AJBell
Holdings Limited

New customers
New challenges
New opportunities

Annual Report and Financial Statements 2014


AJBell

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Helping people make smarter investment decisions

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AJ Bell World Investment Outlook

Bookazine of global investment market analysis

AJ Bell – the fundamentals

A name to be proud of

By running our business in an intelligent, principled, personal, focussed, straightforward and energetic way, we have built AJ Bell into a highly respected brand. In order to gain maximum benefit from the power of that brand, we realised that it should be incorporated into all our sub-brand names. With the conversion of 'MSM Media' to 'AJ Bell Media', and 'Sippcentre' to 'AJ Bell Investcentre' in 2014, this extensive rebranding project is now complete.

Leading our chosen markets

AJ Bell has never provided financial or investment advice. It operates exclusively on an execution-only basis – whether directed by the client, their adviser or by its institutional clients. Our aim is to be a market-leading provider of investment products and administration services in the adviser and execution-only platform markets. This includes providing white labelling, dealing, custody and investment administration services for other financial services firms.

Multi-award-winning services

By striving to exceed the high expectations of our customers, we have built up a strong reputation across the financial services industry. The quality of our service delivery and products is evidenced by the many prestigious industry awards that we have won. Recognising service and product excellence, many of these awards are based on the votes of customers and advisers.

Professional and financially secure

AJ Bell is built on strong foundations. The depth of knowledge within the company can be traced to its background as an actuarial consultancy, specialising in the provision of SIPP administration and stockbroking services. AJ Bell is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority.

Sponsorship and brand awareness

As part of our mission to increase recognition of the AJ Bell brand, we have ongoing sponsorship deals with the following partners.

Lancashire County Cricket Club

The LCCC is well into a multi-million pound investment programme at Emirates Old Trafford that has already ensured the venue's position as one of Britain's finest cricket stadia. We were proud to put our name to the ground's AJ Bell Players and Media Centre back in 2012, and our strong relationship with the LCCC continues to provide excellent opportunities for brand awareness raising. One recent initiative was the 'AJ Bell Hit for 6k Challenge', which saw famous names from the worlds of cricket, rugby and TV compete to win a £6,000 donation from AJ Bell to the LCCC Foundation.

AJ Bell Stadium

As the home of Sale Sharks and Salford Red Devils rugby clubs, the AJ Bell Stadium is now firmly established as an important cultural asset and familiar local landmark in Salford. Regularly hosting televised premiership and superleague matches, this first-class sports and events facility is helping to put the AJ Bell name in homes up and down the country.

AJ Bell British Squash Grand Prix

Following on from the success of last autumn's AJ Bell World Squash Championship, we sponsored the AJ Bell British Squash Grand Prix 2014 in Manchester. Our sponsorship of Commonwealth gold medal winner and England flag bearer Nick Matthew also continues to put our name on the world squash stage.

Corporate Social Responsibility

AJ Bell and our staff are always keen to support good causes, both with charitable donations and practical assistance through volunteering.

Feet First Challenge

In July six members of staff organised and completed the Feet First Challenge in order to raise money for Finding Your Feet – a charity that supports amputees as they adjust to life after limb loss. By ascending Ben Nevis twice in one day then cycling from the Atlantic coast of Scotland to the North Sea the following day, the team managed to raise a significant amount of money for this very worthwhile cause.

Fund raising activity

The Social Committee held a variety of events in support of Children in Need, and individual staff members' fund raising activities were also supported by the company, which matches every pound an employee raises for charity with a further donation of 50p (up to a maximum of £100 per staff member, per year). Charities supported in this way include Sport Relief, Mind, the Cystic Fibrosis Trust, Mencap, Breast Cancer Care, Leukaemia and Lymphoma Research, Cancer Research, and St Ann's Hospice.

Voluntary work

Every year we encourage members of staff to take a day away from the office and undertake volunteer work for a local charity. This year we arranged for a team of 15 volunteers to lend a hand at Ronald McDonald House, which provides accommodation for families while they support a seriously ill child in the neighbouring hospital. Work undertaken included gardening, cleaning the property and assisting the kids as they did craft activities.

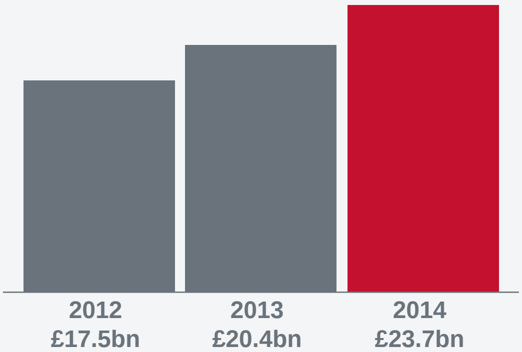
Highlights

Key business and financial information

Assets under administration

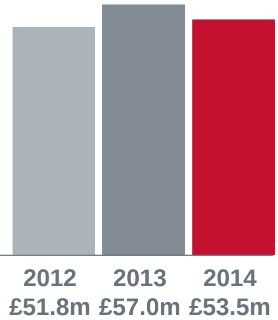
£23.7 bn ↑

Total value of assets under administration, a 16% increase overall.



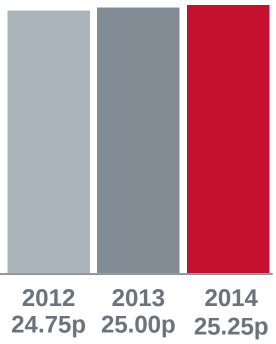
Revenue

£53.5m



Total ordinary dividend

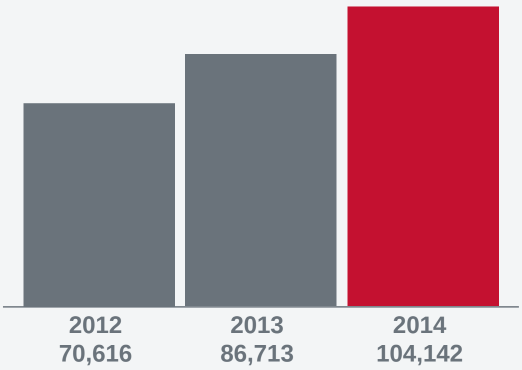
25.25p



Total number of retail customers

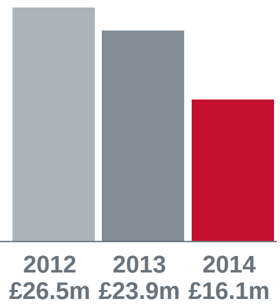
104,142 ↑

Total number of retail customers, a 20% increase overall.



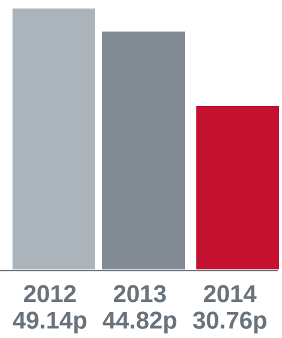
Profit before tax

£16.1m



Diluted earnings per share

30.76p



Joint statement from the Chairman and Chief Executive

Les Platts
Chairman

Andy Bell
Chief Executive

We are pleased to present our annual report for the year ended 30 September 2014. These results evidence both the accelerating growth of our platform business and the challenges presented by the current economic environment.

Growth

The business reached yet another milestone during the year when the number of retail customers using our services passed the 100,000 mark. This achievement is the result of record growth in the number of retail customers, with the total increasing by 17,429 customers, from 86,713 to 104,142.

This record growth in new business saw AUA take a similar leap forward. In a year when markets have gained little (the FTSE 100 increased by just 2.5% during the financial year), the value of our AUA increased by 16.2% to £23.7bn. During the year our customers added over £3.2bn to the value of assets we administer on their behalf by way of transfers, subscriptions and contributions. The level of new business is a testament to both the attractiveness of our product propositions and the effectiveness of our back office operation.

Financial Performance

Revenue for the period totalled £53.5m, down 6% from the result for the year to 30 September 2013. As has been highlighted in every set of reports and accounts since our year ended 30 September 2012, this downward pressure on revenue has been caused by unfavourable conditions in the money markets. Despite the fall in total revenue, the extent to which we have weathered this particular storm is a testament to our balanced revenue model, which sees us draw most of our revenue from the dealing, custody and administration fees we charge our customers.

As a result of the reduction in revenue, PBT for the year also fell. PBT was £16.1m for the year ended 30 September 2014, down by £7.8m from £23.9m a year ago. As highlighted above, the main cause of the fall in profit was a reduction in interest income. However there were also costs incurred in the second half of the year that exacerbated the situation, the most notable of which were an increased FSCS levy and additional investment in our digital strategy.

Financial Position

As has been the case for a number of years now, our financial position is very strong. At 30 September 2014, the net assets of the business stood at £49.4m, having increased by £2.7m from £46.7m in the previous year. This financial strength means the business is well placed to fund its continued growth, whilst providing our customers with the assurance that the business has the financial strength to withstand external shocks.

Although the Group is not formally subject to consolidated supervision by the regulator, the Board monitors the capital position of the business as if it were subject to consolidated requirements. On this basis, at 30 September 2014 the Group held a healthy capital surplus over the calculated requirement.

Joint statement from the Chairman and Chief Executive

Shareholder Returns

Diluted EPS fell by 14.06p per share, from 44.82p per share a year ago to 30.76p per share in the year to 30 September 2014. This fall in diluted EPS was proportionately less than the fall in profit due to the reduction in the effective rate of corporation tax. The Board declared a final dividend of 15.75p per share, taking the total dividend for the year to 25.25p per share. Despite the fall in EPS, the total dividend per share increased slightly year-on-year, illustrating both the financial strength of the business and the Board's commitment to a progressive dividend policy.

Governance

As reported in the 2013 annual report and in this year's interim report, there have been a few changes to the membership of the Board. Since the publication of our interim financial statements, Simon Turner has joined us as a non-executive director. Simon joins the Board with strong experience in the retail, consumer electronics and IT industries, thanks to his time as Group Managing Director at a leading UK electrical retailer, and his appointment to the boards of several large Internet businesses. No stranger to the financial services industry, he has also enjoyed an eight-year spell on the board at one of Britain's biggest building societies, and currently sits on the board of a major bank. Simon's appointment completed a process that has seen the Board return to its previous composition of three independent non-executive directors and two executive directors.

The Board continued in its roles of setting strategy and ensuring that the execution of that strategy by the executive team was subject to appropriate challenge. The Board met regularly to discharge its duties and all meetings of the Board, and its various sub-committees, were attended by all of the directors in office.

Market Developments

The changes to the pensions market announced in early 2014 are unquestionably the most significant development in our market during the financial year. We campaigned long and hard for changes to the drawdown rules and believe that, on the whole, the rules are an improvement. However, it does seem that yet another opportunity to simplify the legislative environment has been missed. Following the publication of draft legislation and guidance notes, we now have a clear understanding of how the at-retirement and decumulation sectors of the market will operate. Disappointingly, the continuation of capped drawdown adds complexity to both the decisions faced by customers in this space and to the back office operation of pension providers. It will result in pension providers needing to offer both capped drawdown arrangements and new flexi-access drawdown arrangements for years to come. Although flexi-access drawdown will be appropriate for many customers in their decumulation phase, the introduction of the Money Purchase Annual Allowance (MPAA) means that customers need to consider the impact of this reduced annual allowance before making a final decision on how best to draw their benefits.

Our experience of operating drawdown services means we are well placed to adapt our propositions to allow customers to take advantage of the new flexibility being offered. The less complex nature of operating flexi-access drawdown means that we will be able to price this service competitively.

