BROOKS MACDONALD GROUP PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JULY 2018 TO 31 MARCH 2019

COMPANY NUMBER: 04402058

BROOKS MACDONALD GROUP PLC

Contents

BROOKS MACDONALD GROUP PLC

Directors and advisors

Directors

A T Carruthers	*Chairman*	*Appointed 14 March 2019*
C J Knight	*Chairman*	*Resigned 14 March 2019*
C M Connellan	*Chief Executive*	
C R Harris	*Senior Independent Director*	
J F Linwood	*Non-Executive Director*	
R S Price	*Non-Executive Director*	
D Seymour-Williams	*Non-Executive Director*	
A W Shepherd	*Deputy Chief Executive*	*Resigned 1 April 2019*
D Stewart	*Non-Executive Director*	
B L Thorpe	*Group Finance Director*	

Company Secretary

S Broomfield

Offices

East Anglia	Suite 2, Beacon House, 4 Kempson Way, Bury St. Edmunds, Suffolk, IP32 7AR
Guernsey	First Floor, Royal Chambers, St. Julians Avenue, St. Peter Port, GY1 2HH
Hampshire	The Long Barn, Dean Estate, Wickham Road, Fareham, PO17 5BN
Jersey	Liberation House, Castle Street, St. Helier, Jersey, JE2 3AT
Leamington Spa	38 Hamilton Terrace, Leamington Spa, CV32 4LY
London	72 Welbeck Street, London, W1G 0AY 6th Floor, John Stow House, 18 Bevis Marks, London, EC3A 7JB
Manchester	10th Floor, 1 Marsden Street, Manchester, M2 1HW
Scotland	10 Melville Crescent, Edinburgh, EH3 7LU
Taunton	4 Heron Gate, Hankridge Way, Taunton, TA1 2LR
Tunbridge Wells	2 Mount Ephraim Road, Tunbridge Wells, Kent, TN1 1EE
Wales	3 Ty Nant Court, Morganstown, Cardiff, CF15 8LW
York	Howard House, 3 St. Mary's Court, Blossom Street, York, YO24 1AH

Company information

Registered Office	72 Welbeck Street, London, W1G 0AY
Company Registration Number	04402058
Website	www.brooksmacdonald.com

Officers and advisers

Independent auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Principal bankers
The Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

Registrars
Link Asset Services
The Registry, 34 Beckenham Road
Beckenham
Kent
BR3 4TU

Nominated adviser and broker
Peel Hunt LLP
Moor House, 120 London Wall
London
EC2Y 5ET

Public relations
MHP Communications Limited
6-11 Agar Street
London
WC2N 4HN

BROOKS MACDONALD GROUP PLC

Statement of Comprehensive Income
For the period from 1 July 2018 to 31 March 2019

	Note	Nine months ended 31 Mar 2019 (unaudited) £'000	Year ended 30 Jun 2018 (audited) £'000
Revenue	3	23,020	15,042
Administrative costs		(2,548)	(4,364)
Other gains and losses		(5,043)	(1,109)
Operating profit	4	**15,429**	**9,569**
Finance income		9	-
Finance costs		(78)	(152)
Profit before tax		**15,360**	**9,417**
Taxation	5	100	-
Profit for the period attributable to equity holders of the Company		**15,460**	**9,417**
Other comprehensive income		-	-
Total comprehensive income for the period		**15,460**	**9,417**

BROOKS MACDONALD GROUP PLC

Statement of Financial Position
At 31 March 2019

	Note	31 Mar 2019 (unaudited) £'000	30 Jun 2018 (audited) £'000
Assets			
Non-current assets			
Intangible assets	7	1,620	1,811
Investment in subsidiaries	8	71,523	71,540
Available for sale financial assets	9	-	500
Financial assets at fair value through other comprehensive income	10	500	-
Deferred tax	5	100	-
Total non-current assets		**73,743**	**73,851**
Current assets			
Trade and other receivables	11	709	85
Financial assets at fair value through profit or loss	12	-	1,262
Cash and cash equivalents		7,686	266
Total current assets		**8,395**	**1,613**
Total assets		**82,138**	**75,464**
Liabilities			
Non-current liabilities			
Deferred consideration	13	(364)	(1,479)
Total non-current liabilities		**(364)**	**(1,479)**
Current liabilities			
Trade and other payables	14	(22,522)	(23,466)
Total current liabilities		**(22,522)**	**(23,466)**
Net assets		**59,252**	**50,519**
Equity			
Share capital	16	138	138
Share premium account	16	38,484	38,404
Share option reserve		2,705	3,192
Retained earnings		17,925	8,785
Total equity		**59,252**	**50,519**

