

Annual Report and Accounts

For the Year Ending September 2004



Brewin Dolphin Holdings PLC

The Brewin Dolphin Group

- Total income £121million (2003 : £101 million)
- Discretionary funds were £5.6 billion at 24 September 2004 (2003 : £4.9 billion)
- Profit before tax and goodwill amortisation £16.1 million (2003 : £4.4 million)
- Profit before tax but after goodwill amortisation £11.3 million (2003 : £0.1 million)
- Diluted earnings per share before goodwill amortisation 5.6p (2003 : 1.4p). Basic earnings per share before goodwill amortisation 5.7p (2003 : 1.5p). Diluted earnings per share after goodwill amortisation 3.4p (2003 : (0.5p)). Basic earnings per share 3.5p (2003 : (0.5p))
- Total dividend 3.5p (2003 : 2.0p) per share

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Directors, Secretary and Officers

Directors

Professor Sir Frederick Holliday, CBE, DSc, FRSE (i)
 John Peirs Hall
 Robin Alec Bayford, FCA
 William Nicholas Hood, CBE (i)
 Vikram Lall, CA (iii)
 Christopher David Legge
 Jamie Graham Matheson
 Ian Benjamin Speke
 Simon Jonathan Henry Still
 Michael John Ross Williams
 Francis Edward (Jock) Worsley, OBE, FCA (i) (ii)

- i. Independent, non-executive Director and member of the audit, nomination and remuneration committees
- ii. Appointed a non-executive Director on 1 October 2003
- iii. Became a non-executive Director on 30 November 2003

Chairman
Chief Executive
Finance Director
Senior Independent Director

Secretary

Angela Wright, ACCA

Registered Office

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 London EC1A 9BD
 Telephone 020 7248 4400
 Registered in England and Wales number 2685806

Web Sites

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

Officers and Advisors

Registrars

Lloyds TSB Registrars
 The Causeway
 Worthing
 West Sussex BN99 6DA

Solicitors

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

Principal Bankers

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

Auditors

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

Stockbrokers

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

Chairman's Statement

Twelve months ago I expressed a cautious optimism for the coming year. That proved well founded; stock markets worldwide have provided a more stable background which has enabled investors and their advisors to take a measured view of their strategies.

Whilst UK Indices have shown a useful if not spectacular improvement during the course of our financial year there have been huge sectorial variations. Many major companies have struggled to come to terms with the low inflationary environment and intense competition, especially in the consumer sectors.

The situation in Iraq has been only one of the reasons for the spiralling oil price which is impacting significantly on many companies as well as restraining economic growth. It has of course benefited the oil sector which is a very significant part of the London market.

The more extreme forecasts for interest rates have been scaled back as four increases to 4.75% have dampened down housing market euphoria. As always, interest rate increases take time to have their impact and the danger is overkill. Hopefully we are now at, or close to, the top of the current interest rate cycle.

Although not apparent from Government policy it has never been more important for individuals to maximise their savings if they are to maintain a reasonable standard of living into their old age. Over the last seven

years we have gone from having one of the best funded pensions regimes in Europe to one which now gives rise to considerable concern. The abolition of ACT has extracted some £30bn. The imposition of new accounting standards forces trustees to take a short term view and switch the emphasis out of equities into bonds to the detriment of the long term. More needs to be done to encourage long term savings; tax incentives are essential to encourage this vital area.

Against this background our company has continued to make steady progress adding to our size in terms of branches, client executives, clients and funds under management. We expect this trend to continue, indeed such growth is a key element of our strategy.

I would like to thank all our staff for their commitment to our clients and to our company. With their continued efforts and enthusiasm I look forward to another satisfactory year ahead.

A handwritten signature in dark blue ink, reading 'Fred Holliday'. The signature is written in a cursive style with a horizontal line underneath the name.

Sir Fred Holliday
30 November 2004

Chief Executive's Report

It is a pleasure to be able to report a strong recovery in your company's fortunes in the year to 24 September 2004.

Group total income increased by 20% to £121m (2003 £101m) whilst profits before tax and goodwill amortisation amounted to £16.1m (2003 £4.4m). Fully diluted earnings per share, before goodwill amortisation, were 5.6p (2003 1.4p) and fully diluted earnings per share after goodwill amortisation were 3.4p (2003 0.5p).

In recognition of these results, the second interim dividend was increased to 2p (2003 1p) per share restoring the total payment to 3.5p for the year, the level paid in 2002.

Our Chairman has referred to the growth we have seen in branches, client executives, clients and funds under management and this has been most encouraging. It reflects the distinct approach we have always offered which combines the opportunity for individual fund management, supported by in-depth research within a quality controlled environment, whilst the use of model portfolios and structured products can be applied as appropriate. It is this formula, which the management has reinforced, that continues to attract high quality investment managers, their clients and new business.

A breakdown of our income and operating profits before tax and goodwill amortisation between various activities is set out in note 2 to the accounts. Total income from portfolio management, our core activity, rose during the year from £87m to £102m. This had a direct effect on the bottom line as the operating profit rose from £1.1m to £10.6m.

The encouraging results from the portfolio management activities have been achieved despite some onerous administrative responsibilities. Not least of these being sending out new Questionnaires and Agreements to all our clients, the majority of which have now been returned.

This is something all firms will have to address in the near future given the new European directives. The scope of this documentation is far more detailed than previously required and greatly increases the extent of our knowledge about our clients and their requirements, which will be of considerable value in advising them in the future. We are very grateful to our clients for their forbearance and their excellent response. The estimated cost of this exercise this year was over £1m.

One of the outcomes of this exercise has been for us to look closely at our clients, particularly those who are advisory who have not in the past paid an annual fee and been relatively inactive. The result is reflected in the figures for our funds under management as the total funds under advice remains at £9.3bn the same value as last year, but all are now paying fees. Good growth was seen in the discretionary funds under management, which rose to £5.6bn from £4.9bn a year previously, an increase of 14.3% compared to an increase of 10.1% in the FTSE 100 Index. There is a further £1.3bn stock held in our nominee through Stocktrade, our 'Execution Only' Division. The total value of funds in our custody for clients is £12.3bn, with a further £4.6bn held on our valuation system.

The sheer volume of new regulation and directives coming through from Brussels is a concern and is putting strains on the Financial Services sector both in terms of time and cost. One fears the UK's propensity to gold plate any European directive without any cost/benefit analysis. We will continue to lobby for the introduction of effective EU regulation, which is in the interests of investors and which does not increase the costs to them or have the effect of limiting the options and services, which can be offered. The impact of much of the regulation being debated can be expected in 2006/7.

Our Chairman referred in general terms to the pensions crisis, which has built up in the UK. We have taken action on our own staff Retirement Benefit Scheme which from

Chief Executive's Report

April 2004 was closed to new members and also to employees under the age of 55. During the year this scheme's assets increased from £25m to £29m, however the net deficit after tax remains at £9m after an actuarial increase in the assumed rate of inflation. It is our current intention to pay this deficit off over the next ten years and welcome the realistic approach taken by the Financial Services Authority to the impact of this liability on capital requirements for up to three years.