Outlook

Notwithstanding the challenges presented by the wider economic environment, the outlook for the platform market is very positive. Although still relatively small, the platform market is now a well established and fast-growing sector of the wider UK savings market. Assets held on advised and execution only platforms have increased by over 20% in the last year. With the introduction of flexi-access drawdown for defined contribution pensions, the increase in the annual ISA allowance to £15,000, the mechanism for transferring from CTFs to JISAs being agreed and the announcement of favourable changes to the tax treatment of pensions and ISAs on death, the key product wrappers which form part of our flagship platform propositions have all seen favourable legislative changes recently and look set to remain a core part of the UK savings market for years to come. As is to be expected in such an attractive market, there is no shortage of competition. To ensure we continue to deliver the kind of growth evidenced by these results, we will continue our work to increase the awareness of the AJ Bell brand and develop our platform propositions with ease of use at the forefront of our minds. This focus will inform various pending developments, the most visible of which will be the new customer interfaces delivered next year as part of our digital strategy.

Conclusion

As is to be expected in a year which saw 17,429 new customers join and assets totalling £3.2bn being brought on board, the year was an incredibly busy one for the business. However, the reality is that in addition to those record new business volumes, a huge volume of change to our product propositions and our back office operation was also delivered, the details of which are provided in the strategic report.

Finally, we would like to offer our collective thanks to all of our colleagues for their tireless work and exceptional delivery throughout the year.

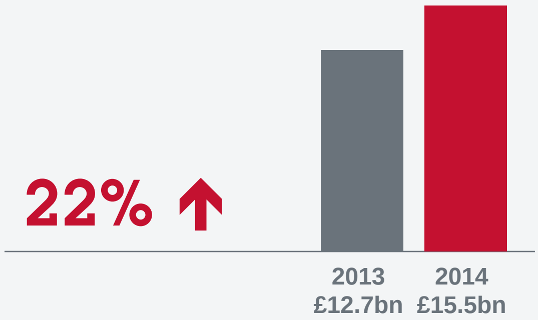
Les Platts
Chairman

Andy Bell
Chief Executive Officer

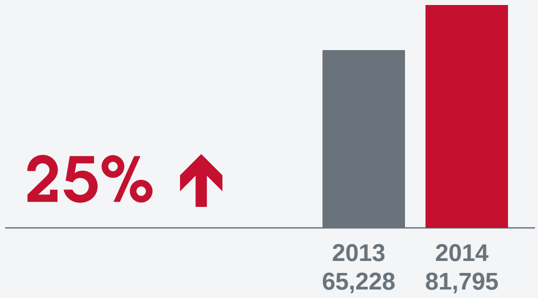
Strategic report

Platform Business

Assets under administration



Retail customers



Our platform business consists of three distinct propositions, each serving a different segment of the platform market:

AJ Bell Investcentre

Distributed only by UK financial advisers, AJ Bell Investcentre offers an award-winning SIPP, ISA, Junior ISA and GIA with a highly competitive charging structure.

Advised platforms in the UK have approximately £300bn of AUA. The AJ Bell Investcentre platform is one of the largest and fastest growing platforms in this segment of the market.

AJ Bell Youinvest

A platform designed to provide an easy and cost-effective way for DIY investors to take control of their investments. The platform includes a SIPP, ISA, Junior ISA and Dealing Account, with each offering a wide range of investments and access to our comprehensive research centre.

Direct platforms in the UK have over £120bn of AUA. The AJ Bell Youinvest platform is one of the fastest growing platforms in this segment of the market.

AJ Bell Securities

***IMAS** – A fully integrated investment custody administration solution that allows wealth managers to focus on delivering a high quality service without the distraction of administration.*

Platform Overview

This year has seen the strong growth in our platform business continue. The number of retail customers using one of our platform propositions grew at a record pace in the year ended 30 September 2014. The total number of retail customers increased from 65,228 to 81,795, an increase of over 25% in the year.

In the year to 30 September 2014, our customers transferred in, subscribed or contributed £2.9bn of assets, again a record increase. Largely static asset values and limited transfers out meant that this strong flow of new money saw total AUA increase from £12.7bn to £15.5bn.

The key objective for the platform business is to continue to grow the customer base. Underpinning this objective is increased brand awareness of our flagship products, AJ Bell Investcentre and AJ Bell Youinvest, further development of our platform to enhance the customer journey and further improvement to our back office operation to ensure that we provide a first class service to our customers.

Brand Recognition

The successful launch of the AJ Bell Investcentre brand (previously Sippcentre) in October 2014 completes the rebranding exercise of our two flagship platform products following the earlier launch of the AJ Bell Youinvest brand (previously Sippdeal) in November 2013. The inclusion of AJ Bell within both the AJ Bell Investcentre and AJ Bell Youinvest propositions enhances our overall brand recognition.

During the year, we continued our ongoing sponsorship partnerships with Lancashire County Cricket Club and Sale Sharks Rugby Club. We also sponsored the 2013 AJ Bell World Squash Championships and more recently, the 2014 AJ Bell British Squash Grand Prix. This kind of sponsorship activity is still relatively new for the business but is certainly proving beneficial to our profile in the market.

Strategic report

Customer Journey & Investment Content

Our digital strategy will be a key focus during the coming year following the appointment of Tim Huckle as Director of this area. The first phase of the strategy is to deliver new product websites, initially for AJ Bell Youinvest and then AJ Bell Investcentre. The new sites will integrate our product administration, dealing service and investment content. The launch of new websites will enhance the customer journey and will be a key deliverable in our aim to become the easiest investment platform to use. In addition, this will require ongoing development of all our main customer interfaces due to the ever-growing demand from both new and existing customers who increasingly want to access our products on mobile devices. We will work hard to ensure that these demands are met and in the coming months we will be releasing new mobile and tablet applications that will be closely aligned to our desktop websites.

Having been the first online SIPP provider back in 2000, we are continually exploring ways in which to innovate. The development of a Google Glass application which was presented as a prototype at the 2014 Platforum Conference is an example of how new technologies can be embraced in our sector. We will continue to invest in technology-led R&D and will seek to capitalise on opportunities in this area as they present themselves.

The provision of quality investment content to our customers remains a key feature of our product propositions and this has been enhanced significantly since the acquisition of MSM Media in December 2012. During the year, MSM Media was rebranded to AJ Bell Media. This was the final piece of integration work following the acquisition, the rebrand being timed to coincide with the move to our new London premises in September 2014.

Information is provided by AJ Bell Media to our platform customers through a variety of channels including weekly videos, daily market roundups, newsletters and investment conferences. The 2015 World Investment Outlook has recently been published and is available free of charge to advisers supporting AJ Bell Investcentre and to AJ Bell Youinvest customers.

Another success story was the annual AJ Bell Investcentre investment event for advisers. This year the event was named ‘Investival’ and once again it was extremely well received with over 300 delegates attending on the day. In addition to this, a number of ETF summits were held in Manchester and London earlier this year, giving advisers the opportunity to hear from representatives of several leading ETF providers.

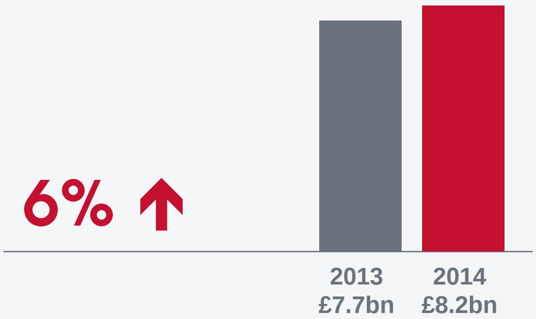
First Class Customer Service

A single administration system now fully supports both AJ Bell Investcentre and AJ Bell Youinvest. This is expected to generate long-term operational efficiencies, whilst releasing significant resources in the short-term to focus on both our digital strategy and our wider programme of functionality improvements for customers and back office efficiencies.

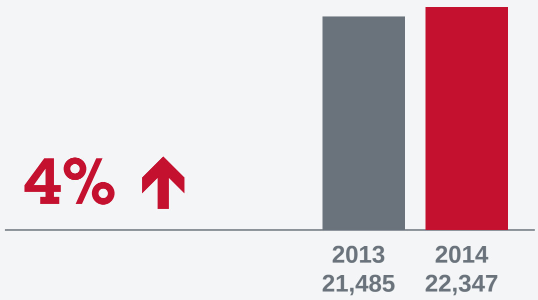
Strategic report

Non-platform Business

Assets under administration



Retail customers



AJ Bell Media

An award winning specialist financial publishing company that supports the platform business by providing high quality investment content via a variety of media channels. It also publishes a weekly investment magazine, hosts investment conferences and events and provides stock market data and independent news content to a wide range of corporate and retail customers.

AJ Bell Media held a number of investor events during the course of the year, the most notable of which was the inaugural Stock Market Show held in association with The London Stock Exchange. This event was held in London in September 2014 and attracted over 1,000 delegates and more than 50 speakers including company executives, product developers and market experts.

AJ Bell

AJ Bell Platinum *– A bespoke service that provides expert technical support, backed by a dedicated team of administrators. Distributed by UK financial advisers but also available on a DIY basis, Platinum offers both SIPPs and SSASs.*

Institutional *– A dealing, settlement and custody service with research facilites provided to institutional investment businesses.*

Third party administration *– A white label SIPP administration service provided to a number of leading financial services companies.*

The year to 30 September 2014 was another stable one for our non-platform business. Both customer numbers and AUA grew in the year, which is particularly pleasing given the maturing state of the markets that our non-platform propositions serve.

The number of retail customers using one of our SIPP-only services increased by 4% to 22,347. AUA across our book of non-platform business (which also includes our SSAS business and our traditional institutional stockbroking services) increased by 6%, reaching £8.2bn by 30 September 2014.

Strategic report

Principal risks and uncertainties

The Board is committed to a continual process of improvement and embedment of the risk management framework within the Group. This is to ensure that the business identifies both existing and emerging risks and develops appropriate mitigation strategies.

The directors believe that there are a number of potential risks to the Group that could hinder the successful implementation of their strategy. These risks may arise from internal and external events, acts and omissions. The directors are proactive in identifying, assessing and managing all risks facing the business.

The Internal Audit function carries out a rolling programme, reviewing key business areas throughout the Group. These reviews have been focused on areas where the directors believe they require further assurance on controls and risk mitigation. This, along with the Risk and Compliance and Quality Assurance functions, comprises the 'Assurance Framework'. The appropriateness and effectiveness of the Assurance Framework is assessed and documented within the Group's Combined Assurance Model and reviewed by the Executive Management Assurance Committee and the Audit Committee.

The directors present below the principal risks and uncertainties facing the Group that could pose a threat to the delivery of their strategy.

Industry risks

Regulatory risk

The Group operates within an increasingly regulated environment such that new or revised legislation or regulation may have a materially adverse effect on it. The Group retains a substantial cash surplus to provide additional regulatory capital to its regulated subsidiaries if the need arises.

The Group closely monitors all regulatory developments, such as the evolving regulation in relation to the holding of client assets. This enables an assessment to be made of their impact on the Group's businesses and for steps to be taken to mitigate any regulatory risks. Furthermore, it enables the Group to ensure it continues to operate in line with regulatory best practice.

The Group will continue to monitor developments in terms of pricing and the movement to clean funds in accordance with the FCA's RDR platform charging rules.

In August 2014, the FCA published PS14/2 setting out the new capital framework for SIPP operators which will apply from September 2016. This will generally increase the amount of regulatory capital required to be held by SIPP operators. The Group has assessed the likely financial impact at both Group and regulated entity level and does not expect it to be material.

The changes to the pension benefit rules announced by the Government in the 2014 Budget, whilst increasing choice, do create the potential for poor outcomes for consumers undertaking what is probably one of the most significant and complex decisions of their lives. One of the primary concerns of the project established to implement these changes will be to ensure that the benefit options provided under the Group's products are designed to deliver positive outcomes for our customers and to minimise the risk of consumer detriment.

