

NW Brown Group Limited

Annual Report

Year ended 30 April 2015

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Company Information

Directors	A R Kefford – Chairman R M Jeffries (Appointed 1 May 2015) P B Burke M W Johnson H R Parnell (Resigned 30 April 2015) C D R Manktelow R W Raywood (Resigned 26 November 2014) P A Thorpe (Resigned 21 May 2014) L Turner S J Biggs (Resigned 18 December 2014) O W Phillips (Appointed 1 May 2014)
Secretary	M J Tolond
Registered office	Richmond House 16-20 Regent Street Cambridge CB2 1DB
Registered number	3917262
Auditors	Grant Thornton UK LLP
Bankers	Lloyds Bank plc Cater Allen Private Bank Svenska Handelsbanken AB The Royal Bank of Scotland Group Natwest Bank

NOTICE IS HEREBY GIVEN that the 2015 General Meeting of the NW Brown Group Limited will be held at Richmond House, 16-20 Regent Street, Cambridge, CB2 1DB on 21 August 2015 at 12.00pm.

For the purpose of transacting the following business:

As ordinary business:

1. To receive the director's report and financial statements for the year ended 30th April 2015,
2. To confirm the payment of £592,125.56 as dividend on Ordinary shares and £148,213.65 as dividend on Preference Shares,
3. To appoint Grant Thornton UK LLP as auditors of the Company until the next Annual General Meeting at which Accounts are laid and to authorise the directors to determine their remuneration,
4. To give authority in accordance with paragraph 47(3)(b) of Part 3 of Schedule 4 to the Companies Act 2006 (Commencement No 5, Transitional Provisions and Savings) Order 2007, (SI 200713495) to the directors to authorise matters giving rise to an actual or potential conflict for the purposes of section 175 of the Companies Act 2006.

NOTICE:

To the holders of Ordinary and Preference Shares:

Any member entitled to attend and vote at the meeting may appoint a Proxy to attend and vote on their behalf.

A proxy need not be a member of the Company.

Members holding Preference Shares shall be entitled to vote on any resolution at any general meeting of the Company save that each Preference Share shall in any poll be counted as one fourth of a vote and each Ordinary Share shall be counted as one vote.

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

Chief Executive's Report on the Year

These accounts show profitability has been about the same as last year after taking account of the fact that we are no longer amortising the costs of purchasing our business from the previous partnership. (This was a charge to the P&L of nearly £.5m last year) This is a satisfactory result given the sale of Insurance Brokers. In Freedom results were substantially below our hopes but other areas performed a little better than we budgeted and our corporate benefits business did very well indeed.

We hope we have a resilient and profitable business. We believe it is capable of delivering good results on all sides. In the last year we have continued to clarify our offering and this is a continuing process. Investment Management is in many ways the focus of the firm in that continuing fee business is what allows us to create and maintain the superstructure of advice, research, execution and accounting which is required to give clients the service they deserve. But our strategy for maintaining and expanding the firm is wholly built upon our view that what clients need is expertise applied across the board to maintain and increase their wealth and thus our effort is often put into areas other than Investment Management when it comes to growth. We believe that our financial planners and corporate advisers are highly competent and look after their clients really well but we need more of them and it is for this reason we have recently announced teams have joined us from Ashton KCJ and from S-Tech Insurance Services. They will not be the last.

The funds under discretionary management in direct individual discretionary portfolios at the year-end were £709m (£680m last year) which reflects a continuing inflow of new business both in Cambridge and in Norwich and good returns for our clients on their existing portfolios. We are beginning to see significant funds invested with the Investment Portfolio Service (IPS) which we have developed specifically with the needs of smaller clients in mind. Whilst the funds under discretionary management here are still relatively small compared to our mainstream direct individually tailored portfolios we expect to see continued fast growth on this side. At the time of writing funds are in excess of £40m compared to under £20m a year ago. Corporate Benefits continues to provide a first class service to employers for their pensions and other employee benefits and we have continued to see new clients, often as a result of auto-enrolment requirements in both Cambridge and Norwich. We advise on Pensions Funds with an invested value in the region of £379m (£250m last year) in this business. Our childcare vouchers business remains profitable although its long term future is not good as a result of regulatory change.

Financial Planning is the front door through which clients come to know and trust the firm and therefore we measure success in this area in more than just financial terms, but a better than break-even result is certainly required and we still intend to achieve that. We are investing in systems to handle our business and trying to apply consistent approaches across the board. We advise on investments directly in collectives and indirectly via bonds of in excess of £180m (£267m last year. This year we have excluded from this number £40m of IPS assets and assets where we advised previously but have no ongoing fee arrangement in place). Our Norwich office has increased its profile within the local community. We have a very firm base and a great location from which to do this and expect growth to continue. In both Norwich and Cambridge we expect that our financial planners and investment managers will work closely together to give a seamless service for our clients. We now have a full time investment manager allocated to the Norwich office and this should help our planners achieve the goals which have been set for them in terms of introductions.