In 2002, an exceptional provision of £2.5m was established in relation to split capital trusts. During the past two years this provision has been utilised to meet costs and claims. It will be seen from the accounts that the Directors believe no further provision of this type needs to be made. The setting up of a fund under the auspices of the Financial Services Authority for the benefit of those who lost money in Zero Dividend Preference Shares is under close consideration. The Directors believe such a fund would be in the best interests of our clients and shareholders. The Board is also of the opinion that whilst any exceptional ex gratia contribution it might agree is likely to be material in the context of the Group's profit and loss account for the year ended 2005, it would not be material in relation to the Group's total assets, the capital adequacy margin would remain well above the regulatory requirement.

Our corporate finance and institutional arm increased income from £9.2m to £12.9m and operating profit to £2m from £1.6m. We have taken the decision to develop this division and have plans to expand it further in the spring. Last year's good results were achieved through the raising of capital and other activities, in the main for existing clients. However, I am glad to say that we have recently seen an encouraging improvement in the new issue market.

It is also pleasing to see that Stocktrade, our 'Execution Only' division, increased its turnover from £4.8m to £6.4m and recorded an operating profit of some £400,000 against

a marginal loss last year. Stocktrade has specialised in providing execution-only dealing services to SIPP administrators, one of the fastest growing areas in the financial services sector and to companies operating savings schemes on behalf of their employees. The division provides share dealing services to 30 FTSE 100 companies and to 79 other PLCs.

Following a review of accounting policies in accordance with best practice, the Directors have decided to revalue the Group's holding in Euroclear Plc. This has had a beneficial effect. Previously shown at cost, the valuation of £7.5m was supported by an independent firm of accountants not connected with our audit, who reviewed the methodology used. The holding arises from investments in CRESTCo Ltd., which was taken over by Euroclear Plc in 2002.

Over the last three years there has been some comment that equities were no longer the place for private investors' savings. We never believed this and are much encouraged by the renewed strength of equity markets this autumn. This is especially so as the residential property market has weakened over the same period. Given the relatives to their long term valuations, equities do look the better value and we expect them to outperform residential property and bonds in the coming year.

This year's results have only been achieved as a result of a great deal of hard work and I would like to add my thanks to those of Sir Fred to all the members of our staff. Their support, but most of all their attention to our clients' needs, is all important.



John Hall

30 November 2004

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

2004 saw reasonable markets with income up 20% and profit on ordinary activities before goodwill amortisation up by 3.7 times to levels not seen since 2001.

Dividend

The improvement in profitability enabled the Board to restore the dividend paid in the year to the 3.5p level of two years ago (2003 2.0p).

Cash Flow and Capital Expenditure

2004 saw a £24m cash inflow (2003 £6m outflow), this can partly be explained by a reversal of timing differences over the 2003 year end, but more importantly by the incidence of profit share which will not be paid out until December 2004.

Capital expenditure was up on 2003 at £2.6m from £1.8m, but the cash costs of acquisitions fell by a similar sum from £1.1 million to £0.4 million.

Capital Structure, Treasury Policy and Capital Requirement

At 24 September 2004 the Group had net assets excluding goodwill of £47m, representing the Group's capital for regulatory purposes. These net assets were largely represented by net cash of £50m at the year end, including £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 capital requirement that the Financial Services Authority looks to is based on a quarter of a year's expenditure plus an addition for counterparty and other risks. It is anticipated that after any payment made in relation to the splits settlement outlined in note 17 to the accounts,

the adoption of the full reporting requirements of IAS 19 in relation to pensions in October 2005 and other international accounting standards this surplus, ignoring profits made in 2005, will remain well above the regulatory requirement, after taking advantage of the transitional provisions set out in the FSA's consultative paper covering IAS 19 and capital adequacy dated 29 October 2004.

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 basis, see note 22 to the accounts for further details.

International Financial Reporting Accounting Standards

A working party is assessing the impact of International Financial Reporting Standards which will require the Group to make changes to its accounting policies commencing 1 October 2005.

Going Concern

After making appropriate enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Company and the Group has 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 2004

Directors' Report

The Directors present their report and the audited accounts for the 52 week period ended 24 September 2004. The comparative figures are for the 52 week period to 26 September 2003.

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 5.

Results and Dividend

The results of the Group are set out in detail on page 20. The Group paid two interim dividends during the year, as detailed in note 8 to the accounts. It is the Directors' intention to maintain a similar dividend pattern in the year 2004/2005. 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 3. Biographies of the Directors are given on page 47.

Directors' Interests In Shares And Substantial Shareholdings

The interests of the Directors in the shares of the Company are set out on page 46 and in the Directors' Remuneration Report on pages 12 to 17. The interests of substantial shareholders are set out on page 46.

Political And Charitable Donations

The Group made no political donations during the period (2003 £nil). Charitable donations of £28,000 (2003 £15,000) were made.

Annual General Meeting

Notice of the Annual General Meeting is set out on pages 49 to 51. 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

Employees 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 30% of the Group.

Employees are kept informed of key issues affecting them by intranet and quarterly Group meetings around the country, which include question and answer sessions. Management accounts are widely distributed and there are annual staff assessments.

It is the policy of the Group to give fair and full consideration to applications for employment from disabled people. For the purposes of training, career development and promotion, disabled employees are treated in the same way as other employees.

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 2004 and 2003.

Environmental And Ethical Matters

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.

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. The operations director 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 to obtain 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 2004

Corporate Governance

The Directors are committed to a high standard of corporate governance and to compliance with the best practice provisions of the Hampel Combined Code on corporate governance. This statement explains how the Group has applied the principles of good governance contained in Section 1 of the Hampel Combined Code on corporate governance. The Directors also believe that the Group has substantially applied the principles of the new Combined Code published in July 2003 by the Financial Reporting Council for the period ended 24 September 2004. The Group will make any further adjustments to its governance framework as may be necessary during the course of the year.

The Board

The Board has eleven members, comprising seven executive Directors and four non-executive Directors including the Chairman. There is a clear division of responsibility between the Chairman and the Chief Executive, which ensures that there is a balance of power and authority. All the non-executive Directors are regarded as independent save for Mr Lall who was an executive director until December 2003. Biographies of all the Directors are presented on page 47. One third of the Board is re-elected each year.

The Board met thirteen times during the course of the year and there was one training day, all meetings were attended by all Directors save that Messrs Williams and Hood missed one board meeting. Mr Worsley missed two meetings due to dates being set prior to his joining the board.

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 2004 this was on compliance. Executive members of the Board have to date been appointed from within the Group and have served on the Brewin Dolphin Securities Board prior to appointment.

The Board has three standing committees: the Nominations Committee, the Audit Committee and the Remuneration Committee. These committees have written terms of reference, which were last reviewed in September

2003 and approved by the Board. The independent non-executive Directors are the members of all the committees. The Chief Executive, by invitation, attends the Nomination Committee and Remuneration Committee for part of their deliberations. This committee met once in the year and was fully attended by all members.