The Group works to ensure FCA best practice and, in particular, Treating Customers Fairly principles are embedded across the business and followed consistently. Specifically, conduct and consumer outcomes risks are assessed, monitored and reported on an ongoing basis. Following the publication of the FCA's new capital framework for SIPP operators and the results of the FCA's most recent SIPP thematic review, changes have been made to the investments we will allow to be purchased by SIPPs to limit further the risks posed through holding non-standard investments.

The Group contributes to the debate on regulatory issues affecting its markets. It does this, for example, through its membership of the Association of Member-directed Pension Schemes (AMPS) and the Wealth Management Association (WMA), as well as through direct responses to Government and FCA consultation.

Taxation law change risk

Changes to tax legislation may reduce the attractiveness of tax-advantaged saving wrappers offered by the Group as a means of saving for retirement. The 2014 Budget has brought significant changes to the pensions and ISAs market.

With respect to pensions, the Government increased drawdown limits, reduced the guaranteed income requirement for 'flexible drawdown' from £20,000 to £12,000 in the short term and announced plans to significantly increase the flexibility available to customers taking benefits from their plans from April 2015. Overall, the directors believe that these changes will have a positive impact on the pensions market.

The Government essentially removed the distinction between Cash ISAs and Stocks and Shares ISAs and also increased the annual ISA allowance from £11,500 to £15,000. The Government also announced plans to allow transfers from CTFs to JISAs from April 2015. The directors are optimistic about the prospects for continued growth in saving into tax-advantaged wrappers.

Competitor and market risks

The Group operates in a highly competitive and dynamic industry which constantly aims to improve the services and products available to customers. This may impact the Group such that its products become either obsolete or uncompetitive when compared to other offerings in the marketplace. The Group regularly reviews its product range and prices against competitors and actively seeks new income streams, whilst enhancing its existing portfolio.

A number of developments have been made to the AJ Bell Youinvest platform over the last year to maintain its competitive position, including the introduction of a new charging structure in January 2014. In response to feedback from customers and market developments, a number of further improvements are planned for the next calendar year, including enhancements to the AJ Bell Youinvest website, and the introduction of guided investment facilities. The planned changes to the website aim to make it the easiest investment platform to use in the market, whilst the guided investment facilities will help our customers to choose an appropriate investment strategy that suits their needs.

Following the rebranding of Sippcentre to AJ Bell Investcentre in October 2014, a number of developments are now planned to improve the services provided to customers and advisers. These include improved reporting services and links to adviser back office service providers and payment options for customers.

Evolving technology risk

The reliance on evolving technology remains crucial to the Group's effort to develop its services and enhance products. The risk exists that either the Group's technology fails to operate correctly in some way or that the Group fails to take advantage of any emerging technologies. During the year the Board has agreed a number of changes to the strategies for IT, business change and software development which will be implemented over the next few years. These changes have triggered an investment in new personnel and skills supporting the Group's IT assets as they grow in scale and complexity. The strategies increase our focus on system performance, capacity and security planning controls.

The directors acknowledge that a scalable operating system is paramount to the continued success of the Group. The last year has seen the completion of the project to renew the product IT and administration platform, with the Group's AJ Bell Investcentre SIPPs being migrated on to this platform during the year. The directors have approved a programme of improvements to the Group's IT infrastructure, to be implemented over the coming months, which will ensure that it is capable of supporting the continued planned growth in the business. In addition, the Group's Digital Strategy will see the customer and adviser-facing websites redeveloped over the next 12 months in support of our ambition to be the easiest platform to use.

Economic risk

In the event that the economy falls back into a prolonged recession, this may impact contribution levels and confidence generally in the savings and investment markets. The directors believe that the Group's overall income levels and in particular the balance between the different types of assets and transactions from which that income is derived, provide a robust defensive position against any economic downturn.

Capital market fluctuations risk

Capital market fluctuations can have an effect on customer transactional activity and the value of assets under administration. The Group has a variety of transactional and recurring revenue streams, some of which are monetary amounts while others are ad valorem. This mix of revenue types helps to limit the Group's exposure to capital market fluctuations.

Operational risks

Group reputation risk

Damage may be sustained to the Group's reputation or to one of its leading brands because of either the actions of an unassociated third party or the misconduct of an employee. The security procedures within the Group have been reviewed and action taken to ensure any risk of fraudulent access to customer accounts is minimised. Thorough controls and checks are in place to ensure the appropriate calibre of individual is recruited into the Group and training is ongoing to ensure employees maintain technical competency in fulfilling their role within the Group along with awareness of risks.

Conduct risk

Conduct risk is the risk that detriment is caused to the Group's customers as a result of inappropriate execution of the Group's business activities. During the year the Group has focussed on continued enhancements to its risk management framework, in relation to the identification, monitoring and mitigation of conduct risks, and to its product development process to reduce the potential for poor consumer outcomes. The level of service provided to customers is monitored on an ongoing basis to ensure any weaknesses are identified and remedial action taken where required.

Strategic report

Third party reliance risk

The Group undertakes its dealing, custody, settlement and administrative activities in-house and is therefore exposed to risk as a consequence of its reliance on third party software suppliers.

To mitigate the risk posed by third party software suppliers, the Group maintains a strong partnership relationship with the key suppliers and monitors their performance to ensure their continued commitment to service, financial stability and viability. Where possible, the Group has had, or will have, software code from these suppliers placed into escrow so that access can be gained to that code in the event of the supplier's failure.

Where a regulatory breach or a failure in service supply could be caused by an external supplier, the Group performs extensive due diligence on that supplier prior to entering into the commercial relationship. The Group secures the ability to audit that supplier at regular intervals during the term of the relationship.

Operational processing risk

There is a risk that the Group's operational processes are subject to error, causing both a reduction in earnings and damage to the Group's reputation. The Group focuses on increasing the effectiveness of all its operational procedures and aims to achieve straight-through processing wherever practical. Certain operational processes are subject to manual intervention. Examples include dealing on the basis of a customer's verbal instruction, processing of certain corporate actions and trade and settlement of certain transactions on behalf of customers.

There is a risk that the volume of business activity in some areas significantly exceeds planned levels resulting in difficulties in maintaining the services standards expected by the Group's customers and advisers. The Group takes into account any regulatory or other events, expected to lead to an increase in activity, within its business planning processes and monitors activity levels on an ongoing basis for any indication of unexpected variations so that appropriate action can be taken.

The Group has incorporated a high level of operational resilience within its day-to-day operations. It has documented procedures with pre-set, specified management authorisation limits for all relevant operational processes. The Group employs experienced, FCA-registered and approved staff in all its key FCA-regulated activities. In addition to regular performance targets, the Group sets tolerance limits for operational errors which are applied from Board level down to the relevant operational department.

Litigation risk

There is a risk of liability related to litigation from customers or third parties. The Group has robust systems and controls and maintains an appropriate level of professional indemnity insurance cover against these potential liabilities.

Business continuity management risk

There is a risk of disruption to the Group's business in the event of a loss of access to any of the Group's properties or in the event of a catastrophic systems failure. The Group has agreements in place with specialist suppliers for geographically remote disaster recovery facilities for all of its operations, including separate offsite IT recovery facilities. There is a rolling programme of testing of all business continuity plans.

Key personnel risk

The loss of key personnel within the Group, an increase in staff turnover or an inability to find new or replacement employees, appropriately qualified, particularly in periods of sustained growth, may have a material adverse impact on the Group's performance. The Group has sought to mitigate this risk by facilitating equity ownership for employees within the organisation through various share schemes and the development of a staff engagement strategy. Furthermore, the Group maintains a succession plan for key members of management across the whole business.

By order of the Board

Bruce Robinson
Company Secretary
11 December 2014

Board of Directors

Les Platts
Chairman

Les joined AJ Bell in September 2008 having retired as an Audit Partner and practice Senior Partner for the north-east with international professional services firm Deloitte. Over a period of 33 years with Deloitte, Les gained extensive UK and international experience across all industry sectors, including FTSE 100, FTSE 250, smaller listed PLCs, large private companies and private equity investments. He has advised at Board level on a wide range of financial, commercial and governance issues, and is also Vice Chairman of Leeds Building Society.

Andy Bell
Chief Executive Officer

Andy co-founded AJ Bell in 1995, having spent a number of years working within the financial services sector. Graduating from Nottingham University in 1987 with a first class degree in Mathematics, he qualified as a Fellow of the Institute of Actuaries in 1993 and has built AJ Bell into one of the largest providers of low-cost, online investment platforms and stockbroker services in the UK. Andy is the principal driving force behind the business, and his focus is increasingly on future strategy and growth opportunities.

Michael Summersgill
Chief Financial Officer

Michael joined AJ Bell in July 2007 and became Chief Financial Officer in June 2011. He is responsible for a range of operational and support functions in the business, overseeing Finance, HR, the Group's stockbroking operation and key control functions within the SIPP administration business. Michael graduated from the University of Sheffield with a degree in Economics and began his career as an accountant in public practice, gaining experience with a broad portfolio of clients.

John Tomlins
Non-executive Director

John joined AJ Bell with a wealth of experience, having spent his entire full time career working in the IT and financial services sectors. Career highlights include pioneering work on new client investment solutions, and helping to develop a customer proposition that grew one start-up platform's assets under administration from zero to £40 billion. John also co-founded the Institute of Customer Services, and is presently the Non-executive Chairman of a major technology and software supplier to investment platforms.

Simon Turner
Non-executive Director

Simon joins the Board with strong experience in the retail, consumer electronics and IT industries, thanks to his time as Group Managing Director at a leading UK electrical retailer, and his appointment to the boards of several large Internet businesses. No stranger to the financial services industry, he has also enjoyed an eight-year spell on the board at one of Britain's biggest building societies, and currently sits on the board of a major bank.

Executive Management Board

The EMB is the decision-making body that is responsible for the execution of the strategy agreed with the Board of Directors. It is charged with the day-to-day management of the Group, this within the confines of the matters reserved to the Board of Directors. The EMB meets regularly to review the performance of the Group and to agree corrective action where issues arise.

The EMB consists of the Chief Executive Officer, the Chief Financial Officer and the following members of senior management:

Fergus Lyons
Managing Director, AJ Bell Investcentre

Fergus joined AJ Bell in August 2000, having previously been employed at a major bank for over 20 years. Over the years Fergus has worked in virtually all areas of the business. In addition to his current role as Managing Director of AJ Bell Investcentre, Fergus has overall responsibility for Customer Services, Technology Services and our Platinum SIPP/SSAS products.

Richard Taylor
Chief Risk Officer

Richard joined AJ Bell in October 2005 with over 25 years' experience in the financial services industry. He is responsible for the risk, compliance, legal and technical resources functions within AJ Bell. Before joining AJ Bell, Richard held senior legal, marketing and strategy roles with a number of leading insurance companies. For many years he worked for a company specialising in the SSAS and SIPP market, leading its Legal, Pensions Technical and Compliance teams.

Charles Galbraith
Managing Director, AJ Bell Youinvest

Charles joined AJ Bell Securities in 2006 as Managing Director. He has worked in a number of stockbroking firms over the past 20 years, concentrating on both private and institutional clients. Previously he was Managing Director of Lloyds TSB Stockbrokers Limited, and was also responsible for Lloyds TSB's Stocks and Shares ISA business. Charles has overall responsibility for our institutional stockbroking business, our AJ Bell Youinvest platform and media business.

Roger Stott
Group Finance Director

Roger qualified as a Chartered Accountant in 1990 with KPMG, and has worked in retail stockbroking since 1999. He spent seven years as Finance Director at a well-known stockbroker, joining the company at start-up and seeing it through an MBO and sale. With AJ Bell since 2008, Roger is responsible for overseeing the Group's finance function, the commercial management of supplier relationships and our third party products.

Directors' report

The directors present their annual report on the affairs of the Group, together with the consolidated financial statements and auditor's report, for the year ended 30 September 2014.

Directors

The directors, who served throughout the year, are disclosed on page 19.

