Annual Report and Accounts

For the Year Ending September 2005

Brewin Dolphin Holdings PLC

Brewin Dolphin Holdings PLC

Annual Report and Accounts 2005

Contents

Highlights

- Total income £145 million (2004 : £121 million)

- Discretionary funds were £6.9 billion at 30 September 2005 (2004 : £5.6 billion)

- Profit before tax, exceptional item and goodwill amortisation £24.7 million (2004 : £16.1 million)

Highlights

- Profit before tax £13.0 milllion (2004 : £11.3 million)

- Total dividend 4.5p (2004 : 3.5p) per share

- Diluted earnings per share before exceptional item and goodwill amortisation 8.3p (2004 : 5.6p). Basic earnings per share before exceptional item and goodwill amortisation 8.7p (2004 : 5.7p). Diluted earnings per share after exceptional item and goodwill amortisation 3.9p (2004 : 3.4p). Basic earnings per share 4.1p (2004 : 3.5p)

Directors, Secretary And Officers

Directors (including Committee Membership)

Jamie Graham Matheson	**Executive Chairman from 24 May 2005**
William Nicholas Hood, CBE (i) (n) (r) (a)	**Senior Independent Director and Deputy Chairman from 24 May 2005**
Professor Sir Frederick Holliday, CBE, DSc, FRSE (i)	**Chairman until 24 May 2005, retired as a Director 30 September 2005**
John Peirs Hall	**Chief Executive**
Robin Alec Bayford, FCA	**Finance Director**
Vikram Lall, CBE, CA (ii) (n)	
Christopher David Legge (n)	
Simon Edward Callum Miller (i) (n) (r) (a)	**Appointed 27 October 2005**
Ian Benjamin Speke	
Simon Jonathan Henry Still	**Chief Operating Officer**
Michael John Ross Williams	
Francis Edward (Jock) Worsley, OBE, FCA (i) (n) (r) (a)	

(i) Independent, Non-Executive Director
(ii) Non-Executive Director
(n) Member of the Nomination Committee
(r) Member of the Remuneration Committee
(a) Member of the Audit Committee

Secretary
Angela Wright, ACCA

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Telephone 020 7248 4400
Registered in England and Wales number 2685806

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www.brewindolphin.co.uk
www.stocktrade.co.uk

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Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

Principal Bankers
Bank of Scotland
New Uberior House
11 Earl Grey Street
Edinburgh EH3 9BN

Stockbrokers
Bridgewell
Old Change House
128 Queen Victoria Street
London EC4V 4BJ

Solicitors
S J Berwin & Co
222 Grays Inn Road
London WC1X 8HB

Auditors
Deloitte & Touche LLP
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

Chairman's Statement

It is my great privilege and pleasure to be writing my first annual statement as your Chairman. I became Chairman at the end of May, two-thirds of the way through our year and succeeded Sir Fred Holliday to whom I would like to pay particular thanks for his sterling work. He held office during an important period in our Company's history and his reasoned and thoughtful execution of his duties was invaluable. I wish Sir Fred a happy and well deserved retirement.

The year under review has seen our Group return a robust performance in terms of both revenue and profits growth. This has been achieved across our two main income streams of Private Client Investment Management and Corporate Broking. There have been a number of significant developments during the year including the opening of our office in Belfast in February 2005. This marks our first venture in Ireland and the progress made to date is most satisfactory. We were also very pleased to have added Corporate Broking services to our office in Birmingham. In addition we have recruited five new teams to other locations throughout the Group.

A major part of our strength is our extensive branch network and our emphasis that clients have both freedom of choice and the ability to communicate directly with the individual manager who looks after them.

Since becoming your Chairman I have visited each one of our 34 branches and three operational centres and without exception I have seen the dedication and team spirit that prevails throughout. This is, of course, of enormous importance as our people are our most valuable asset without whom we would not be able to look after our clients and the interests of our Shareholders.

We operate in an environment where the impact of regulation is significant both in terms of costs and management time. Your Group remains committed to the attainment of the highest standards of business practice and is very conscious of the need to meet, if not exceed, the requirements of the Financial Services Authority. At the same time we share the widely held view that regulation must be constructed and executed in a manner that is sensible, practical and relevant. To this end we are committed to working closely with the Regulator and Government at various levels.

We operate in a market place that is sensitive to events that may take place across the globe. Against that background it is not easy or appropriate to make short-term predictions about our markets but it remains very much your Company's objective to achieve steady growth and returns for Shareholders.

What has been achieved in the year under review is due to the exceptional hard work of my colleagues all around the Group and the continued loyalty of our clients to whom I must express sincere thanks. Since the year end we have welcomed Simon Miller as a Non-Executive Director of the Company, his considerable City experience will be invaluable to the Board. He, John Hall, our Chief Executive, with whom I am working very closely in the transitionary period prior to his retirement, Robin Bayford, our Finance Director and Vikram Lall who has given many successful years to our corporate finance side, will be standing for election or re-election at the 28 February 2006 Annual General Meeting. I commend their many and varied talents to you.

Your Company is firmly committed to pursuing the achievement of another good performance for the year ahead.

Jamie Matheson
30 November 2005

Chief Executive's Report

It is always a pleasure to report on a good set of figures and that is certainly the case for the Group for the year ended 30 September 2005. The market background against which we have been operating during those twelve months has been relatively benign although it did not always appear that this would be the case.

For the year ended 30 September 2005 your Group's profits before tax, before an exceptional item covered later in this report, and before goodwill amortisation, amounted to £24.7m against £16.1m in 2004 an increase of 53%. Fully diluted earnings per share calculated on the same basis were 8.3p against 5.6p in 2004, an increase of 48%, whilst basic earnings per share, again before an exceptional item and goodwill amortisation, were 8.7p against 5.7p, an increase of 53%. Basic earnings were 4.1p per share against 3.5p per share after taking into account the exceptional item and goodwill amortisation, still an increase of 17%.

We have continued our past practice of paying dividends in April and October. On 27 September 2005 we announced a second interim dividend of 2.5p (2004: 2p) making a total of 4.5p against 3.5p in 2004, an increase of 29%. We propose announcing the first interim payment for 2006 at our AGM on Tuesday 28 February 2006.

When the full Statutory Accounts are published it will be seen we have anticipated the requirement to prepare consolidated financial statements under the new International Financial Reporting Standards and prepared a report showing the effect of these on our 2005 Results and Balance Sheet. These Standards may change; however, applying these in their current state, there would be no change to earnings per share before goodwill amortisation and an increase in unadjusted earnings per share due to the removal of goodwill amortisation. The restated Balance Sheet will show a reduction in net assets, from £89 million to £77 million, this is primarily due to the recognition of pension liabilities. For regulatory purposes, the effect on our capital will not be significant.

The exceptional item referred to above includes the £5m contribution made to Fund Distribution Limited for the benefit of those who lost money in Zero Dividend Investment Trust shares. The exceptional charge has been taken to the profit and loss account, plus other directly attributable costs, less recoveries to date. We do not believe that any further provision for Split Capital liabilities is required.

Investment Management

	2005 Total Income £000's	**2005 Operating Profit £000's**	2004 Total Income £000's	2004 Operating Profit £000's
Discretionary portfolio management	**69,165**	**9,541**	52,593	5,477
Advisory portfolio management	**61,243**	**7,741**	55,896	5,376
	130,408		108,489	
Operating profit before taxation, goodwill amortisation and exceptional item		**17,282**		10,853

The value of discretionary funds under management on 30 September 2005 had risen to £6.9bn compared with a figure of £5.6bn a year earlier, an increase of 23%. We are particularly pleased with this increase, as can be seen from the figures above; discretionary fund management is the most profitable part of our business. Putting a single aggregate transaction through the market and the office is far more efficient, and there is no doubt that being able to react to market situations quickly enables us to obtain a better overall return for our discretionary clients and we continue to recommend this service to our clients.

Advisory fund management, however, continues to be a very important area for us and the value of funds under advisory management in our nominee or sponsored member account has risen to £6.7bn compared to £5.8bn a year ago. Many trusts and other long established clients make use of this service. In addition a number of our new clients take it as a starting point and clients pay a basic annual fee.

Chief Executive's Report

Stocktrade has enjoyed another successful year. The strategy to concentrate on alliances and corporate clients has again proved its worth with the number of companies, to which we provide dealing services, rising above 120 with 37 of those currently in the FTSE 100. We are also well positioned to take advantage of the increase in activity within SIPPs, providing execution only dealing services to the leading SIPP Administrators.

We had anticipated that the PEP/ISA business could come under pressure as a result of the reduction in the tax advantages which it enjoys, but we are pleased to report that withdrawals have been more than offset by new business transferred in. The fee income has risen to reflect the increase in the general level of the market.

Over the past twelve months we have strengthened our Financial Planning Division to enable us to provide the broadest range of financial advice covering not just investment but also financial planning, inheritance tax planning, school fee schemes and pensions advice. Last year we recruited a further eight financial consultants and we now have thirty-eight fully qualified consultants who are based in twelve offices around the country. From there they can easily visit our other branches and arrange meetings with clients wherever they are based. We plan to develop this aspect of our coverage in the coming year.

We opened a branch in Belfast at the end of February 2005. It is trading under the name of Bell Lawrie reflecting the close links between Northern Ireland and our Scottish offices. I am pleased to report that it has made a very good start building a significant client base, we have seven investment advisers in the branch and we expect it to be a significant contributor to Group profits in future years.

In London we have welcomed a number of new investment advisers and also a direct marketing team which specialises in pensions advice, particularly important with the approach of 'A' day next April. The latter manage portfolios in conjunction with our well established and successful model portfolio, or alternatively with one of our investment managers on our usual bespoke lines.

Corporate Broking

	2005 Total Income £000's	**2005 Operating Profit £000's**	2004 Total Income £000's	2004 Operating Profit £000's
	14,252		12,915	
Operating profit before taxation, goodwill amortisation and exceptional item		**2,840**		2,026

Revenues in our Corporate Broking Divisions overall rose by 10% and there was a gratifying improvement in margins. The year made a quiet start but momentum gathered pace significantly in the second half and is continuing.

During the year we opened a new Corporate Finance branch in Birmingham which has made an encouraging start. Additional investment has been made in improving systems and in recruiting new staff. We have continued to gain market share through the acquisition of new corporate clients.

Conclusion

I cannot conclude without thanking all our staff for their immense effort in achieving this excellent set of figures as well as our clients for their continued loyal support. The year has started well and providing markets remain at current levels or continue to advance steadily, as we are presently forecasting, then we can expect good progress from your Group over the coming year.

John Hall.

John Hall
30 November 2005

Financial Review

Business Overview
The Brewin Dolphin Group has one principal operating Company, Brewin Dolphin Securities Limited, which is regulated by the Financial Services Authority.

Trading
2005 saw the continuation of the strong recovery started in 2004.

Dividend
The improvement in profitability enabled the Board to increase the total dividend paid in the year to 4.5p (2004: 3.5p).

Cash Flow and Capital Expenditure
2005 saw a small cash inflow after a substantial increase in capital expenditure in relation to computer systems. In total, capital expenditure, including expenditure on long term investment, was £6.6m up from £2.6m in 2004.

Capital Structure, Treasury Policy and Capital Requirement
At 30 September 2005 the Group had net assets excluding goodwill of £51m (2004: £47m), representing the Group's capital for regulatory purposes. These net assets were largely represented by net cash of £50m (2004: £50m) at the year end, including £12m (2004: £12m) of client settlement money. For regulatory purposes the Group needs to maintain a net asset surplus so that it can always meet its liabilities. The new International Financial Reporting Standards ("IFRS"), and new capital adequacy requirements will mean a number of changes to the calculations required. These have been worked through in detail and it is anticipated that the Group's capital will on today's figures not be less than 175% of the requirement.

The Group's treasury policy remains straightforward. It has no borrowings, and maintains substantially all its cash with the Bank of Scotland, part of HBOS, where substantially all client cash is also deposited. HBOS has one of the highest credit ratings of the major UK clearers. This policy means we take no material liquidity risk.

Currency risk is normally insignificant with all transactions matched on a bargain by bargain basis, see note 22 to the accounts for further details.

International Financial Reporting Standards (IFRS)
The Directors have looked into the necessary adjustments to bring the Group's accounts onto an IFRS basis as is required for the year to 30 September 2006. These adjustments, and the required new accounting policies, are set out on pages 48 to 56.

The preliminary IFRS financial information set out on pages 49 to 56 has been audited by our auditors, who have reported to the Directors. A copy of the auditors report to the Directors is provided on page 57.

Going Concern
After making appropriate enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Robin Bayford
Finance Director

30 November 2005

Directors' Report

The Directors present their report and the audited accounts for the 53 week period ended 30 September 2005. The comparative figures are for the 52 week period to 24 September 2004.