The Finance Director, Compliance Officer, Head of Internal Audit and the Company Secretary similarly attend part of the Audit Committee. The Audit Committee receives reports from both the internal and external auditors twice a year, reviews the annual internal audit work plan once a year and is able to call on other professional advisers, when necessary, to carry out special projects.

The external auditors attend all meetings of the Audit Committee and meet privately at least twice a year with the committee members without senior management being present. One member of the Audit Committee has recent relevant financial experience. During the period under review the Committee met twice and was fully attended by all its members.

The Chairman of the Audit Committee and Nomination Committee is Sir Fred Holliday; Mr Nicholas Hood is Chairman of the Remuneration Committee.

Board Evaluation

The Board has conducted a formal evaluation of its performance in 2003/4 with each director expressing his views to the Chairman and the Chairman reporting these results to the Board. The Nomination Committee is currently reviewing succession planning. New appointments to the Board are made after full and transparent consultation carried out by the head of the Nomination Committee.

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

Corporate Governance

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 2004 relates mainly to the costs of an income tax and dividend audit carried out at the request of the United States Tax Authorities and covered a number of years.

Another major accountancy firm now carries out tax advisory and similar work, which in the past would have been carried out by the auditors. The auditors were changed in 2001. It is the Board's policy to formally review 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 Operations Director, the Group Compliance officer, Head of Internal Audit and two further compliance personnel. This committee meets weekly and reports are made to the main Board at each of its meetings.

In addition to normal internal audit and compliance department reviews, our business is subject to inspections by the Financial Services Authority. The results of these visits are reported to the Board and any recommendations made are promptly reviewed and necessary action taken.

In addition to financial risk the Board considers reputational risk, portfolio performance and the added risk of taking on new teams and business streams. The level of complaints are 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 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 Hampel Combined Code throughout the period ended 24 September 2004.

30 November 2004

Directors' Remuneration Report

The members of the Remuneration Committee are:

William Nicholas Hood, CBE (Chairman)

Professor Sir Fred Holliday, CBE, DSc, FRSE

Francis Edward (Jock) Worsley, OBE, FCA (appointed 29 October 2003)

The Remuneration Committee consists solely of independent non-executive Directors. None of the Committee 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 attends part of the meetings of the Committee, but not when his own remuneration is discussed. The Finance Director provides factual and statistical information to the Committee, which in turn can call for external assistance.

Policy on Remuneration of Executive Directors

The remuneration of 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 number 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 on page 15 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.

Other Remuneration and Options (Audited)

The directors' options under the Group approved share save scheme are set out on page 16. As a SAYE share save scheme there are no performance criteria for these options.

Directors' Remuneration Report

Mr Hall and Mr Bayford both have substantial shareholdings in the Group of 3,358,932 ordinary shares and 779,441 respectively. These shares were purchased at the time of the original management buy out. Other than options awarded under the Group SAYE scheme, no other profit participation or share incentive has been awarded to them as it is felt that their existing shareholding already aligns their interest with that of shareholders.

Mr Still did not join the Group until 2001 and his shareholding is currently only 4,330 fully paid ordinary shares. He has been awarded 21,582 approved options exercisable at 139p between June 2006 and June 2011 (nil current value) and 100,000 options under the unapproved Group option scheme exercisable at 33.5p (value at period end £43,000). There has been no movement in his holding of these options in the period; they can be exercised between March 2008 and March 2013. The approved and unapproved options have to be held for five years from grant, and the Director exercising the option must remain an employee. In addition the following performance criteria have to be met:

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.

This criteria is one which supports the Group's drive to improve the quality of earnings. The maximum value of options, which can be awarded under the approved schemes, is £30,000 per employee. This limit is also applied to the unapproved scheme.

To enable Mr Still to build up a long term holding in the Company's shares, in line with the other executive Directors, in December 2003 Mr Still subscribed for 60,733 nil paid shares at 82.3p (£3,000 net liability at year end) under the Senior Employee Matched Purchase Scheme. The purchase price of these shares will be due and payable on the earliest of the exercise of the matching option; Mr Still wishing to sell these shares; or ceasing to be employed by the Group; or December 2010.

Under the scheme rules the shares were matched by 60,733 options at similar price (nil value at year end). The nil paid shares have to be fully paid up prior to exercise of the options and there is an attached performance condition that requires the average growth in earnings per share to exceed 4% per annum above the increase in retail prices index in each of the four financial years following grant up to the first date on which the Matching Option can be exercised. In the event that the Purchased Shares are not paid in full by Mr Still on or prior to the fourth anniversary of the date of grant of the Matching Option, then the Performance Condition will need to be satisfied over any financial years following the fourth anniversary of the grant of the Matching Option up to the date of exercise of the Matching Option. The maximum value of options which can be awarded under this scheme is £50,000 per annum per individual.

Of the executive Directors remunerated by reference to their team profitability Mr Legge and Mr Williams both have substantial shareholdings in the Group of 2,567,948 and 1,452,153 ordinary shares respectively. These shares were largely purchased at the time of the original management buy out.

Directors' Remuneration Report

Mr J.G. Matheson has 460,029 ordinary shares gained largely as a result of the purchase by the Group of a Company partly owned by him in 1996.

Mr I.B. Speke has 432,622 shares partly purchased by him and partly arising from the purchase of Wise Speke. He also 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 between June 2005 and June 2010 with the same performance criteria as set out above for such options. There has been no movement in his holdings of these options in the period.

Mr I.B. Speke and Mr J.G. 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.

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

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 24 September 2004 and 26 September 2003.

Directors' Remuneration Report

Non-executive Directors' Remuneration

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

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.

The movement in executive Directors' remuneration in 2004 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 2004 £000's	Total 2003 £000's
Executives								
remunerated on the results of the Group								
J.P. Hall	163	2	75	85	325	32	357	253
R.A. Bayford	129	2	88	25	244	24	268	183
S.J.H. Still	126	2	90	–	218	6	224	183
remunerated on their own profit centres								
results								
C.D. Legge	99	2	88	–	189	52	241	241
J.G. Matheson	93	2	89	–	184	30	214	136
I.B. Speke	82	2	136	–	220	22	242	144
M.J.R. Williams	104	2	102	56	264	24	288	240
Non-Executives								
Sir Fred Holliday	50	–	–	–	50	–	50	40
Nick Hood	26	–	–	–	26	–	26	26
Vikram Lall	36	1	–	–	37	8	45	313
Sir David Rowe-Ham (retired 26/2/03)	–	–	–	–	–	–	–	53
Jock Worsley	25	–	–	–	25	–	25	–
Total	933	15	668	166	1,782	198	1,980	1,812
Total 2003	962	16	425	216	1,619	193	1,812	