The Company Financial Statements were approved by the Board of directors and authorised for issue on 8 April 2019, signed on their behalf by:

C M Connellan
Chief Executive

B L Thorpe
Finance Director

BROOKS MACDONALD GROUP PLC

Statement of Changes in Equity
For the period from 1 July 2018 to 31 March 2019

	Note	Share capital £'000	Share premium account £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2017		**138**	**37,101**	**5,901**	**7,078**	**50,218**
Comprehensive income						
Profit for the year		-	-	-	9,417	9,417
Total comprehensive income		**-**	**-**	**-**	**9,417**	**9,417**
Transactions with owners						
Issue of ordinary shares		-	1,303	-	-	1,303
Share-based payments		-	-	490	-	490
Share-based payments transfer		-	-	(3,199)	3,199	-
Adjustment for investment in share options of subsidiaries		-	-	-	(5,066)	(5,066)
Purchase of own shares by employee benefit trust		-	-	-	-	-
Dividends paid		-	-	-	(5,843)	(5,843)
Total transactions with owners		**-**	**1,303**	**(2,709)**	**(7,710)**	**(9,116)**
Balance at 30 June 2018		**138**	**38,404**	**3,192**	**8,785**	**50,519**
Comprehensive income						
Profit for the year		-	-	-	15,460	15,460
Total comprehensive income		**-**	**-**	**-**	**15,460**	**15,460**
Transactions with owners						
Issue of ordinary shares		-	80	-	-	80
Share-based payments		-	-	(384)	-	(384)
Share-based payments transfer		-	-	(103)	103	-
Purchase of own shares by employee benefit trust		-	-	-	(2,300)	(2,300)
Dividends paid	6	-	-	-	(4,123)	(4,123)
Total transactions with owners		**-**	**80**	**(487)**	**(6,320)**	**(6,727)**
Balance at 31 March 2019		**138**	**38,484**	**2,705**	**17,925**	**59,252**

BROOKS MACDONALD GROUP PLC

Statement of Cash Flows
For the period from 1 July 2018 to 31 March 2019

	Note	Nine months ended 31 Mar 2019 (unaudited) £'000	Year ended 30 Jun 2018 (audited) £'000
Cash flow from operating activities			
Cash generated from operations	15	20,037	17,810
Net cash generated from operating activities		**20,037**	**17,810**
Cash flows from investing activities			
Purchase of intangible assets	7	(181)	(1,836)
Investment in subsidiaries	8	(6,000)	(12,000)
Finance income		9	-
Proceeds from sale of financial assets at fair value through profit or loss	12	1,229	-
Deferred consideration paid	13	(1,251)	(1,852)
Net cash used in investing activities		**(6,194)**	**(15,688)**
Cash flows from financing activities			
Proceeds of issue of shares		-	1,303
Purchase of own shares by employee benefit trust		(2,300)	-
Dividends paid to shareholders	6	(4,123)	(5,843)
Net cash used in financing activities		**(6,423)**	**(4,540)**
Net increase / (decrease) in cash and cash equivalents		**7,420**	**(2,418)**
Cash and cash equivalents at beginning of year		266	2,684
Cash and cash equivalents at end of year		**7,686**	**266**

Notes to the Interim Financial Statements
For the period from 1 July 2018 to 31 March 2019

1. Principal accounting policies

General information

Brooks Macdonald Group plc ('the Company') is a public limited company, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and listed on AIM. The address of its registered office is 72 Welbeck Street, London, W1G 0AY.

Statement of compliance

The financial information, together with the comparative information in these Financial Statements does not constitute statutory accounts within the meaning of Chapter 7 of the Companies Act 2006.

Developments in reporting standards and interpretations

The Company's accounting policies that have been applied in preparing these Financial Statements are consistent with those disclosed in the Annual Report and Accounts for the year ended 30 June 2018, except as described below.

