2010: £143,000). An increase of 1% would have an equal but opposite effect.

Foreign exchange risk

The group does not have any material exposure to transactional foreign currency risk and therefore no foreign exchange risk analysis is provided.

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The group is exposed to a price risk through its holdings of equity securities which are reported at fair value (note 13). Given the short term nature of the holding of this asset the group does not consider the price risk to be material.

Notes to the Consolidated Financial Statements

28. Financial risk management - continued

Credit risk

The group may invest some of its surplus funds in highly liquid market instruments. Such investments have a maturity no greater than three months. The difference between the book and the fair value of these instruments is not significant. To reduce the risk of a counterparty default the group deposits the rest of its funds in approved high quality banks. At the balance sheet date there were no significant concentrations of credit risk.

Credit risk relating to on balance sheet exposures:

	2011 £	2010 £
Cash and balances at bank	16,799,558	14,374,719

Trade receivables are analysed below:

	2011 £	2010 £
Carrying amount	1,080,230	706,427
Neither past due nor impaired	1,080,230	706,427

No external credit ratings are acquired with regard to the trade receivable as collateral is held by the group in excess of the total value of the receivables.

Ageing analysis of trade receivables

	2011 £	2010 £
Up to 3 months	1,080,230	706,427

29. Capital management

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 30 June 2011 was £19,051,127 (2010: £12,410,068). Regulatory capital is derived from the Group Internal Capital Adequacy Assessment Process (ICAAP), which is a requirement of the Capital Requirements Directive. The ICAAP draws on the group's risk management process which is embedded within the individual businesses, function heads and executive committees within the group.

The group's objectives when managing capital are to comply with the capital requirements set by the FSA, to safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the business.

Capital adequacy and the use of regulatory capital are monitored daily by the group's management.

The 2011 ICAAP was approved in March 2011. There have been no capital requirement breaches during the course of the year.

30. Guarantees and contingent liabilities

During the year the company entered into a guarantee to the Royal Bank of Scotland plc to guarantee settlement for trading with CREST stock on behalf of clients. The company holds client assets to fund such trading activity.

In addition to the Financial Services Compensation scheme levy charged in the year (note 4), further levy charges may be incurred although the ultimate cost remains unknown.

Notes to the Consolidated Financial Statements

31. Related party transactions

Certain directors have taken advantage of the facility to have interest free season ticket loans which are available to all employees. The directors who have such loans are as follows:

Director	2011 £ Loan balance	2010 £ Loan balance	2011 £ Maximum amount	2010 £ Maximum amount
J M Gumpel	4,130	3,863	4,956	4,636
N I Holmes	159	147	1,904	1,760
S J Jackson	4,180	4,286	8,361	8,572
N H Lawes	Nil	Nil	4,084	4,020
A W Shepherd	Nil	3,750	Nil	5,000

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation. The captions in the primary statements of the company include the amounts attributable to subsidiaries. These amounts have been disclosed in aggregate in the relevant financial statements and in detail in the following table:

	Amounts owed by related parties 2011 £	Amounts owed by related parties 2010 £	Amounts owed to related parties 2011 £	Amounts owed to related parties 2010 £
Braemar Group Limited-subordinated loan interest free	1,400,002	-	-	-
Brooks Macdonald Financial Consulting Limited	-	-	1,850,428	1,736,660
Brooks Macdonald Asset Management Limited	-	-	14,214,629	9,084,160
Brooks Macdonald Nominees Limited	-	-	1,191,649	781,706

The loan to Braemar Group Limited is interest free. All other loans are interest free and repayable on demand.

The group manages a number of collective investment funds and they may be considered to be related parties. The available for sale asset (note 13) is an investment of 1,440,230.43 shares in Braemar PCC Limited Student accommodation cell. This transaction was at market value.

32. Events since the end of the year

In August 2011, the company 's subsidiary company Brooks Macdonald Asset Management Limited signed an agreement to purchase the investment management activities of a national law firm, Clarke Willmott LLP, based in Taunton, Somerset for an initial consideration of £1.56 million, in cash. The transaction is expected to be completed on 31 October 2011 subject to the completion of legal formalities and client communications.

An additional amount of cash will be payable on completion in two tranches, 12 months and 24 months after completion. The total consideration (including the initial payment of £1.56 million) will be based on a maximum of 3.25% in total of the relevant discretionary funds under management, split across the respective payment dates. The total consideration will be subject to a maximum of £6 million.