Principal Activity

The principal activity of the Group is that of a private client fund manager. The principal activity of the Company is that of a holding company.

Review of the Business and its Future Development

The business and its future development are reviewed in the Chief Executive's Report on page 6.

Results and Dividend

The results of the Group are set out in detail on page 23. The Group paid two interim dividends during the year, as detailed in note 9 to the accounts. It is the Directors' current intention to maintain a similar dividend pattern in the year 2005/2006. No final dividend will be declared. This policy will be put forward for approval at the Annual General Meeting.

Share Capital

Movements in the Company's share capital are set out in note 18 to the accounts.

Directors

The Directors are listed on page 4. Biographies of the Directors are given on page 58.

Directors' Interests in Shares and Substantial Shareholdings

The interests of the Directors in the shares of the Company are set out on page 47 and in the Directors' Remuneration Report on page 18. The interests of substantial shareholders are set out on page 47.

Political and Charitable Donations

The Group made no political donations during the period (2004: £nil). Charitable donations of £46,000 (2004: £28,000) were made.

Annual General Meeting

Notice of the Annual General Meeting is set out on pages 60 to 61. Information relating to certain of the resolutions is given or referred to in the notes forming part of the notice.

Employees

The average number of persons, including Directors, employed by the Group and their remuneration, is set out in note 3 to the accounts.

Employment Policies

Brewin Dolphin recognise that our staff are vital to the continued success of the Company.

Staff are encouraged to identify with, and to become involved with, the financial performance of the Group and service to clients by extensive profit sharing and bonus arrangements. In addition, the employees own over 28% of the Group.

Communication

Communication to our staff is essential. Staff are kept informed of key issues affecting them, and the Group, by: intranet; quarterly Group meetings around the country, which include question and answer sessions; and email where appropriate. In addition, management accounts are widely distributed.

Training & Development

The Group has a substantial training department to ensure continued learning, growth and development for all. Each member of staff completes an assessment of Continued Professional Development twice a year, which is monitored to ensure continued development and growth. Each member of staff must participate in an annual development review. This review will highlight any training requirements of the individual to assist their career progression. From this review our training department will structure tailored training programmes to meet the individual's needs. Training is both actively encouraged and supported by the Board.

Directors' Report

Equal Opportunities
It is the policy of the Group to provide equal opportunities in employment irrespective of colour, race, nationality, ethnic or national origin, sex, mental or physical disabilities, marital status or sexual preference. For staff who may have a disability, the Company ensures that procedures and equipment are in place to aid them.

For the purposes of training, career development and promotion, all staff are treated in the same way.

Benefits
The Company is proud of the attractive benefits available to staff. All staff are allowed to participate in our interest free loan facility in respect of an annual season ticket for travelling to and from work. In addition, all staff have the option of joining our private medical insurance scheme.

The Company offers a flexible benefits package for senior staff which includes permanent health insurance and a company car facility.

The Company recognises the need for an equal work/life balance for staff which not only improves morale within the Group, but helps to retain staff.

We are proud to report that staff turnover is very low.

Employee Assistance Programme
The Company provides a confidential 24 hour helpline available to all staff as we are aware that from time to time staff may need advice on issues on matters such as employment, personal, financial or legal.

Pension
The Group has a normal retirement age of 65. In recognition of retirement, all permanent staff are invited to join the senior staff pension scheme after successful completion of their probation period. Other than those staff participating in our flexible benefits package, members of the senior staff pension scheme receive a generous employer contribution of 6% into the scheme.

Mrs Linda Cartwright is the Group's Personnel Director.

Charitable Fundraising
During the last year our Branches have organised a great number of fundraising events for local and national charities raising over £110,000 between them. The Company has contributed in cash and in kind to all these events, which have ranged from marathon running to parachute jumping. Branches have been involved in coastal cleaning projects and saving dolphins and many of our Divisional Directors provide pro bono director and trustee services to local charities and hospices. Towards the end of the year a Stocktrade colleague set off to row the Atlantic single handedly, aiming to raise £100,000 for charity.

Sponsorship
In addition to these fundraising activities the Company also sponsors a number of sporting and charitable events around the country, including the Bell Lawrie Scottish Series sailing competition, an event organised by Clyde Cruising Club whose aim is to promote sailing, including sailing for the disabled. The Bell Lawrie division also sponsors the Scottish Schools Cup which encourages rugby for children in all schools throughout Scotland. Brewin Dolphin received an Arts & Business Award for sponsoring the Arts in the South West of England.

Community Policy
Two of your Directors are presently High Sheriffs. Ben Speke and Simon Still are High Sheriffs of Northumberland and Durham, respectively. The office is voluntary, independent and non-political and they are both particularly active in promoting the reduction of crime and the development of an anti-crime culture among young people in these areas. The Wise Speke division was involved in the start up of the Newcastle Young Professionals Forum which now has over 1,000 members in the North East and this year raised £16,000 for charity. Throughout the Company we have a policy of providing work experience placements for students in many branches, for a number of weeks each, per annum.

Directors' Report

Creditor Payment Policy

It is the Group's policy to settle all of its trading transactions on the agreed settlement date; this policy extends to other trade creditors, which are normally paid within 30 days. On average, creditors were paid within ten days in 2005 and 2004.

Environmental and Ethical Matters

In the Ethical sector, the Company acts as nominated stockbroker to Cafedirect, Traidcraft and The Ethical Property Company and is helping to promote share ownership of fair trade businesses around the UK.

The Group makes every effort to reduce its environmental footprint. It has reduced the use of paper by encouraging electronic communication both to and from its clients by the use of the internet and internally by the widespread use of the intranet.

Simon Still is the Director responsible for environmental matters. The Board have considered areas where there may be environmental risk from direct actions by the Group. This risk is considered to be minimal, as in all cases the Group's offices are located in large towns and its activities are desk based. The Group's major suppliers are UK based and mainly provide market data and computer hardware and software. Simon Still ensures that appropriate environmental considerations are considered when a new supplier is chosen. Overseas labour or call centres are not used.

While the Group's overall investment policy is solely concerned with obtaining the best return for clients, it is our policy to construct portfolios, which take into account the personal preferences of our clients in relation to ethical and environmental matters.

We have a specialist Ethical Investment Service. In providing this service we have enlisted the help of EIRIS, who since 1983 have been helping investors, choose shares on ethical grounds.

There are three levels of service provided:

- **Ethical Collection** – a fund-based approach for investors wishing to spread their risk. In this service the principal investments are unit or investment trusts investing in ethical companies. The emphasis of each may be different and the service is designed to provide an indication of the thrust of the principal investments available and their respective historical performance. This is a discretionary service option.

- **Ethical Emphasis** – a facility for investors wishing to avoid the negative criteria, or even encourage the positive ethical contribution, of a particular sector or invest within their broader investment portfolio, without necessarily impacting on all of their investments – an ethical "pick and mix". In this service we have established a number of benchmark criteria for measuring the positive or negative ethical impact of specific sectors, thereby creating a "black" or "white" list for the purposes of investment selection. This service can either be run on a discretionary or advisory basis.

- **Ethical Concentration** – a customised, in-depth service for clients with detailed ethical requirements and whose portfolios need to be constructed or screened with reference to specific and detailed ethical criteria. In this instance an in-depth questionnaire is completed by the client at the outset. As implied, this service allows individual clients to effectively set their own ethical criteria, to which the fund manager will always refer when selecting the individual investments in the clients' portfolio. This option is only available as a discretionary service.

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Angela Wright
Secretary
30 November 2005

Corporate Governance

The Directors are committed to a high standard of corporate governance and to compliance with the best practice provisions of the Combined Code on corporate governance published in July 2003 by the Financial Reporting Council ("the Combined Code"). This statement explains how the Group has applied the principles of good governance contained therein.

The Board

Throughout the year the Board had eleven members, comprising seven Executive Directors and four Non-Executive Directors. All the Non-Executive Directors are regarded as independent save for Vikram Lall who was an Executive Director until December 2003. Biographies of all the Directors are presented on page 58. One third of the Board is re-elected each year. Sir Fred Holliday retired from the Board on 30 September 2005. Simon Miller joined the Board as a Non-Executive Director on 27 October 2005.

The Board maintains a schedule of matters reserved for the Board which was updated and approved in October 2005. The specific responsibilities retained by the Board include: establishing Group strategy and approving the annual budget; reviewing the Group's operational and financial performance; approving major acquisitions, divestments and capital expenditure; reviewing the Group's systems of control and risk management; approving appointments to the Board and the Company Secretary; approving policies relating to Directors' remuneration and the severance of Directors' contracts; and ensuring that a reasonable discourse occurs with shareholders.

The Board met ten times during the course of the year. All meetings were attended by all Directors save that Messrs Williams, Hood and Holliday missed one board meeting each.

The Non-Executive Directors meet with the Chairman/Chief Executive prior to most Board meetings. On four occasions during the year the Non-Executives met on their own.

New Directors receive an appropriate briefing when they first join the Board. And at least once a year the whole board attends a training seminar; in 2005 there were two training sessions covering systems and regulation. Executive members of the Board have to date been appointed from within the Group and have served on the Brewin Dolphin Securities Limited Board prior to appointment.

Appointment of an Executive Chairman

The Board and the Nomination Committee have for some time been considering Board succession. The Board felt that it was very important that there should be a smooth seamless transfer of responsibility from the Chief Executive on his retirement, and especially that 45 years of experience built up by John Hall should not be wasted but passed on.

The model of having a Non-Executive Chairman and a Chief Executive was first adopted by the Group when 85% of the shares were owned by members of staff and there were venture capital loans to the Group, with the Chairman being appointed by the venture capitalists.

The Board considered whether this model was still appropriate at a time when 29% of the Group was owned by staff and the next largest holder owned 7% of the Company. The Board considered that its main asset was its employees and that it was essential that they should feel that they had direct access to the Chairman who should have detailed knowledge of the industry.

The Group has always prided itself on its flat management style and low overheads. Until the appointment of the Executive Chairman only the Chief Executive, Finance Director and Chief Operations Officer were involved in day-to-day management of the Group. The other Executive Directors main role remained that of looking after clients.

This structure and the strong representation of fund managers on the Board is attractive to new teams joining the Group.

Corporate Governance

It is noteworthy that a number of other similar Financial Services companies, where there is a substantial staff holding in the company, have executive chairmen.

It was therefore determined to appoint an Executive Chairman, and a Non-Executive Deputy Chairman. In November 2004 Sir Fred Holliday stood down from the Nomination Committee and Christopher Legge and Vikram Lall were appointed to the Committee.

The Nomination Committee met and interviewed four internal candidates for the post of Executive Chairman. Jamie Matheson was appointed Executive Chairman on 24 May 2005 and Sir Fred Holliday stood down as Non-Executive Chairman. To facilitate a smooth handover he did not retire from the Board until 30 September 2005. Jamie Matheson is not considered to be an Independent Director. Extensive consultation was carried out with shareholders on his appointment.

Jamie Matheson is working closely with John Hall over the transition period until John's retirement and has already visited all the Group's branches.

Until 24 May 2005 there was a clear division of responsibility between the Non-Executive Chairman and the Chief Executive, which ensured that there was a balance of power and authority. Following the appointment of Jamie Matheson the Chief Executive and Executive Chairman are working closely together over the transition period.

There is a clear division of duties between the Executive Chairman and the Non-Executive Deputy Chairman, with written terms of reference. This ensures that there is a clear balance of power and authority.

Jamie Matheson is a Non-Executive Director of AIM VCT2 plc.

Committees of the Board

The Board has three standing committees: the Nomination Committee; the Audit Committee and the Remuneration Committee. These committees have written terms of reference, which were last reviewed in October 2005 and approved by the Board. Membership of the committees is set out on page 4. The terms of reference of the Committees can be obtained from the Company Secretary. Sight of all Directors' contracts, or, in the case of Non-Executive Directors, letters of appointment, can be obtained via the Company Secretary.

Remuneration Committee

The Remuneration Committee is chaired by Nick Hood. The Chief Executive, by invitation, attended the Remuneration Committee meetings held in the year for part of its deliberations. There were two meetings of the Remuneration Committee during the year attended by all the Independent Non-Executive Directors.

Audit Committee

Jock Worsley took over as Chairman of the Audit Committee from Sir Fred Holliday in January 2005 and increased the number of meetings from two per annum to four. Two meetings are primarily focused on reports from the external auditors and two with reports from the internal auditors and setting and monitoring the internal auditors' work programme for the year.

Reports are received from the Compliance Officer and Head of Internal Audit four times a year. Reports are received from external auditors twice a year. The Group's results are reviewed twice a year.

The Finance Director, Chief Operating Officer, Compliance Officer, Head of Internal Audit and the Company Secretary normally attend all Audit Committees at the Committee's request; as does Vikram Lall for those meetings which consider the Group's results.