New accounting standards, amendments and interpretations adopted in the period

In the nine months ended 31 March 2019, the Company adopted two new standards being IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers'. The Company did not adopt any other new standards and amendments issued by the International Accounting Standards Board ('IASB') or interpretations issued by the IFRS Interpretations Committee in the nine months ended 31 March 2019.

IFRS 9 'Financial instruments'

IFRS 9 governs the accounting treatment for the classification and measurement of financial instruments and the timing and extent of credit provisioning, replacing the previously adopted IAS 39 'Financial instruments: recognition and measurement.' The standard concerns guidance for the classification and measurement of financial assets by introducing a fair value through other comprehensive income category for certain financial assets. It also contains a new impairment model which intends to result in earlier recognition of losses.

Transition

The Company has taken advantage of the exemption per paragraph 5.6.1 of IFRS 9, regarding restated comparative information for prior periods with respect to classification, measurement and impairment requirements. Where differences arise in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9, they are to be recognised in retained earnings as at 1 July 2018. Accordingly, the information presented for June 2018 will not reflect the requirements of IFRS 9 but will be presented in line with IAS 39.

Classification and measurement of financial assets and financial liabilities

IFRS 9 requires the Company to hold its financial assets and liabilities at amortised cost, fair value through profit or loss ('FVPL') or fair value through other comprehensive income ('FVOCI'). The categorisation of assets as 'held to maturity' ('HTM') and 'available for sale' ('AFS') are no longer recognised under IFRS. The classification criteria for designating financial assets between the categories under IFRS 9 require the Company to assess and document the business models under which the assets are actually managed. Consideration needs to be given to management of the asset in terms of if the asset is held for contractual cash flow, if the contractual cash flow represents solely payment of principal and interest and if the asset is held for selling purposes.

1. Principal accounting policies (continued)

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 has resulted in a change of classification on the Statement of Financial Position, however has not changed the Statement of Comprehensive Income or Statement of Cash Flows.

The following table summarises the original measurement categories under the previously adopted IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each of the Company's financial assets at 1 July 2018.

Financial asset	**Previous IAS 39 classification**	**Previous IAS 39 carrying amount**	**New IFRS 9 classification**	**New IFRS 9 carrying amount**
Unlisted redeemable preference shares	AFS	£500,000	**FVOCI**	**£500,000**
Trade & other receivables	Loans and receivables	£85,000	**Amortised cost**	**£85,000**
Financial assets at FVPL	FVPL	£1,262,000	**FVPL**	**£1,262,000**
Cash and cash equivalents	Amortised cost	£266,000	**Amortised cost**	**£266,000**
Total financial assets		**£2,113,000**		**£2,113,000**

The basis of classification for financial liabilities under IFRS 9 remains unchanged from IAS 39. There remains two categories being amortised cost or FVPL. The Company has assessed its financial liabilities at 1 July 2018 and concluded that no change in classification is required. Therefore there has been no impact on the Statement of Financial Position, Statement of Comprehensive Income or Statement of Cash Flows as a result of IFRS 9 in relation to financial liabilities.

Impairment of financial assets

Under IFRS 9, an expected credit loss ('ECL') model is used to measure the impairment of financial assets. Under an ECL model a credit loss provision is recognised once a loss is expected to arise, instead of when it occurs as previously required under IAS 39. The objective of the impairment requirements is to recognise lifetime expected credit losses for all financial instruments, considering all reasonable information, including that which is forward looking. The Company applies the simplified lifetime expected credit loss model. This requires an assessment of the total amount of credit losses expected over the lifetime of the asset and is performed on an asset by asset basis. As a result, the Company has determined that the initial application of IFRS 9's impairment requirements at 1 July 2018 results in no additional impairment provision.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 governs the accounting treatment of revenue recognition from contracts with customers which replaces the existing IFRS revenue guidance adopted previously, in particular IAS 18 'Revenue'. IFRS 15 creates a single model for revenue recognition from contracts with customers and aims to provide greater consistency and comparability across industries by linking revenue to the fulfilment of identified performance obligations that are detailed in the customer contract. The core principle underlying the new recognition is that an entity should recognise revenue in a manner that depicts the pattern of transfer of goods and services to customers. It also requires that the incremental cost of obtaining a customer contract should be capitalised if that cost is expected to be recovered.