Independent Auditor's Report

to the members of Brooks Macdonald Group plc

We have audited the parent company financial statements of Brooks Macdonald Group plc for the year ended 30 June 2011 which comprise the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Other matter

We have reported separately on the group financial statements of Brooks Macdonald Group plc for the year ended 30 June 2011.

Marcus Hine (Senior Statutory Auditor) for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
13 September 2011

Company Balance Sheet

as at 30 June 2011

	Note	2011 £	2010 £
Fixed assets			
Shares in group undertakings	36	9,566,935	5,137,071
Other investments	36	1,561,210	194,177
Total fixed assets		11,128,145	5,331,248
Current assets	37	15,883,609	14,330,801
Creditors: amounts falling due within one year	38	(21,418,839)	(16,111,014)
Net current liabilities		(5,535,230)	(1,780,213)
Total assets and liabilities		**5,592,915**	**3,551,035**
Financed by:			
Capital and reserves			
Called up share capital	39	107,882	102,451
Share premium account	40	4,125,634	2,012,427
Share option reserve	40	1,210,029	898,946
Other reserves	40	61,210	-
Profit and loss account	40	88,160	537,211
Shareholders' funds	41	5,592,915	3,551,035

Approved by the Board of directors on 13 September 2011 and signed on its behalf

C A J Macdonald
Chief Executive

S J Jackson
Finance Director

The notes on pages 52 to 56 form part of these accounts

Notes to the Company accounts

33. Principal accounting policies

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of listed investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies of the company which have been applied consistently throughout the year are set out below:

(b) Investments in subsidiary companies

Investments in subsidiaries are carried at cost less provisions for impairment.

(c) Share based payments

The company has applied the requirements of FRS 20 Share-based payments and has adopted the requirements of UITF 44. Equity settled share based payments are measured at fair value at the date of the equity settled share based instrument is expensed on a straight line basis over the period for which related services are provided based on the number of shares that will eventually vest.

(d) Operating lease payments

Rents due under operating leases are charged to profit and loss account on a straight line basis over the term of the lease. The company benefited from a rent-free period under the terms of the current property lease. In accordance with UITF 28 Operating Leases Incentives, the benefit is being allocated over the shorter of the lease term and the date of the market review specified in the lease. During the rent-free period a rental charge has been recognised in the profit and loss account and accrued as a liability in the balance sheet.

(e) Retirement benefit costs

Contributions in respect of the group's defined contribution retirement scheme are charged to the profit and loss account as they fall due.

(f) Employee benefit trust

Where the company holds its own equity shares through an Employee Benefit Trust these shares are shown as a reduction in equity. Any consideration paid or received for the purchase or sale of these shares is shown as a reduction in the reconciliation of movements in shareholders' funds and no gain or loss is recognised in the profit and loss account or the statement of total recognised gains or losses on the purchase, sale, issue or cancellation of these shares.

(g) Treasury shares

Own equity instruments that are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, issue or cancellation of the company's own equity instruments.

(h) Other investments

Other investments are listed investments. They are stated at market value.

34. Profit for the year

As permitted by Section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the financial year. Brooks Macdonald Group plc reported profit after tax for the financial year ended 30 June 2011 of £1,691,998 (2010: profit £1,350,405). Auditors' remuneration for audit and other services to the company are set out in note 4.The average monthly number of employees during the year was ten (2010: nine). Directors' emoluments are set out in note 5 of the group accounts.

Notes to the Company accounts

35. Dividends

Details of the company's dividends paid and proposed for approval at the Annual General Meeting are set out in note 9 of the group accounts.

36. Investments

	2011 £	2010 £
Group undertakings		
Cost at 1 July 2010	5,137,071	4,885,907
Additions	4,429,864	251,164
Cost at 30 June 2011	**9,566,935**	**5,137,071**
Listed investments		
Cost at 1 July 2010	194,177	-
Additions	1,500,000	194,177
Transfer to group undertakings	(194,177)	-
Revaluation	61,210	-
Cost at 30 June 2011	**1,561,210**	**194,177**

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

The additions to group undertakings represent the cost of share options in accordance with FRS20.

The brought forward listed investment represents the purchase of 8,544,638 shares in Braemar Group plc, an AIM listed company during the year, the group acquired 100% of the issued share capital of Braemar Group plc, as detailed in note 8 to the financial statements, have been consolidated. The brought forward investment in Braemar Group plc has therefore been transferred to the group undertakings at the date of acquisition to the date of transfer.