When we disposed of our Insurance Brokers in May 2014 it was because we felt we should concentrate on providing a rounded financial service to our clients. In particular we said our clients wanted a comprehensive source of advice on their investments and their financial affairs and we intended to improve and broaden this offering. Our recent announcement of the acquisition of the financial services business of S-Tech fits with this plan, and we hope that all the clients of the two firms will benefit from access to a wider range of capabilities and markets. We are committed to delivering access to investment expertise to all our clients and we believe they need advice as well as management. We believe that planners should work closely with investment experts when finding appropriate solutions for our clients and we have worked hard to create an environment where this is possible. The mark of our success is the continued growth in assets under management as well as the fact that in recent months we have had approaches from several financial planners wishing to join a growing and successful operation and we expect to continue to expand this side of the business both in Norwich and in Cambridge. This is an exciting development for the Group and especially for our corporate team who we expect to have much better prospects for growth immediately as a result of the acquisition.

Longer term the rewards will be in the growth of the Investment Portfolio Service (IPS) where all our existing and new financial planners have been and will be introducing existing and new clients. Almost every client who has the opportunity to use IPS has taken it and we believe that in future years this will continue to grow strongly. Essentially it makes our investment experts accessible to a much wider range of clients and although we will always continue to offer individual discretionary directly invested portfolios to higher net worth individuals the IPS allows us to take on clients with less than £250,000 to invest in an economic way.

The growth of Freedom and the associated OK To Travel internet based operation has continued. Your Board is actively considering ways in which shareholders can have a direct stake in this business should they so desire and to this end we have integrated the two companies at the financial and operating levels. We hope to put a proposal to shareholders in the next few weeks. We took full ownership of the latter at the end of last year and we have traded profitably since. We believe that these operations have the potential to grow significantly over the next few years. In Freedom we again have a small loss reported in these accounts. The reasons we did not get near to our forecasts are manifold but include a loss of market share, expenses running above planned levels and a more complex mix of business than anticipated. Last year I said that what we now need to do is turn higher turnover into higher profits, that remains the goal but achieving it has proved difficult.

Somewhat unusually we have spent almost no time this year talking to suitors, we like to think this is not because no one is interested but because they realise we have a very valuable franchise in a very prosperous area and we would need a very good reason to give up our sturdy independence. The test we apply to any suitor is to ask three questions of ourselves and prospective partners. These are "Would a combined business deliver better/more to our clients? Would we (or you) be able to better serve your clients in some way? Is there a set of potential clients out there who we would together attract who we would not attract separately?" We can only stay independent as long as we make adequate margins on the business we do and we know they are low compared to our competitors, we know our fees and charges are too low, our staffing levels too high and our average client size not large enough. My message to the whole firm has consistently been that we must move upmarket, and at the same time use technology to systematise all client processes. The whole financial services industry has moved (or in some cases needs to move) from processing clients one by one to managing them and processing their requirements in a methodical way. It really is combining mass production techniques and quality control with the individual client feeling he still matters and gets treated as such which is the key to running the business efficiently and profitably in future. We cannot as a business afford to preserve the inefficiencies of the old cottage industry but we must in NW Brown keep the client in a position where he feels he has individual attention at the time he needs it. Our online offering should help achieve this; the majority of our investment clients now use this and we hope to extend it more widely in future. In this way we give the client absolutely up to date personal information about his affairs quickly and efficiently without manual intervention.

This year you will see we have again bought in and cancelled shares, but on a much smaller scale than we hoped. Entrepreneurs' Relief is such a major consideration for any shareholder with close to 5% of our shares that we have tried to make sure all those contingently affected understand the rules. We expect to continue to buy in shares where they become available and anticipate that we will purchase more over the coming year.

On behalf of your Board I would like to thank all our staff for getting us so far and encourage them to never stop looking for ways in which we can improve. I have now spent nearly ten years enjoying working here, many of those you employ have spent much longer. Clients often compliment me on the friendly helpful treatment they get from our staff, many of our clients have dealt with the same staff for years.

Marcus Johnson
Chief Executive

Strategic Report

Business review and principal activities

The principal activities of the Group are:

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

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

Principal Risks

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

Other risks

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

Outlook

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

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

The challenge your Board faces is to continue to deliver a high quality personal service in each of our operating units whilst achieving growth and an acceptable profit margin. This involves investment in our people, in our systems and in our relationships with the outside world so that we can provide better value to our clients. Inevitably we must try both to move further up market where clients who can afford to pay us will get good value from our expertise, and to supply clients with similar needs at lower marginal cost. Better systems and high quality staff will enable us to meet this challenge. We believe we offer in Cambridge a

regional source of financial expertise second to none. Our intention is to emulate this in Norwich and we believe that we have established a firm base on which we can do this. Shareholders are invited to visit Pembroke House, our Norwich premises, which has been restored to its Victorian splendour in part and made a modern attractive office in other parts. We hope to make it the vibrant hub of a top of the market investment and financial services operation over the next decade.