Directors' interests

The directors who held office at 30 September 2014 had the following interests in the share capital of the Company:

	Ordinary		A non-voting	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
Les Platts	50,305	30,000	-	-
Andy Bell	12,764,019	12,764,019	104,093	70,757
Michael Summersgill	-	-	60,176	50,032
John Tomlins	31,578	-	-	-
Simon Turner	20,000	-	-	-
Total	12,865,902	12,794,019	164,269	120,789

No director held Ordinary non-voting shares at 30 September 2014, 30 September 2013 or at any time during the period between these dates.

Directors' share options

At 30 September 2014, the directors who held office held the following share options:

Director	Number	Exercise price £	Date of grant of option	Earliest date of exercise
M Summersgill	10,000	1.90	1 Aug 09	1 Jul 15
M Summersgill	2,500	3.00	1 Oct 10	1 Jul 15
M Summersgill	1,000	3.50	19 Dec 11	1 Jul 15

There are no performance criteria attaching to any of the three tranches of share options.

No options were exercised by the directors during the year, or during the previous year.

FCA Remuneration Code

AJ Bell Securities Limited, as an IFPRU limited licence firm, is subject to the requirements of the FCA Remuneration Code. More information about AJ Bell Securities Limited and the Company's Pillar III disclosure is available to view at www.ajbellsecurities.co.uk.

We have taken the decision to apply the Code to the Group and we do so, on the basis of AJ Bell Securities Limited's status as a Proportionality Level 3 firm, under the FCA's Guidance. We maintain remuneration policies and practices in accordance with the applicable principles of the Remuneration Code, which are overseen by the Remuneration Committee, comprised of the Non-executive Directors of the Board. Material decisions in relation to the remuneration of staff whose actions

Directors' report

have a material impact on the risk profile of the firm and in relation to individuals in control functions are overseen by the Remuneration Committee. Our remuneration policies provide for variable remuneration to be linked to performance.

Key Performance Indicators

Key performance indicators in relation to the Group's activities, as reviewed continually by senior management, are presented on the highlights page, given at page 9.

Dividends

The Company has declared a final dividend of 15.75p (2013: 15.50p) per share, to be paid on 12 December 2014. This, together with the interim dividend of 9.50p (2013: 9.50p) paid on 23 May 2014, makes a total dividend in respect of the financial year ended 30 September 2014 of 25.25p per share (2013: 25.00p).

Capital management

The Group is not currently subject to any consolidated regulatory capital requirements. However, two subsidiaries, AJ Bell Management Limited and AJ Bell Securities Limited, are regulated by the FCA and are therefore subject to regulatory capital requirements.

The capital in both of these companies comprises share capital, share premium and retained earnings. The directors ensure that the level of capital held in these two subsidiary entities:

- meets the regulatory capital requirements;
- provides a strong base for ongoing trading activities;
- is sufficient to support the Group's long-term strategy.

At 30 September 2014, AJ Bell Management Limited held 290% (2013: 329%) and AJ Bell Securities Limited held 698% (2013: 219%) of their respective regulatory capital requirements.

Financial risks

Interest rate risk

As at the year-end, the Group had no borrowings and therefore was not exposed to interest rate risk related to debt.

The Group's income levels are affected by prevailing interest rates. In a low interest rate environment, cash balances tend to decline and the revenue the Group earns on cash deposits reduces. The Group maintains good relationships with its banking partners and is able to access competitive rates due to the large value of deposits it places. This, along with the ability to control the interest rate on customer balances, enables the Group to mitigate this risk as far as it is practicable to do so.

Liquidity risk

This is the risk that the Group may be unable to meet its liabilities as and when they fall due. These liabilities arise from the day-to-day activities of the Group and from its obligations to customers. The Group is a highly cash generative business and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

Directors' report

Credit and bank default risk

The Group's credit risk extends to its principal financial assets. These are cash balances held with banks and trade and other receivables.

As regards trade receivables, the Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken. This minimises credit risk in this area.

The directors continue to monitor the strength of the banks used by the Group. The banks currently used by the Group are Bank of Scotland plc, HSBC Bank plc, The Royal Bank of Scotland plc, Brown Brothers Harriman & Co. and Bank of Ireland (UK) plc. Bank of Scotland plc, the Group's principal banker, is substantial and is 100% owned by Lloyds Banking Group in which the UK Government still has a significant strategic stake. The degree of state ownership is closely monitored by the Group. All of the banks currently used by the Group have long-term credit ratings of at least A (Fitch) or A3 (Moody's), apart from Bank of Ireland (UK) plc, which currently has ratings of BBB (Fitch) and B1 (Moody's). Where the services of other banks are used, the Group follows a rigorous due diligence process prior to selection. This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its customers.

Charitable donations and political contributions

During the year the Group made charitable donations of £81,800 (2013: £182,688), all to UK registered charities.

There were no political contributions in the current year or prior year.

Disabled employees

Applications for employment by disabled persons are considered bearing in mind the aptitude of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate facilities and training are arranged. It is the policy of the Group that the training, career development and promotion of disabled persons must, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees. It has continued to keep them informed on matters affecting them as employees and arising from the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and internal publications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employee share schemes have operated since June 2005. These schemes have promoted wider employee involvement in the Group.

The directors believe that the incentivisation of senior management and key employees by equity participation is an important factor in the continuing success of the Group. This policy aligns the interests of management with those of the wider shareholder base.

Internal control

The Board has overall responsibility for the maintenance of the internal control system established by the Group and places considerable reliance on a strong control environment. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. Compliance with internal control procedures is monitored by the directors through the Executive Management Assurance Committee which is responsible for overseeing the Group's Risk Management, Compliance and Internal Audit functions.

Directors' report

Going concern

The consolidated financial statements have been prepared on a going concern basis. After making enquiries, the directors believe that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The going concern basis of preparation is discussed in note 2.1 of the consolidated financial statements.

Auditor

Each of the persons who are a director at the date of approval of this annual report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
- The Board plans to put KPMG LLP forward to be appointed as auditors and a resolution concerning their appointment will be put to the forthcoming AGM of the Company.

By order of the Board

Bruce Robinson
Company Secretary
11 December 2014

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Independent auditor's report to the members of AJ Bell Holdings Limited

We have audited the financial statements of AJ Bell Holdings Limited for the year ended 30 September 2014 set out on pages 30 to 70. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Richard Gabbertas (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St James Square
Manchester
M2 6DS

11 December 2014

Financial Statements

Consolidated income statement

For the year ended 30 September 2014

	Notes	2014 £'000	2013 £'000
Revenue	4	53,493	57,043
Administrative expenses		(37,579)	(33,318)
Operating profit		**15,914**	**23,725**
Investment revenue		234	228
Finance costs	7	(31)	(51)
Profit before tax		**16,117**	**23,902**
Taxation	8	(3,594)	(5,738)
Profit for the financial year attributable to equity holders of the parent company		**12,523**	**18,164**
Earnings per ordinary share:			
Basic (pence)	10	30.87	45.08
Diluted (pence)	10	30.76	44.82

The notes and information on pages 34 to 64 form part of these consolidated financial statements. All income, profit and earnings are in respect of continuing operations.

There were no other components of recognised income or expense in either year and consequently no Statement of Other Comprehensive Income has been presented.

Consolidated statement of financial position

As at 30 September 2014

	Notes	2014 £'000	2013* £'000
Assets			
Non-current assets:			
Goodwill	11	1,957	1,957
Other intangible assets	12	8,281	9,090
Property, plant and equipment	13	1,249	816
		11,487	**11,863**
Current assets:			
Trade and other receivables	15	11,484	9,730
Client and market receivables	15	43,328	41,672
Cash and cash equivalents	15	33,222	32,506
		88,034	**83,908**
Total assets		**99,521**	**95,771**
Liabilities			
Current liabilities:			
Trade and other payables	18	(5,479)	(5,495)
Client and market payables	18	(41,692)	(40,075)
Current tax liabilities		(1,970)	(2,739)
Obligations under finance leases	17	(100)	(43)
Provisions	19	(68)	(68)
		(49,309)	**(48,420)**
Non-current liabilities:			
Obligations under finance leases	17	(203)	(104)
Provisions	19	(398)	(315)
Other payables	18	(57)	(29)
Deferred tax liability	16	(168)	(225)
		(826)	**(673)**
Total liabilities		**(50,135)**	**(49,093)**
Net assets		**49,386**	**46,678**
Equity			
Share capital	20	40	40
Share premium		1,085	639
Retained earnings		48,261	45,999
Total equity attributable to equity holders of the parent company		**49,386**	**46,678**

* Restated – see note 2 to the financial statements

The notes and information on pages 34 to 64 form part of the consolidated financial statements.

The financial statements were approved by the Board of Directors on 11 December 2014 and were signed on its behalf by:

Michael Summersgill
Director

Consolidated statement of changes in equity

For the year ended 30 September 2014

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2012		40	617	37,750	38,407
Total comprehensive income for the year:					
Profit for the financial year		-	-	18,164	18,164
Transactions with owners, recorded directly in equity:					
Issue of share capital		-	22	-	22
Dividends	9	-	-	(9,982)	(9,982)
Credit to equity in respect of share-based payments	23	-	-	27	27
Deferred tax effect of share-based payments	8	-	-	22	22
Tax relief on exercise of share options	8	-	-	18	18
Total transactions with owners		**-**	**22**	**(9,915)**	**(9,893)**
Balance at 30 September 2013		**40**	**639**	**45,999**	**46,678**

The notes and information on pages 34 to 64 form part of the consolidated financial statements.

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2013		40	639	45,999	46,678
Total comprehensive income for the year:					
Profit for the financial year		-	-	12,523	12,523
Transactions with owners, recorded directly in equity:					
Issue of share capital		-	446	-	446
Repurchase of own shares		-	-	(99)	(99)
Dividends	9	-	-	(10,154)	(10,154)
Credit to equity in respect of share-based payments	23	-	-	2	2
Deferred tax effect of share-based payments	8	-	-	(16)	(16)
Tax relief on exercise of share options	8	-	-	6	6
Total transactions with owners		**-**	**446**	**(10,261)**	**(9,815)**
Balance at 30 September 2014		**40**	**1,085**	**48,261**	**49,386**

The notes and information on pages 34 to 64 form part of the consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 September 2014

	Notes	2014 £'000	2013* £'000
Net cash from operating activities	21	11,949	16,869
Investing activities			
Purchase of other intangible assets		(945)	(1,404)
Purchase of property, plant and equipment		(650)	(314)
Net cash paid to acquire subsidiary	12	-	(1,979)
Interest received		234	228
Net cash used in investing activities		**(1,361)**	**(3,469)**
Financing activities			
Payment of obligations under finance leases		(65)	(54)
Proceeds from issue of share capital	20	446	22
Repurchase of own shares		(99)	-
Dividends paid	9	(10,154)	(9,982)
Net cash used in financing activities		**(9,872)**	**(10,014)**
Net increase in cash and cash equivalents		716	3,386
Cash and cash equivalents at beginning of year		32,506	29,120
Total cash and cash equivalents at end of year		**33,222**	**32,506**

* Restated – see note 2 to the financial statements

The notes and information on pages 34 to 64 form part of the consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 September 2014

1. General information

The Company is incorporated and registered in England and Wales. The address of the registered office is given on page 73. The nature of the Group's operations are set out in the strategic report on pages 12 to 18 and the directors' report on pages 21 to 24.

The consolidated financial statements for the Company and its subsidiaries were approved by the Board on 11 December 2014.

2. Significant accounting policies

Basis of accounting

The consolidated financial statements are prepared on a going concern basis as noted on page 35 and are presented in sterling, rounded to the nearest thousand. They are prepared on the historical cost basis and the principal accounting policies applied in the preparation of these financial statements are set out on pages 34 to 41.

