AJBell
Holdings Limited

Foundations for the future

Annual Report & Accounts | 2009
Company registration number 4503206

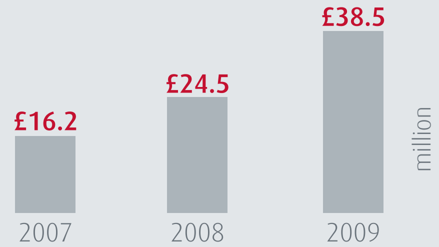
Contents

Highlights

We are pleased to announce our final results for the year ended 30 September 2009. It is very satisfying to deliver record results in such challenging market conditions.

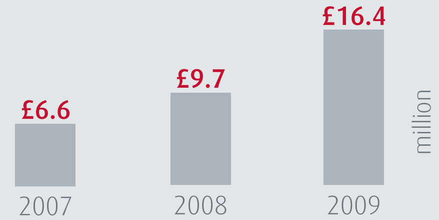
Revenue

Increased by **57%** from £24.5 million to £38.5 million



Profit before tax

Increased by **69%** from £9.7 million to £16.4 million

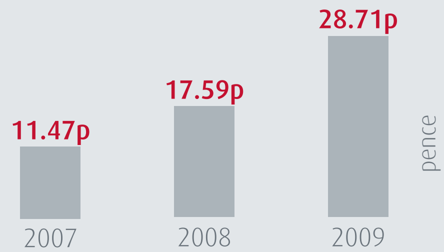


Total assets under administration

Increased by **35%** from £8.3 billion to £11.2 billion

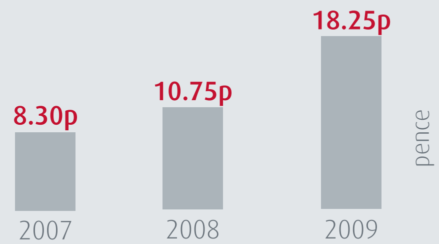
Diluted earnings per share

Increased by **63%** from 17.59 pence to 28.71 pence



Total ordinary dividend

Increased by **70%** from 10.75 pence to 18.25 pence



Our foundations

A J Bell is a business built on strong foundations. We recognise the importance of each layer and how it contributes to our success. Together they form the base from which we deliver our award winning range of innovative products and services.

Our people

Whilst our staff numbers have increased dramatically in recent years, we have a core of very experienced professionals. Many have "grown up" with the A J Bell service philosophy and now occupy senior positions in the enlarged organisation. We are a people business and we recognise that our staff and our clients are our biggest assets. Our enviable reputation for service is a direct result of the hard work, loyalty and commitment of all who work at A J Bell.

The quality of our service is a result of our investment in staff training and development, much of which is carried out in-house. This helps contribute to a confident, knowledgeable and dedicated workforce.

Our culture

Innovation sits at the heart of our culture and we constantly challenge convention. Through creative thinking and insight that seizes the initiative, we aim to lead our markets. We provide our customers with a combination of innovative products, quality service, control, investment flexibility, low cost delivery and online functionality.

Our approach

At A J Bell we set high standards and ensure that every task across the business is carried out in line with our core operating principles.

We do not provide regulated financial or investment advice. We operate exclusively on an execution only basis, whether directed by the pension scheme member, their adviser or by our institutional clients.

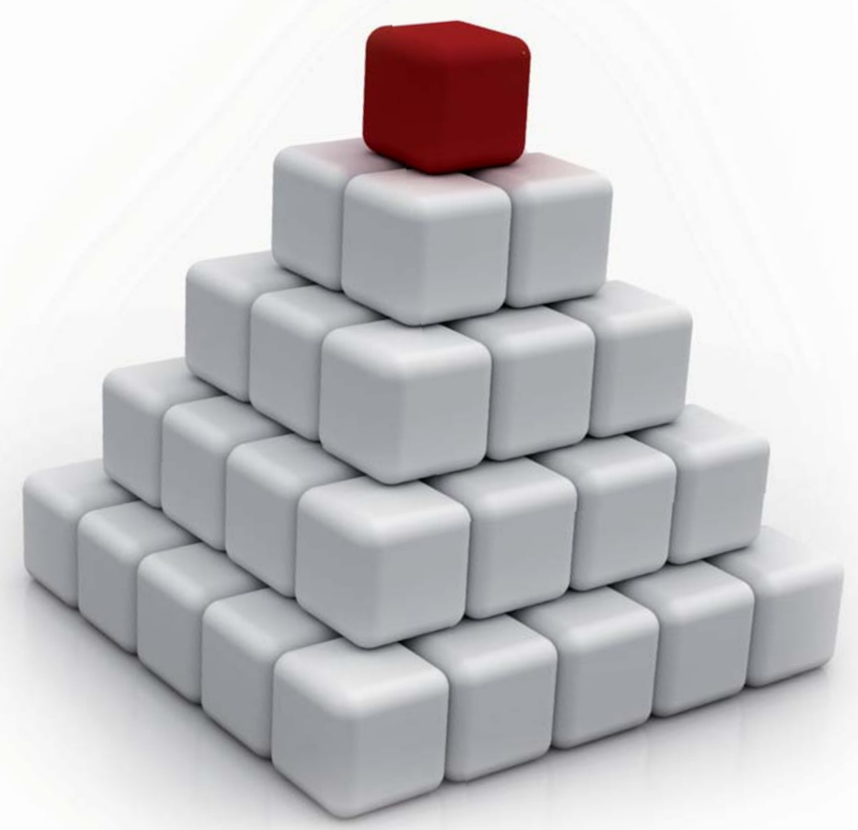
We operate with high standards of corporate governance that allow us to manage risk prudently and professionally. In doing this, our aim is to maximise value for our shareholders.