Directors' Remuneration Report

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 24 September 2004*	Increase in accrued pension in period*	Transfer value of accrued pension at 24 September 2004	Transfer value of accrued pension entitlement at 26 September 2003	Change in transfer value over year less members contributions made	Transfer value of increase in accrued pension entitlement at 24 September 2004 less members contributions**
	£000's	£000's	£000's	£000's	£000's	£000's
J.P. Hall	9	1	123	104	17	7
R.A. Bayford	3	1	24	19	4	2
C.D. Legge	9	1	103	87	14	6
V. Lall	6	1	61	49	9	4
J.G. Matheson	4	1	31	25	5	1
S.J.H. Still	2	1	14	11	3	2
I.B. Speke	3	1	25	19	4	2
M.J.R. Williams	9	1	83	70	11	4

* including and excluding inflation

** excluding inflation

Share Save Options Granted under the SAYE Scheme

(Audited)

	December 2003 @ 66.4p, exercisable up to June 2006	December 2002 @ 30p, exercisable up to June 2007	June 2000 @ 134p, exercisable up to December 2007	June 1998 @ 56.3p, exercisable up to January 2004 all exercised in November, December 2003
J.P. Hall	2,611	–	1,611	23,232
R.A. Bayford	2,611	3,654	–	–
C.D. Legge	–	–	1,755	23,232
V. Lall	–	–	–	18,543
J.G. Matheson	2,611	1,752	–	23,232
S.J.H. Still	2,611	–	–	–
I.B. Speke	–	7,665	–	–
M.J.R. Williams	–	–	–	23,232

The December 2003 options were granted during the year. The December 2002 options were held at the start and end of the year. Mr Bayford and Mr Lall's June 2000 options of 925 and 2,197 respectively lapsed during the year. The other options shown above were held throughout the year. All the June 1998 options shown above were held at the beginning of the year and exercised during the year.

Directors, save for Mr Matheson who exercised his shares at 83p, exercised their 1998 options during the year when the price was 85p, a gain of 29p per share giving a realised or unrealised gain of between £5,000 to £7,000 each.

At 24 September 2004 the Company's share price was 77p (2003 64.5p). The highest price in the year was 109p and the lowest 58p.

Directors' Remuneration Report



Performance Graph

The Graph opposite 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.

Information Subject to Audit

The information on pages 12 to 17 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 2004. Notice of the AGM is on pages 49 to 51.

Nick Hood

Chairman of the Remuneration Committee
30 November 2004.

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 52 week period ended 24 September 2004, 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 review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Hampel 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.

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 24 September 2004 and of the profit of the group for the 52 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 2004

Consolidated Profit and Loss Account

for the 52 weeks to 24 September 2004 (52 weeks to 26 September 2003)

	Note	2004 52 Weeks Continuing operations Total £000's	2003 52 Weeks Continuing operations Total £000's
Turnover	1	113,007	93,533
Other operating income	1	8,397	7,512
Total Income	2	121,404	101,045
Staff costs	3	(62,252)	(55,795)
Other operating costs			
operating costs		(46,145)	(42,520)
goodwill amortisation	5	(4,839)	(4,279)
		(50,984)	(46,799)
		(113,236)	(102,594)
Operating Profit/(Loss)		8,168	(1,549)
Other interest receivable and similar income		3,148	1,694
Interest payable and similar charges	4	(42)	(70)
Profit on ordinary activities before goodwill amortisation		16,113	4,354
Goodwill amortisation	5	(4,839)	(4,279)
Profit on ordinary activities before taxation	2&5	11,274	75
Tax on profit on ordinary activities	6	(4,510)	(1,034)
Profit/(loss) on ordinary activities after taxation	7	6,764	(959)
Equity dividends	8	(6,843)	(3,825)
		(79)	(4,784)
Earnings per share			
Basic	9	3.5p	(0.5)p
Diluted	9	3.4p	(0.5)p
Excluding goodwill amortisation			
Basic	9	5.7p	1.5p
Diluted	9	5.6p	1.4p

The notes on pages 25 to 43 form an integral part of these accounts.

Consolidated Statement of Total Recognised Gains and Losses

for the 52 weeks to 24 September 2004 (52 weeks to 26 September 2003)

	2004 52 weeks £000's	2003 52 weeks £000's
Profit/(loss) on ordinary activities after taxation	6,764	(959)
Revaluation of investment in Euroclear plc (see notes 1g and 12)	7,069	–
Total recognised gains and losses for the period	13,833	(959)

The notes on pages 25 to 43 form an integral part of these accounts.

Consolidated Balance Sheet

as at 24 September 2004 (26 September 2003)

	Note	2004 £000's	2003 £000's
Fixed assets			
Intangible assets	10	38,589	40,202
Tangible assets	11	7,208	9,050
Investments	12	7,500	431
		53,297	49,683
Current assets			
Investments	13	298	374
Debtors	14	200,374	152,377
Cash at bank and in hand	15	50,701	26,526
		251,373	179,277
Creditors: amounts falling due within one year	16	(219,424)	(151,974)
Net current assets		31,949	27,303
Total assets less current liabilities		85,246	76,986
Provision for liabilities and charges	17	-	(2,606)
Net assets		85,246	74,380
Capital and reserves			
Called up share capital	18	1,955	1,915
Shares to be issued including premium	19&20	3,400	3,000
Share premium account	20	79,081	78,149
Revaluation reserve	20	7,069	-
Merger reserve	20	3,929	2,013
Profit and loss account	20	(10,188)	(10,697)
Equity shareholders' funds	20	85,246	74,380

Approved by the board of directors on 30 November 2004 and signed on its behalf by:

J.P. Hall

Directors

R.A. Bayford

The notes on pages 25 to 43 form an integral part of these accounts.

Company Balance Sheet

as at 24 September 2004 [26 September 2003]

	Note	2004 £000's	2003 £000's
Fixed assets			
Investments	12	106,334	110,761
		<u>106,334</u>	<u>110,761</u>
Current assets			
Debtors	14	3,023	663
Cash at bank and in hand		–	19
		<u>3,023</u>	<u>682</u>
Creditors: amounts falling due within one year	16	<u>(11,362)</u>	<u>(13,452)</u>
Net current liabilities		<u>(8,339)</u>	<u>(12,770)</u>
Total assets less current liabilities		<u>97,995</u>	<u>97,991</u>
Capital and reserves			
Called up share capital	18	1,955	1,915
Shares to be issued including premium	19&20	3,400	3,000
Share premium account	20	79,081	78,149
Merger reserve	20	4,214	2,298
Profit and loss account	20	9,345	12,629
Equity shareholders' funds	20	<u>97,995</u>	<u>97,991</u>

Approved by the board of directors on 30 November 2004 and signed on its behalf by:

J.P. Hall

Directors

R.A. Bayford

The notes on pages 25 to 43 form an integral part of these accounts.