1. Principal accounting policies (continued)

Transition

The Company has taken advantage of the exemption per Appendix C of IFRS 15 regarding restated comparative information for prior periods with respect to revenue recognition. Where differences arise resulting from the adoption of IFRS 15, they are to be recognised in retained earnings as at 1 July 2018. Accordingly, the comparative information presented for June 2018 will not reflect the requirements of IFRS 15 but will be presented in line with previous revenue recognition from contracts with customers.

Impact of IFRS 15 on the Financial Statements for nine months ended 31 March 2019

The Company has reviewed IFRS 15 and its impact on its existing revenue streams, as well as on its policy of capitalising the cost of obtaining customer contracts. As described below, the adoption of IFRS 15 has not had a significant impact on the Company's revenue recognition accounting policy.

Dividend income

Revenue earned by the Company relates to dividend income earned from the Company's subsidiary undertakings. The dividend income is recognised once the right to receive payment is established, therefore IFRS 15 has no impact on the revenue of the Company.

Costs of obtaining or fulfilling a contract

Under IFRS 15 the scope requirements for recognising an asset in relation to costs of obtaining or fulfilling a contract are broader such that costs to obtain any contract with a customer should be capitalised if those costs are incremental and the Company expects to recover them. Amortisation should then be charged on a basis that is consistent with the transfer to the customer of the services to which the capitalised costs relate. The Company has not acquired any contracts, therefore IFRS 15 has no impact on the costs of obtaining or fulfilling a contract of the Company.

a) Basis of preparation

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of investments such that they are measured at their fair value.

At the time of approving the Financial Statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

b) Intangible assets

Amortisation of intangible assets is charged to administrative expenses in the Statement of Comprehensive Income on a straight line basis over the estimated useful lives of the assets.

Computer software

Costs incurred on internally developed computer software are initially recognised at cost and when the software is available for use, the costs are amortised on a straight line basis over an estimated useful life of four years. Initial research costs and planning prior to a decision to proceed with development of software are recognised in the Statement of Comprehensive Income when incurred.

Notes to the Interim Financial Statements (continued)
For the period from 1 July 2018 to 31 March 2019

1. Principal accounting policies (continued)

c) Investments in subsidiary companies

Where the Company has investments in subsidiary companies; whereby one entity (the "subsidiary") is controlled by another entity (the "parent"), the investments are stated at cost less, where appropriate, provision for impairment. The carrying values of investments in subsidiary companies are reviewed annually to determine whether any indicator of impairment exists. Any impairment is recognised immediately in the Statement of Comprehensive Income and is not subsequently reversed.

d) Revenue

Revenue relates to dividend income earned from subsidiary undertakings. Dividend income is recognised when the right to receive payment is established.

e) Retirement benefit costs

Contributions in respect of the Company's defined contribution pension scheme are recognised in the Statement of Comprehensive Income as they fall due.

f) Employee Benefit Trust

Where the Company holds its own equity shares through an Employee Benefit Trust these shares are shown as a reduction in shareholders' equity. Any consideration paid or received for the purchase or sale of these shares is shown as a reduction in the reconciliation of movements in shareholders' funds. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of these shares.

2. Critical accounting judgements and key sources of estimation and uncertainty

The critical accounting judgement and key source of estimation and uncertainty arise from the calculation and valuation of deferred consideration in relation to the Company's acquisition of Levitas Investment Management Services Limited in July 2014. Deferred consideration is recognised at its fair value, being an estimate of the amount that will ultimately be payable in future periods. This has been calculated allowing for estimated growth in the acquired funds, discounted by the estimated interest rate.