The Committee is able to call on other professional advisers, when necessary, to carry out special projects.

The external auditors meet privately with the Audit Committee at least twice a year without senior management being present. One member of the Audit Committee has recent relevant financial experience.

Corporate Governance

During the period under review the Committee met four times and was fully attended by all its members save that Nick Hood missed one meeting.

Nomination Committee

Nick Hood took over the Chair of the Nomination Committee from Sir Fred Holliday in November 2004. The Nomination Committee met formally once to appoint the Executive Chairman but during the lengthy process outlined above there were a number of informal meetings.

Company Secretary

The Company Secretary is appointed by the Board as a whole and is responsible for good information flows within the Board and its Committees. The Company Secretary is responsible for advising the Board on all governance matters.

Insurance

The Company has arranged appropriate insurance cover in respect of litigation against the Directors.

Board Evaluation

The Board has conducted a formal evaluation of its performance in 2004/5 with each Director expressing his views to the Chairman and the Chairman reporting these results to the Board. Formal development reviews were carried out on all Executive Directors by the Chief Executive during 2005 in accordance with the Group's normal internal procedures.

The Group's internal procedures for development reviews were updated in September 2005 and will be applied to all Directors for the year to 31 December 2005 with the Chairman carrying out the reviews and the Independent Directors reviewing the Chairman.

Relationship with Shareholders

The Company places a great deal of importance on communication with shareholders and aims to keep shareholders informed by regular communication. The Group's website is kept up-to-date covering all corporate activity. Half-yearly reports, written on the Group by Equity Development Limited, are available to all shareholders on the Web at www.equity-development.co.uk. The Company welcomes all shareholders to its AGM with the opportunity to ask questions formally at the meeting, or more informally afterwards. The Company's policy is to announce the number of proxy votes cast on resolutions at the AGM.

Auditors' Independence

The Board uses the auditors solely for audit and related activities. The sum paid to the auditors for non audit work in 2005 relates mainly to the costs of an income tax and dividend audit carried out at the request of the United States Tax Authorities.

Another major accountancy firm carries out tax advisory and similar work. The auditors were changed in 2001. It is the Board's policy to review formally the appointment of auditors every six years.

Internal Control

The Board undertakes a full review of all aspects of the Group's business, identifies the main risks to the business, and identifies the key controls to counter these risks. Day-to-day review and monitoring has been delegated to the Risk and Controls Committee of Brewin Dolphin Securities Limited (BDS), which includes the Group's Chief Executive, the Finance Director, the Chief Operating Officer, the Group Compliance Officer, Head of Internal Audit and two further compliance personnel. This Committee meets weekly.

The Compliance Department and Internal Audit carry out continuous reviews. The Board considers reputational risk, portfolio performance and the added risk of taking on new teams and business streams. The level of complaints is carefully monitored.

The Directors are responsible for the system of internal control established by the Group, reviewing its effectiveness and reporting to the shareholders that they have done so. They report as follows:-

i) There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group as outlined above. This has been in

Corporate Governance

place for the period under review and up to the date of approval of the annual report and accounts. It is regularly reviewed by the Board and accords with the guidance in the Combined Code. Any system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

ii) Financial results, key operating statistics and controls are reported to the Board monthly, and variances are followed up vigorously. Monthly reports are received from the compliance and internal audit functions.

iii) The Directors have reviewed the Group's system of internal controls and compliance monitoring and believe that these provide assurance that problems have been identified on a timely basis and dealt with appropriately throughout the period under review and up to the date of approval of the annual report and accounts.

Compliance with the Combined Code

The Directors consider that they have complied with the provisions of section 1 of the Combined Code throughout the period ended 30 September 2005.

Angela Wright
Secretary
30 November 2005

Directors' Remuneration Report

The members of the Remuneration Committee are:

William Nicholas Hood CBE (Chairman)
Francis Edward (Jock) Worsley OBE, FCA
Simon Edward Callum Miller (appointed 27 October 2005)

The Remuneration Committee consists solely of Independent Non-Executive Directors. None of the Committee members has any personal financial interests (other than as shareholders), conflicts of interest arising from cross Directorships or day-to-day involvement in running the business. The Chief Executive and Executive Chairman attend part of the meetings of the Committee but not when their own remuneration is discussed. The Finance Director provides factual and statistical information to the Committee, which in turn can call for external reports and assistance.

Policy on Remuneration of Executive Directors

The remuneration of Jamie Matheson, the Executive Chairman from 24 May 2005, John Hall, the Chief Executive, Robin Bayford, Finance Director, and Simon Still, Chief Operating Officer, is awarded by reference to the performance of the Group and their contribution to enhancing future growth. The Remuneration Committee reviews the basic salaries of these Directors together with their profit participation, based on a number of factors including work undertaken and comparable salaries.

In assessing all aspects of pay and benefits, the Remuneration Committee compares packages offered by similar fund management companies. These companies are chosen having regard to:

i. the size of the Company – its turnover and numbers of employees; and

ii. its growth pattern.

The Remuneration Committee also compares these salaries to the remuneration of other senior employees within the Group including the other Executive Directors. The working of this policy can be seen in the table below so that all Directors are remunerated within the same framework.

The Committee determines the other Executive Directors' basic salaries but their profit participation is determined solely by reference to their own team's performance on strict formulae in line with other fund managers or corporate financiers within the Group. Teams normally share at 30% to 40% of profit after paying a full contribution to Group overheads. The members of the team, depending on individual performance, determine the split of profit share within the team. The profit share percentage can rise to 45% on the margin or be as little as 20% depending on pre determined formulae based on total team salary.

Directors' Remuneration Report

The movement in Executive Directors' remuneration in 2005 reflects the incidence of Group and team performance and is set out below:-

(Audited)

	Salary and fees £000's	Benefits in kind £000's	Profit share £000's	Profit share taken as Pension £000's	Total £000's	Basic Pension contri-butions £000's	**Total 2005 £000's**	Total 2004 £000's
Executives								
remunerated on the results of the Group								
J.P. Hall	174	2	–	338	514	32	**546**	357
R.A. Bayford	143	2	125	141	411	24	**435**	268
S.J.H. Still	133	2	100	113	348	15	**363**	224
remunerated on their own profit centres results								
C.D. Legge	98	2	146	–	246	48	**294**	241
J.G. Matheson	122	2	225	85	434	29	**463**	214
I.B. Speke	88	2	116	33	239	23	**262**	242
M.J.R. Williams	103	2	143	56	304	20	**324**	288
Non-Executives								
Sir Fred Holliday	107*	–	–	–	107	–	**107**	50
Nick Hood	29	–	–	–	29	–	**29**	26
Vikram Lall	27	–	–	–	27	–	**27**	45
Jock Worsley	27	–	–	–	27	–	**27**	25
Total	**1,051**	**14**	**855**	**766**	**2,686**	**191**	**2,877**	**1,980**
Total 2004	933	15	668	166	1,782	198	1,980	

* Includes £50,000 paid on leaving.

Executive Directors' main pension entitlement is via a defined contribution scheme. The following Directors were also in the Brewin Dolphin Securities Limited Staff Scheme, their entitlement under the Scheme being as follows:-

(Audited)

	Accrued pension entitlement at 30 September 2005* £000's	Increase in accrued pension in period* £000's	Transfer value of accrued pension at 30 September 2005 £000's	Transfer value of accrued pension entitlement at 24 September 2004 £000's	Change in transfer value over year less members' contributions made £000's	Transfer value of increase in accrued pension entitlement at 30 September 2005 less members' contributions** £000's
J.P. Hall	10	1	159	131	26	5
R.A. Bayford	3	1	27	23	4	–
C.D. Legge	10	1	133	109	21	4
V. Lall	7	1	87	70	15	4
J.G. Matheson	4	1	37	31	6	–
S.J.H. Still	2	1	17	15	3	–
I.B. Speke	3	1	29	24	4	–
M.J.R. Williams	10	1	108	88	18	3

* including and excluding inflation
** excluding inflation

Directors' Remuneration Report

Shareholder Information

Directors' shareholdings are as follows as at 30 September 2005 and 24 September 2004:

(see also page 47)

Directors	2005 Fully paid	2004 Fully paid
J.P. Hall	3,358,932	3,358,932
R.A. Bayford	779,441	779,441
Sir Fred Holliday	4,200	4,200
W.N. Hood	25,000	15,000
V. Lall	552,347	552,347
C.D. Legge	2,567,948	2,567,948
J.G. Matheson	460,029	460,029
I.B. Speke	352,622	432,622
S.J.H. Still	4,330	4,330
M.J.R. Williams	1,452,153	1,452,153
Jock Worsley	10,000	10,000
	9,567,002	9,637,002

In addition Simon Still has the following shares, nil paid, issued under the Senior Employee Matching Share Purchase Scheme (see below for details of Scheme):

No.	Price	Last date they could be called
60,753	82.3p	December 2010
24,752	101p	May 2012

Share Options (Audited)

The Directors' options under the Group Approved Share Save Scheme are set out below:

	December 2004 @ 81.6p exercisable up to June 2009	December 2003 @ 66.4p exercisable up to June 2008	December 2002 @ 30p exercisable up to June 2007	June 2000 @ 134p exercisable up to December 2007
J.P.Hall	2,229	2,611	–	1,611
R.A.Bayford	–	2,611	3,654	–
C.D.Legge	–	–	–	1,755
J.G.Matheson	2,229	2,611	1,752	–
S.J.H.Still	2,229	2,611	–	–
I.B.Speke	–	–	7,665	–
M.J.R.Williams	2,229	–	–	–

All the options were held throughout the year save for the options issued in December 2004.

Directors' Remuneration Report

Mr Still also has the following options:-

(Audited)

	Exercise period	Exercise price	No.	Value over exercise price at end of period £	Value over exercise price at start of period £
The Senior Employee Matching Share Purchase Scheme	December 2007 to December 2010	82.3p	60,753	29,880	–
	May 2009 to May 2012	101p	24,752	7,549	–
The Unapproved Share Option Scheme	March 2008 to March 2013	33.5p	100,000	98,000	43,500
The Approved Share Option Scheme	June 2006 to June 2011	139p	21,582	–	–

All the above options were held throughout the year save for those exercisable in May 2009 to May 2012 which were granted in May 2005.

Mr I.B. Speke has 17,500 options exercisable under the Group's Approved Option Scheme at 167.5p (nil value at year end). These options may be exercised at any time up to June 2010.

Mr I.B. Speke and Mr J. Matheson have interest free loans under the Company's share purchase schemes, amounting to £69,000 and £10,000 respectively. These loans were granted prior to their becoming Directors of the Company and are secured on the Company's shares.

Terms of the Option Schemes (Audited)

The Group's two approved employee option schemes were adopted in 1994 and 2004 respectively and the Share-Save Scheme in April 1998. An unapproved option scheme was adopted in 1999 though to date only 100,000 options have been granted under this scheme. The approved and unapproved option schemes have the same performance criteria, namely that the year on year growth in annual fee income charged on portfolios shall not be less than 10% per annum compound or a 33% increase in annual fees over a three year period. Under the above schemes the number of options over ordinary shares may not exceed 10% of the Company's ordinary share capital over a ten year period. The approved and unapproved options are exercisable from five to ten years from grant. The Share-Save Scheme options are exercisable from three to five years of grant. It is the current intention of the Directors not to issue more shares under the Share-Save Scheme thus reducing the limit to 5% over ten years over time.

The Senior Employee Matching Share Purchase Scheme is additional to the above schemes and allows a further 5% issue of options over a ten year period, provided that a similar number of shares are subscribed for by senior executives at the price the options are issued at. These shares are issued nil paid but have to be subscribed for at the earlier of the exercise of the matching option, the sale of the shares, the employee leaving the Group, or after seven years. The options can be exercised within four to seven years. There are two strict performance criteria for the options to be exercised involving both the executive team's profitability and Group earnings per share exceeding the growth in the retail price index by 4% compound and 2% compound respectively. This is a criteria thought to be realistic but not easy to achieve. This formulae recognises that the Group operates in a cyclical business but the compound rate of return means that the hurdle increases over time if the decision to exercise is not taken at the first opportunity which would not be encouraged as the incentive is seen to be long term and matched by an equal commitment with considerable risk by the employee.

Directors' Remuneration Report

Policy on External Appointments

The Group encourages external appointments at senior level. Directors' fees arising from external appointments are either paid to the Group or taken into account in assessing the overall executives' remuneration package.

Group Policy on Contracts of Service

All senior executives including Executive Directors have substantially identical six-month rolling contracts. There are no exceptional termination provisions for Directors. All contracts include six-month garden leave clauses, which are vigorously enforced. If Directors were allowed to leave without going on garden leave within the six-month notice period the normal policy would be to only pay them for the period worked. Profit share is never paid to any member of staff who has indicated that they will be leaving except in the case of ill health or retirement when exceptions can be made.