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

Our Social Commitment

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

	PAYE & NI (£)	Corporation tax (£)	VAT (£)
2015	1,610,933	950,501	900,291
2014	1,563,049	969,178	831,392

Our Green Commitment

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

	Electricity (KWh)	Gas (KWh)	Water (cubic metres)	No. Employees	Energy usage per head (KWh)	Water usage per head (cubic metres)
2015	95,494	76,596	1,048	105	1,639	9.98
2014	105,875	118,335	1,653	125	1,794	13.22

Approval

The strategic report was approved by the Board on 22 July 2015 and signed on its behalf by:

M W Johnson
Director

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 April 2015.

Dividends

We expect to pay an interim dividend on 31 October. Subject to final confirmation as to the amount and no adverse events causing reconsideration your Board expects this to be about 52p per share. Dividends on ordinary shares of £592,126 (2014 : £632,176) and on preference shares of £148,214 (2014 : £173,044) have been paid during the year.

Directors

The present directors of the Company are included on page 2. All of the directors served throughout the year apart from O W Phillips who was appointed to the board on 1 May 2014 and R M Jeffries who was appointed post year end on 1 May 2015.

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

	Ordinary shares of 0.01p each		Preference shares of 10p each	
	At 30 April 2015 No.	At 30 April 2014 No.	At 30 April 2015 No.	At 30 April 2014 No.
P B Burke	-	23,770	-	-
M W Johnson	397,488	397,488	559,790	559,790
C D R Manktelow	73,801	73,801	54,900	54,900
L Turner	11,886	11,886	-	-
A R Kefford	5,826	5,826	-	-
O W Phillips	24,290	24,290	-	-

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

	Approved share option plan						
	2014 cumulative	Issued in the current year	Lapsed in current year	Exercised in year	2015 cumulative	Exercise price per share £	Date of grant
P B Burke	16,667	-	-	-	-	6.00	1 Apr 2011
P B Burke	3,333	-	-	-	-	6.00	1 Apr 2013
L Turner	20,000	-	-	-	-	6.00	1 Apr 2011
C D R Manktelow	20,000	-	-	-	-	6.00	1 Apr 2013
O W Phillips	20,000	-	-	-	-	6.00	1 Apr 2011

The share options exercisable at £6.00 per share are, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant.

Statement of directors' responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the parent company and of the group and the profit or loss of the parent company and of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company and group's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also

responsible for safeguarding the assets of the parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

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

Auditors

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

Approval

The report of the directors was approved by the Board on 22 July 2015 and signed on its behalf by:

M W Johnson
Director

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

We have audited the financial statements of NW Brown Group Limited for the year ended 30 April 2015 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement 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).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 7-8, 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.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Alison Seekings

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Cambridge

Consolidated Profit and Loss Account

For the year ended 30 April 2015

	Note	2015 £	2014 £
Turnover			
Continuing operations	2	8,245,809	8,067,123
Discontinued operations		-	1,628,493
		<hr/>	<hr/>
		8,245,809	9,695,616
Administrative expenses		(6,300,761)	(8,051,907)
Analysis of administrative expenses			
Continuing operations		(6,300,761)	(6,656,270)
Discontinued operations			(1,395,637)
Other operating income		280,822	150,901
Analysis of other operating income			
Continuing operations		280,822	150,901
Discontinued operations		-	-
Operating profit	3	2,225,870	1,794,610
Analysis of operating profit			
Continuing operations		2,225,870	1,561,754
Discontinued operations		-	232,856
Sale of subsidiary	27	2,983,183	-
Interest receivable		45,538	61,066
Interest payable and similar charges		-	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		5,254,591	1,855,676
Tax on profit on ordinary activities	6	(517,892)	(528,806)
		<hr/>	<hr/>
Profit for the year		<u>4,736,699</u>	<u>1,326,870</u>