Consolidated Cash Flow Statement

for the 52 weeks to 24 September 2004 (52 weeks to 26 September 2003)

	Note	2004 52 weeks £000's	2003 52 weeks £000's
Net cash inflow from operating activities (see below)		32,207	1,951
Return on investments and servicing of finance		3,106	1,624
Taxation		(4,402)	(2,425)
Capital expenditure	11	(2,600)	(1,802)
Acquisitions	10	(445)	(1,111)
Equity dividends paid	8	(4,846)	(4,772)
Inflow/(outflow) before financing		23,020	(6,535)
Financing (see below)		949	188
Increase/(decrease) in cash in the period		23,969	(6,347)

Notes to the cash flow statement

Reconciliation of operating profit/(loss) to operating cash flow

Operating profit/(loss)	8,168	(1,549)
Depreciation and amortisation	9,281	11,048
Decrease in current asset investments	76	120
(Increase)/decrease in debtors	(47,451)	6,792
Increase/(decrease) in creditors	63,952	(13,779)
Decrease in provisions	(1,819)	(681)

Net cash inflow from operating activities

32,207	1,951
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Financing

Issue of shares for cash	18	949	188
		949	188

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the period	23,969	(6,347)
Net funds at start of period	25,674	32,021
Net funds at end of period	49,643	25,674

Analysis of net funds

		2004 £000's	Cash flow £000's	2003 £000's
Firm's cash	15	38,982	24,219	14,763
Firm's overdraft	16	(1,058)	(206)	(852)
Firm's net cash		37,924	24,013	13,911
Client settlement cash	15	11,719	(44)	11,763
Net funds		49,643	23,969	25,674

The notes on pages 25 to 43 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

The following accounting policies, save for the accounting policy for certain fixed asset investments, which has been changed as explained below, 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 7 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 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 converted 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 investments which currently comprise the Group's holding of ordinary shares in Euroclear plc, are held at Directors' valuation.

In prior periods the Group's investment in ordinary shares in Euroclear plc were held at cost. However, the accounting policy has been changed as the Directors consider that the new accounting policy is more appropriate as the resulting valuation (which is considerably in excess of cost) more appropriately reflects the Group's investment in Euroclear plc.

The effect of the change in the accounting policy is to increase net assets as at 24 September 2004 by £7,069,000. This change in accounting policy has no effect on the net assets of the Group as at 26 September 2003 as the shares were not valued in excess of cost at that date, nor on the profit and loss account of the Group for either the current or prior period. Further details are provided in note 12.

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 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.

Notes to the Accounts

1. Accounting Policies (continued)

(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.

2. Total Income and Profit before Tax

	2004 52 weeks		2003 52 weeks	
	Total income £000's	Profit before taxation £000's	Total income £000's	Profit before taxation £000's
Discretionary portfolio management	52,593	5,477	42,636	543
Advisory portfolio management	49,523	5,090	44,377	566
Stocktrade (execution only)	6,373	414	4,819	(40)
Corporate finance and institutional	12,915	2,026	9,213	1,661
Operating profit before tax and goodwill amortisation		13,007		2,730
Interest		3,106		1,624
Profit before tax and goodwill amortisation		16,113		4,354
Goodwill amortisation		(4,839)		(4,279)
	121,404	11,274	101,045	75

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.

Notes to the Accounts

3. Directors, Employees and Related Party Transactions

	2004 52 weeks No.	2003 52 weeks No.
The average number of persons, including Directors, employed by the Group	1,238	1,231
	£000's	£000's
The aggregate payroll costs were as follows:		
Wages and salaries	50,546	46,793
Social security costs	5,333	4,288
Other pension costs	6,373	4,714
	62,252	55,795

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.

4. Interest Payable and Similar Charges

Bank overdrafts	42	70
	42	70

5. Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration		
Audit fees	185	185
Amounts paid in respect of non audit services	244	35
Company audit fee	5	5
Charges under operating leases:		
Land and buildings	3,186	2,817
Hire of equipment	304	447
Amortisation of intangible fixed assets	4,397	4,279
Amortisation of goodwill previously written off to reserves	442	-
	4,839	4,279
Depreciation on tangible fixed assets	4,442	6,769

Notes to the Accounts

6. Tax on Profit on Ordinary Activities

	2004 52 weeks £000's	2003 52 weeks £000's
United Kingdom corporation tax based on the taxable profit for the period at 30% (2003 30%)		
Current	5,161	2,184
Prior year	563	(534)
Overseas tax		
Current	119	73
Prior year	–	9
	<u>5,843</u>	<u>1,732</u>
Deferred – UK only	(603)	(1,053)
Prior year deferred – UK only	(730)	355
	<u><u>4,510</u></u>	<u><u>1,034</u></u>

The current tax charge for the period exceeds 30% (2003 30%) for the following reasons:

Tax on ordinary activities at the standard rate 30% (2003 30%)	3,382	23
Goodwill amortisation – disallowed proportion	943	790
Leasehold property depreciation	116	140
Deferred tax timing differences	603	1,053
Prior year tax	563	(525)
Disallowable expenses and other timing differences	236	251
	<u>5,843</u>	<u>1,732</u>

7. Profit on ordinary activities after taxation

Profit after taxation dealt with in the accounts of the Company	<u><u>3,559</u></u>	<u><u>4,637</u></u>
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Notes to the Accounts

8. Dividends

	2004 52 weeks £000's	2003 52 weeks £000's
First interim dividend paid on 6 April 2004 of 1.5p per share (2003 1.0p per share)	2,933	1,912
Second interim dividend paid on 25 October 2004 of 2.0p per share (2003 1.0p per share)	3,910	1,913
	6,843	3,825

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

9. Earnings per Share

	No. 000's	No. 000's
Basic		
Weighted average number of shares in issue in the period	194,418	191,081
Diluted		
Weighted average number of options outstanding for the period	1,580	1,177
Estimated weighted average number of shares earned under deferred consideration arrangements	3,960	5,184
Diluted weighted average number of shares in issue in the period	199,958	197,442
	£000's	£000's
Basic profit/(loss) for the period and attributable earnings	6,764	(959)
Goodwill amortisation	4,839	4,279
less tax on goodwill amortisation	(498)	(494)
Adjusted basic profit for the period and attributable earnings	11,105	2,826

Notes to the Accounts

10. Intangible Fixed Assets

Group

Goodwill	£000's
Cost:	
At 27 September 2003	52,056
Additions	2,784
At 24 September 2004	54,840
Amortisation:	
At 27 September 2003	11,854
Charge for the period	4,397
At 24 September 2004	16,251
Net book value:	
At 24 September 2004	38,589
Net book value:	
At 27 September 2003	40,202
Additions related to:	
Acquisitions in year	246
Reassessment of value of shares to be issued in relation to prior period acquisitions	2,337
Further payments re businesses acquired in previous years	201
Additions in period	2,784
Issues of shares and change in shares to be issued	(2,339)
Net cash movement shown in cash flow	445

Notes to the Accounts

11. Tangible Fixed Assets

Group	Leasehold Improvements £000's	Office Equipment £000's	Computer Equipment £000's	Total £000's
Cost:				
At 27 September 2003	3,223	4,057	30,435	37,715
Additions	176	211	2,213	2,600
Disposals	–	–	(201)	(201)
At 24 September 2004	3,399	4,268	32,447	40,114
Depreciation:				
At 27 September 2003	2,073	3,327	23,265	28,665
Charge for the period	389	399	3,654	4,442
Disposals	–	–	(201)	(201)
At 24 September 2004	2,462	3,726	26,718	32,906
Net book value:				
At 24 September 2004	937	542	5,729	7,208
Net book value:				
At 27 September 2003	1,150	730	7,170	9,050

12. Fixed Asset Investments

Group	Unlisted £000's
Other unlisted investments	
Shares at cost	
At 26 September 2003	431
At 24 September 2004	431
Shares at valuation	
At 26 September 2003	431
At 24 September 2004	7,500

This represents 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.