3. Revenue

	Nine months ended 31 Mar 2019 (unaudited) £'000	Year ended 30 Jun 2018 (audited) £'000
Dividends	23,020	15,042
Total revenue	**23,020**	**15,042**

BROOKS MACDONALD GROUP PLC

Notes to the Interim Financial Statements (continued)
For the period from 1 July 2018 to 31 March 2019

4. Operating Profit

This is stated after charging:

	Nine months ended 31 Mar 2019 (unaudited) £'000	Year ended 30 Jun 2018 (audited) £'000
Staff Costs		
Wages & salaries	1,551	2,362
Social security costs	217	553
Other pension costs	7	45
Share-based payments	205	490
Total Staff Costs	**1,980**	**3,450**

5. Taxation

	Nine months ended 31 Mar 2019 (unaudited) £'000	Year ended 30 Jun 2018 (audited) £'000
The tax on the profit on before taxation for the year was as follows:		
UK corporation tax at 19.00% (2018: 19.00%)	-	-
Total current tax	-	-
Deferred taxation credit	(100)	-
Income tax credit	**(100)**	**-**

	Nine months ended 31 Mar 2019 (unaudited) £'000	Year ended 30 Jun 2018 (audited) £'000
Factors affecting charge for the year		
Profit before taxation	15,360	9,417
Profit before taxation multiplied by the standard rate of tax in the UK of 19.00% (2018: 19.00%)	2,918	1,789
Tax effect of:		
– Adjustments to trade and Group relief	(2,918)	(1,789)
– Impact of share-based payments	(100)	-
Total income tax credit	**(100)**	**-**

The deferred taxation credit of £100,000 (2018: nil) represents a charge arising out of the cost of share-based payments at the Statement of Financial Position date.

On 1 April 2017, the standard rate of Corporation Tax in the UK was reduced to 19.00%. As a result the effective rate of Corporation Tax applied to the taxable profit for the nine months ended 31 March 2019 is 19.00% (2018:19.00%). In addition to the change in the rate of UK Corporation Tax disclosed above, the Finance (No.2) Act 2015, which was substantively enacted in October 2015, will further reduce the main rate to 17.00% in 2020. These changes have been incorporated into deferred tax balances.

Notes to the Interim Financial Statements (continued)
For the period from 1 July 2018 to 31 March 2019

6. Dividends

	Nine months ended 31 Mar 2019 (unaudited) £'000	Year ended 30 Jun 2018 (audited) £'000
Final dividend paid on ordinary shares	4,123	3,524
Interim dividend paid on ordinary shares	-	2,319
Total dividends	**4,123**	**5,843**

An interim dividend of 19.0p (2018: 17.0p) per share was declared by the Board of Directors on 13 March 2019. It will be paid on 23 April 2019 to shareholders who are on the register at the close of business on 22 March 2019. In accordance with IAS 10, this dividend has not been included as a liability in the Financial Statements at 31 March 2019.

A final dividend for the year ended 30 June 2018 of 30.0p per share was paid on 2 November 2018.

7. Intangible assets

	Software £'000
Cost	
At 1 July 2017	-
Additions	1,836
At 30 June 2018	**1,836**
Additions	181
At 31 March 2019	**2,017**
Accumulated amortisation	
At 1 July 2017	-
Amortisation charge	25
At 30 June 2018	**25**
Amortisation charge	372
At 31 March 2019	**397**
Net book value	
At 1 July 2017	-
At 30 June 2018	1,811
At 31 March 2019	**1,620**

During the period, the Company incurred costs on internally developed computer software which are initially recognised at cost and when the software is available for use, the costs are amortised on a straight line basis over an estimated useful life of four years.

8. Investment in subsidiaries and related undertakings

	Group undertakings £'000
Net book value	
At 1 July 2017	64,646
Additions:	
– Investment in subsidiaries	12,000
– Capital contribution relating to share-based payments	(5,106)
At 30 June 2018	71,540
Additions:	
– Investment in subsidiaries	6,000
– Capital contribution relating to share-based payments	(588)
– Impairment of subsidiary	(5,429)
At 31 March 2019	**71,523**

During the nine months period ended 31 March 2019, the Company invested £6,000,000 in the ordinary share capital of Brooks Macdonald Financial Consulting Limited. The capital contribution relating to share-based payments reflects the share options granted by the Company to employees of its subsidiary undertakings.

During the year ended 30 June 2018, the Company invested £11,000,000 in the ordinary share capital of Brooks Macdonald Asset Management (International) Limited and £1,000,000 in the ordinary share capital of Brooks Macdonald Retirement Services (International) Limited.