Details of the subsidiary undertakings of the company as at 30 June 2011 all of which were wholly owned and included in the consolidated financial statements are given below:

Company	Type of share	Country of incorporation	Nature of business
Brooks Macdonald Tax Services Limited	Ordinary £1	UK	Dormant
Brooks Macdonald Financial Consulting Limited	Ordinary 5p	UK	Financial consulting
Brooks Macdonald Asset Management Limited	Ordinary £1	UK	Investment management
Brooks Macdonald Nominees Limited	Ordinary £1	UK	Nominee Services
Brooks Macdonald Asset Management (Tunbridge Wells) Limited	Ordinary £1	UK	Investment management
Braemar Group Limited (formerly Braemar Group plc)	Ordinary 1p	UK	Investment management

Notes to the Company accounts

37. Current assets

	2011 £	2010 £
Amounts owed by subsidiary undertakings	3,549,574	2,263,340
Other debtors	21,541	7,164
Cash at bank and in hand	12,312,494	12,060,297
	15,883,609	14,330,801

Other than the subordinated loan receivable from Braemar Group Limited (note 31), amounts owed to the subsidiary entities are unsecured,interest free, have no fixed date of repayment and are repayable on demand.

38. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	93,507	488,724
Amounts owed to subsidiary undertakings	19,406,279	13,865,866
Other creditors	5,199	5,199
Accruals and deferred income	1,913,854	1,751,225
	21,418,839	16,111,014

Amounts due to subsidiary entities are unsecured, interest free, and are repayable on demand.

39. Share capital

	No of 1p ordinary shares	£
At 1 July 2009	10,016,241	100,162
Shares issued	228,930	2,289
At 30 June 2010	**10,245,171**	**102,451**
At 1 July 2010	10,245,171	102,451
Shares issued	542,996	5,431
At 30 June 2011	**10,788,167**	**107,882**

	No of 1p ordinary shares
Shares issued at 30 June 2010	10,245,171
Treasury shares	-
Shares issued at 30 June 2010 excluding treasury shares	10,245,171
Shares issued at 30 June 2011	10,788,167
Treasury shares	(86,904)
Shares issued at 30 June 2011 excluding treasury shares	10,701,263

Notes to the Company accounts

39. Share capital - continued

Long Term Incentive Scheme

Brooks Macdonald Group plc established an EBT on 3 December 2010. The Trust was established to acquire ordinary shares in the company in connection with the Long Term Incentive Scheme (LITS), as detailed below, and for other long term awards to employees. The EBT acquired 86,904 1p ordinary shares in Brooks Macdonald for a consideration of £980,364. At the balance sheet date the market value of the shares was £1,129,752. The shares are held as Treasury shares, the cost of these shares has been deducted from retained earnings within shareholders equity.

The company has made annual rewards based on certain criteria made under the LTIS to executive directors and senior executives. The conditional awards, which vest three years after grant, are subject to the satisfaction of specified performance criteria, measured over three year performance period. All conditional awards are at the discretion of the remuneration committee.

40. Reserves

	2011 £	2010 £
Profit and loss account		
At 1 July 2010	537,211	43,826
Retained profit for the financial year	1,691,998	1,350,405
Dividends paid	(1,160,685)	(857,020)
At 30 June 2011	**1,068,524**	**537,211**

	Share premium £	Share option reserve £
At 1 July 2010	2,012,427	898,946
Shares issued	2,113,207	-
Share based payments	-	311,083
At 30 June 2011	**4,125,634**	**1,210,029**

	Other reserves £
Available for sale revaluation reserve	
At 1 July 2010	-
Revaluation to investment	61,210
At 30 June 2011	**61,210**

Notes to the Company accounts

41. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	3,551,035	2,413,073
Profit for the financial year	1,691,998	1,350,405
Dividends paid	(1,160,685)	(857,020)
Share based payments	311,083	251,164
Share capital issued	2,118,638	393,413
Treasury and own shares	(980,364)	-
Revaluation of investment	61,210	-
Net addition to shareholders funds	2,041,880	1,137,962
Closing shareholders' funds	**5,592,915**	**3,551,035**

42. Lease commitments

The company has non-cancellable operating leases in respect of land and buildings with an annual charge which expire:

	2011 £	2010 £
Within one year	698,579	-
In the second year to fifth year inclusive	2,198,256	661,754

43. Related party transactions

The company has taken advantage of the exemption given by FRS 8 not to disclose transactions and balances with its wholly owned subsidiaries. Details of directors' related party transactions are detailed in note 31 to the consolidated financial statements.