The Directors consider that the value of the Group's holding in Euroclear plc, as at 26 September 2003, was equal to the historical cost of £431,000.

Notes to the Accounts

12. Fixed Asset Investments (continued)

Company

Cost of investments in subsidiary undertakings:	2004 £000's	2003 £000's
At start of period	110,761	110,761
Additions	-	67
Liquidation	(4,427)	-
Dividends and other payment received from subsidiary undertakings	-	(67)
At end of period	106,334	110,761

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.

13. Current Asset Investments

	2004 £000's	2003 £000's
Group		
Book value		
Quoted on the London Stock Exchange or AIM	193	184
Unquoted	105	190
	298	374
Valuation		
Quoted at market value	193	214
Unquoted at directors' valuation	105	190
	298	404

Notes to the Accounts

14. Debtors

	2004 £000's	2003 £000's
Group		
Trade debtors	183,459	137,000
Loans	3,885	3,842
Deferred taxation (see note 17)	546	–
Other debtors	2,004	3,407
Prepayments and accrued income	10,480	8,128
	200,374	152,377

£3,876,000 (2003 £3,786,000) 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.

Company

Other debtors	6	23
Dividend receivable from subsidiary undertaking	2,400	–
Loans repayable in more than one year	617	640
	3,023	663

15. Cash

Group		
Firm's cash	38,982	14,763
Client settlement cash	11,719	11,763
	50,701	26,526

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 £746,095,000 (2003 £757,825,000).

Notes to the Accounts

16. Creditors: amounts falling due within one year

	2004 £000's	2003 £000's
Group		
Trade creditors	174,484	118,016
Bank overdrafts	1,058	852
Other creditors	4,112	5,414
Corporation tax	2,851	1,410
Other taxation	1,062	1,234
Social security	1,234	1,106
Accruals and deferred income	30,713	22,029
Dividend	3,910	1,913
	219,424	151,974
Company		
Amounts owed to Group undertakings	7,437	11,153
Other creditors	11	386
Bank overdrafts	4	–
Dividend	3,910	1,913
	11,362	13,452

17. Provision for Liabilities and Charges and Contingent Assets and Liabilities

Group

	Provision for split capital trust liabilities £000's	Deferred taxation (asset) /provision £000's	Total £000's
Balance at 27 September 2003	1,819	787	2,606
Utilised in period	(1,819)	(1,333)	(3,152)
Balance at 24 September 2004	–	(546)	(546)

Notes to the Accounts

17. Provision for Liabilities and Charges and Contingent Assets and Liabilities (continued)

Provision for split capital trust liabilities

In 2002 an exceptional provision of £2.5m was established for all costs in relation to split capital trusts. This provision was reassessed at 26 September 2003 at £1.8m. During the period the provision has been utilised to meet costs and claims. The Directors believe that, having carefully examined all claims received to date, no further provision for split capital liabilities is required. If there prove to be further liabilities, the Directors believe that these will be fully covered by insurance.

The Directors are currently 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 potential favourable financial effect is not given as the Directors consider that any such disclosure would seriously prejudice their negotiations with insurers.

The setting up of a fund, under the auspices of the Financial Services Authority, for those who have lost money in Zero Dividend Preference Shares, on an ex gratia basis, is being closely considered by a number of fund managers and brokers; the Directors believe that such a fund would be in the interest of clients, the financial services industry and shareholders.

While confidential discussions continue, it would be seriously prejudicial to the discussions for the Directors to quantify the potential contribution. Any ex gratia payment would be provided for when the decision to make payment is agreed, quantified, and approved by the Board. The Directors believe that any such contribution would not have a substantial adverse effect on the Group's capital adequacy margin which would still be comfortably above the regulatory requirement.

Deferred taxation (asset)/provision	2004 £000's	2003 £000's
Goodwill amortisation	1,622	1,928
Capital allowances	(1,143)	(974)
Other short term timing differences	(1,025)	(167)
	<u>(546)</u>	<u>787</u>

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

Notes to the Accounts

18. Called up Share Capital Group and Company

Authorised:

Ordinary shares of 1p each

Ordinary shares of 1p each

Allotted, issued and fully paid

Allotted, issued and nil paid

	2004 No.	2003 No.	2004 £000's	2003 £000's
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	195,515,610	191,499,538	1,955	1,915
Allotted, issued and nil paid	978,106	–	–	–
	196,493,716	191,499,538	1,955	1,915

Under the senior employee matching share purchase scheme 978,106 shares were issued nil paid. These must be subscribed for at 82.3p by December 2010. These shares were matched by options granted by the Company exercisable at the same price, provided performance criteria are met, based on 4% growth per annum above the movement in the retail price index.

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 2004	85p	Deferred purchase consideration	2,280,750	23	1,916	–	1,939
Various	30p to 71p	Options	1,735,322	17	–	939	956
Costs of issue			–	–	–	(7)	(7)
December 2003	82.3p nil paid	Under matching share purchase scheme	978,106	–	–	–	–
			4,994,178	40	1,916	932	2,888

The following options have been granted and remain outstanding at 24 September 2004:

	Grant date	2004 No.	2003 No.	Exercise price
Approved share option	April 1997	238,000	370,000	37.3p
Approved share option	April 1998	615,000	720,000	71.5p
Share-save scheme	June 1998	–	1,659,459	56.3p
Approved share option	January 2000	17,000	17,000	174.5p
Approved share option	June 2000	1,142,000	1,380,750	167.5p
Share-save scheme	June 2000	323,918	622,029	134p
Approved share option	June 2001	1,386,082	1,609,082	139p
Approved share option	December 2002	891,562	1,007,812	37.5p
Share-save scheme	January 2003	1,738,524	1,902,594	30p
Unapproved share option	March 2003	100,000	100,000	33.5p
Approved share option	December 2003	988,590	–	81.3p
Share-save scheme	December 2003	958,643	–	66.4p
Unapproved share option – under the employee matching share purchase scheme	December 2003	978,106	–	82.3p
Total options outstanding		9,377,425	9,388,726	

Notes to the Accounts

18. Called up Share Capital (continued)

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

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.

The 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% and 2% respectively.