Details of the Company's subsidiary undertakings at 31 March 2019, all of which were 100% owned and included under investments in the Statement of Financial Position, are provided below:

Company	Type of shares and par value	Country of incorporation	Nature of business
Braemar Company Limited	Ordinary 1p	UK	Investment management
Brooks Macdonald Asset Management Limited	Ordinary £1	UK	Investment management
Brooks Macdonald Asset Management (International) Limited	Ordinary 1p & Preference £1	Channel Islands	Investment management
Brooks Macdonald Financial Consulting Limited	Ordinary 5p	UK	Financial planning
Brooks Macdonald Funds Limited	Ordinary £1	UK	Fund management
Brooks Macdonald Nominees Limited	Ordinary £1	UK	Non-trading
Brooks Macdonald Retirement Services (International) Limited	Ordinary £1	Channel Islands	Retirement planning
Levitas Investment Management Services Limited	Ordinary £1	UK	Fund sponsorship
Secure Nominees Limited	Ordinary £1	Channel Islands	Non-trading

The registered office for all subsidiaries is 72 Welbeck Street, London, W1G 0AY except for the following:

Company	Registered office
Brooks Macdonald Asset Management (International) Limited	First Floor, Royal Chambers, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 2HH
Brooks Macdonald Retirement Services (International) Limited	First Floor, Liberation House, Castle Street, St. Helier, Jersey, JE2 3AT
Secure Nominees Limited	First Floor, Royal Chambers, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 2HH

9. Available for sale financial assets

	31 Mar 2019 (unaudited) £'000	30 Jun 2018 (audited) £'000
At 30 June 2018	500	-
IFRS 9 reclassification to FVOCI	(500)	-
At beginning of period	-	500
Additions	-	-
At end of period	**-**	**500**

The Company adopted IFRS 9 'Financial instruments' on 1 July 2018 resulting in the available for sale financial assets category being no longer available. As a result, the available for sale assets were reclassified to fair value through other comprehensive income (note 10). For further details on the adoption and impact to the Financial Statements, please see note 1.

10. Financial assets at fair value through other comprehensive income

	31 Mar 2019 (unaudited) £'000
IFRS 9 reclassification from AFS (note 9)	500
At end of period	**500**

At 31 March 2019, the Company held an investment of 500,000 redeemable £1 preference shares in an unlisted company incorporated in the UK. The preference shares carry an entitlement to a fixed preferential dividend at a rate of eight per cent per annum.

11. Trade and other receivables

	31 Mar 2019 (unaudited) £'000	30 Jun 2018 (audited) £'000
Amounts owed by subsidiary undertakings	670	9
Prepayments and accrued income	38	76
Total trade and other receivables	**709**	**85**

Amounts owed by subsidiary companies are unsecured, interest-free and repayable on demand.

12. Financial assets at fair value through profit or loss

	31 Mar 2019 (unaudited) £'000	30 Jun 2018 (audited) £'000
At beginning of period	1,262	1,180
Net (loss) / gain from changes in fair value	(33)	82
Disposals	(1,229)	-
At end of period	**-**	**1,262**

The Company disposed of 563,689 class A units in the IFSL Brooks Macdonald Balanced Fund in November 2018 at their fair value of £1,229,000. In the period from 1 July 2018 to disposal, the Company recognised a reduction in fair value of £33,000.

13. Deferred consideration

Deferred consideration is split between non-current liabilities (see below) and provisions in current liabilities to the extent that it is due to be paid within one year of the reporting date. It reflects the directors' best estimate of amounts payable in the future in respect of certain client relationships and subsidiary undertakings that were acquired by the Company. Deferred consideration is measured at its fair value based on discounted expected future cash flows. The movements in the total deferred consideration balance during the period were as follows:

	31 Mar 2019 (unaudited) £'000	30 Jun 2018 (audited) £'000
At beginning of period	2,875	3,384
Finance cost of deferred consideration	78	152
Fair value adjustments	(419)	1,191
Payments made during the period	(1,251)	(1,852)
At end of period	**1,283**	**2,875**
Analysed as:		
Amounts falling due within one year	919	1,396
Amounts falling due after more than one year	364	1,479
At end of period	**1,283**	**2,875**

No additions to deferred consideration payable were recognised in the current and prior period. Payments totalling £1,251,000 (2018: £1,852,000) were made during the period to the vendors of Levitas. Full details of the Levitas acquisition are disclosed in note 13 of the 2015 Annual Report and Accounts.