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

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

Consolidated Balance Sheet

30 April 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	8	500,786	683,269
Tangible assets	9	1,377,483	1,357,425
Investments	10	1,606,737	1,627,793
		<hr/>	<hr/>
		3,485,006	3,668,487
		<hr/>	<hr/>
Debtors: amounts falling due after more than one year	14	1,833,108	220,536
Current assets			
Debtors	13	3,610,584	2,562,000
Cash at bank and in hand		4,483,284	3,702,448
		<hr/>	<hr/>
		8,093,868	6,264,448
Creditors: amounts falling due within one year	15	(2,243,040)	(2,966,691)
		<hr/>	<hr/>
Net current assets		5,850,828	3,297,757
		<hr/>	<hr/>
Total assets less current liabilities		11,168,942	7,186,780
Creditors: amounts falling due after more than one year	16	(56,000)	(56,000)
Provisions for liabilities	18	(210,000)	(206,500)
		<hr/>	<hr/>
Net assets		10,902,942	6,924,280
		<hr/>	<hr/>
Capital and reserves			
Ordinary share capital	19	113	114
Preference share capital	20	114,011	114,011
Capital redemption reserve	22	276,378	276,378
Share premium account	22	1,617,495	1,617,495
Special reserve	22	976,392	976,392
Profit and loss reserve	21	7,918,553	3,939,890
		<hr/>	<hr/>
Total shareholders' funds	23	10,902,942	6,924,280
		<hr/>	<hr/>

These financial statements were approved by the Board on 22 July 2015 and signed on its behalf by:

M W Johnson
Director

The accompanying accounting policies and notes form part of these financial statements.
Company number 3917262

Company Balance Sheet

30 April 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	9	139,593	93,077
Investments	10	3,122,810	4,100,330
		<hr/>	<hr/>
		3,262,403	4,193,407
		<hr/>	<hr/>
Debtors: amounts falling due after more than one year	14	1,634,564	-
Current assets			
Debtors	13	3,680,673	2,547,740
Cash at bank and in hand		45,730	421,468
		<hr/>	<hr/>
		3,726,403	2,969,208
Creditors: amounts falling due within one year	15	(255,613)	(1,399,569)
		<hr/>	<hr/>
Net current assets		3,470,790	1,569,639
		<hr/>	<hr/>
Total asset less current liabilities		8,367,757	5,763,046
		<hr/>	<hr/>
Provisions for liabilities	18	(210,000)	(206,500)
		<hr/>	<hr/>
Net assets		8,157,757	5,556,546
		<hr/>	<hr/>
Capital and reserves			
Ordinary share capital	19	113	114
Preference share capital	20	114,011	114,011
Capital redemption reserve	22	276,378	276,378
Share premium account	22	1,617,495	1,617,495
Special reserve	22	976,392	976,392
Profit and loss reserve	21	5,173,368	2,572,156
		<hr/>	<hr/>
Total shareholders' funds	23	8,157,757	5,556,546
		<hr/>	<hr/>

These financial statements were approved by the Board on 22 July 2015 and signed on its behalf by:

M W Johnson
Director

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

Company number 3917262

Consolidated Cash Flow Statement

Year ended 30 April 2015

	Note	2015 £	2014 £
Net cash from operating activities	24	2,453,762	2,054,993
Returns on investments and servicing of finance			
Interest received		45,538	61,066
Interest paid on finance element of compound instruments			-
		45,538	61,066
Taxation		(1,007,417)	(540,205)
Capital expenditure and investment			
Payments to acquire tangible fixed assets		(204,110)	(338,048)
Payments to acquire investments		(3,328)	(85,509)
Receipts from sale of investment		24,834	27,650
Advance of long term loan		-	(220,536)
		(182,604)	(616,443)
Disposal of subsidiary undertakings			
Proceeds from disposal of subsidiary undertaking	27	1,214,119	-
Net cash disposed of in subsidiary undertaking		(919,529)	-
		294,590	-
Equity dividends paid		(740,339)	(805,220)
Cash inflow before use of liquid resources and financing		863,530	154,191
Financing			
Redemption of share capital		(82,694)	(1,182,829)
		(82,694)	(1,182,829)
Increase / (decrease) in cash	25	780,836	(1,028,638)

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

Notes to the Financial Statements

30 April 2015

1. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in the financial statements. The Company's profit for the year was £3,359,248 (2014: £1,479,276).

Basis of consolidation

The Group financial statements consolidate the results of the Company and its subsidiary undertakings at 30 April under acquisition accounting. Where activities meet the definition of discontinued in accordance with FRS3, the results of these activities are shown on the face of the profit and loss account as discontinued in the year. The prior year comparatives are restated accordingly.

Goodwill

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

Tangible fixed assets and depreciation

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

Freehold buildings	Over 50 years
Computer equipment	33% straight line
Office furniture and equipment	10% - 33% straight line
Fixtures	Over the remaining term of the lease

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment in value. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Turnover

The Group accounting policy for turnover is as follows:

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

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

Deferred taxation

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

Operating leases

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

Pensions

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

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted or the effective date of adoption of FRS 20 'Share-based Payments' using the Black Scholes model. The cost is recognised as an expense over the vesting period, which ends on the date on which the relevant employee becomes fully entitled to the award.