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 2004 £000's	Expected value 2004 £000's	Expected value 2003 £000's
Hill Osborne	Dependent on valuation	1,646	1,000	1,000
T. A. Vivary Limited	January 2004	–	–	2,000
Kinneaton Limited	January 2005	1,000	700	–
Popes	December 2005	6,000	–	–
Other	2005-2009	16,300	1,700	–
		<u>24,946</u>	<u>3,400</u>	<u>3,000</u>

Notes to the Accounts

20. Reserves and Reconciliation of Movements in Shareholders' Funds

Group	2004 52 weeks			Revalu- ation reserve £000's	Merger reserve £000's	Share premium £000's	Shares to be issued including premium £000's	Share capital £000's	Share- holders' funds £000's	Share- holders' funds £000's
	Profit and loss account Goodwill written off £000's	Realised profit £000's	Total £000's							
At start of period	(42,555)	31,858	(10,697)	–	2,013	78,149	3,000	1,915	74,380	78,929
Issue of shares in period	–	–	–	–	1,916	932	(2,000)	40	888	235
Estimated movement in value of shares to be issued	–	–	–	–	–	–	2,400	–	2,400	–
Goodwill previously written off included in profit and loss account	588	–	588	–	–	–	–	–	588	–
Revaluation of fixed asset investment	–	–	–	7,069	–	–	–	–	7,069	–
Profit/(loss) for the period	–	6,764	6,764	–	–	–	–	–	6,764	(959)
Dividends	–	(6,843)	(6,843)	–	–	–	–	–	(6,843)	(3,825)
At end of period	(41,967)	31,779	(10,188)	7,069	3,929	79,081	3,400	1,955	85,246	74,380

Company	Profit and loss account realised profit £000's	Merger reserve £000's	2004 52 weeks			Share- holders' funds £000's	Share- holders' funds £000's
			Share premium £000's	Shares to be issued including premium £000's	Share capital £000's		
At start of period	12,629	2,298	78,149	3,000	1,915	97,991	96,944
Issue of shares in period	–	1,916	932	(2,000)	40	888	235
Estimated movement in value of shares to be issued	–	–	–	2,400	–	2,400	–
Profit for the period	3,559	–	–	–	–	3,559	4,637
Dividends	(6,843)	–	–	–	–	(6,843)	(3,825)
At end of period	9,345	4,214	79,081	3,400	1,955	97,995	97,991

Notes to the Accounts

21. Financial Commitments

At 24 September 2004 the Group had annual commitments under non-cancellable operating leases as follows:

	2004		2003	
	Land and buildings £000's	Hire of equipment £000's	Land and buildings £000's	Hire of equipment £000's
Operating leases which expire:				
Within one year	69	–	340	–
Between one and five years	2,875	304	1,524	447
After five years	241	–	1,494	–
	3,185	304	3,358	447

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 15) 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 period end was £456,000 (2003 £30,000).

The Group's trade debtors and creditors are held on a matched basis and are largely settled between 1 and 25 days. Consequently advantage has been taken 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 14). The market value of current asset investments is shown in note 13.

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:

	2004 52 weeks £000's	2003 52 weeks £000's
Defined benefit scheme – including death in service contributions	2,234	2,598
Defined contribution scheme	4,139	2,116
	6,373	4,714

Notes to the Accounts

23. Pensions (continued)

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.

The Wise Speke pension scheme was transferred into the Brewin Dolphin Scheme during the period.

A full actuarial valuation was carried out as at 30 June 2003 taking into account the above transfer and updated to 24 September 2004 by a qualified independent actuary.

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

	24 September 2004	26 September 2003	27 September 2002
	% per annum	% per annum	% per annum
Rate of increase of salaries	2.9	2.6	3.0
Rate of increase of pensions in payment and deferred pensions*	2.9	2.6	2.3
Discount rate	5.5	5.3	5.5
Inflation assumption	2.9	2.6	2.3

*Some pensions receive fixed rate increases.

Actual and expected rates of return on assets

	Long term rate of return expected at						
	24 September 2004	26 September 2003	27 September 2002	24 September 2004	26 September 2003	27 September 2002	
	%pa	%pa	%pa	£000's	£000's	£000's	
Net Pension asset							
Equities	7.7	7.7	7.5	21,517	20,469	15,404	
Bonds	5.3	5.3	5.5	3,665	3,573	3,124	
Other	4.8	5.3	5.5	4,374	1,118	605	
Total market value of assets				29,556	25,160	19,133	
Present value of scheme liabilities				(42,259)	(37,935)	(33,627)	
Deficit in the scheme				(12,703)	(12,775)	(14,494)	
Deferred taxation				3,811	3,832	4,348	
Net pension liability				(8,892)	(8,943)	(10,146)	
Profit and loss account at 24 September 2004 before deducting notional pension deficit				(10,188)	(10,697)	(5,913)	
Profit and loss account at 24 September 2004 after deducting notional pension deficit in accordance with FRS 17				(19,080)	(19,640)	(16,059)	

Notes to the Accounts

23. Pensions (continued)

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

	2004 52 weeks £000's	2003 52 weeks £000's
Current service cost	(1,747)	(2,527)
Past service cost	–	–
Gain/(loss) on settlements and curtailments	–	–
	(1,747)	(2,527)

Analysis of the amount credited to net finance charges

Expected return on pension scheme assets	1,894	1,453
Interest on pension scheme liabilities	(2,046)	(1,926)
	(152)	(473)

Analysis of the actuarial gain in the statement of total recognised gains and losses

Actual return less expected return on pension scheme assets	613	1,935
Experience gains and losses arising on the scheme liabilities	3	2,363
Changes in assumptions underlying the present value of the scheme liabilities	(917)	(1,875)
	(301)	2,423

Movement in deficit during the period

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

Notes to the Accounts

23. Pensions (continued)

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

	2004 £000's	2003 £000's	2002 £000's
Actual return less expected return on pension scheme assets	613	1,935	(5,175)
Percentage difference between the expected and actual return	2%	10%	-26%
Experience gains and losses arising on the scheme liabilities	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	(917)	(1,875)	(4,990)
	<u>(301)</u>	<u>2,423</u>	<u>(13,547)</u>
Percentage of the present value of the schemes' liabilities	-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

	2004 £000's	2003 £000's
Expenditure contracted for but not provided in these accounts	700	-
Expenditure authorised by the Directors but not contracted for	<u>3,700</u>	<u>600</u>