Explanation of AGM Business

Enclosed with this document is a notice convening the annual general meeting of the company for 19 October 2011. This explanatory note gives further information on resolutions numbered 2 to 10 set out in the notice of AGM.

Resolution 2 – To declare a final dividend

The directors recommend a final dividend of 10 pence per ordinary share. Subject to approval by shareholders, the final dividend will be paid on 24 October 2011 to shareholders on the register on 23 September 2011.

Resolutions 3 to 6 – To re-elect certain of the directors

Diane Seymour-Williams has been appointed as an additional director since the annual general meeting in 2010 and, accordingly, the company's articles of association requires her to retire from office at this annual general meeting and to offer herself for re-election.

In addition, the company's articles of association state that one third of the other directors (or the nearest whole number closest to one third) must retire from office at each annual general meeting and offer themselves for re-election. In addition, any director who has been in office for more than three years since their last appointment or re-appointment should also retire and offer themselves for re-election. Simon Jackson, Jonathan Gumpel, and Richard Spencer are therefore offering themselves for re-election on this basis.

Information on each of the directors standing for re-election is set out below. The Chairman confirms that each of the directors offering themselves for re-election has extensive relevant experience of the group and its business. The board is therefore of the opinion that all such persons should be re-elected to the board.

Simon Jackson (52) is responsible for the group's management accounts. In addition to the finance function, Simon has Board responsibility for the back office functions of the group with the managers of IT, training and personal development and human resources reporting to him. He is a Chartered Accountant and joined the Group in 2000 having worked for a number of both public and private companies at director level.

Jonathan Gumpel (44) was a founder director of the company in 1991, having worked in the industry since 1986. During his career, he has won a number of investment management awards and sits on both the Asset Management and Group boards. Jonathan is one of the investment directors responsible for overseeing investment management strategy and asset allocation for Brooks Macdonald Asset Management Ltd

Richard Spencer (48) is the Chief Investment Officer (CIO) of Brooks Macdonald Asset Management where he is responsible for overseeing the investment management strategy and asset allocation. Richard is also a member of the Group Board as well as a fund manager specialising in private client and pension portfolios. Richard joined the company in 1991 as a founder director, having worked in the industry since 1985

Diane Seymour-Williams (52) has recently been appointed as a non-executive director. Diane has had a distinguished career in investment management: she spent over twenty years at Morgan Grenfell/Deutsche Asset Management and is now an executive director of Lloyd George Management and a non-executive director of Calculus Capital Limited and of Witan Pacific Investment Trust

Resolution 7 – To appoint PricewaterhouseCoopers LLP as auditors

This Resolution proposes that PricewaterhouseCoopers LLP should be appointed as the company's auditors and authorises the directors to determine their remuneration.

Resolution 8 – Authority to allot shares

The Companies Act 2006 prevents directors from allotting unissued shares without the authority of shareholders in general meeting. In certain circumstances this could be unduly restrictive. The directors' existing authority to allot shares, which was granted at the annual general meeting held in 2010, will expire at the end of this year's annual general meeting.

Resolution 8 in the notice of annual general meeting will be proposed, as an ordinary resolution, to authorise the directors to allot ordinary shares of 1 pence each in the capital of the company up to a maximum nominal amount of £35,960 (i.e. up to 3,596,000 ordinary shares) representing approximately 33% of the ordinary shares in issue on 21 September 2011. The company does not currently hold any shares in treasury.

The authority conferred by this resolution will expire on the date which is fifteen months after the passing of this resolution or, if sooner, at the end of next year's annual general meeting.

The directors have no present plans to allot unissued shares other than on the exercise of share options under the company's employee share option schemes. However, the directors believe it to be in the best interests of the company that they should continue to have this authority so that such allotments can take place to finance appropriate business opportunities that may arise.

Explanation of AGM Business

Resolution 9 – To disapply pre-emption rights

Unless they are given an appropriate authority by shareholders, if the directors wish to allot any of the unissued shares for cash or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must first offer them to existing shareholders in proportion to their existing holdings. This is known as pre-emption rights.