The consolidated financial statements of AJ Bell Holdings Limited have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. The directors have elected to prepare the parent company's financial statements in accordance with UK GAAP and as permitted by Section 408 of the Companies Act 2006, no profit and loss account is presented for the Company; the notes and information for the Company are presented on pages 66 to 70.

Change in accounting policy

During the year there has been a change in accounting policy relating to clients' settlement cash balances which were previously disclosed as cash held on behalf of clients and included within cash and cash equivalents. Clients' settlement cash balances represent the Group's right to receive cash from clients, who hold cash balances with the Group under a trust arrangement, to meet the Group's settlement obligations incurred on their behalf. These balances have therefore been reclassified as client and market receivables, which better reflects their underlying substance as a debtor to the Group. The effect of this change is to reduce clients' settlement cash balances by £20.0m with a corresponding increase to client and market receivables. The subsequent impact on the cash flow statement for the year ended 30 September 2013 is that net cash from operating activities was reduced by £10.6m. The directors have elected not to prepare a third consolidated statement of financial position following the change in accounting policy as there would be no impact on net assets or profit for the year. The effect of the change on the prior year consolidated statement of financial position is to reduce clients' settlement cash balances by £20.6m with a corresponding increase to client and market receivables.

The Group has early adopted the guidance provided in IFRIC 21 'Levies'. This has resulted in the full recognition of 2014/15 Financial Services Compensation Scheme (FSCS) levies in the year ended 30 September 2014. Please see note 2.19 for further detail.

At the date of issue of these financial statements there were a number of standards and interpretations which were relevant in issue but not yet effective for the Group. The directors do not believe that any of these will have a significant impact on the Group.

Accounting policies as shown below have been consistently applied throughout the current and prior financial year.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. They cease to be consolidated from the date that the Group no longer has control.

All intercompany transactions, balances, income and expenses are eliminated on consolidation.

A list of the significant investments in subsidiaries, including the name, country of incorporation, principal activities and proportion of ownership interest is given in note 4 to the Company's separate financial statements.

Notes to the consolidated financial statements

For the year ended 30 September 2014

2.1 Going concern

The Group's business activities, together with its financial position and the factors likely to affect its future development and performance are set out in the strategic report on pages 12 to 18 and the directors' report on pages 21 to 24. Within the directors' report, the financial risks section on pages 22 to 23 includes the Group's policies and processes for managing exposure to credit and liquidity risk. The Group's forecasts and objectives, taking into account a number of potential changes in trading performance show that the Group should be able to operate at adequate levels of both liquidity and capital for the foreseeable future. The directors have performed a number of stress tests on capital and liquidity and these provide assurance that the Group has sufficient capital to operate under stressed liquidity conditions.

Consequently, after making reasonable enquiries, the directors are satisfied that the Group has sufficient resources to continue in business for the foreseeable future and therefore have continued to adopt the going concern basis in preparing the financial statements.

2.2 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable tangible and intangible assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

2.3 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary, associate or jointly-controlled entity at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill that is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to one or more of the Group's CGUs expecting to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are reviewed annually or more frequently when there is an indication that the goodwill relating to that CGU may have been impaired. If the recoverable amount from the CGU is less than the carrying amount of the assets present on the consolidated statement of financial position forming that CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the assets forming that CGU and then to the assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the consolidated financial statements

For the year ended 30 September 2014

2.4 Revenue recognition

In recognising revenue, the directors follow the principles contained in IAS 18 ‘Revenue’ to determine appropriate revenue recognition policies. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group.

Revenue is measured at the fair value of the consideration received or receivable net of discounts, VAT and other sales-related taxes, for goods sold and services provided in the year.

Administration and custodian fees are recognised in the period in which the service is rendered using the percentage completion method. The extent to which a service is complete is determined by the different work activity profiles of the associated individual services.

Services rendered at the inception of a fixed-term contract are recognised over the life of that contract.

Asset-based commissions are accrued on a time basis by reference either to the principal and effective interest rate or the due date for payment.

Transaction-based commissions are recognised when receivable in accordance with the date of the underlying transaction.

Investment revenue comprises interest income receivable on the Group’s bank deposits. Interest income is recognised in the income statement as it accrues, using the effective interest rate method.

2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental payments under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.6 Finance costs

Finance costs comprise interest payable and finance charges on finance leases. Finance costs are recognised in the income statement using the effective interest rate method.

2.7 Retirement benefit costs

The Group makes payments into the personal pension schemes of certain employees as part of their overall remuneration package. Contributions are recognised in the income statement as they are payable.

The Group also contributes to employees’ stakeholder pension schemes. The assets of the scheme are held separately from those of the Group in independently administered funds. Any amount charged to the income statement represents the contribution payable to the scheme in respect of the period to which it relates.

Alternatively, the Group will pay contributions to an employee’s AJ Bell Youinvest SIPP, if they wish, instead of the stakeholder pension.

Notes to the consolidated financial statements

For the year ended 30 September 2014

2.8 Taxation

The tax expense represents the sum of the current tax payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the future, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises (other than in a business combination) from:

- The initial recognition of goodwill; or
- investment in subsidiaries to the extent that they will probably not reverse in the foreseeable future; or
- the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

2.9 VAT

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable in whole or in part from the taxation authority.

Where the sales tax is not recoverable in whole or in part from the taxation authority, it is expensed through the income statement, except in the case of a capital asset where the irrecoverable proportion is capitalised as part of the capital cost of that asset.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is provided, where material, on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful economic life as follows:

Leasehold improvements	Over the life of the lease
Office equipment	4 years
Computer equipment	4 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement immediately.

Where an asset is under construction at the end of a reporting period, the costs involved that meet the relevant recognition criteria are disclosed as a separate class of asset. As these assets are not available for use by the business they are not depreciated, instead they are reviewed for impairment.

Notes to the consolidated financial statements

For the year ended 30 September 2014

2.11 Intangible assets (excluding goodwill)

Intangible assets comprise computer software, customer contracts and non-contractual customer relationships, website development costs and the Group's key operating system (KOS). These are stated at cost or fair value less amortisation and any recognised impairment loss. Amortisation is provided, where material, on all intangible fixed assets excluding goodwill at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful economic life as follows:

Computer software	4 years
KOS	10 years
KOS enhancements	Over the remaining life of the KOS
Customer contracts and non-contractual customer relationships	5-10 years
Media website development costs	3 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement immediately.

Where an asset is under construction at the end of a reporting period, the costs involved that meet the relevant recognition criteria are disclosed as a separate class of asset. As these assets are not available for use by the business they are not amortised, instead they are reviewed for impairment.

2.12 Internally-generated intangible assets

An internally-generated asset arising from work performed by the Group is recognised only if all the following conditions are met:

- An asset is created that can be identified (such as software);
- it is probable that the asset created will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

Where such an asset is under construction at the end of a reporting period, the costs involved that meet the relevant recognition criteria are disclosed as a separate class of asset. As these assets are not available for use by the business they are not depreciated or amortised, instead they are reviewed for impairment. Typically, such projects consist of a mixture of tangible and intangible components and these are disclosed separately in the financial statements.

2.13 Impairment of tangible and intangible assets (excluding goodwill)

At each reporting date of the consolidated statement of financial position the directors review the carrying amount of the Group's tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment. If such an indication exists then the recoverable amount of that particular asset is estimated.

An impairment test is performed for an individual asset unless it belongs to a CGU, in which case the present value of the net future cash flows generated by the CGU is tested. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or of groups of other assets. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount

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

If the recoverable amount of an asset or CGU in which the asset sits is estimated to be lower than the carrying value, then the carrying amount is reduced to the recoverable amount. An impairment loss is recognised immediately in the income statement as an expense.

Reversals of impairment

An impairment loss is reversed on tangible and intangible assets only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment reversal is recognised in the income statement immediately.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Where appropriate, bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position. For the purposes of the consolidated cash flow statement, cash and cash equivalents are defined as above, net of outstanding bank overdrafts if the Group has the right of set off.

Notes to the consolidated financial statements

For the year ended 30 September 2014

2.15 Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when a member of the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

All financial assets are classified as loans and receivables.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at fair value, less any impairment. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as receivables. Client and market receivables are presented net where there is a legal right of offset and the ability and intention to settle on the net basis. Clients' settlement cash balances represent a right to receive cash from clients to settle an obligation incurred on their behalf. No interest income is recognised as all loans and receivables are short-term receivables and the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each date of the consolidated statement of financial position. These assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets objective evidence of impairment could include:

- Default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as the observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial assets is reduced by the use of a provision. When a trade receivable is considered uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the provision. Changes in the carrying amount of the provision are recognised in the income statement.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets in which the investment is made after deducting all of its liabilities.

Financial liabilities

All financial liabilities are classified as other financial liabilities.

Other financial liabilities, including any borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as payables. Client and market payables are presented net where there is a legal right of offset and the ability and intention to settle on the net basis.

Notes to the consolidated financial statements

For the year ended 30 September 2014

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating the interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the consideration required to settle that obligation at the date of the consolidated statement of financial position and are discounted to present value where the effect is material.

2.17 Share-based payments

The Group applies the requirements of IFRS 2 'Share-based Payment'. For the purposes of this financial information, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2006.

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the directors' estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Where a grant of equity-settled share-based payments is not subject to vesting conditions, the fair value determined at the grant date is expensed immediately.

Fair value is measured by use of the Black-Scholes model. The expected life applied in the model has been adjusted based on the directors' best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. As the Company's shares are not listed on a recognised stock exchange and therefore no readily available market price exists for the shares, the share price has been estimated using a generally accepted business valuation method. Share price volatility has been estimated as the average of the volatility applying to a comparable group of listed companies.

2.18 Dividends

Dividend distributions to the Company's shareholders are recognised in the period in which the dividends are paid. Final dividends declared after the reporting period are not included as a liability in the financial statements but are disclosed in the notes to the financial statements.

2.19 Levies

The Group applies the guidance provided in IFRIC 21 'Levies'. When eligible revenue which triggers a levy liability is generated in a levy period, the Group recognises the relevant liability immediately in full.

Notes to the consolidated financial statements

For the year ended 30 September 2014

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions to determine the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on the Group's historical experience and other relevant factors. Actual results may differ from the estimates applied.

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

Critical judgements in applying the Group's accounting policies

The following critical judgements have been made by the directors in applying the Group's accounting policies.

Impairment reviews of non-current assets

At each reporting date, the Group's non-current assets are reviewed for impairment where there are indicators of impairment or a review is specifically required by IAS 36. As it is not possible to test the Group's assets for impairment on an individual basis, impairment reviews are carried out on a CGU basis. In order to determine an asset's recoverable amount, the directors review the expected future cash flows of the CGU to which the asset is allocated.

There are a number of estimations that the directors have used to forecast the expected future cash flows of the CGUs that have been reviewed. Key judgements in arriving at these estimations include:

- The revenue generated by the future demand for the Group's products and services;
- the anticipated future costs attributable to the supply of the Group's products and services; and
- the level of ongoing maintenance expenditure required on the Group's assets in order to generate the expected level of cash flows.

Capitalisation of internally-generated intangible assets

The Group's accounting policy in relation to internally-generated intangible assets is given at section 2.12 in the notes to the consolidated financial statements.

Management judges whether incremental cash flows attributable to each project can be reliably measured. For projects where it is deemed probable that the asset will generate future economic benefits that can be measured, expenditure is capitalised. Examples of this are the delivery of a new product or service and the development of a new operating system. For projects that do not meet this expenditure criteria, such as the maintenance of an asset or new functionality for an existing product, the cost is expensed to the income statement as incurred.