The commencement date of the executive contracts are as follows: -

J.P. Hall	January	2000
R.A.Bayford	January	2000
C.D. Legge	January	2000
J.G. Matheson	November	2003
I.B. Speke	August	1998
S.J.H. Still	January	2001
M.J.R. Williams	March	2000

Non-Executive Directors' Remuneration

The Board determines the level of Non-Executive fees. Non-Executive Directors have three year letters of engagement.

Material Contracts with Directors

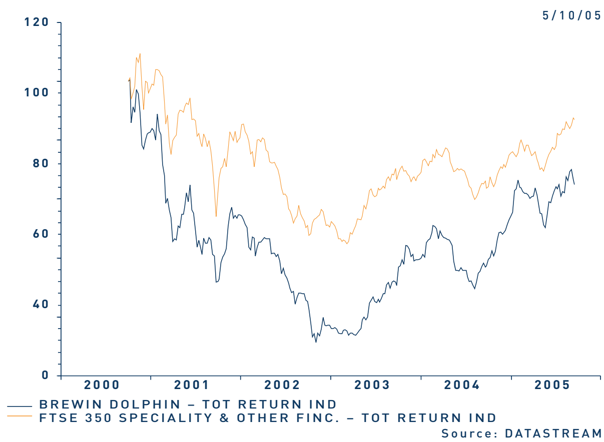
Other than the loans set out above, there were no material contracts between the Group and the Directors. The Directors undertake transactions in stocks and shares in the ordinary course of the Group's business for their own account. The transactions are not material to the Group in the context of its operations. £Nil was outstanding in respect of these transactions at 30 September 2005 and 24 September 2004.

Policy on Remuneration of Other Senior Executives

The Remuneration Committee has to approve any change to profit share schemes throughout the Group. These schemes are progressively geared on set formulae depending on the nature of the business undertaken.

Performance Graph

The graph below shows the Company's total shareholder return (TSR) against that of the FTSE 350 Speciality and Other Finance Index, which is the sector in which the Company is included. TSR is calculated assuming dividends are reinvested on receipt.



Share Price

At 30 September 2005 the Company's share price was 131.5p (2004 : 77p). The highest price in the year was 148p and the lowest 77p.

Information Subject to Audit

The information on pages 17 to 19 has been subject to audit as indicated, and as required by The Directors' Remuneration Report Regulations 2002.

Annual General Meeting (AGM)

The Board will move at the AGM an ordinary resolution seeking approval of the Directors' Remuneration Report for 2005. Notice of the AGM is on pages 60 to 61.

Nick Hood
30 November 2005

Statement of Directors' Responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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.

Independent Auditors' Report

To the Members of Brewin Dolphin Holdings PLC

We have audited the financial statements of Brewin Dolphin Holdings PLC for the 53 week period ended 30 September 2005, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the parts of the Directors' remuneration report that are described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the statement of Directors' responsibilities, the company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the Directors' remuneration report. Our responsibility is to audit the financial statements and the parts of the Directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and parts of the Directors' remuneration report described as being audited have been properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company and other members of the group is not disclosed.

We also report to you, if in our opinion, the company has not complied with any of the four directors' remuneration disclosure requirements specified for our review by the Listing Rules of the Financial Services Authority. These comprise the amount of each element in the remuneration package and information on share options, details of long term incentive schemes, and money purchase and defined benefit schemes. We give a statement, to the extent possible, of details of any non-compliance.

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the July 2003 FRC Combined Code specified for our review by the listing rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' report and the other information contained in the annual report for the above year as described in the contents section including the un-audited parts of the Directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the parts of the Directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the parts of the Directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the parts of the Directors' remuneration report described as having been audited.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 September 2005 and of the profit of the group for the 53 week period then ended, and the financial statements and those parts of the Directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
30 November 2005

Consolidated Profit and Loss Account

for the 53 weeks to 30 September 2005 (52 weeks to 24 September 2004)

	Note	2005 53 Weeks Continuing operations Total £000's	2004 52 Weeks Continuing operations Total £000's
Turnover	1	**136,563**	113,007
Other operating income	1	**8,097**	8,397
Total Income	2	**144,660**	121,404
Staff costs	3	**(78,470)**	(62,252)
Other operating costs		**(57,741)**	(51,112)
		(136,211)	(113,364)
Operating Profit		**8,449**	8,040
Dividend receivable		**221**	128
Other interest receivable and similar income		**4,334**	3,148
Interest payable and similar charges	4	**(15)**	(42)
Profit on ordinary activities before goodwill amortisation and exceptional item		**24,662**	16,113
Exceptional item	5	**(6,831)**	–
Goodwill amortisation	6	**(4,842)**	(4,839)
Profit on ordinary activities before taxation	2&6	**12,989**	11,274
Tax on profit on ordinary activities	7	**(4,938)**	(4,510)
Profit on ordinary activities after taxation	8	**8,051**	6,764
Equity dividends	9	**(8,841)**	(6,843)
		(790)	(79)
Earnings per share			
Basic	10	**4.1p**	3.5p
Diluted	10	**3.9p**	3.4p
Excluding goodwill amortisation and exceptional item			
Basic	10	**8.7p**	5.7p
Diluted	10	**8.3p**	5.6p

The notes on pages 28 to 44 form an integral part of these accounts.

Consolidated Statement of Total Recognised Gains and Losses

For the 53 weeks to 30 September 2005 (52 weeks to 24 September 2004)

	Note	**2005 53 Weeks £000's**	2004 52 Weeks £000's
Profit on ordinary activities after taxation		**8,051**	6,764
Revaluation of investments	13	**1,144**	7,069
Total recognised gains and losses for the period		**9,195**	13,833

The notes on pages 28 to 44 form an integral part of these accounts.

Consolidated Balance Sheet

as at 30 September 2005 (24 September 2004)

	Note	2005 £000's	2004 £000's
Fixed assets			
Intangible assets	11	**38,782**	38,589
Tangible assets	12	**9,168**	7,208
Investments	13	**8,954**	7,500
		56,904	53,297
Current assets			
Investments	14	**1,227**	298
Debtors	15	**234,781**	200,374
Cash	16	**50,392**	50,701
		286,400	251,373
Creditors: amounts falling due within one year	17	**(253,943)**	(219,424)
Net current assets		**32,457**	31,949
Total assets less current liabilities		**89,361**	85,246
Capital and reserves			
Called up share capital	18&20	**1,965**	1,955
Shares to be issued including premium	19&20	**6,000**	3,400
Share premium account	20	**79,287**	79,081
Revaluation reserve	20	**8,213**	7,069
Merger reserve	20	**4,562**	3,929
Profit and loss account	20	**(10,666)**	(10,188)
Equity shareholders' funds	20	**89,361**	85,246

Approved by the Board of Directors on 30 November 2005 and signed on its behalf by:-

J.P. Hall

Directors

R.A. Bayford

The notes on pages 28 to 44 form an integral part of these accounts.

Company Balance Sheet

as at 30 September 2005 (24 September 2004)

	Note	2005 £000's	2004 £000's
Fixed assets			
Investments	13	**108,622**	106,334
		108,622	106,334
Current assets			
Debtors	15	**6,476**	3,023
Cash	16	**19**	–
		6,495	3,023
Creditors: amounts falling due within one year	17	**(12,365)**	(11,362)
Net current liabilities		**(5,870)**	(8,339)
Total assets less current liabilities		**102,752**	97,995
Capital and reserves			
Called up share capital	18&20	**1,965**	1,955
Shares to be issued including premium	19&20	**6,000**	3,400
Share premium account	20	**79,287**	79,081
Merger reserve	20	**4,847**	4,214
Profit and loss account	20	**10,653**	9,345
Equity shareholders' funds	20	**102,752**	97,995

Approved by the Board of Directors on 30 November 2005 and signed on its behalf by:-

J.P. Hall

Directors

R.A. Bayford

The notes on pages 28 to 44 form an integral part of these accounts.

Consolidated Cash Flow Statement

for the 53 weeks to 30 September 2005 (52 weeks to 24 September 2004)

	Note	2005 53 weeks £000's	2004 52 weeks £000's
Net cash inflow from operating activities (see below)		**17,866**	32,079
Return on investments and servicing of finance		**4,540**	3,234
Taxation		**(6,110)**	(4,402)
Capital expenditure	12	**(6,291)**	(2,600)
Acquisitions	11	**(1,483)**	(445)
Purchase of fixed asset investments	13	**(310)**	–
Equity dividends paid	9	**(7,837)**	(4,846)
Inflow before financing		**375**	23,020
Financing (see below)		**210**	949
Increase in cash in the period		**585**	23,969

Notes to the cash flow statement

Reconciliation of operating profit to operating cash flow

	2005 53 weeks £000's	2004 52 weeks £000's
Operating profit	**8,449**	8,040
Depreciation and amortisation	**9,154**	9,281
(Increase)/decrease in current asset investments	**(929)**	76
Increase in debtors	**(33,827)**	(47,451)
Increase in creditors	**35,019**	63,952
Decrease in provisions	**–**	(1,819)
Net cash inflow from operating activities	**17,866**	32,079

Financing

	2005 53 weeks £000's	2004 52 weeks £000's
Issue of shares for cash	**210**	949
	210	949

Reconciliation of net cash flow to movement in net funds

	2005 53 weeks £000's	2004 52 weeks £000's
Increase in cash in the period	**585**	23,969
Net funds at start of period	**49,643**	25,674
Net funds at end of period	**50,228**	49,643

Analysis of net funds

	Note	2005 £000's	Cash flow £000's	2004 £000's
Firm's cash	16	**38,168**	(814)	38,982
Firm's overdraft	17	**(164)**	894	(1,058)
Firm's net cash		**38,004**	80	37,924
Client settlement cash	16	**12,224**	505	11,719
Net funds		**50,228**	585	49,643

The notes on pages 28 to 44 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards and under historical cost accounting rules, modified to include the revaluation of certain fixed assets.

(b) Basis of consolidation

The Group accounts consolidate the accounts of Brewin Dolphin Holdings PLC and all its subsidiary undertakings.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired during the period are included in the consolidated profit and loss account from the date of acquisition to the date of disposal.

In the Company's accounts, investments in subsidiary undertakings are stated at cost. Dividends received and receivable are credited to the profit and loss account to the extent that they represent a realised profit for the Company.

In accordance with Section 230 of the Companies Act 1985 Brewin Dolphin Holdings PLC has taken advantage of the legal dispensation not to present its own profit and loss account. The amount of the profit for the financial period dealt with in the financial statements of the Company is disclosed in note 8 to the accounts.

(c) Transaction date accounting

All securities transactions entered into on behalf of clients are recorded in the accounts on the date of the transaction.

(d) Turnover

Turnover comprises gross commission, management fees and other income, excluding VAT, receivable in respect of the period. Other fees are taken to the profit and loss account when payment is contractually due.

(e) Foreign currencies

Foreign currency monetary assets and liabilities have been translated into sterling at the exchange rates ruling at the balance sheet date. Transactions during the period have been translated into sterling at the rates ruling at the time the transactions were executed. All exchange differences are reflected in the profit and loss account.

(f) Depreciation of tangible fixed assets

Depreciation has been provided on the basis of equal annual instalments to write off the cost less estimated residual values of tangible fixed assets over their estimated useful lives as follows:

Computer equipment	3 to 4 years
Office equipment	4 to 10 years
Leasehold improvements	Over 5 years

Notes to the Accounts

1. Accounting Policies (continued)

(g) Investments

Investments in Group companies held as fixed assets are stated at cost less provision for impairment. Holdings in external fixed asset investments are held at Directors' valuation, or where quoted, market value.

Current asset listed investments are stated at the lower of cost and market value and unlisted investments at the lower of cost and Directors' valuation; in establishing market value account is taken of size of the holding and its marketability.

(h) Goodwill

Purchased goodwill arising on business combinations in respect of acquisitions before 30 September 1998 was written off to reserves in the year of acquisition.

Purchased goodwill (representing the excess of the fair value of the consideration over the fair value of the separable net assets acquired) since then has been capitalised. Payments made to individuals as part of an acquisition who remain in the employment of the Group are included within goodwill.

Goodwill is amortised to nil by equal annual instalments over its estimated useful life not exceeding 20 years, subject to annual impairment testing. The useful life of goodwill is normally 20 years in respect of payments made to owners of a stockbroking firm; payments made to individuals as part of an acquisition who continue to remain in the employment of the Group are amortised over periods up to 7 years and the charge is included within the charge for goodwill amortisation within other operating costs.