Five Year Record

	2004 £000's	2003 £000's	2002 £000's	2001 £000's	2000 £000's
Turnover	113,007	93,533	99,056	111,591	122,083
Other operating income	8,397	7,512	6,439	5,576	3,893
Total income	121,404	101,045	105,495	117,167	125,976
Costs	(113,236)	(102,594)	(103,185)	(105,412)	(105,048)
Operating profit/(loss)	8,168	(1,549)	2,310	11,755	20,928
Profit on fixed assets	–	–	2,206	–	–
Interest receivable	3,148	1,694	1,999	3,269	3,888
Interest payable	(42)	(70)	(124)	(298)	(607)
Profit on ordinary activities before goodwill amortisation and exceptional items	16,113	4,354	10,549	17,501	25,137
Goodwill amortisation	(4,839)	(4,279)	(3,864)	(2,775)	(928)
Exceptional items net	–	–	(294)	–	–
Profit on ordinary activities before taxation	11,274	75	6,391	14,726	24,209
Tax charge on profit on ordinary activities	(4,510)	(1,034)	(2,626)	(5,599)	(7,411)
Profit/(loss) on ordinary activities after taxation	6,764	(959)	3,765	9,127	16,798
Dividends	(6,843)	(3,825)	(6,544)	(6,354)	(5,573)
Retained (loss)/profit	(79)	(4,784)	(2,779)	2,773	11,225
Diluted earnings per share excluding goodwill amortisation and exceptional items	5.6p	1.4p	3.8p	6.1p	10.0p

Funds at 24 September 2004

	£ Billion	£ Billion
In Group's nominee or sponsored member		5.2
Stock not held in Group's nominee		0.4
Discretionary funds under management		5.6
Advisory funds under management		
In Group's nominee or sponsored member	5.8	
Other funds where valuations are carried out but where the stock is not under the Group's control	3.5	9.3
Managed funds		14.9
Execution only stock		
In Group's nominee or sponsored member		1.3
Stock not held in Group's nominee		0.7
		16.9
Stock		
In Group's nominee or sponsored member		12.3
Stock not held in Group's nominee		4.6
		16.9

Shareholders at 19 November 2004

There were no changes in directors' shareholdings between 25 September 2004 and 19 November 2004.

Allotted, issued and fully paid	Number of ordinary shares	% Voting equity prior to exercise of options	Holding at 26 September 2003
Directors			
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	15,000		15,000
V. Lall	552,347		639,997
C.D. Legge	2,567,948		3,397,387
J.G. Matheson	460,029		436,797
I.B. Speke	432,622		390,855
S.J.H. Still ***	4,330		4,330
M.J.R. Williams **	1,452,153		1,447,812
F.E. Worsley	10,000		–
	<u>9,637,002</u>	4.9%	<u>10,474,751</u>
Other members of the Group ***	<u>50,249,560</u>	25.7%	
Employee ownership	59,886,562	30.6%	
Institutions			
J.P. Morgan Fleming Asset Management	13,758,833	7.0%	
Aberforth Partners	11,157,761	5.7%	
Invesco Fund Managers Limited	9,733,559	5.0%	
Aegon Asset Management Limited	7,543,432	3.9%	
Legal & General Investment Management Limited	7,070,194	3.6%	
Schroder Investment Management Limited	6,853,832	3.5%	
BGI	6,173,291	3.2%	
Morley Fund Management Limited	5,988,193	3.1%	
Other	50,297,111	25.7%	
Private individuals	<u>17,055,211</u>	8.7%	
Total	<u>195,517,979</u>	100.0%	

* Includes 12,198 non beneficial.

** Includes 132,000 non beneficial.

*** In addition to the fully paid shares, there are 978,106 nil paid shares owned by members of the Group, of these Mr. S.J.H. Still owns 60,733 shares.

At 24 September 2004 the Company's share price was 77p (2003 64.5p). The highest price in the period was 109p and the lowest 58p.

Directors' Biographies

Brief biographies of the Directors are set out below:

Sir Fred Holliday, CBE, DSc, FRSE, FIBiol (aged 69) – Chairman

Sir Fred Holliday was appointed to the Board in July 1998. He had a distinguished academic career during which he was Vice Chancellor of Durham University 1980-1990. He is Chairman of Northumbrian Water Group and Northern Venture Capital Fund. He is a past President of the British Trust for Ornithology and of the Freshwater Biological Association. He was a director of Shell UK from 1980 to 1999, Suez Lyonnaise des Eaux 1997-2001, and Chairman of the Go-Ahead Group until October 2002.

John Peirs Hall (aged 64) – 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 and Mountview PLC.

Robin Alec Bayford, FCA (aged 55) – 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.

W Nick Hood, CBE (aged 68)

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 seven other companies and Chairman of the Bristol Cancer Help Centre.

Vikram Lall, CA (aged 57)

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 the Malcolm Group plc, Murray VCT PLC, Murray VCT2 PLC, Ramco Energy Plc and ISIS Property Trust Ltd. He is Chairman of the Scottish Industrial Development Advisory Board.

Christopher David Legge (aged 61)

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.

Directors' Biographies

Jamie Graham Matheson, FSI (aged 50)

Jamie Matheson is a Glasgow director of the Bell Lawrie White division of the Group and heads up the Group's institutional broking department. 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 is a non-executive director of Scottish Radio Holdings plc and AIM VCT2 plc. He is a past Deacon of the Bonnetmakers and Dyers of Glasgow and Ex-Precis of the Grand Antiquity Society of Glasgow.

Ian Benjamin Speke (aged 54)

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 Private Client Regional committee.

Simon Still, FInstD (aged 55)

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 a non-executive Chairman of Affinity Food Holdings Ltd and a member of the North East Industrial Development Board.

Michael John Ross Williams (aged 57)

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 63)

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 and a non-executive director of Accident Exchange Group plc.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Brewin Dolphin Holdings PLC will be held at Skinners' Hall, 8 Dowgate Hill, London EC4R 2SP on Tuesday 22 February 2005 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 24 September 2004.
2. To re-elect as a Director Mr Christopher David Legge who retires by rotation.
3. To re-elect as a Director Mr Jamie Graham Matheson who retires by rotation.
4. To re-elect as a Director Mr Ian Benjamin Speke who retires by rotation.
5. To re-elect as a Director Mr Simon Jonathan Henry Still who retires by rotation.
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 2005.
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 £654,921.45 representing 33.3% of the issued share capital of the Company as at 19 November 2004 (as at that date the Company held no treasury shares), for the period expiring on 21 February 2010 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, to 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 24 September 2004.
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 2005 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 an aggregate nominal amount of £654,921.45 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 and 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

Notice of Meeting

- (b) the allotment or sale of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount of £98,248.04 (being 5% of the issued share capital of the Company as at 19 November 2004).
- 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 19,649,609;
 - (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 an amount equal to 105% of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased;
 - (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2006 or, if earlier, on 21 May 2006, 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 2004

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 TSB 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 21 February 2005 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 21 February 2005 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 47.
5. The Directors have no present intention of exercising the authority to allot relevant securities pursuant to resolution 8.
6. The Directors have no present intention of exercising the authority to make purchases of the Company's shares pursuant to resolution 11. 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 19 November 2004 (the latest practicable date prior to publication of this notice) there were outstanding options to subscribe for a total of 9,375,056 ordinary shares of 1p each in the Company. These options represent 4.8% of the Company's issued share capital as at 10 November 2004. If the authority under resolution 11 to make market purchases is granted and then exercised in full, the options would represent 5.3% of the Company's issued share capital as at 19 November 2004.

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 22 February 2005 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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