The existing disapplication of these statutory pre-emption rights, which was granted at the annual general meeting held in 2010, will expire at the end of this year's annual general meeting. Accordingly, resolution 9 in the notice of annual general meeting will be proposed, as a special resolution, to give the directors power to allot shares without the application of these statutory pre-emption rights: first, in relation to offers of equity securities by way of rights issue, open offer or similar arrangements; and second, in relation to the allotment of equity securities for cash up to a maximum aggregate nominal amount of £5,390 (i.e. up to 539,000 ordinary shares) (representing approximately 5% of the ordinary shares in issue on 21 September 2011).

The authority sought and limits set by this resolution will also apply to a sale by the company of any shares it holds as treasury shares. The Treasury Share Regulations allow shares purchased by the company out of distributable profits to be held as treasury shares, which may then be cancelled, sold for cash or used to meet the company's obligations under its employee share based incentive schemes. Any subsequent transfers of treasury shares by the company to satisfy the requirements of employee share-based incentive schemes will be counted towards the anti-dilution limits for such share issues to the extent required by the Association of British Insurers guidelines.

The power conferred by this resolution will expire on the date which falls fifteen months after the passing of this resolution or, if sooner, at the end of next year's annual general meeting.

Resolution 10 – Company's authority to purchase its own shares

Resolution 10 in the notice of annual general meeting, which will be proposed as a special resolution, will authorise the company to make market purchases of up to 1,000,000 ordinary shares. The existing authority to make market purchases of ordinary shares, which was granted at the annual general meeting held in 2010, will expire at the end of this year's annual general meeting.

The number of ordinary shares stated in this resolution equals approximately 10% of the company's ordinary shares in issue on 21 September 2011. The minimum price that may be paid is the nominal value of an ordinary share (i.e. 1 pence), and the maximum price shall not exceed 5% above the average of the middle market quotations for an ordinary share for the five business days before each purchase is made (exclusive of expenses).

The authority conferred by this resolution will expire on the date which falls fifteen months after the passing of this resolution or, if sooner, at the end of next year's annual general meeting.

The directors are committed to managing the company's capital effectively. Although the directors have no plans to make such purchases, buying back the company's ordinary shares is one of the options they keep under review. Purchases would only be made after considering the effect on earnings per share, and the benefits for shareholders generally.

The company may hold in treasury any of its own shares that it purchases pursuant to the Treasury Share Regulations and the authority conferred by this resolution. This would give the company the ability to re-issue treasury shares quickly and cost effectively and would provide the company with greater flexibility in the management of its capital base.

Notice of Annual General Meeting

Notice is given that the annual general meeting of Brooks Macdonald Group plc (the "Company") will be held at 111 Park Street, London W1K 7JL on Wednesday 19 October 2011 at 9.30 a.m. for the following purposes.

Ordinary Business

To resolve as ordinary resolutions:

1 To receive and consider the accounts and reports of the directors and the auditors for the year ended 30 June 2011.

2 To declare a final dividend of 10 pence per Ordinary Share for the year ended 30 June 2011.

3 To re-elect Simon Jackson as a director.

4 To re-elect Jonathan Gumpel as a director.

5 To re-elect Richard Spencer as a director.

6 To re-elect Diane Seymour-Williams as a director.

7 To appoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the directors to determine their remuneration.

Special Business

Directors' authority to allot shares

To resolve as an ordinary resolution:

8 That the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Relevant Securities"), up to a maximum aggregate nominal amount of £35,960, for a period expiring (unless previously revoked, varied or renewed) on the date which is fifteen months after the passing of this resolution or, if sooner, the end of the next annual general meeting of the Company. However, in each case the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after this authority expires and the directors may allot Relevant Securities in pursuance of such offer or agreement as if this authority had not expired.

All previous unutilised authorities given to the directors pursuant to section 551 of the Act shall cease to have effect at the conclusion of the annual general meeting, save to the extent that those authorities are exercisable pursuant to section 551(7) of the Act by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date.

Disapplication of pre-emption rights

To resolve as a special resolution:

9 That, subject to the passing of resolution 8 above, the directors be generally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash, pursuant to the authority conferred by resolution 8, as if section 561 of the Act did not apply to such allotment, provided that this power shall expire on the date which is fifteen months after the passing of this resolution or, if sooner, the end of the next annual general meeting of the Company. This power shall be limited to the allotment of equity securities:

9.1 in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of holders of Ordinary Shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

9.2 otherwise than pursuant to paragraph 9.1 up to an aggregate nominal amount of £5,390;

but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after this power expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(2)(b) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 8" were omitted.