(i) Leases

Annual rentals on operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(j) Pensions

The Group operates two types of pension scheme. The majority of senior employees are in a defined contribution pension scheme; the majority of other employees are in a pension scheme providing benefits based on final pensionable pay. The amount charged against profits represents premiums payable to the scheme in respect of the year. In the case of the defined benefit scheme, payments are calculated so as to spread the cost over employees' working lives within the Group.

The transitional arrangements of FRS 17 "Retirement Benefits" require certain additional disclosures to be given which are shown in note 23. There is no effect on the results or financial position of the Group, as the transitional provisions only require disclosures to be made.

(k) Deferred taxation

Deferred tax is provided in full on timing differences that 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.

(l) Netting of balances

Amounts due to and from counterparties due to settle on balance are shown net. Amounts due to and from counterparties due to settle against delivery of stock are shown gross.

(m) Other operating income

Interest receivable and payable on client free money balances is netted to calculate the Group's share of interest receivable and included under the heading other operating income.

Notes to the Accounts

2. Total Income and Profit before Tax

	2005 53 weeks Total income £000's	2005 53 weeks Profit before taxation £000's	2004 52 weeks Total income £000's	2004 52 weeks Profit before taxation £000's
Private client investment management				
Discretionary portfolio management	**69,165**	**9,541**	52,593	5,477
Advisory portfolio management	**61,243**	**7,741**	55,896	5,376
	130,408	**17,282**	108,489	10,853
Corporate broking	**14,252**	**2,840**	12,915	2,026
Operating profit before goodwill amortisation and exceptional item		**20,122**		12,879
Interest and investment income (net)		**4,540**		3,234
Profit before tax, goodwill amortisation and exceptional item		**24,662**		16,113
Exceptional item (note 5)		**(6,831)**		–
Goodwill amortisation		**(4,842)**		(4,839)
	144,660	**12,989**	121,404	11,274

The directors believe that it is not meaningful to analyse the balance sheet by the above classes of business. All operations are carried out in the United Kingdom and Channel Islands.

3. Directors, Employees and Related Party Transactions

	2005 53 weeks No.	2004 52 weeks No.
The average number of persons, including Directors, employed by the Group	**1,319**	1,238

	£000's	£000's
The aggregate payroll costs were as follows:		
Wages and salaries	**62,122**	50,546
Social security costs	**8,128**	5,333
Other pension costs (note 23)	**8,220**	6,373
	78,470	62,252

Details of Directors' emoluments and pensions are shown in the Directors' Remuneration Report, as are material contracts with Directors and loans to Directors. There are no other related party transactions.

Notes to the Accounts

4. Interest Payable and Similar Charges

	2005 53 weeks £000's	2004 52 weeks £000's
Bank overdrafts	**15**	42
	15	42

5. Exceptional Item – Split Capital Trusts

In December 2004 the Group made a £5m contribution to a fund (Fund Distribution Limited) set up under the auspices of the Financial Services Authority for those who have lost money in Zero Dividend Shares. The charge for the period, included within other operating costs and staff costs, represents this payment, less recoveries to date, plus other directly attributable costs.

The Directors believe that, having carefully examined all claims received to date, no further provision for split capital liabilities is required; they also consider that further liabilities, if any, are fully covered by insurance.

The Directors remain in discussion with the Group's insurers in respect of claims for costs already incurred and expensed regarding split capital trusts. An estimate of the further potential favourable financial effect is not given as the Directors consider that any such disclosure would seriously prejudice their ongoing negotiations with insurers.

6. Profit on Ordinary Activities before Taxation

	2005 53 weeks £000's	2004 52 weeks £000's
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Audit fees	**257**	185
Amounts paid in respect of non audit services	**261**	244
Company audit fee	**5**	5
Charges under operating leases:		
Land and buildings	**2,856**	3,186
Hire of equipment	**593**	304
Amortisation of intangible fixed assets	**4,842**	4,397
Amortisation of goodwill previously written off to reserves	**–**	442
	4,842	4,839
Depreciation on tangible fixed assets	**4,312**	4,442

Notes to the Accounts

7. Tax on Profit on Ordinary Activities

	2005 53 weeks £000's	2004 52 weeks £000's
United Kingdom corporation tax based on the taxable profit for the period at 30% (2004: 30%)		
Current	**5,374**	5,161
Prior year	**17**	563
Overseas tax		
Current	**127**	119
	5,518	5,843
Deferred – UK only	**(454)**	(603)
Prior year deferred – UK only	**(126)**	(730)
	4,938	4,510

The current tax charge for the period exceeds 30% (2004: 30%) for the following reasons:-

Tax on ordinary activities at the standard rate 30% (2004: 30%)	**3,897**	3,382
Goodwill amortisation – disallowed proportion	**783**	943
Leasehold property depreciation	**141**	116
Deferred tax timing differences	**454**	603
Prior year tax	**17**	563
Disallowable expenses and other timing differences	**226**	236
	5,518	5,843

8. Profit on Ordinary Activities After Taxation

Profit after taxation dealt with in the accounts of the Company	**10,149**	3,559

9. Dividends

First interim dividend paid on 6 April 2005 of 2.0p per share (2004: 1.5p per share)	**3,927**	2,933
Second interim dividend paid on 25 October 2005 of 2.5p per share (2004: 2.0p per share)	**4,914**	3,910
	8,841	6,843

In accordance with the Group's stated dividend policy there are two interim dividends paid and no final dividend.

Notes to the Accounts

10. Earnings per Share

	2005 53 weeks No. 000's	2004 52 weeks No. 000's
Basic		
Weighted average number of shares in issue in the period	**196,227**	194,418
Diluted		
Weighted average number of options outstanding for the period	**3,070**	1,580
Estimated weighted average number of shares earned under deferred consideration arrangements	**5,421**	3,960
Diluted weighted average number of shares in issue in the period	**204,718**	199,958

	£000's	£000's
Basic profit for the period and attributable earnings	**8,051**	6,764
Exceptional item	**6,831**	–
less tax on exceptional item	**(2,049)**	–
Goodwill amortisation	**4,842**	4,839
less tax on goodwill amortisation	**(670)**	(498)
Adjusted basic profit for the period and attributable earnings	**17,005**	11,105

Notes to the Accounts

11. Intangible Fixed Assets

Group

Goodwill	£000's
Cost	
At 25 September 2004	54,840
Additions	5,035
At 30 September 2005	**59,875**
Amortisation	
At 25 September 2004	16,251
Charge for the period	4,842
At 30 September 2005	**21,093**
Net book value	
At 30 September 2005	**38,782**
Net book value	
At 25 September 2004	38,589

Additions relate to:	
Acquisitions in year	4,203
Reassessment of value of shares to be issued in relation to prior period acquisitions	634
Further payments re businesses acquired in previous years	198
Additions in period	5,035
Issue of shares and change in shares to be issued	(3,240)
Prior period receipt	(312)
Net cash movement shown in cash flow	**1,483**

Acquisitions in the year consist entirely of goodwill.

Notes to the Accounts

12. Tangible Fixed Assets

Group	Leasehold Improvements £000's	Office Equipment £000's	Computer Equipment £000's	Total £000's
Cost				
At 25 September 2004	3,399	4,268	32,447	40,114
Additions	501	332	5,458	6,291
Disposals	–	(26)	–	(26)
At 30 September 2005	**3,900**	**4,574**	**37,905**	**46,379**
Depreciation				
At 25 September 2004	2,462	3,726	26,718	32,906
Charge for the period	472	309	3,531	4,312
Disposals	–	(7)	–	(7)
At 30 September 2005	**2,934**	**4,028**	**30,249**	**37,211**
Net book value				
At 30 September 2005	**966**	**546**	**7,656**	**9,168**
Net book value				
At 25 September 2004	937	542	5,729	7,208

13. Fixed Asset Investments

Group	Unlisted £000's	Listed £000's	Total £000's
Other investments			
Shares at cost			
At 25 September 2004	431	–	431
Additions	–	310	310
At 30 September 2005	**431**	**310**	**741**
Shares at valuation			
At 25 September 2004	7,500	–	7,500
Additions	–	310	310
Revaluation	1,000	144	1,144
At 30 September 2005	**8,500**	**454**	**8,954**

Unlisted investments represent the Group's holding of 19,899 ordinary shares in Euroclear plc. This holding represents 0.521% of Euroclear plc's shares. As at 24 September 2004 the Directors, having taken professional advice, valued the Group's holding in Euroclear plc at £7.5m. This valuation took into account the Group's share of net assets, dividend yield and the prices of similar quoted Companies discounted for marketability. At 30 September 2005 this valuation was updated and increased to £8.5m.

Notes to the Accounts

13. Fixed Asset Investments (continued)

Company

Cost of investments in subsidiary undertakings:

	2005 £000's	2004 £000's
At start of period	**106,334**	110,761
Liquidation	**–**	(4,427)
Additional investment in Brewin Dolphin Securities Limited	**2,600**	–
Dividends and other payment received from subsidiary undertakings	**(312)**	–
At end of period	**108,622**	106,334

Principal subsidiary undertakings

	Country of registration	Trade	Percentage of voting rights held
Brewin Dolphin Securities Limited	England & Wales	Fund manager and stockbroker	100%
Brewin Nominees Limited	England & Wales	Nominee company	100%
North Castle Street (Nominees) Limited	Scotland	Nominee company	100%

All the above are indirectly owned, save for Brewin Dolphin Securities Limited which is directly owned. All the shares owned are ordinary shares.

14. Current Asset Investments

Group

	2005 £000's	2004 £000's
Book value		
Quoted on the London Stock Exchange or AIM	**1,122**	193
Unquoted	**105**	105
	1,227	298
Valuation		
Quoted at market value	**1,122**	193
Unquoted at directors' valuation	**105**	105
	1,227	298

Notes to the Accounts

15. Debtors

	2005 £000's	2004 £000's
Group		
Trade debtors	**216,451**	183,459
Loans	**1,938**	3,885
Deferred taxation (see note below)	**1,126**	546
Other debtors	**2,093**	2,004
Prepayments and accrued income	**13,173**	10,480
	234,781	200,374

£1,938,000 (2004: £3,876,000) represents loans to staff under the Group share schemes and are repayable in more than one year. The loans are secured on the Company's shares. The Directors believe that these balances are fully recoverable.

Deferred tax asset	
Balance at 24 September 2004	**546**
Increase in period	**580**
Balance at 30 September 2005	**1,126**

Deferred taxation (asset)/provision		
Goodwill amortisation	**1,365**	1,622
Capital allowances	**(1,207)**	(1,143)
Other short term timing differences	**(1,284)**	(1,025)
	(1,126)	(546)

No deferred tax has been provided on the revaluation of fixed asset investments. A tax charge of approximately £2.5m (2004: £2.1m) would arise if these assets were sold.

	2005 £000's	2004 £000's
Company		
Other debtors	**–**	6
Loans	**476**	617
Due from subsidiary undertaking	**6,000**	2,400
	6,476	3,023

Notes to the Accounts

16. Cash

	2005 £000's	2004 £000's
Group		
Firm's cash	**38,168**	38,982
Client settlement cash	**12,224**	11,719
	50,392	50,701
Company		
Firm's cash	**19**	–

Client settlement cash is held in segregated client accounts and is not available for use in the business.

At the balance sheet date there were also deposits for clients, not included in the consolidated balance sheet, which were held in segregated client bank accounts amounting to £872,282,000 (2004: £746,095,000).