2. Turnover

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

	2015 £	2014 £
Investment Management	4,257,358	4,323,509
Insurance Broking	1,473,233	3,037,112
Corporate Benefits	951,904	824,501
Financial Services	1,563,314	1,510,494
	<hr/>	<hr/>
	8,245,809	9,695,616
	<hr/> <hr/>	<hr/> <hr/>

3. Operating Profit

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

	2015 £	2014 £
Amortisation of intangible fixed assets	182,483	588,056
Depreciation of owned assets	172,019	172,884
Profit on disposal of fixed assets and investments	(2,989,904)	(14,634)
Operating lease rentals		
Land and buildings	210,000	207,664
Rental income	(175,906)	(77,159)
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of financial statements - Company	16,000	16,000
- Subsidiaries	26,000	38,000
Movement in provision against fixed asset investments	(460)	17,853
	<hr/> <hr/>	<hr/> <hr/>

4. Directors

Group emoluments of the Company directors:

	2015 £	2014 £
Emoluments	1,370,362	1,436,469
Pension contributions	126,970	451,560
	<hr/>	<hr/>
	1,497,332	1,888,029
	<hr/> <hr/>	<hr/> <hr/>

The number of directors accruing pension benefits:

	2015 No	2014 No
Money purchase pension schemes	9	7
	<hr/> <hr/>	<hr/> <hr/>

The emoluments of the highest paid director are as follows:

	2015 £	2014 £
Emoluments	142,151	140,490
Pension contributions	39,855	101,914
	<hr/>	<hr/>
	182,006	242,404
	<hr/> <hr/>	<hr/> <hr/>

5. Employees

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

	2015 No	2014 No
Professional staff	30	32
Office and administration	75	93
	<hr/>	<hr/>
	105	125
	<hr/> <hr/>	<hr/> <hr/>

Staff costs for the Group, including directors:

	2015 £	2014 £
Wages and salaries	3,740,461	4,421,731
Social security costs	382,520	440,922
Pension costs	317,468	696,946
Cost of employee share scheme (note 19)	64,996	43,324
	<hr/>	<hr/>
	4,505,445	5,602,923
	<hr/> <hr/>	<hr/> <hr/>

Company	2015 No	2014 No
Professional staff	6	6
Office and administration	12	13
	<hr/>	<hr/>
	18	19
	<hr/> <hr/>	<hr/> <hr/>
Staff costs for the Company, including directors:		
	2015 £	2014 £
Wages and salaries	748,208	785,414
Social security costs	88,802	80,966
Pension costs	59,172	70,714
Cost of employee share scheme (note 19)	43,324	43,324
	<hr/>	<hr/>
	939,506	940,418
	<hr/> <hr/>	<hr/> <hr/>

6. Taxation

	2015 £	2014 £
Current taxation		
United Kingdom corporation tax	511,642	501,180
Deferred tax	6,250	27,626
	<hr/>	<hr/>
	517,892	528,806
	<hr/> <hr/>	<hr/> <hr/>
Current tax reconciliation		
	2015 £	2014 £
Profit on ordinary activities before tax	5,254,591	1,855,676
	<hr/>	<hr/>
Theoretical tax at UK tax rate of 21% (2014: 22.84%)	1,103,464	423,836
Effects of:		
Gain on sale of subsidiary	(626,468)	-
Expenses not deductible for tax purposes	32,607	118,459
Depreciation in excess of capital allowances	(16,794)	(21,877)
Loans to participators	12,970	4,238
Adjustment in respect of prior period	12,113	4,150
Losses utilised	(6,250)	(27,626)
	<hr/>	<hr/>
	511,642	501,180
	<hr/> <hr/>	<hr/> <hr/>

7. Deferred Taxation

Group tax losses	2015 £
Opening deferred tax asset	6,720
Utilised in the period	(6,720)
	<hr/>
Closing deferred tax asset	-
	<hr/> <hr/>

8. Intangible Fixed Assets

Group	Goodwill £
Cost	
At 1 May 2014	4,826,077
Disposal of subsidiary	(527,660)
At 30 April 2015	<u>4,298,417</u>
Amortisation	
At 1 May 2014	4,142,808
Disposal of subsidiary	(527,660)
Charge for the year	182,483
At 30 April 2015	<u>3,797,631</u>
Net book value	
At 30 April 2015	<u>500,786</u>
At 30 April 2014	<u><u>683,269</u></u>

The Company does not have any intangible fixed assets (2014: Nil).