Notes to the consolidated financial statements

For the year ended 30 September 2014

4. Revenue

	2014 £'000	2013 £'000
An analysis of the consolidated revenue is as follows:		
Investment administration services	33,783	44,256
Dealing and custody services	16,348	10,461
Media services	3,362	2,326
Total	**53,493**	**57,043**

5. Profit for the financial year

	Notes	2014 £'000	2013 £'000
Profit for the financial year has been arrived at after charging:			
Amortisation of intangible assets	12	1,753	1,542
Depreciation of tangible assets	13	436	476
Loss on disposal of intangible assets		-	-
Loss on disposal of tangible assets		2	6
Operating lease rentals:			
Other assets	22	857	737
Staff costs	6	21,265	18,884
Fees payable to the company's auditor for the audit of the company's annual accounts		19	19
Fees payable to the company's auditor and its associates for other services:			
Audit of the accounts of subsidiaries		43	68
Audit-related assurance services		38	23
Other assurance services		13	13

Notes to the consolidated financial statements

For the year ended 30 September 2014

6. Employee benefit costs and employee numbers

	2014 No.	2013 No.
The average number of employees (including Executive Directors) in the continuing operations of the Group during the year ended 30 September 2014 were:		
Administrative functions	**548**	**495**

The aggregate employee costs for the continuing operations of the Group were as follows:

	2014 £'000	2013 £'000
Short-term employee benefits	18,563	16,535
Social security costs	2,093	1,879
Retirement benefit costs	530	404
Termination benefits	79	66
Total	**21,265**	**18,884**

Remuneration of key management personnel

	2014 £'000	2013 £'000
Key management personnel are represented by the Board of Directors as shown on page 19 and the EMB as shown on page 20:		
Short-term employee benefits	1,675	1,561
Retirement benefit costs	22	33
Share-based payments	8	3
Total	**1,705**	**1,597**

Remuneration of directors

	2014 £'000	2013 £'000
The following costs relate to the Board of Directors as shown on page 19:		
Short-term employee benefits	785	773
Retirement benefit costs	-	11
Shared-based payments	-	1
Total	**785**	**785**

Notes to the consolidated financial statements

For the year ended 30 September 2014

Remuneration of highest paid director

	2014 £'000	2013 £'000
Short-term employee benefits	520	502
Total	**520**	**502**

7. Finance costs

	2014 £'000	2013 £'000
Obligations under finance leases	26	29
Other	5	22
Total	**31**	**51**

Notes to the consolidated financial statements

For the year ended 30 September 2014

8. Taxation

An analysis of the charge recognised in the consolidated income statement is presented below:

	2014 £'000	2013 £'000
Current tax	3,669	5,691
Adjustment to current tax in respect of prior period	(2)	3
Deferred tax		
Origination and reversal of temporary differences	(90)	(45)
Change in recognised deductible temporary differences	23	96
Reduction in tax rate	(6)	(7)
Tax charge per the consolidated income statement	**3,594**	**5,738**

Corporation Tax is calculated at 22% of the estimated assessable profit for the financial year (2013: 23.5%).

In addition to the amount charged to the income statement, certain tax amounts have been charged/(credited) directly to equity as follows:

	2014 £'000	2013 £'000
Deferred tax relating to share-based payments (see note 16)	16	(22)
Current tax relief on exercise of share options	(6)	(18)
	10	**(40)**

The charge for the year can be reconciled to the profit per the income statement as follows:

	2014 £'000	2013 £'000
Profit before tax	16,117	23,902
Profit before tax multiplied by a pro-rata rate of corporation tax in the UK of 22% (2013: 23.5%)	3,546	5,615
Effects of:		
Expenses not deductible	31	34
Adjustments to current tax in respect of prior period	21	3
Change in recognised deductible temporary differences	(4)	93
Reduction in tax rate	-	(7)
Total tax expense in consolidated income statement	**3,594**	**5,738**
Effective tax rate	22.3%	24.0%

During the period the Group has reflected the change in the main rate of Corporation Tax from 23% to 21%. The Group has also reflected the substantively enacted tax rate of 20%.

Notes to the consolidated financial statements

For the year ended 30 September 2014

9. Dividends

	2014 £'000	2013 £'000
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 30 September 2013 of 15.50p (2012: 15.25p) per share	6,297	6,151
Interim dividend for the year ended 30 September 2014 of 9.50p (2013: 9.50p) per share	3,857	3,831
Ordinary dividends paid on equity shares	**10,154**	**9,982**
Proposed final dividend for the year ended 30 September 2014 of 15.75p (2013: 15.50p) per share	6,411	6,260

Dividends are payable on all classes of issued and fully or partially paid up ordinary shares as disclosed in note 20.

10. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of ordinary, non-voting ordinary and A non-voting ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares in all classes outstanding to assume exercise of all potentially dilutive share options.

	2014 £'000	2013 £'000
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent company	12,523	18,164

Number of Shares

	Number of shares 2014	Number of shares 2013
Weighted average number of ordinary shares (for the purpose of basic earnings per share) in issue during the year	40,568,194	40,295,307
Effect of potentially dilutive share options	144,002	232,098
Weighted average number of ordinary shares for the purposes of fully diluted earnings per share	**40,712,196**	**40,527,405**

Notes to the consolidated financial statements

For the year ended 30 September 2014

11. Goodwill

	2014 £'000	2013 £'000
Cost		
At 1 October 2013	2,069	532
Additions	-	1,537
At 30 September 2014	**2,069**	**2,069**
Accumulated impairment losses		
At 1 October 2013	112	112
Charge for the financial year	-	-
At 30 September 2014	**112**	**112**
Carrying value at 30 September 2014	1,957	1,957

The directors test goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Goodwill arising on acquisition of AJ Bell Securities Limited

Goodwill of £532,000 recognised in the statement of financial position arose on the acquisition of AJ Bell Securities Limited during the year ended 30 September 2008.

For the purposes of impairment testing, goodwill arising on the acquisition of AJ Bell Securities Limited is allocated to the dealing and custody CGU.

Goodwill arising on acquisition of AJ Bell Media Limited

Goodwill of £1,537,000 recognised in the statement of financial position arose on the acquisition of AJ Bell Media Limited during the year ended 30 September 2013.

For the purposes of impairment testing, £380,000 of goodwill arising on the acquisition of AJ Bell Media Limited is allocated to the investment administration CGU, with the remaining £1,157,000 being allocated to the dealing and custody CGU.

Calculation of value-in-use of CGUs

Dealing and custody CGU

The recoverable amount of the assets contained within the dealing and custody CGU is determined by estimating its value-in-use; the discounted future cash flows attributable to the CGU are projected over the remaining three-year life of the customer list, which is the most prominent asset in the CGU, based on the most recent forecasts approved by the Board.

Investment administration CGU

The recoverable amount of the assets contained within the investment administration CGU is determined by estimating its value-in-use; the discounted future cash flows attributable to the CGU are projected over the remaining seven-year life of the key operating system, which is the most prominent asset in the CGU, based on the most recent forecasts approved by the Board.

Notes to the consolidated financial statements

For the year ended 30 September 2014

The directors have exercised the following key judgements in estimating the future cash flows:

Revenue

A moderate rate of growth has been used to extrapolate cash flow projections beyond the most recent budget approved by the Board for the investment administration and dealing and custody CGUs.

Administrative expenses

Economies of scale are expected to be gained in the medium to long-term, although there are not expected to be any significant changes to the nature of administrative expenses.

Asset maintenance

Modest ongoing maintenance expenditure is required on the assets in the CGUs in order to generate the expected level of cash flows.

Discount rate

A discount rate of 5% has been applied to the forecast cash flows in order to estimate the value-in-use of the CGUs.

Based on these key judgements, the estimated value-in-use of the CGUs comfortably supports the carrying values of the assets held within them.

In addition to the impairment review carried out as described above, the directors have performed sensitivity analysis on their calculations, with key assumptions being revised adversely to reflect the potential for future performance being below expected levels. The results of these revised calculations continue to support the carrying values of the assets contained in the CGUs.

Following their review of both the dealing and custody CGU and investment administration CGU, the directors are satisfied that goodwill is not impaired.

Notes to the consolidated financial statements

For the year ended 30 September 2014

12. Other intangible assets

	Computer software £'000	Assets under construction £'000	Customer contracts and non-contractual customer relationships £'000	Key operating system £'000	Total £'000
Cost					
At 1 October 2012	5,710	5,679	1,523	1,173	14,085
Additions	236	1,168	-	-	1,404
Acquisitions through business combinations	177	-	612	-	789
Transfer	-	(5,276)	-	5,276	-
At 30 September 2013	**6,123**	**1,571**	**2,135**	**6,449**	**16,278**
Additions	190	754	-	-	944
Acquisitions through business combinations	-	-	-	-	-
Transfer	117	(2,325)	-	2,208	-
At 30 September 2014	**6,430**	**-**	**2,135**	**8,657**	**17,222**
Amortisation					
At 1 October 2012	4,766	-	722	158	5,646
Charge for the financial year	558	-	244	740	1,542
At 30 September 2013	**5,324**	**-**	**966**	**898**	**7,188**
Charge for the financial year	513	-	275	965	1,753
Impairment	-	-	-	-	-
At 30 September 2014	**5,837**	**-**	**1,241**	**1,863**	**8,941**
Carrying value at 30 September 2013	**799**	**1,571**	**1,169**	**5,551**	**9,090**
Carrying value at 30 September 2014	**593**	**-**	**894**	**6,794**	**8,281**
Average remaining amortisation period	1 year 11 months	n/a	3 years 3 months	6 years 6 months	

Notes to the consolidated financial statements

For the year ended 30 September 2014

Assets under construction

During the year ended 30 September 2010, the Group embarked upon a project to renew its IT infrastructure and administration systems in order to enhance its products and services. The final phase of the project completed in the current year and the remaining assets held as assets under construction were brought into use. £2.3m has therefore been transferred from assets under construction to intangible assets.

	2014 £'000	2013 £'000
Purchased software	-	20
External consultancy costs	-	1,129
Other external costs	-	-
	-	**1,149**
Internal costs	-	422
Total assets under construction	**-**	**1,571**

Notes to the consolidated financial statements

For the year ended 30 September 2014

13. Property, plant and equipment

	Leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 October 2012	543	1,728	976	3,247
Additions	5	255	96	356
Acquisitions through business combinations	-	25	1	26
Disposals	-	(22)	(85)	(107)
At 30 September 2013	**548**	**1,986**	**988**	**3,522**
Additions	128	382	361	871
Acquisitions through business combinations	-	-	-	-
Disposals	-	(80)	(3)	(83)
At 30 September 2014	**676**	**2,288**	**1,346**	**4,310**
Depreciation				
At 1 October 2012	426	1,203	699	2,328
Charge for the financial year	50	289	137	476
Disposals	-	(22)	(76)	(98)
At 30 September 2013	**476**	**1,470**	**760**	**2,706**
Charge for the financial year	43	276	117	436
Disposals	-	(78)	(3)	(81)
At 30 September 2014	**519**	**1,668**	**874**	**3,061**
Carrying value at 30 September 2013	**72**	**516**	**228**	**816**
Carrying value at 30 September 2014	**157**	**620**	**472**	**1,249**

During the year, additions of property, plant and equipment under finance leases totalled £221,000 (2013: £42,000).

The carrying amount of the Group's office equipment includes an amount of £285,000 (2013: £134,000) in respect of assets held under finance leases.

At the year-end, the Group had no commitments (2013: £Nil) to purchase any tangible fixed assets.

14. Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest is given in note 4 to the Company's separate financial statements.

The financial statements for the year ended 30 September 2014 of AJ Bell EBT Limited have been exempted from audit under s479C of the Companies Act 2006 by way of parent guarantee from AJ Bell Holdings Limited.

Notes to the consolidated financial statements

For the year ended 30 September 2014

15. Other financial assets

	2014 £'000	2013 £'000
Trade and other receivables		
Trade receivables	5,139	4,577
Prepayments and accrued income	6,345	5,153
Total trade and other receivables	**11,484**	**9,730**

The directors consider that the carrying value of trade and other receivables approximates to their fair value.