17. Creditors: amounts falling due within one year

	2005 £000's	2004 £000's
Group		
Trade creditors	**198,463**	174,484
Bank overdrafts	**164**	1,058
Other creditors	**4,439**	4,112
Corporation tax	**2,259**	2,851
Other taxation	**1,891**	1,062
Social security	**2,505**	1,234
Accruals and deferred income	**39,308**	30,713
Dividend payable	**4,914**	3,910
	253,943	219,424
Company		
Amounts owed to Group undertakings	**7,437**	7,437
Other creditors	**14**	11
Bank overdrafts	**–**	4
Dividend	**4,914**	3,910
	12,365	11,362

Notes to the Accounts

18. Called up Share Capital

Group and Company

	2005 No	2004 No	**2005 £000's**	2004 £000's
Authorised:				
Ordinary shares of 1p each	**225,928,700**	225,928,700	**2,259**	2,259
Ordinary shares of 1p each				
Allotted, issued and fully paid:	**196,540,378**	195,515,610	**1,965**	1,955
Allotted, issued December 2003 at 82.3p, nil paid, last subscription date December 2010	**972,030**	978,106	**–**	–
Allotted, issued December 2004 at 103.3p, nil paid, last subscription date December 2011	**914,779**	–	**–**	–
Allotted, issued May 2005 at 101p, nil paid, last subscription date May 2012	**84,156**	–	**–**	–
	198,511,343	196,493,716	**1,965**	1,955

During the period the following shares were issued:-

Date	Price	Reason	No of shares issued	Nominal value £000's	Merger reserve £000's	Share premium £000's	Total £000's
January 2005	96.5p	Deferred purchase consideration	663,163	7	633	–	640
Various	30p to 71p	Options	355,529	3	–	204	207
6,076 previously nil paid shares now paid up			–	–	–	5	5
Cost of issue			–	–	–	(3)	(3)
December 2004	103.3p nil paid under matching share purchase scheme		914,779	–	–	–	–
May 2005	101p nil paid under matching share purchase scheme		84,156	–	–	–	–
			2,017,627	10	633	206	849

Notes to the Accounts

18. Called up Share Capital (continued)

The following options have been granted and remain outstanding at 30 September 2005:-

	Grant date	2005 No.	2004 No.	Exercise price
Approved share option	April 1997	180,000	238,000	37.3p
Approved share option	April 1998	395,000	615,000	71.5p
Approved share option	January 2000	17,000	17,000	174.5p
Approved share option	June 2000	1,124,500	1,142,000	167.5p
Sharesave scheme	June 2000	299,224	323,918	134p
Approved share option	June 2001	1,373,082	1,386,082	139p
Approved share option	December 2002	878,062	891,562	37.5p
Sharesave scheme	January 2003	1,638,642	1,738,524	30p
Unapproved share option	March 2003	100,000	100,000	33.5p
Approved share option	December 2003	978,590	988,590	81.3p
Sharesave scheme	December 2003	906,089	958,643	66.4p
Unapproved share option – under the employee matching share purchase scheme	December 2003	978,106	978,106	82.3p
Approved share option	December 2004	918,633	–	98p
Sharesave scheme	December 2004	966,674	–	81.6p
Unapproved share option – under the employee matching share purchase scheme	December 2004	914,779	–	103.3p
Unapproved share option – under the employee matching share purchase scheme	May 2005	84,156	–	101p
Total options outstanding		11,752,537	9,377,425	

Certain options lapsed during the year on personnel leaving the Group.

Further details of the options and the senior employee matching share purchase scheme are given in the Directors' Remuneration Report.

19. Shares to be Issued including Premium

Under a number of agreements related to the purchase of businesses, ordinary shares may be issued, based on a profit related, or similar formula.

The expected value represents the Directors' best current estimate, if revised corresponding adjustments are made to goodwill.

Acquisitions	Expected date of issue	Maximum value 2005 £000's	Expected value 2005 £000's	Expected value 2004 £000's
Hill Osborne	Dependent on valuation	1,646	1,000	1,000
Kinneaton Limited	January 2005	–	–	700
Other December 2005	December 2005	1,928	1,928	1,700
Other	2006-2010	10,700	3,072	–
		14,274	6,000	3,400

Notes to the Accounts

20. Reserves and Reconciliation of Movements in Shareholders' Funds

Group	Profit and loss account Goodwill written off £000's	Profit and loss account Realised profit £000's	Total £000's	Revaluation reserve £000's	Merger reserve £000's	Share premium £000's	Shares to be issued including premium £000's	Share capital £000's	2005 53 weeks **Shareholders' funds £000's**	2004 52 weeks Shareholders' funds £000's
At start of period	(41,967)	31,779	(10,188)	7,069	3,929	79,081	3,400	1,955	**85,246**	74,380
Issue of shares in period	–	–	–	–	633	206	(700)	10	**149**	888
Estimated movement in value of shares to be issued	–	–	–	–	–	–	3,300	–	**3,300**	2,400
Goodwill previously written off	312	–	312	–	–	–	–	–	**312**	588
Revaluation of fixed asset investments	–	–	–	1,144	–	–	–	–	**1,144**	7,069
Profit for the period	–	8,051	8,051	–	–	–	–	–	**8,051**	6,764
Dividends	–	(8,841)	(8,841)	–	–	–	–	–	**(8,841)**	(6,843)
At end of period	(41,655)	30,989	(10,666)	8,213	4,562	79,287	6,000	1,965	**89,361**	85,246

Company	Profit and loss account realised profit £000's	Merger reserve £000's	Share premium £000's	Shares to be issued including premium £000's	Share capital £000's	2005 53 weeks **Shareholders' funds £000's**	2004 52 weeks Shareholders' funds £000's
At start of period	9,345	4,214	79,081	3,400	1,955	**97,995**	97,991
Issue of shares in period	–	633	206	(700)	10	**149**	888
Estimated movement in value of shares to be issued	–	–	–	3,300	–	**3,300**	2,400
Profit for the period	10,149	–	–	–	–	**10,149**	3,559
Dividends	(8,841)	–	–	–	–	**(8,841)**	(6,843)
At end of period	10,653	4,847	79,287	6,000	1,965	**102,752**	97,995

21. Financial Commitments

At 30 September 2005 the Group had annual commitments under non-cancellable operating leases as follows:

	2005 Land and buildings £000's	**2005 Hire of equipment £000's**	2004 Land and buildings £000's	2004 Hire of equipment £000's
Operating leases which expire:				
Within one year	**127**	**151**	69	–
Between one and five years	**1,584**	**391**	2,875	304
After five years	**1,182**	**–**	241	–
	2,893	**542**	3,185	304

Notes to the Accounts

22. Derivatives and Other Financial Instruments

The Group acts as a fund manager and agency stockbroker and very rarely undertakes trading on its own behalf. Therefore the Group does not hold derivatives or other financial instruments other than cash and securities.

All cash is repayable on demand (see note 16) and is held mainly at the Bank of Scotland in the UK. This in turn means that the Group takes no interest rate risk and the credit risk is deemed to be minimal. The Group carries out at least annual reviews of all its banks' and custodians' credit ratings.

The Group deals in foreign currencies on a matched basis on behalf of clients, limiting foreign exchange exposure. The total net foreign exchange exposure at the year end was £163,000 (2004: £456,000).

The Group's trade debtors and creditors are held on a matched basis and are largely settled between 1 and 25 days. Consequently we have taken advantage of the exemptions provided in FRS13 in respect of short term debtors and creditors.

Loans to clients are repayable on demand, and are secured against marketable securities. Loans to staff are repayable over 5 to 10 years and are secured against the Company's shares (see note 15). The market value of current asset investments is shown in note 14.

23. Pensions

The Group operates two pension schemes for its employees comprising a defined benefit scheme and a defined contribution scheme. The pension charge was as follows:

	2005 53 weeks £000's	2004 52 weeks £000's
Defined benefit scheme – including death in service contributions	**1,722**	2,234
Defined contribution scheme	**6,498**	4,139
	8,220	6,373

The assets of the schemes are held by trustees in funds separated from the Group's finances.

The following disclosure is made in accordance with the provisions of FRS 17 "Retirement Benefits".

The Group operates one active defined benefit scheme in the UK, the Brewin Dolphin Securities Limited Retirement Benefit Scheme (Brewin Dolphin Scheme). This Scheme is closed to new members, and no employee contributions for those under 55 have been paid into the scheme from April 2004 as these members ceased to accrue further service from that date.

A full actuarial valuation was carried out as at 30 June 2003 and has been updated to 30 September 2005 by a qualified independent actuary.

The main assumptions used by the actuary were (in nominal terms):

	30 September 2005 % per annum	24 September 2004 % per annum	26 September 2003 % per annum
Rate of increase of salaries	**2.8**	2.9	2.6
Rate of increase of pensions in payment and deferred pensions*	**2.8**	2.9	2.3
Discount rate	**5.0**	5.5	5.3
Inflation assumption	**2.8**	2.9	2.6

*Some pensions receive fixed rate increases.

Notes to the Accounts

23. Pensions (continued)

Actual and expected rates of return on assets

Net Pension asset	Long term rate of return expected at 30 September 2005	24 September 2004	26 September 2003	30 September 2005 £000's	24 September 2004 £000's	26 September 2003 £000's
Equities	7.7% pa	7.7% pa	7.7% pa	26,950	21,517	20,469
Bonds	4.7% pa	5.3% pa	5.3% pa	8,915	3,665	3,573
Other	4.5% pa	4.8% pa	5.3% pa	356	4,374	1,118
Total market value of assets				36,221	29,556	25,160
Present value of scheme liabilities				(49,158)	(42,259)	(37,935)
Deficit in the schemes				(12,937)	(12,703)	(12,775)
Deferred taxation				3,881	3,811	3,832
Net pension liability				(9,056)	(8,892)	(8,943)
Profit and loss account at end of period before deducting notional pension deficit				(10,666)	(10,188)	(10,697)
Profit and loss account at end of period after deducting notional pension deficit in accordance with FRS 17				(19,722)	(19,080)	(19,640)

The following amounts would be recognised in the Consolidated Profit and Loss Account and the Consolidated Statement of Total Recognised Gains and Losses on the full implementation of FRS 17.

Analysis of the amount charged to operating profit

	2005 53 weeks £000's	2004 52 weeks £000's
Current service cost	**(604)**	(1,746)
Past service cost	**–**	–
Gain/(loss) on settlements and curtailments	**–**	–
	(604)	(1,746)

Analysis of amount credited to net finance charges		
Expected return on pension scheme assets	**2,092**	1,894
Interest on pension scheme liabilities	**(2,331)**	(2,046)
	(239)	(152)

Notes to the Accounts

23. Pensions (continued)

	2005 53 weeks £000's	2004 52 weeks £000's
Analysis of the actuarial gain in the statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	**3,666**	613
Experience gains and losses arising on the scheme liabilities	**89**	3
Changes in assumptions underlying the present value of the scheme liabilities	**(4,421)**	(917)
	(666)	(301)

Movement of deficit during the period

	2005 £000's	2004 £000's	2003 £000's	2002 £000's
Balance at start of period	**(12,703)**	(12,775)	(14,494)	(1,709)
Movement in year				
Current service cost	**(604)**	(1,747)	(2,527)	(1,783)
Contributions	**1,275**	2,272	2,296	2,459
Other finance income	**(239)**	(152)	(473)	86
Actuarial (loss)/gain	**(666)**	(301)	2,423	(13,547)
Balance at end of period	**(12,937)**	(12,703)	(12,775)	(14,494)

The actuarial (loss)/gain can be analysed as follows:–

	2005	2004	2003	2002
Actual return less expected return on pension scheme assets	**3,666**	613	1,935	(5,175)
Percentage difference between the expected and actual return	**10%**	2%	6%	–26%
Experience gains and losses arising on the scheme liabilities	**89**	3	2,363	(3,382)
Percentage of the present value of the scheme liabilities	**–**	–	6%	–10%
Change in assumptions underlying the present value of the liabilities	**(4,421)**	(917)	(1,875)	(4,990)
	(666)	(301)	2,423	(13,547)
Percentage of the present value of the schemes' liabilities	–1%	–1%	6%	–40%

The scheme is no longer admitting new entrants. The current service cost shown in the disclosure is calculated using the projected unit method, as required by the FRS 17, and the percentage contribution rate required will, all other things being equal, increase over time as the active membership of the scheme ages.

24. Capital Commitments

Group

	2005 £000's	2004 £000's
Expenditure contracted for but not provided in these accounts	**480**	700
Expenditure authorised by the directors but not contracted for	**–**	3,700

Five Year Record

	2005 £000's	2004 £000's	2003 £000's	2002 £000's	2001 £000's
Turnover	**136,563**	113,007	93,533	99,056	111,591
Other operating income	**8,097**	8,397	7,512	6,439	5,576
Total Income	**144,660**	121,404	101,045	105,495	117,167
Costs	**(136,211)**	(113,364)	(102,594)	(103,185)	(105,412)
Operating Profit/(loss)	**8,449**	8,040	(1,549)	2,310	11,755
Profit on fixed assets	**–**	–	–	2,206	–
Net interest and similar income	**4,540**	3,234	1,624	1,875	2,971
Profit on ordinary activities before goodwill amortisation and exceptional items	**24,662**	16,113	4,354	10,549	17,501
Goodwill amortisation	**(4,842)**	(4,839)	(4,279)	(3,864)	(2,775)
Exceptional items net	**(6,831)**	–	–	(294)	–
Profit on ordinary activities before taxation	**12,989**	11,274	75	6,391	14,726
Tax charge on profit on ordinary activities	**(4,938)**	(4,510)	(1,034)	(2,626)	(5,599)
Profit/(loss) on ordinary activities after taxation	**8,051**	6,764	(959)	3,765	9,127
Dividends	**(8,841)**	(6,843)	(3,825)	(6,544)	(6,354)
Retained (loss)/profit	**(790)**	(79)	(4,784)	(2,779)	2,773
Diluted earnings per share excluding goodwill amortisation and exceptional items	**8.3p**	5.6p	1.4p	3.8p	6.1p

Funds at 30 September 2005 (24 September 2004)

	2005		2004	
	£ Billion	**£ Billion**	£ Billion	£ Billion
In Group's nominee or sponsored member		**6.5**		5.2
Stock not held in Group's nominee		**0.4**		0.4
Discretionary funds under management		**6.9**		5.6
Advisory funds under management				
In Group's nominee or sponsored member	**6.7**		5.8	
Other funds where valuations are carried out but where the stock is not under the Group's control	**3.3**	**10.0**	3.5	9.3
Managed funds		**16.9**		14.9
Execution only stock				
In Group's nominee or sponsored member		**2.0**		1.3
Stock not held in Group's nominee		**0.3**		0.7
		19.2		16.9
Stock				
In Group's nominee or sponsored member		**15.2**		12.3
Stock not held in Group's nominee		**4.0**		4.6
		19.2		16.9

Shareholders at 10 November 2005

There were no changes in Directors' share holdings between 30 September 2005 and 10 November 2005.