9. Tangible Fixed Assets

Group	Freehold Land & building £	Computer equipment £	Office furniture and equipment £	Total £
Cost				
At 1 May 2014	942,450	1,199,095	873,483	3,015,028
Additions	-	89,311	114,799	204,110
Disposals	-	(173,727)	(81,162)	(254,889)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2015	942,450	1,114,679	907,120	2,964,249
Depreciation				
At 1 May 2014	44,480	1,092,533	520,590	1,657,603
Disposals	-	(161,753)	(81,103)	(242,856)
Charge for the year	11,120	106,556	54,343	172,019
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2015	55,600	1,037,336	493,830	1,586,766
Net book value				
At 30 April 2015	886,850	77,343	413,290	1,377,483
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 April 2014	897,970	106,562	352,893	1,357,425
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Company	Computer equipment £	Office furniture and equipment £	Total £
Cost			
At 1 May 2014	409,356	295,636	704,992
Additions	39,555	81,275	120,830
	<hr/>	<hr/>	<hr/>
At 30 April 2015	448,911	376,911	825,822
Depreciation			
At 1 May 2014	349,877	262,038	611,915
Charge for the year	62,960	11,354	74,314
	<hr/>	<hr/>	<hr/>
At 30 April 2015	412,837	273,392	686,229
Net book value			
At 30 April 2015	36,074	103,519	139,593
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 April 2014	59,479	33,598	93,077
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10. Fixed Asset Investments

Group	Listed investments	Unlisted investments £	Total £
Cost			
At 1 May 2014	1,451,685	318,796	1,770,481
Additions	68	3,260	3,328
Disposals	-	(24,844)	(24,844)
At 30 April 2015	1,451,753	297,212	1,748,965
Provisions			
At 1 May 2014	58,067	84,621	142,688
Released in the year	(460)	-	(460)
At 30 April 2015	57,607	84,621	142,228
Net book value			
At 30 April 2015	1,394,146	212,591	1,606,737
At 30 April 2014	1,393,618	234,175	1,627,793

The market value of the listed investments as at 30 April 2015 was £1,484,521 (2014: £1,417,270).

Company	Investments in Group undertakings £	Unlisted investments £	Total £
Cost			
At 1 May 2014	4,005,049	119,705	4,124,754
Disposals	(977,520)	-	(977,520)
At 30 April 2015	3,027,529	119,705	3,147,234
Provisions			
At 1 May 2014	-	24,424	24,424
Provided during the year	-	-	-
At 30 April 2015	-	24,424	24,424
Net book value			
At 30 April 2015	3,027,529	95,281	3,122,810
At 30 April 2014	4,005,049	95,281	4,100,330

Fixed Asset Investments (continued)

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

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

All subsidiaries are registered in the UK.

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

12. Dividends

During the year the Company paid an interim dividend of 52p per share on 1,138,703 ordinary 0.01p shares amounting to £592,126 (2014: £632,176). The Company also paid a dividend of £148,214 (2014: £173,044) on the cumulative preference shares (note 20).

13. Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	1,505,818	1,069,575	4,439	5,000
Amounts owed by group undertakings	-	-	2,282,522	1,874,032
Other debtors	1,208,271	551,319	1,331,947	606,773
Prepayments and accrued income	896,495	941,106	61,765	61,935
	<u>3,610,584</u>	<u>2,562,000</u>	<u>3,680,673</u>	<u>2,547,740</u>

Included in the amounts owed by Group undertakings is a subordinated loan of £150,000 (2014 £150,000) provided to Freedom Insurance Services Limited to support their capital requirements required by the FCA.

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

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Loan	198,544	220,536	-	-
NWBIB sale proceeds	1,634,564	-	1,634,564	-
	<u>1,833,108</u>	<u>220,536</u>	<u>1,634,564</u>	<u>-</u>

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

15. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	667,225	1,341,466	53,112	50,567
Corporation tax	127,100	170,623	16,316	11,171
Other tax and social security	304,422	330,394	18,631	17,852
Other creditors	431,292	384,104	4,876	4,876
Accruals and deferred income	713,001	740,104	162,679	222,338
Amounts owed to Group undertakings	-	-	-	1,092,765
	<u>2,243,040</u>	<u>2,966,691</u>	<u>255,613</u>	<u>1,399,569</u>

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

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Borrowings (note 17)	56,000	56,000	-	-
	<u>56,000</u>	<u>56,000</u>	<u>-</u>	<u>-</u>

17. Borrowings

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Due after more than one year				
Liability component of 6% preference shares arising on acquisition	56,000	56,000	-	-
	<u>56,000</u>	<u>56,000</u>	<u>-</u>	<u>-</u>
Total borrowings	<u>56,000</u>	<u>56,000</u>	<u>-</u>	<u>-</u>

18. Provisions for Liabilities

	Dilapidations	
	Group £	Company £
At 1 May 2014	206,500	206,500
Provided in the year	3,500	3,500
Released in the period	-	-
	<hr/>	<hr/>
At 30 April 2015	210,000	210,000
	<hr/> <hr/>	<hr/> <hr/>

The provision relates to repairs required to be made under the terms of the lease to return the property, at the end of the lease, to the same state as when the lease commenced. The underlying lease was renewed in December 2013 (note 26).