All previous unutilised powers given to the directors pursuant to sections 570 and 573 of the Act shall cease to have effect at the conclusion of this annual general meeting.

Company's authority to purchase its own shares
To resolve as a special resolution:

10 That the Company be generally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of £0.01 each on such terms and in such manner as the directors shall determine, provided that:

10.1 the maximum number of Ordinary Shares hereby authorised to be purchased is 1,000,000;

10.2 the maximum price which may be paid for each Ordinary Share shall be 5% above the average of the middle market quotations for an Ordinary Share (as derived from The Stock Exchange Daily Official List) for the five business days immediately before the day on which the purchase is made (in each case exclusive of expenses);

10.3 the minimum price which may be paid for each Ordinary Share shall be £0.01; and

10.4 this authority (unless previously revoked, varied or renewed) shall expire on the date which is fifteen months after the passing of this resolution or, if sooner, the end of the next annual general meeting of the Company, except in relation to the purchase of Ordinary Shares the contract for which was concluded before such date and which will or may be executed wholly or partly after such date.

By order of the Board

Simon Jackson
Secretary

Dated: 22 September 2011

Registered Office:
111 Park Street, London W1K 7JL

NOTES:

Rights to appoint a proxy

1 Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

2 A proxy form which may be used to make such appointment and give proxy directions accompanies this notice. If you do not receive a proxy form and believe that you should have one, or if you require additional proxy forms in order to appoint more than one proxy, please contact Capita Registrars Limited, The Registry, 34 Beckenham Road, Kent BR3 4TU.

Procedure for appointing a proxy

3 To be valid, the proxy form must be received by post or (during normal business hours only) by hand at Capita Registrars Limited, PXS, The Registry, 34 Beckenham Road, Kent BR3 4TU no later than 9.30 a.m. on Monday 17 October 2011. It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified (or certified by a solicitor with a current practising certificate) copy of such power or authority.

4 The return of a completed proxy form will not preclude a member from attending the annual general meeting and voting in person if he or she wishes to do so.

Record date

5 In accordance with Regulation 41 of the Uncertificated Securities Act 2001, to be entitled to attend and vote at the annual general meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6.00 p.m. on Monday 17 October 2011 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting.

Corporate representatives

6 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Other rights of members

7 Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

Documents available for inspection

8 There will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays and public holidays) and at the place of the meeting for at least 15 minutes prior to and during the annual general meeting copies of:

- the service contract of each executive director; and
- the letter of appointment of each non-executive director.

FORM OF PROXY

ANNUAL GENERAL MEETING 19 OCTOBER 2011 AT 9.30 AM

Brooks Macdonald Group plc

Please read the notice of meeting and the explanatory notes below before completing this form.

I/We (see note 5) Name

Address

being a member/members of the above-named Company hereby appoint the chairman of the meeting (see note 6) OR

Name

Address

as my/our proxy to attend, speak and vote in my/our name and on my/our behalf at the annual general meeting of the Company to be held on 19 October 2011 at 9.30 a.m. and at any adjournment thereof.

☐ Please tick this box if this proxy appointment is one of multiple appointments being made by the same member (see note 3).

The above proxy is appointed to exercise the rights attached to [all] OR Number of shares (see notes 1 and 2) of the Ordinary Shares held by me.

FOLD

FOLD

I/we direct my/our proxy to vote on the resolutions set out in the notice of annual general meeting as I/we have indicated by placing a mark in the appropriate box below (see notes 7 and 8).

Ordinary Business	FOR	AGAINST	VOTE WITHHELD
Resolution 1: To receive and consider the Annual Report and Accounts for the year ended 30 June 2011			
Resolution 2: To declare a final dividend of 10 pence per Ordinary Share			
Resolution 3: To re-elect Simon Jackson as a director			
Resolution 4: To re-elect Jonathan Gumpel as a director			
Resolution 5: To re-elect Richard Spencer as a director			
Resolution 6: To re-elect Diane Seymour-Williams as a director			
Resolution 7: To appoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the directors to determine their remuneration			
Special Business	**FOR**	**AGAINST**	**VOTE WITHHELD**
Resolution 8: Ordinary resolution to give the directors authority to allot shares			
Resolution 9: Special resolution to give the directors power to disapply pre-emption rights in relation to the allotment of shares			
Resolution 10: Special resolution to give the Company a general authority to purchase its own shares			

Signature: Date: / /2011

(To be valid, this proxy form must be signed) (see note 11)

Notes:

Your rights to appoint a proxy

1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. You may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you.