	Number of ordinary shares (nil paid and fully paid) and options	% Voting equity after exercise of options	Number of fully paid ordinary shares	% Voting equity prior to exercise of options
Directors				
J.P. Hall	3,365,383		3,358,932	
R.A. Bayford*	785,706		779,441	
Sir Fred Holliday	4,200		4,200	
W.N. Hood	25,000		25,000	
V. Lall	552,347		552,347	
C.D. Legge	2,569,703		2,567,948	
J.G. Matheson	466,621		460,029	
I.B. Speke	360,287		352,622	
S.J.H. Still	301,742		4,330	
M.J.R. Williams**	1,454,382		1,452,153	
Jock Worsley	10,000		10,000	
	9,895,371	4.7%	9,567,002	4.9%
Other members of the Group	60,424,805	28.7%	47,029,672	23.9%
Employee ownership	70,320,176	33.4%	56,596,674	28.8%
Institutions				
Schroder Investment Management Limited	13,816,023	6.6%	13,816,023	7.0%
J.P. Morgan Fleming Asset Management	11,845,840	5.6%	11,845,840	6.0%
Aberforth Partners	11,622,877	5.5%	11,622,877	5.9%
Invesco Fund Managers Limited	8,733,559	4.2%	8,733,559	4.4%
Aegon Asset Management Limited	7,466,757	3.6%	7,466,757	3.8%
Legal & General Investment Management Limited	7,035,094	3.3%	7,035,094	3.6%
Other	54,653,498	26.0%	54,653,498	27.8%
Private individuals	24,770,056	11.8%	24,770,056	12.7%
Total	210,263,880	100.0%	196,540,378	100.0%

* Includes 12,198 non beneficial

** Includes 132,000 non beneficial

At 30 September 2005 the Company's share price was 131.5p (24 September 2004: 77p). The highest price in the period was 148p and the lowest 77p.

Preliminary IFRS Financial Information

RECONCILIATION OF RESULTS AND EQUITY UNDER UK GAAP TO IFRS

The year ending 30 September 2006 is the first period that the Group has to present its financial statements under International Financial Reporting Standards (IFRS). This year's financial statements for the period ended 30 September 2005 have been prepared under UK GAAP.

To enable the readers of our accounts to understand the impact of IFRS we have restated our balance sheet as at 30 September 2005 and our profit and loss account for the 53 week period then ended. We also show below the new IFRS accounting policies, which we have adopted from 1 October 2005.

Basis of preparation

For the year ending 30 September 2006 the Group will be required to prepare consolidated financial statements under 'International Accounting Standards' as adopted by the European Commission. These will be those International Accounting Standards, International Financial Reporting Standards and related Interpretations (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations and future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB) that have been endorsed by the European Commission. This process is ongoing and the Commission has yet to endorse certain standards issued by the IASB.

This preliminary IFRS financial information has been prepared by management using its best knowledge of the expected standards and interpretations of the IASB, the facts and circumstances, and accounting policies that are expected to be applied when the Group prepares its first complete set of IFRS financial statements for the year ending 30 September 2006. These accounting policies are set out on pages 52 to 56. Therefore, until the Group prepares its first complete set of IFRS financial statements, the possibility cannot be excluded that the accompanying preliminary IFRS financial information may require adjustment. Moreover, under IFRS, only a complete set of financial statements comprising a balance sheet, income statement, statement of changes in equity and cash flow statement, together with comparative financial information and explanatory notes, can provide a fair presentation of the Group's financial position, results of operations and cash flow.

The Group's auditors have audited the preliminary IFRS financial information set out below and have reported to the Directors. A copy of the Group's auditors' report to the Directors is provided on page 57.

The Group will apply the transitional provisions of IFRS 1: First time adoption of International Financial Reporting Standards. The Group's date of transition to International Financial Reporting and Accounting Standards was 25 September 2004.

IFRS 1 contains a number of exemptions which companies are permitted to apply. The Group has elected:

- to present comparative information in accordance with IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement;
- not to restate its financial information for acquisitions occurring before 25 September 2004;
- to recognise all actuarial gains and losses on pensions and other post-retirement benefits directly in equity attributable to equity holders of the parent at 25 September 2004; and
- to apply IFRS 2 to all grants of equity instruments after 7 November 2002 that had not vested as of 1 January 2005.

Preliminary IFRS Financial Information

Consolidated Income Statement

53 week period ended 30 September 2005

	Note	UK GAAP Continuing operations Total £000's	Adjustments £000's	Restated IFRS Continuing operations Total £000's
Revenue	d	136,563	–	136,563
Other operating income	m	8,097	–	8,097
TOTAL INCOME		144,660	–	144,660
Staff costs	j & o	(78,470)	177	(78,293)
Other operating costs	h	(57,741)	4,842	(52,899)
		(136,211)	5,019	(131,192)
OPERATING PROFIT		8,449	5,019	13,468
Dividend receivable		221	–	221
Other interest receivable and similar income		4,334	–	4,334
Finance costs	j	(15)	(239)	(254)
Profit on ordinary activities before Goodwill amortisation and exceptional item		24,662	(62)	24,600
Exceptional item		(6,831)	–	(6,831)
Goodwill amortisation	h	(4,842)	4,842	–
PROFIT BEFORE TAXATION		12,989	4,780	17,769
Tax on profit	k	(4,938)	(617)	(5,555)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT		8,051	4,163	12,214
Equity dividends		(8,841)	–	(8,841)
		(790)	4,163	3,373

Preliminary IFRS Financial Information

Consolidated Statement of Recognised Income and Expense

53 week period ended 30 September 2005

	Note	UK GAAP £000's	Adjustments £000's	Restated IFRS £000's
Gain on revaluation of investments		1,144	–	1,144
Tax on revaluation	k	–	(343)	(343)
Actuarial loss on defined benefit pension scheme	j	–	(666)	(666)
Tax on actuarial loss on defined benefit pension scheme		–	200	200
Deferred tax on share based payments	k	–	599	599
Net income recognised directly to equity		1,144	(210)	934
Profit for period		8,051	4,163	12,214
Total recognised income and expense for the period		9,195	3,953	13,148

Preliminary IFRS Financial Information

Consolidated Balance Sheet

as at 30 September 2005

	Note	UK GAAP £000's	Adjustments £000's	Restated IFRS £000's
NON-CURRENT ASSETS				
Goodwill	h	38,782	4,842	43,624
Property plant and equipment	f, n	9,168	–	9,168
Available for sale investments	g	8,954	–	8,954
Other receivables		–	1,938	1,938
Deferred tax asset	k	–	2,908	2,908
		56,904	9,688	66,592
CURRENT ASSETS				
Trading investments		1,227	–	1,227
Trade debtors and other receivables		234,781	(3,064)	231,717
Cash and cash equivalents		50,392	–	50,392
		286,400	(3,064)	283,336
TOTAL ASSETS		343,304	6,624	349,928
CURRENT LIABILITIES				
Bank overdraft		164	–	164
Trade and other payables		251,520	–	251,520
Tax liabilities		2,259	–	2,259
Shares to be issued including premium	q	–	2,928	2,928
		253,943	2,928	256,871
NON-CURRENT LIABILITIES				
Retirement benefit obligation	j	–	12,937	12,937
Shares to be issued including premium	q	–	3,072	3,072
		–	16,009	16,009
TOTAL LIABILITIES		253,943	18,937	272,880
		89,361	(12,313)	77,048
EQUITY				
Called up share capital		1,965	–	1,965
Shares to be issued including premium	q	6,000	(6,000)	–
Share premium account		79,287	–	79,287
Revaluation reserve		8,213	(2,464)	5,749
Merger reserve		4,562	–	4,562
Profit and loss account		(10,666)	(3,849)	(14,515)
EQUITY SHAREHOLDERS' FUNDS		89,361	(12,313)	77,048

Preliminary IFRS Financial Information

Reconciliation of Equity

as at 30 September 2005

	£000's
TOTAL EQUITY – UK GAAP at 30 September 2005	**89,361**
Shares to be issued transferred to liabilities	(6,000)
Deferred tax on revaluations	(2,464)
Goodwill amortisation reversed	4,842
Deferred tax on above	(670)
Defined pension benefit liability	(12,937)
Deferred tax on pension liability	3,881
Deferred tax on share based payments	1,035
	(3,849)
Total value of IFRS adjustments	(12,313)
TOTAL EQUITY – IFRS at 30 September 2005	**77,048**

Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

(b) Basis of consolidation

The Group accounts consolidate the accounts of Brewin Dolphin Holdings PLC and all its subsidiary undertakings.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired during the period are included in the consolidated income statement from the date of acquisition to the date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

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

(c) Transaction date accounting

All securities transactions entered into on behalf of clients are recorded in the accounts on the date of the transaction.

Preliminary IFRS Financial Information

Accounting Policies (continued)

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents gross commission, management fees and other income, excluding VAT, receivable in respect of the period.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Other fees are taken to the income statement when payment is contractually due.

(e) Foreign currencies

Foreign currency monetary assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Transactions during the period have been translated into sterling at the rates ruling at the time the transactions were executed.

All exchange differences are reflected in the income statement, except for any exchange differences arising on any non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

(f) Depreciation of tangible fixed assets

Depreciation has been provided on the basis of equal annual instalments to write off the cost less estimated residual values of tangible fixed assets over their estimated useful lives as follows:

Computer equipment	3 to 4 years
Office equipment	4 to 10 years
Leasehold improvements	over 5 years

(g) Investments

Investments are recognised and derecognised on trade date, where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost.

Investments are classified as either held-for-trading or available-for-sale and are measured at subsequent dates at fair value. Where investments are held for trading, gains or losses arising from changes in fair value are recognised through profit and loss.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity via the revaluation reserve until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is recognised and is included in the net profit or loss for the period, the revaluation reserve having first been reversed. Any loss is limited to amounts written off below original cost, the revaluation reserve having first been reversed.

Preliminary IFRS Financial Information

Accounting Policies (continued)

(h) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal the attributable amount of goodwill is included in the determination of the profit or loss.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

(i) Leases

Annual rentals on operating leases are charged to the income statement on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

(j) Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the profit or loss and presented in the statement of recognised income and expense ("SORIE").

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Preliminary IFRS Financial Information

Accounting Policies (continued)

(k) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(l) Netting of balances

Amounts due to and from counterparties due to settle on balance are shown net where there is a currently enforceable legal right to set off the recognised amounts. Amounts due to and from counterparties due to settle against delivery of stock are shown gross.

(m) Other operating income

Interest receivable and payable on client free money balances is netted to calculate the Group's share of interest receivable and included under the heading other operating income.

(n) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Preliminary IFRS Financial Information

Accounting Policies (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(o) Share based payments

The Group has applied the requirements of IFRS 2 Share based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments granted after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled share based payments to certain employees. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

(p) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Shares to be issued including premium

Shares to be issued represent the Group's best estimate of the amount of ordinary shares in Brewin Dolphin Holdings PLC, which are likely to be issued on the successful completion of acquisitions which involve deferred payments in the Company's shares. The sum is revised annually. Where shares are due to be issued within a year then the sum is included in current liabilities.

Notes to the Statements

	UK GAAP	Restated IFRS
EARNINGS PER SHARE		
Basic	4.1p	6.2p
Diluted	3.9p	6.0p
Excluding goodwill amortisation and exceptional item		
Basic	8.7p	8.7p
Diluted	8.3p	8.3p

Independent Auditors' Report to the Board of Directors of Brewin Dolphin Holdings PLC on the Preliminary IFRS Financial Information

We have audited the preliminary comparative consolidated IFRS financial information of Brewin Dolphin Holdings PLC ("the Company") and its subsidiaries (together "the Group"), set out on pages 49 to 56, which comprises a consolidated income statement and a consolidated statement of recognised income and expense for the 53 week period ended 30 September 2005, a consolidated balance sheet as at 30 September 2005, a reconciliation of equity as at 30 September 2005 and the related notes setting out details of earnings per share and the principal accounting policies (together "the preliminary IFRS financial information").