19. Ordinary Share Capital

	2015 £	2014 £
Called up, allotted and fully paid		
1,129,299 (2014: 1,138,703) ordinary shares of 0.01p each	113	114
	<hr/> <hr/>	<hr/> <hr/>

Issue/redemption of shares

No shares were issued in the year and no share options were granted. During the year the company purchased 9,404 ordinary shares for consideration of £82,694. All of these shares were cancelled within the period.

Share options

The following share options have been granted under an approved share option scheme in respect of ordinary shares of 0.01p each.

2014 cumulative	Lapsed	Issued	Exercised in year	2015 cumulative	Exercise price per share £	Date of grant
102,501	-	-	-	102,501	6.00	1 April 2011
73,333	-	-	-	73,333	6.00	1 April 2013
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>		
175,834	-	-	-	175,834		
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>		

The share options exercisable at £6.00 per share are, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant.

The company recognised an expense of £64,996 (2014: £43,324) in relation to equity settled share-based payment transactions in the year.

20. Cumulative Preference Shares

	2015 £	2014 £
Called up, allotted and fully paid		
1,140,105 (2014: 1,140,105) cumulative preference shares of 10p each	114,011	114,011
	<u>114,011</u>	<u>114,011</u>

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

21. Profit and Loss Reserve

	Group 2015 £	Company 2015 £
At 1 May 2014	3,939,890	2,572,156
Profit for the year	4,736,699	3,359,248
Purchase of shares	(82,693)	(82,693)
Dividends	(740,339)	(740,339)
Share option charge	64,996	64,996
	<u>7,918,553</u>	<u>5,173,368</u>
At 30 April 2015	<u>7,918,553</u>	<u>5,173,368</u>

22. Other Reserves

	Share premium account	Capital redemption reserve	Special reserve
Group and Company	£	£	£
At 1 May 2014	1,617,495	276,378	976,392
Purchase of shares	-	-	-
	<u>1,617,495</u>	<u>276,378</u>	<u>976,392</u>
At 30 April 2015	<u>1,617,495</u>	<u>276,378</u>	<u>976,392</u>

23. Reconciliation of Movements in Shareholders' Funds

Group	2015	2014
	£	£
Profit for the year	4,736,698	1,326,870
Dividends	(740,339)	(805,220)
Share option charge	64,996	43,324
	<hr/>	<hr/>
	4,061,355	564,874
Purchase of shares	(82,693)	(1,182,829)
Net increase in shareholders' funds	<hr/> 3,978,662	<hr/> (617,855)
Opening shareholders' funds	6,924,280	7,542,135
	<hr/>	<hr/>
Closing shareholders' funds	<hr/> <hr/> 10,902,942	<hr/> <hr/> 6,924,280

Company	2015	2014
	£	£
Profit for the year	3,359,247	1,479,276
Dividends	(740,339)	(805,220)
Share option charge	64,996	42,324
	<hr/>	<hr/>
	2,683,904	717,380
Purchase of shares	(82,693)	(1,182,829)
Net increase in shareholders' funds	<hr/> 2,601,211	<hr/> (464,449)
Opening shareholders' funds	5,556,546	6,021,995
	<hr/>	<hr/>
Closing shareholders' funds	<hr/> <hr/> 8,157,757	<hr/> <hr/> 5,556,546

24. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2015	2014
	£	£
Operating profit	2,225,870	1,794,610
Amortisation of intangible assets	182,483	588,056
Depreciation charge	172,019	172,884
(Increase) in debtors	(877,119)	(802,288)
Increase in creditors	685,973	240,554
(Decrease)/increase in provisions for fixed asset investment impairment	(460)	17,853
Share option charge	64,996	43,324
	<hr/>	<hr/>
Net cash inflow from operating activities	<hr/> <hr/> 2,453,762	<hr/> <hr/> 2,054,993

25. Reconciliation of Net Cash Flow to Movement in Net Funds

	2015 £	2014 £
Increase /(decrease) in cash in the year	780,836	(1,028,638)
Repayment of borrowings	-	-
	<u> </u>	<u> </u>
Change in net funds	780,836	(1,028,638)
Net cash/(debt) at the beginning of the year	3,702,448	4,731,086
	<u> </u>	<u> </u>
Net cash at 30 April	<u><u>4,483,284</u></u>	<u><u>3,702,448</u></u>

Cash flow net debt reconciliation

	2014	Cash flow	Other non cash	Foreign exchange	2015
Cash	3,702,448	780,836	-	-	4,483,284
Debt	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u><u>3,712,448</u></u>	<u><u>780,836</u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u>4,483,284</u></u>

26. Operating Lease Commitments

The Company and the Group had the following annual commitments under non-cancellable operating leases at the balance sheet date.