2 You may appoint a proxy in respect of all or some only of the shares held by you. If you do not want to appoint a proxy in respect of all of the shares held by you, delete the word "all" in square brackets and insert the number of shares in respect of which you wish to appoint your proxy in the box provided. If you sign and return this proxy form with no number inserted, you will be deemed to have appointed your proxy in respect of all of the shares held by you.

3 If you require additional proxy forms in order to appoint more than one proxy, please contact the Company's registrar, Capita Registrars Limited, or you may copy this form. Please indicate by ticking the box provided if the proxy appointment is one of multiple appointments being made. You must also indicate in the separate box the number of shares in relation to which the proxy holder is authorised to act as your proxy. All proxy forms must be signed and should, wherever possible, be returned together in one envelope.

4 If you appoint a proxy, this does not preclude you from attending the meeting and voting in person.

Procedure for appointing a proxy

5 Please insert your full name and address in block capitals in the box.

6 To appoint as your proxy a person other than the chairman of the meeting, delete the words in square brackets and insert the full name and address of your chosen proxy in block capitals in the box. If you sign and return this proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman of the meeting, it is your responsibility to ensure that that person attends the meeting and is aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the chairman of the meeting and give that person your directions.

Directing your proxy how to vote

7 To direct your proxy how to vote on the resolutions mark the appropriate box with a "✔"or an "X". If no voting direction is given, your proxy can vote or abstain from voting as he or she chooses. Your proxy has the right to vote (or abstain from voting) as he or she chooses in relation to any other business (including a resolution to adjourn the meeting or to amend a resolution) which may properly come before the meeting.

8 The "vote withheld" option is provided to enable you to abstain on any particular resolution. However, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" a resolution.

Other

9 To be valid, this proxy form must be received by post or (during normal business hours only) by hand at Capita Registrars Limited, PXS, The Registry, 34 Beckenham Road, Kent BR3 4TU no later than 9.30 a.m. on Monday 17 October 2011.

10 In the case of joint holders of any share, where more than one of the joint holders purports to appoint a proxy in respect of the same share, only the appointment submitted by the person whose name stands first in the register as one of the joint holders will be accepted.

11 This proxy form must be signed and dated by the member or his or her attorney duly authorised in writing. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which this proxy form is signed, or a copy of such power or authority, must be included with the proxy form.

12 In accordance with Regulation 41 of the Uncertificated Securities Regulations Act only those shareholders entered on the register of members at 6.00 p.m. on Monday 17 October 2011 are entitled to attend and vote at the Annual General Meeting to be held at 9.30 a.m. on 19 October 2011.

Directors and advisers

Directors

C J Knight	Chairman
C A J Macdonald	Chief Executive
J M Gumpel	
N I Holmes	
S J Jackson	Finance director
N H Lawes	
A W Shepherd	
R H Spencer	
S P Wombwell	
C R Harris (appointed 14 July 2010)	Non-executive director
D Seymour-Williams (to be appointed 14 September 2011)	Non-executive director

Company Secretary
S J Jackson

Offices
110 & 111 Park Street London W1K 7JL
The Long Barn Dean Estate Wickham Road Fareham PO17 5BN
1 Marsden Street Manchester M2 1HW
2 Mount Ephraim Road Tunbridge Wells TN1 1EE
10 Melville Crescent Edinburgh EH3 7LU
Braemar Group - Richmond House Heath Road Hale Cheshire WA14 2XP

Registered Office
111 Park Street London W1K 7JL

Registered Number
4402058

Independent Auditors
PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors
7 More London Riverside London SE1 2RT

Solicitors
Macfarlanes LLP
20 Cursitor Street London EC4A 1LT

Public Relations
MHP Communications Limited
60 Great Portland Street, London W1W 7RT

Principal Bankers
The Royal Bank of Scotland plc

Registrars
Capita Registrars Limited
The Registry 34 Beckenham Road Kent BR3 4TU

Nominated adviser and broker
Collins Stewart Europe Limited
9th Floor 88 Wood Street London EC2V 7QR

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