This report is made solely to the board of directors, in accordance with our engagement letter dated 3 November 2005 and the addendum dated 23 November 2005 and solely for the purpose of assisting with the transition to IFRS. Our audit work has been undertaken so that we might state to the board of directors those matters we are required to state to them in an auditors' 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 for our audit work, for our report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Company's directors are responsible for ensuring that the Company and the Group maintains proper accounting records and for the preparation of the preliminary IFRS financial information on the basis set out on page 48 and pages 52 to 56, which describes how IFRS will be applied under IFRS 1, including the assumptions the directors have made about the standards and interpretations expected to be effective, and the policies expected to be adopted, when the Group prepares its first complete set of IFRS financial statements as at 30 September 2006. Our responsibility is to audit the preliminary IFRS financial information in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards and report to you our opinion as to whether the preliminary IFRS financial information is prepared, in all material respects, on the basis set out on page 48 and pages 52 to 56.

We read the other information contained in the annual report for the 53 week period ended 30 September 2005 as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the preliminary IFRS financial information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the preliminary IFRS financial information. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the preliminary IFRS financial information and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the preliminary IFRS financial information is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the preliminary IFRS financial information.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that page 48 explains why there is a possibility that the accompanying preliminary IFRS financial information may require adjustment before constituting the final IFRS financial information. Moreover, we draw attention to the fact that, under IFRS, only a complete set of financial statements comprising a balance sheet, income statement, statement of changes in equity, cash flow statement, together with comparative financial information and explanatory notes, can provide a fair presentation of the Group's financial position, results of operations and cash flows in accordance with IFRS.

Opinion

In our opinion the preliminary IFRS financial information is prepared, in all material respects, on the basis set out on page 48 and pages 52 to 56, which describes how IFRS will be applied under IFRS 1, including the assumptions the directors have made about the standards and interpretations expected to be effective, and the policies expected to be adopted, when the Group prepares its first complete set of IFRS financial statements as at 30 September 2006.

Deloitte & Touche LLP

Chartered Accountants
London

30 November 2005

Directors' Biographies

Brief biographies of the Directors are set out below:

Jamie Graham Matheson, FSI (aged 51) – Executive Chairman
Jamie Matheson is the Executive Chairman of Brewin Dolphin Holdings PLC. Prior to becoming Executive Chairman Jamie was a Glasgow director of the Bell Lawrie division of the Group and was responsible at Board level for the Group's Corporate Broking activities. He started his career in 1972 at Parsons & Co and remained with that firm through its various evolutionary stages until January 1996 when he joined the Group. He was a non-executive director of Scottish Radio Holdings plc from 2000 until its recent takeover by EMAP and is currently a non-executive director of AIM VCT2 plc. He is a past Deacon of the Bonnetmakers and Dyers of Glasgow and a past Precis of the Grand Antiquity Society of Glasgow.

W Nick Hood, CBE (aged 69) – Deputy Chairman
Nick Hood was appointed to the Board in April 2000. He was Chairman of Wessex Water 1987 to 1999 and led the privatisation. He is Chairman of Winterthur Life (UK) Ltd and a member of The Prince of Wales Council for the Duchy of Cornwall, deputy Chairman of Business in the Community, Chairman or a Director of four other companies and Chairman of the Bristol Cancer Help Centre.

John Peirs Hall (aged 65) – Chief Executive
John Hall began his career on the Stock Exchange in 1960 and became a partner in the firm of Wontner Renwick & Francis in 1967. In 1974, on the amalgamation of Wontner, Dolphin & Francis with Brewin & Co., he became a member of the management committee (at that time, the body responsible for managing the business) and then Chairman of the committee in 1980. In 1987, on the incorporation of the business and its sale to a subsidiary of The Scandinavian Bank, he became managing director, and subsequently led the Buy-out in 1992. He is a non-executive director of the Association of Private Client Investment Managers and Stockbrokers, Mountview PLC and Fund Distribution Limited. Master at the Merchant Taylors' Company one of The Great Twelve Livery Companies.

Robin Alec Bayford, FCA (aged 56) – Finance Director
Robin Bayford graduated from Cambridge University. He was a manager at Ernst & Young and was Group Financial Controller at AGB Research PLC, prior to joining a subsidiary of The Scandinavian Bank in 1989. He joined the board of Brewin Dolphin & Co. in 1990. In 1991, he took up full time employment with Brewin Dolphin & Co. as Finance Director and helped to organise the Buy-out.

Vikram Lall, CBE, CA (aged 58)
Vikram Lall joined Bell Lawrie in 1987. He is a chartered accountant and, prior to joining Bell Lawrie, was a director of Noble Grossart before forming his own corporate finance advisory company, which he subsequently sold to Bell Lawrie. He became an Executive Director in June 1993 and a Non-Executive Director in December 2003. He is currently a non-executive director of, inter alia, Murray VCT PLC, Murray VCT2 PLC and ISIS Property Trust Ltd. He is Chairman of the Scottish Industrial Development Advisory Board, a member of the governing body of Queen Margaret University College, and non-executive chairman of Ryden LLP.

Christopher David Legge (aged 62)
Christopher Legge joined Brewin Dolphin & Co. in 1962 and became a partner in 1968, continuing a family involvement going back to 1929. He joined the Board upon incorporation in 1987 and has consistently been involved in portfolio management for over 30 years. He heads private client investment management and is Chairman of the Group Regional Managing Directors Committee.

Directors' Biographies

Simon Edward Callum Miller (aged 53)

Simon Miller read law at Cambridge and was called to the bar in 1975. He worked at Lazard Brothers from 1976 to 1982 and from 1982 to 1986 at County Bank. He then became chief executive of Ferrum Holdings, a quoted engineering company. Since 1994 he has been chairman of Dunedin Capital Partners.

He is non-executive chairman of Artemis Alpha Trust and First State AIM VCT, deputy chairman of JPMorgan Fleming Elect and a director of Dunedin Enterprise Investment Trust.

Ian Benjamin Speke (aged 55)

Ben Speke joined Wise Speke in 1973 continuing a long family involvement. In 1974 he joined the London jobbers Pinchin Denny and subsequently moved to Hoare Govett. In 1980 he rejoined Wise Speke and became a director in 1987. In 1999 after Wise Speke became part of the Group he became Managing Director of the Newcastle office, in 2000 he joined the Brewin Dolphin Securities Board and is a member of the Group's Regional Managing Directors Committee.

Simon Still, FInstD (aged 56)

Simon Still graduated from Durham University. After 14 years executive experience in the electronics and engineering industry, which included starting a software company, he entered a City based consultancy practice in 1987. In 1991 he became a consultant to Wise Speke while building up interests in a range of unquoted companies. In 2001 he became Chief Operating Officer of the Group. He is non-executive director of the Association of Private Client Investment Managers, Fund Distribution Limited and Chairman of Affinity Food Holdings Ltd.

Michael John Ross Williams (aged 58)

Michael Williams joined Brewin Dolphin & Co. in 1968 and became a partner in 1978. He has consistently been involved in portfolio management. He joined the Board on incorporation in 1987 and is responsible for the Group's legal matters and for the Associates of Brewin Dolphin Securities Ltd.

Francis Edward (Jock) Worsley, OBE, FCA (aged 64)

Jock Worsley was a founder of the Financial Training Company and its executive Chairman from 1972 until 1993. He has been President of the Institute of Chartered Accountants of England and Wales, a Deputy Chairman of Lautro, a member of the Building Societies Commission and Independent Complaints Commissioner for SIB and the Financial Services Authority. He was Chairman of the Cancer Research Campaign from 1998 until its merger in 2002 with the Imperial Cancer Research Fund as Cancer Research UK. He is the non-executive Chairman of Lloyds Members Agency Services Ltd.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Brewin Dolphin Holdings PLC will be held at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Tuesday 28 February 2006 at 12 noon for the following purposes:-

As ordinary business

1. To receive the Accounts and the Reports of the Directors and Auditors for the period ended 30 September 2005.
2. To re-elect as a Director Mr Robin Alec Bayford who retires by rotation.
3. To re-elect as a Director Mr John Peirs Hall who retires by rotation.
4. To re-elect as a Director Mr Vikram Lall who retires by rotation.
5. To elect as a Director Mr Simon Edward Callum Miller.
6. To reappoint Deloitte & Touche LLP as auditors of the Company at a remuneration to be fixed by the Directors.
7. To approve the Company's current dividend policy of paying two interim dividends per year, taking regard of anticipated profits for the year, and authorising the Directors to continue this policy for the year 2006.
8. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

   That the Directors be authorised generally and unconditionally to exercise all the powers of the Company to allot relevant securities (in accordance with Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £661,704.48 (representing 33.3% of the issued share capital of the Company as at 10 November 2005), for the period expiring on 27 February 2011 but so that the Company may, before such expiry, make an offer or an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired; this authority shall replace any previous authority granted pursuant to Section 80 of the Companies Act 1985, save that such previous authority shall continue in respect of shares issued, rights to subscribe or convert issued, or shares or rights contracted to be issued prior to the date of the passing of this resolution.

As **special business**, to consider and, if thought fit, pass the following resolutions, in the case of resolution 9 as an ordinary resolution and in the case of resolutions 10 and 11 as special resolutions.

9. To approve the Directors' Remuneration Report for the financial year ended 30 September 2005.
10. That the Directors be empowered to allot or make offers or agreements to allot for cash equity securities pursuant to the authority granted under Section 80 of the Companies Act 1985 at the 2006 Annual General Meeting of the Company and to sell or make offers or agreements to sell equity securities which immediately before the sale are held by the Company as treasury shares (as defined in Section 162A of the Companies Act 1985) (and to make any such offer or agreement which would or might require equity securities to be allotted after the expiry of that authority) in each case as if Section 89(1) of the Companies Act 1985 did not apply to the allotment of any such securities, such power being limited to:
    (a) the allotment or sale of equity securities up to the aggregate nominal amount of £661,704.48 in connection with an issue of shares to holders of relevant shares or relevant employee shares, or in connection with any other form of issue of such securities in which such holders are offered the right to participate, in proportion (as nearly as may be) to their respective holdings, but subject to such exclusions or other arrangements as the Directors consider necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any stock exchange or regulatory authority; and
    (b) the allotment or sale (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £99,255.67 (being 5% of the issued share capital of the Company as at 10 November 2005).
11. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of ordinary shares of 1p each in the capital of the Company ("ordinary shares") provided that:
    (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 19,851,134.

Notice of Meeting

(b) the minimum price which may be paid for an ordinary share shall be 1p;

(c) the maximum price which may be paid for an ordinary share shall be the higher of (1) 5% above the average market value of the Company's shares for the 5 business days prior to the day the purchase is made and (2) the higher of the last independent trade and the highest current independent bid on the Company's shares on the trading venues where the purchase is carried out;

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2007 or, if earlier, on 27 May 2007, unless such authority is renewed prior to such time; and

(e) the Company may enter into contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contracts will or may be executed wholly or partly after the expiry of such authority, and may make purchases of ordinary shares pursuant to any such contracts.

By order of the Board
Angela Wright
30 November 2005

Notes.

1. A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his/her/its stead. A proxy need not be a member of the Company.

2. A form of proxy is enclosed and, to be valid, must be lodged with the Company's registrars, Lloyds Bank Plc, Registrars Department, The Causeway, Worthing, West Sussex BN99 6DA, not less than 48 hours before the time appointed for the holding of the meeting. Submitting a proxy does not prevent a member from attending the meeting and voting in person.

3. Under Regulation 41 of the Uncertificated Securities Regulations 2001, only those members who are registered on the Company's share register at 9 am on Monday 27 February 2006 are entitled to attend the meeting and to vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 9 am on Monday 27 February 2006 shall be disregarded in determining the rights of any person to attend and/or vote at the meeting.

4. Brief biographies of the Directors are set out on page 58.

5. The Directors have no present intention of exercising the authority to allot relevant securities pursuant to resolution 8. As at 10 November 2005 and at the date of this notice, the Company does not hold any shares in treasury.

6. The directors have no present intention of exercising the authority to make purchases of the Company's shares pursuant to resolution 11. If exercised the shares would be held in treasury. If granted, the authority would only be exercised if it was expected that an improvement in earnings per share would result and that the purchase would be in the best interests of shareholders generally. As at 10 November 2005 the latest practicable date prior to publication of this notice there were outstanding options to subscribe for a total of 11,752,537 ordinary shares of 1p each in the Company. These options represent 5.9% of the Company's issued share capital as at 10 November 2005. if the authority under resolution 11 to make market purchases is granted and then exercised in full, the options would represent 6.6% of the Company's issued share capital as at 10 November 2005.

Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 28 February 2006 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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