A decrease in the fair value of deferred consideration of £419,000 (2018: increase of £1,191,000) was recognised during the period, all in respect of Levitas, with a corresponding gain recognised within other gains and losses in the Statement of Comprehensive Income. The amount payable is based on the incremental growth in funds under management ("FUM") of the TM Levitas funds, measured at annual intervals. As forecast growth was not achieved during the period, the FUM forecast was subsequently revised and the estimated future deferred consideration payments decreased accordingly.

14. Trade and other payables

	31 Mar 2019 (unaudited) £'000	30 Jun 2018 (audited) £'000
Trade payables	55	98
Amounts owed to subsidiary undertakings	20,325	19,848
Deferred consideration	919	1,396
Accruals and deferred income	1,222	2,124
Total trade and other payables	**22,522**	**23,466**

Amounts owed to subsidiary companies are unsecured, interest-free and are repayable on demand. Deferred consideration is the directors' best estimate of the amount payable in respect of the acquisition of Levitas (see note 13).

15. Reconciliation of operating profit to net cash inflow from operating activities

	31 Mar 2019 (unaudited) £'000	30 Jun 2018 (audited) £'000
Operating profit	15,429	9,569
Adjustments for:		
Impairment of goodwill	5,429	-
Changes in fair value of financial assets at fair value through profit or loss	33	(82)
Changes in fair value of deferred consideration	(419)	1,191
(Increase) / decrease in receivables	(252)	1,710
(Decrease) / increase in payables	(567)	4,932
Share-based payments	384	490
Net cash inflow from operating activities	**20,037**	**17,810**

16. Share capital and share premium account

The movements in share capital and share premium during the period were as follows:

	Number of shares	Share capital £'000	Share premium account £'000	Total £'000
At 1 July 2017	13,793,400	138	37,101	37,239
Shares issued	109,633	-	1,303	1,303
At 30 June 2018	13,903,033	138	38,404	38,542
Shares issued	6,210	-	80	80
At 31 March 2019	**13,909,243**	**138**	**38,484**	**38,622**

The total number of ordinary shares, issued and fully paid at 31 March 2019, was 13,909,243 (2018: 13,903,033) with a par value of 1p per share. Excluding 275,609 (30 June 2018: 164,582) treasury shares held by the Employee Benefit Trust ('EBT'), the Company had 13,635,157 (30 June 2018: 13,738,451) ordinary 1p shares in issue as at 31 March 2019.

Employee Benefit Trust

The Company established the Employee Benefit Trust on 3 December 2010 to acquire ordinary shares in the Company to satisfy awards under the Company's Long Term Incentive Scheme and Long Term Incentive Plan. All finance costs and administration expenses connected with the EBT are charged to the Statement of Comprehensive Income as they accrue. The EBT has waived its rights to dividends.

During the nine months ended 31 March 2019, the EBT received instructions to exercise 45,856 (year ended 30 June 2018: 78,883) options. The cost of the shares released on exercise of these options amounted to £821,000 (year ended 30 June 2018: £1,111,000). At 31 March 2019, the number of shares held by the EBT was 275,609 (30 June 2018: 164,582) with a market value of £4,706,000 (30 June 2018: £3,263,000) acquired for a total consideration of £4,704,000 (30 June 2018: £2,699,000). These shares are presented as treasury shares in the Company Financial Statements and their cost is deducted from retained earnings within shareholders' equity.

The Company has made annual awards under the LTIS to executive directors and other senior executives. The conditional awards, which vest three years after the grant date, are subject to the satisfaction of specified performance criteria, measured over a three year performance period. All such conditional awards are made at the discretion of the Remuneration Committee.

17. Lease commitments

The Company leases various office premises under non-cancellable operating lease arrangements. The future aggregate minimum payments in relation to these leases, which are not recognised as liabilities in the Financial Statements, are analysed by their contractual payment dates as follows:

	31 Mar 2019 (unaudited) £'000	30 Jun 2018 (audited) £'000
Within one year	1,891	1,993
After one year but not more than five years	807	2,220
After five years	-	2
Total future minimum lease payments	**2,698**	**4,215**