The maturity profile of the Group's trade receivables was as follows:

	2014 £'000	2013 £'000
Neither past due nor impaired	3,977	4,080
31 to 60 days	84	41
61 to 90 days	163	72
91 days and over	1,084	493
	5,308	**4,686**
Less provision for doubtful debts	(169)	(109)
Trade receivables per consolidated statement of financial position	**5,139**	**4,577**

The movement in the provision for doubtful debts is as follows:

	2014 £'000	2013 £'000
At 1 October 2013	109	165
Amounts charged to the income statement as irrecoverable	102	6
Amounts recovered during the year	(42)	(62)
At 30 September 2014	**169**	**109**

The directors have reviewed the collectability of all receivables and are satisfied that those balances not otherwise provided against are recoverable.

Client and market receivables

	2014 £'000	2013* £'000
Client and market receivables	23,304	21,054
Clients' settlement cash balances	20,024	20,618
	43,328	**41,672**

*The prior period comparatives have been restated as a result of a change in accounting policy. The impact of this is disclosed in note 2.

Notes to the consolidated financial statements

For the year ended 30 September 2014

Client and market receivables arise as a result of the provision of stockbroking services.

Cash and cash equivalents

	2014 £'000	2013* £'000
Cash and cash equivalents	33,222	32,506
Total	**33,222**	**32,506**

*The prior period comparatives have been restated as a result of a change in accounting policy. The impact of this is disclosed in note 2.

Cash and cash equivalents comprise cash held by the Company and any of its operating subsidiaries. It also includes short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. Any client bank accounts in foreign currency have been translated into sterling at the prevailing exchange rate at the statement of financial position date.

Financial assets

Financial assets consist of cash and cash equivalents, trade receivables and client and market receivables and total £81,689,000 (2013: £78,755,000).

Risks arising from financial assets

Credit and bank default risk

The Group's credit risk extends to its principal financial assets. These are cash balances held with banks and trade and other receivables.

As regards trade receivables, the Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken. This minimises credit risk in this area.

The directors continue to monitor the strength of the banks used by the Group. The banks currently used by the Group are Bank of Scotland plc, HSBC Bank plc, The Royal Bank of Scotland plc, Brown Brothers Harriman & Co. and Bank of Ireland (UK) plc.

Bank of Scotland plc, the Group's principal banker, is substantial and is 100% owned by Lloyds Banking Group in which the UK Government still has a significant strategic stake. The degree of state ownership is closely monitored by the Group. All of the banks currently used by the Group have long-term credit ratings of at least A (Fitch) or A3 (Moody's), apart from Bank of Ireland (UK) plc, which currently has ratings of BBB (Fitch) and B1 (Moody's). Where the services of other banks are used, the Group follows a rigorous due diligence process prior to selection. This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its customers.

Embedded derivatives

In accordance with IAS39, 'Financial Instruments: Recognition and Measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. The directors are satisfied that there are no material embedded derivatives held by the Group.

Notes to the consolidated financial statements

For the year ended 30 September 2014

16. Deferred tax

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £'000	Share-based payments £'000	Short-term timing difference £'000	Unused tax losses £'000	Total £'000
At 1 October 2012	(150)	137	(143)	-	(156)
Acquired through business combinations	-	-	(141)	87	(54)
Credit/(charge) to the income statement	(28)	5	64	(78)	(37)
Credit to equity	-	22	-	-	22
At 1 October 2013	**(178)**	**164**	**(220)**	**9**	**(225)**
Acquired through business combinations	-	-	-	-	-
Credit/(charge) to the income statement	20	(11)	73	(9)	73
(Charge) to equity	-	(16)	-	-	(16)
At 30 September 2014	**(158)**	**137**	**(147)**	**-**	**(168)**

The current year deferred tax adjustment relating to share-based payments reflects the estimated total future tax relief associated with the cumulative share-based payment benefit arising in respect of share options granted but unexercised as at 30 September 2014.

As at 30 September 2014 the Group had unused tax losses of £87,000 (2013: £87,000) which have not been recognised as a deferred tax asset.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2014 £'000	2013 £'000
Deferred tax asset	137	173
Deferred tax liability	(305)	(398)
Net deferred tax liability	**(168)**	**(225)**

Notes to the consolidated financial statements

For the year ended 30 September 2014

17. Obligations under finance leases

Minimum lease payments

	2014 £'000	2013 £'000
Amounts payable under finance leases:		
Within one year	123	64
In the second to fifth years inclusive	219	121
	342	**185**
Less: future finance charges	(39)	(38)
Present value of lease obligations	**303**	**147**

	2014 £'000	2013 £'000
Present value of minimum lease payments		
Amounts payable under finance leases:		
Within one year	100	43
In the second to fifth years inclusive	203	104
Present value of lease obligations	**303**	**147**

It is the Group's policy to lease certain items of office equipment under finance leases. The average lease term is between three and five years. All lease obligations are denominated in sterling. The fair value of the Group's lease obligations approximates to their carrying amount.

Notes to the consolidated financial statements

For the year ended 30 September 2014

18. Other financial liabilities

	2014 £'000	2013 £'000
Trade and other payables		
Trade payables	552	669
Social security and other taxes	1,312	984
Accruals and deferred income	3,615	3,842
	5,479	**5,495**

Trade payables, accruals and deferred income principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

	2014 £'000	2013 £'000
Client and market payables	**41,692**	**40,075**

Client and market payables arise as a result of the provision of stockbroking services.

	2014 £'000	2013 £'000
Non-current payables		
Other payables	**57**	**29**

Financial liabilities

Financial liabilities consist of trade payables, client and market payables and obligations under finance leases.

The following details the Group's remaining contractual maturity for its non-derivative financial liabilities.

	Less than 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	**Total £'000**
2014	42,240	(14)	117	203	**42,546**
2013	40,720	(4)	71	104	**40,891**

Risks arising from financial liabilities

Liquidity risk

This is the risk that the Group may be unable to meet its liabilities as and when they fall due. These liabilities arise from the day-to-day activities of the Group and from its obligations to customers. The Group is a highly cash generative business and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements. Where customers' funds are deposited on a term basis with banks, the Group's policy ensures that funds are available on customer demand.

Notes to the consolidated financial statements

For the year ended 30 September 2014

19. Provisions

	FSCS levy £'000	Office dilapidations £'000	Total £'000
At 1 October 2013	68	315	383
Utilised in the year	-	-	-
Charged in the year	-	83	83
At 30 September 2014	**68**	**398**	**466**
Included in current liabilities	68	-	68
Included in non-current liabilities	-	398	398

The Group is contractually obliged to reinstate its three leased properties to their original state and layout at the end of the lease terms. The office dilapidations provision represents the directors' best estimate of the present value of costs which will ultimately be incurred in settling these obligations.

The FSCS levy provision represents an estimate of a potential interim levy for the year ending 31 March 2015.

Notes to the consolidated financial statements

For the year ended 30 September 2014

20. Share Capital

	2014 £	2013 £
Issued, fully-called and paid:		
38,035,865 (2013: 37,936,378) ordinary shares of 0.1p each	38,036	37,936
75,000 (2013: 75,000) ordinary non-voting shares of 0.1p each	75	75
1,858,436 (2013: 1,909,205) A non-voting ordinary shares of 0.1p each	1,858	1,909
	39,969	**39,920**
Issued, partly-called and paid:		
77,910 (2013: 77,910) A non-voting ordinary shares of 0.1p each – 10% partly-called and paid	8	8
174,242 (2013: 187,100) A non-voting ordinary shares of 0.1p each – 0.2% partly-called and paid	1	1
484,205 (2013: 155,739) A non-voting ordinary shares of 0.1p each – 0.3% partly-called and paid	1	1
	10	**10**
Total value of issued, fully or partly-paid shares	**39,979**	**39,930**

The following share transactions have taken place during the year:

Transaction type	Share class	Number of shares	Premium £'000
Full payment	A non-voting ordinary shares of 0.1p each	n/a	91
Exercise of CSOP options	Ordinary shares of 0.1p each	27,604	78
New issue under OTB	A non-voting ordinary shares of 0.1p each, 0.3% partly-paid	339,566	3
New issue under OTB	A non-voting ordinary shares of 0.1p each	263	1
New issue	Ordinary shares of 0.1p each	71,883	273
			446

The ordinary non-voting shares and A non-voting ordinary shares have the same rights as to dividend and on winding-up as the ordinary shares except that they cannot vote at meetings of shareholders.

After the year end a new equity instrument in the form of growth shares was brought into use by the business. Growth shares are non-voting and do not carry dividend rights. On 11 December 2014 167,102 growth shares were issued to employees.

Notes to the consolidated financial statements

For the year ended 30 September 2014

21. Notes to the statement of cash flows

	2014 £'000	2013* £'000
Profit for the financial year	12,523	18,164
Adjustments for:		
Investment revenue	(234)	(228)
Finance costs	31	51
Income Tax expense	3,594	5,738
Depreciation of property, plant and equipment	436	476
Amortisation of intangible assets	1,753	1,542
Share-based payment expense	2	27
Increase in provisions and other payables	111	1
Loss on disposal of intangible assets	-	-
Loss on disposal of fixed assets	2	6
Operating cash flows before movements in working capital	**18,218**	**25,777**
Decrease/(increase) in receivables	(3,410)	(15,047)
(Decrease)/increase in payables	1,601	12,538
Cash generated from operations	**16,409**	**23,268**
Income Taxes paid	(4,429)	(6,348)
Interest paid	(31)	(51)
Net cash from operating activities	**11,949**	**16,869**

*The prior period comparatives have been restated as a result of a change in accounting policy. The impact of this is disclosed in note 2.

Notes to the consolidated financial statements

For the year ended 30 September 2014

22. Operating leases

	2014 £'000	2013 £'000
The Group as lessee:		
Minimum lease payments under operating leases recognised as an expense in the year	**857**	**737**

At the date of the consolidated statement of financial position, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as shown in the table presented below. The calculations represent the minimum payments up to the next available break point in each of the Group's leases.

	2014 £'000	2013 £'000
Within one year	984	840
In the second to fifth years inclusive	2,408	2,477
After five years	303	3
	3,695	**3,320**

Presented below are the minimum lease payments to which the Group would be contractually obligated if all break options were removed:

	2014 £'000	2013 £'000
Within one year	984	840
In the second to fifth years inclusive	4,003	2,977
After five years	6,201	5,035
	11,188	**8,852**

Operating lease payments represent rentals payable by the Group for its office properties. At original inception, office property leases are negotiated for an average term of ten to fifteen years and rentals are fixed for an average of five years.

Notes to the consolidated financial statements

For the year ended 30 September 2014

23. Share-based payments

Equity-settled share option schemes

During the year there have been two HMRC-approved share option schemes in operation, an EMI scheme and CSOP. Following amendments to the EMI thresholds, the Group ceased to qualify as an eligible participant and the EMI scheme was closed to new entrants in July 2008. The CSOP was created in July 2009 to replace the EMI scheme, and to ensure that equity ownership for all levels of employees within the organisation continued to be facilitated.

All unexercised options granted under the EMI scheme prior to July 2008 are fully vested and remain exercisable. Options granted under the EMI scheme are usually forfeited if the employee leaves the Group before the option expires. There were no unvested EMI scheme options in existence during the current or prior year. Therefore, there was no share-based payment expense in respect of the EMI scheme in either the prior year or current year, nor will there be any expense in future accounting periods.

Options granted under the CSOP vest between three and ten years after the date of grant. They are exercisable at a price determined by the directors but not materially less than the greater of the market value of a share on the date of grant and, in the case of an option which is a right to subscribe for shares, the nominal value of the share. Options granted under the CSOP are usually forfeited if the employee leaves the Group before the option expires. The expense for share-based payments under the CSOP is recognised over the respective vesting period of these options. The expense recognised in the year to 30 September 2014 was £2,111 (2013: £27,381).