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Land and buildings leases expiring:				
After more than five years	210,000	210,000	210,000	210,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u><u>210,000</u></u>	<u><u>210,000</u></u>	<u><u>210,000</u></u>	<u><u>210,000</u></u>

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

27. Disposal of subsidiary

The Group disposed of its 100% holding in NW Brown Insurance Brokers Limited on 9 May 2014 for a total consideration of £3,134,564. The consideration includes £1,884,564 of discounted proceeds due to be paid after 30 April 2015. A discount rate of 4% has been used.

The book value of the assets and liabilities attributable to the subsidiary were taken from the statutory accounts of NW Brown Insurance Brokers Ltd as at 30 April 2014. No fair value adjustments were made.

	£
Proceeds	3,134,564
Fees	(35,881)
Less share of net assets at date of disposal	(115,500)
	<hr/>
Profit on sale	2,983,183
	<hr/>

Consideration satisfied by

Date	Amount £	Discounted value £
Completion payment	1,250,000	1,250,000
1 August 2015	250,000	250,000
1 August 2016	250,000	240,385
1 August 2017	250,000	231,139
1 August 2018	250,000	222,249
1 August 2019	250,000	213,701
1 August 2020	500,000	410,964
1 August 2021	400,000	316,126
Total	3,400,000	3,134,564
	<hr/> <hr/>	<hr/> <hr/>

Analysis of consideration	£
Cash received	1,250,000
Other debtors	250,000
Amounts owed after more than one year	1,634,564
	<hr/>
Total	3,134,564
	<hr/> <hr/>

The Group granted options over a total of 107,881 NW Brown Group Ordinary 0.01p shares and 316,800 NW Brown Group Preference 10p to three individuals who were directors of NW Brown Insurance Brokers at the time of disposal. The options permit the shareholder to sell their shares on or after 30 August 2017, subject to their continued employment at the date of exercise by One Broker Limited or its subsidiaries. The option expires on 30 September 2021.

The consideration per share is dependant of the total consideration received by NW Brown Group for the sale of NW Brown Insurance Brokers Limited. The figure will be determined as soon as practical after 1st May 2017.

28. Post balance sheet events

On 21 July 2015 the Group paid £375,000 for the financial services business conducted by S-Tech Insurance Services Limited

29. Related Party Transactions

Certain directors of the Company and other Group subsidiaries have entered into insurance arrangements facilitated by the subsidiary NW Brown Insurance Brokers Limited or mortgage related through the subsidiary NW Brown & Company Limited. The business is undertaken on staff terms. On insurance business commission is rebated to the insured when received from the insurer. On mortgage business no fees are charged. Close family members are also offered staff terms and directors are granted credit terms in excess of those generally given to clients. Most directors of associated companies conduct some of their household, motor or other insurances through the Group.

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

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

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

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

Anglian Archives Limited, a company controlled by M W Johnson and his family, provides confidential waste disposal services to the Group. Transactions are dealt with on an arms length basis and on normal terms. The Group paid Anglian Archives Limited £2,846.34 (2014: £4,318.02) during the year of which £nil (2014: £nil) was outstanding at the year end. A R Kefford is also a director of Anglian Archives Limited and has an interest in the share capital of the Company.

In the course of negotiations with One Broker Limited on the sale of NW Brown Insurance Brokers Limited it became obvious that the transaction would not complete on our desired timetable if the bank conditions of an external audit were to be fulfilled and to facilitate the sale an associated party, Kirly Limited, agreed to make a loan of £1,250,000 to One Broker Limited on the same terms as were demanded by the bank. Kirly Limited is a substantial shareholder of NW Brown Group Limited and M W Johnson and his family effectively control Kirly Limited. The terms of the loan are Base plus 4% and a fee of 1% was payable on drawdown. The terms are considered arm's length by the Company.

Interest free loans of up to £5,000 are made available to all staff to purchase NW Brown Group Limited shares. The following loans to directors and subsidiary directors were outstanding at the year end. Interest is charged at the HMRC official rate on all loans over the HMRC interest-free limit.

	Loan from Group / Company		Interest on loan	
	2015	2014	2015	2014
	£	£	£	£
P B Burke	2,300	2,850	-	-
L Turner	521,302	50,888	15,444	3,078
O Phillips	116,763	127,013	3,582	913
R Rampley	13,617	13,648	168	111
T Yates	80,845	-	348	-
	<u>734,827</u>	<u>194,399</u>		