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes method, taking into account the terms and conditions upon which the options were granted.

During the period, a total of 20,715 options were granted under the CSOP. The fair value of these options has been estimated using the Black-Scholes method.

The inputs to that model for this new issue of options are listed below:

Fair value of share from generally accepted business model (£)	3.80
Exercise price of an option (£)	3.80
Expected volatility	25%
Expected dividend yield	6.58%
Risk-free interest rate	0.81%
Expected option life to exercise (months)	36

The share price at the date of grant of all options is based on the market value of the shares on that date. As the Company is unlisted, it has no readily available share price and so its share value is calculated using dividend and earnings-based models to determine a range of valuations. The average price indicated by these valuations is assumed to be the approximate market value at the date of grant and is agreed with HMRC prior to the granting of options. The expected life of the options is based on the minimum period between the grant of the option, the earliest possible exercise date and an analysis of the historical exercise data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the case.

Notes to the consolidated financial statements

For the year ended 30 September 2014

Details of the aggregate share options (EMI and CSOP) outstanding during the year are as follows:

Reconciliation of the movement in the number of share options:

	2014		2013	
	Number of options	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)
Outstanding at beginning of period	537,644	2.72	414,702	2.05
Granted during the period	20,715	3.80	159,360	4.20
Exercised during the period	(27,604)	2.82	(23,776)	0.84
Forfeitures	(69,936)	3.16	(12,642)	2.87
Outstanding at the end of the period	**460,819**	**2.69**	**537,644**	**2.72**
Exercisable at the end of the period	251,653	1.65	249,590	1.48

The Company is unlisted; therefore no quoted price is available for its stock.

The lowest exercise price for share options outstanding at the end of the period was 22p (2013: 22p) and the highest exercise price was 420p (2013: 420p). The weighted average remaining contractual life of share options outstanding at the end of the period was 6 years (2013: 7 years and 1 month).

Option to buy shares scheme

The Group continues to operate its OTB scheme which was introduced during the year ended 30 September 2011. During the current year, the third awards under this scheme were made to members. This consisted of the 20,715 share options granted under the CSOP and the issue of A non-voting ordinary shares as disclosed in note 20. The A non-voting ordinary shares were issued at market value and therefore no share-based payment charge was recognised in respect of these shares.

Notes to the consolidated financial statements

For the year ended 30 September 2014

24. Related party transactions

Subsidiaries

The Company has a related party relationship with its subsidiaries. Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation.

Key management personnel

The Group has a related party relationship with its directors and members of the senior management team (the ‘key management personnel’). Remuneration of key management personnel is disclosed in note 6. During the year there were no material transactions or balances between the Group and its key management personnel or members of their close family, other than noted below.

Directors

Remuneration of the directors is disclosed in note 6.

Charitable donations

During the year, the Group made donations totalling £76,000 (2013: £177,400) to the AJ Bell Trust, a registered charity of which Mr A J Bell is a trustee.

In the year ended 30 September 2013 £77,400 of the £177,400 was paid by the Group following the waiving of remuneration by Mr Bell. Mr Bell sacrificed the right to receive performance-related bonuses to which he would have become entitled, requesting that an equivalent amount be instead paid to the AJ Bell Trust.

25. Events after the date of the consolidated statement of financial position

At the date of approval of these consolidated financial statements, the directors are not aware of any material events after the date of the consolidated statement of financial position.

Company balance sheet

As at 30 September 2014

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Investments	4		18,010		8,010
Current assets					
Debtors:					
- due within one year	5	1,816		2,507	
- due after one year	5	7,450		7,464	
		9,266		**9,971**	
Cash at bank and in hand		8,327		21,065	
			17,593		**31,036**
Current liabilities					
Creditors: Amounts falling due within one year	6		(725)		(2,182)
Net assets			**34,878**		**36,864**
Capital and reserves					
Called-up share capital	7		40		40
Share premium account	8		1,085		639
Profit and loss account	8		33,753		36,185
Shareholders' funds	9		**34,878**		**36,864**

The financial statements of AJ Bell Holdings Limited (registered number 04503206) were approved by the Board of Directors and authorised for issue on 11 December 2014. They were signed on its behalf by:

Michael Summersgill
Director

Notes to the Company financial statements

For the year ended 30 September 2014

1. Significant accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historic cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The accounting policies that are different to those used in the preparation of the consolidated financial statements are summarised below. They have all been applied consistently throughout the year and the preceding year.

The separate statements have been prepared on a going concern basis. The directors believe that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date the financial statements are approved.

Investments

Investments in subsidiary undertakings are shown at cost less provision for impairment.

Taxation

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2. Profit for the financial year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the year ended 30 September 2014 of £7,819,000 (2013: £16,086,000). This profit was generated from the Company's principal activity which is that of a holding company.

The auditor's remuneration for the audit and other services is disclosed in note 5 to the consolidated financial statements.

3. Charitable donations

During the year, the Company made charitable donations of £76,000 (2013: £177,400).

Notes to the Company financial statements

For the year ended 30 September 2014

4. Investments

	2014 £'000	2013 £'000
Cost		
At 1 October 2013	8,412	5,957
Additions	10,000	2,455
At 30 September 2014	**18,412**	**8,412**
Accumulated impairment losses		
At 1 October 2013	402	402
Charge for the financial year	-	-
At 30 September 2014	**402**	**402**
Carrying value at 30 September 2014	**18,010**	**8,010**

The Company has investments in the ordinary share capital of the following subsidiaries:

Name of Company	Country of incorporation	Principal Activity	Holding %
AJ Bell Limited *	England	Investment / Group administration	100
AJ Bell Trustees Limited	England	Dormant	100
Ashby London Trustees Limited	England	Dormant	100
AJ Bell Platinum Limited*	England	Dormant	100
Ashby London Actuarial Services Limited*	England	Dormant	100
AJ Bell Management Limited*	England	Investment administration	100
Sippdeal Trustees Limited	England	Dormant	100
AJ Bell (PP) Trustees Limited	England	Dormant	100
Whitehead Trustees Limited	England	Dormant	100
Ashby London (PP) Trustees Limited	England	Dormant	100
Sippdeal Limited	England	Dormant	100
MSM Media Limited*	England	Dormant	100
AJ Bell Securities Limited*	England	Dealing and custody	100
Lawshare Nominees Limited	England	Dormant	100
AJ Bell EBT Limited*†	England	Dormant	100
AJ Bell Media Limited*	England	Media	100
MoneyAM Limited	England	Media	100

* Held directly by AJ Bell Holdings Limited.

† The financial statements for the year ended 30 September 2014 of AJ Bell EBT Limited have been exempted from audit under s479C of the Companies Act 2006 by way of parent guarantee from AJ Bell Holdings Limited.

Notes to the Company financial statements

For the year ended 30 September 2014

5. Debtors

	2014 £'000	2013 £'000
Due within one year:		
Trade debtors	1,052	1,534
Amounts owed by Group undertakings	747	936
Prepayments and accrued income	17	37
	1,816	**2,507**

	2014 £'000	2013 £'000
Due after one year:		
Deferred tax asset relating to share-based payments	-	14
Amounts owed by Group undertakings	7,450	7,450
	7,450	**7,464**

Amounts owed by Group undertakings falling due after one year relate to loans issued to AJ Bell Limited by the Company in relation to costs incurred by AJ Bell Limited in renewing IT infrastructure and administration systems in order to enhance products and services for the Group.

6. Creditors – Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to Group undertakings	205	162
Corporation tax	501	1,992
Accruals and deferred income	19	28
	725	**2,182**

7. Called-up share capital

The Company's share capital is disclosed in note 20 to the consolidated financial statements.

Notes to the Company financial statements

For the year ended 30 September 2014

8. Reserves

	Share premium £'000	Profit & loss £'000
At 1 October 2013	639	36,185
Retained profit for the financial year	-	7,819
Issue of new shares	355	-
Pay up of part-paid shares	91	-
Dividends paid	-	(10,154)
Share repurchase	-	(99)
Credit to equity for equity-settled share-based payments	-	2
At 30 September 2014	**1,085**	**33,753**

9. Reconciliation of movement in equity shareholders' funds

	2014 £'000	2013 £'000
Retained profit for the financial year	7,819	16,086
Credit to equity for equity-settled share-based payments	2	27
Dividends	(10,154)	(9,982)
	(2,333)	**6,131**
Proceeds from issue of new shares	355	22
Proceeds from pay-up of part-paid shares	91	-
Repurchase of own shares	(99)	-
Net addition to shareholders' funds	**(1,986)**	**6,153**
Opening shareholders' funds at 1 October 2013	36,864	30,711
Closing shareholders' funds at 30 September 2014	**34,878**	**36,864**

Five-year summary

For the year ended 30 September 2014

	IFRS				
	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Results					
Revenue	53,493	57,043	51,765	41,570	35,435
Profit from operations	15,914	23,725	26,360	18,940	16,047
Profit before tax	16,117	23,902	26,501	19,046	16,122
Profits attributable to equity holders of AJ Bell Holdings Limited	12,523	18,164	19,799	13,882	11,823
Assets employed					
Non-current assets	11,487	11,863	9,778	7,710	5,767
Current assets	88,034	83,908	64,907	58,193	47,282
Current liabilities	(49,309)	(48,420)	(35,711)	(38,134)	(32,281)
Non-current liabilities	(428)	(358)	(287)	(79)	(30)
Long-term provisions	(398)	(315)	(280)	(136)	(82)
Net assets	**49,386**	**46,678**	**38,407**	**27,554**	**20,656**
Financed by					
Equity	49,386	46,678	38,407	27,554	20,656
Key statistics					
Earnings per share (pence)	30.87	45.08	49.39	34.82	29.91
Fully diluted earnings per share (pence)	30.76	44.82	49.14	34.66	29.51
Dividends paid in year (pence per share)	25.00	24.75	22.50	18.50	22.00
Dividend declared with respect to profits generated in year (pence per share)	25.25	25.00	24.75	21.00	18.50

Definitions

The following definitions are used throughout the annual report and financial statements:

AJBMd	AJ Bell Media Limited and its wholly-owned subsidiary MoneyAM Limited
AUA	Assets under administration
Board, Directors	The Board of Directors of AJ Bell Holdings Limited
bps	Basis points
Clean fund	A unit of a fund on which a platform does not receive any payment from the fund management group
Company	AJ Bell Holdings Limited
CGU	Cash Generating Unit
CSOP	Company Share Option Plan
CTF	Child Trust Fund
DIY	Do It Yourself
EMB	Executive Management Board
EMI	Enterprise Management Incentive
EPS	Earnings Per Share
ETF	Exchange-Traded Funds
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
Fund	The generic term used to describe unit trusts and Open-Ended Investment Companies
GIA	General Investment Account
Group	AJ Bell Holdings Limited and its wholly-owned subsidiaries
HMRC	HM Revenue and Customs
ISA	Individual Savings Account
JISA	Junior Individual Savings Account
KOS	Key Operating System
Non-platform business	Includes our SIPP only and institutional stockbroking services
OTB	Option to Buy Shares Scheme
PBT	Profit Before Tax
Platform business	Includes our AJ Bell Investcentre (formerly Sippcentre), AJ Bell Youinvest (formerly Sippdeal) and IMAS propositions
RDR	Retail Distribution Review
SIPP	Self-Invested Personal Pension
SSAS	Small Self-Administered Scheme

Company information

Company number	04503206
Company Secretary	Bruce Robinson
Registered office	Trafford House Chester Road Manchester M32 0RS
Auditor	KPMG LLP St James' Square Manchester M2 6DS
Principal banker	Bank of Scotland plc 1 Lochrin Square 92 – 98 Fountainbridge Edinburgh EH3 9QA

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Company registration number 04503206