Our technology

Use of technology is at the heart of our business. Through easy to use technology we have created an online experience with real efficiencies for users.

Our focus on scaleable technology also creates efficiencies within the business that allow us to offer online products with market leading competitive charges.

Our IT capability enables us to control the pace and standards within all of our IT developments.



Building on our foundations: our products and services

A J Bell is a diverse business with a variety of products and services. Each product is designed to meet the individual needs of our clients. These needs vary across different markets.

Sippcentre
A low cost SIPP with significant online functionality that is distributed by financial advisers throughout the UK. Investment options include a choice of fund supermarkets, discretionary investment managers, insurance company funds, cash deposits and commercial property.

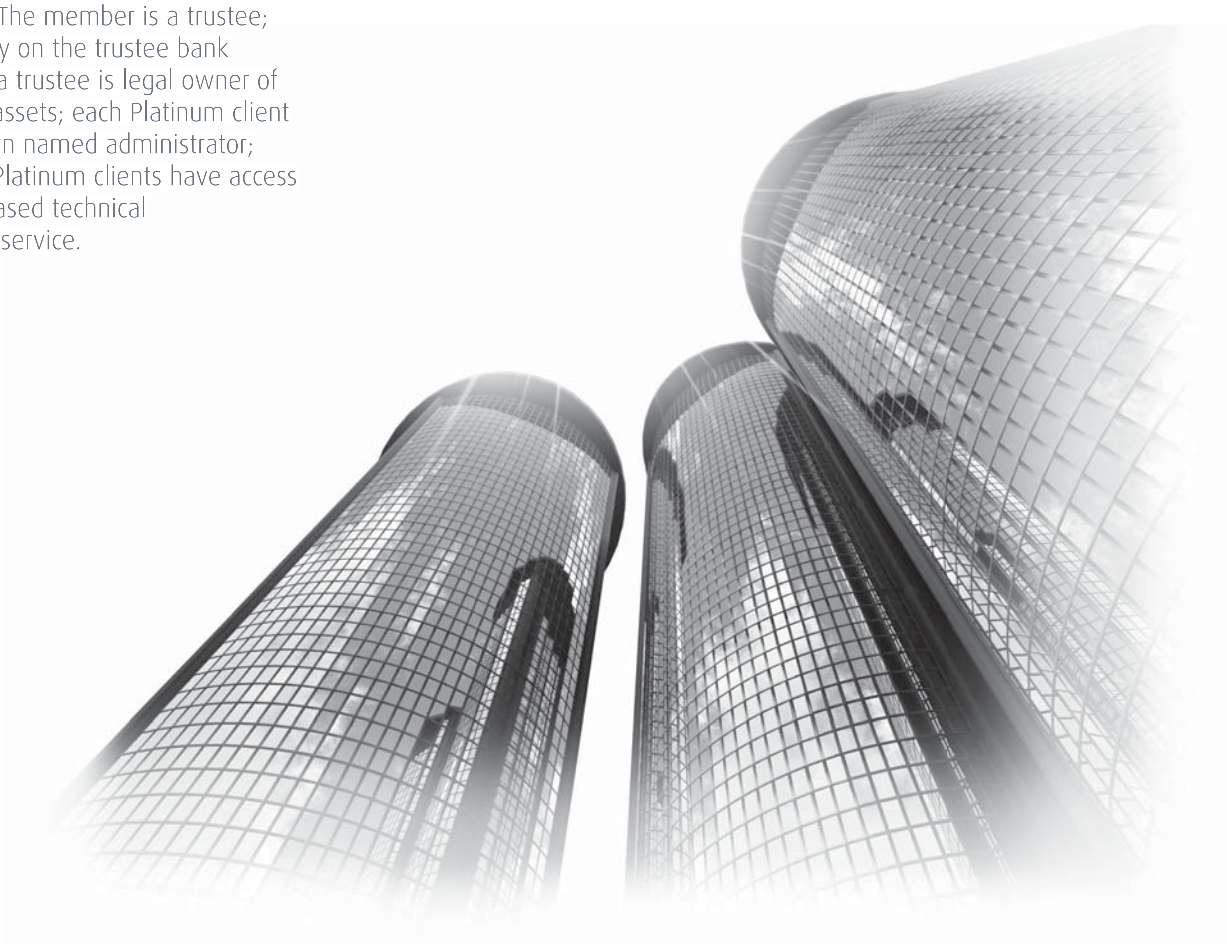
Sippdeal/Sippdealxtra
An execution only, low cost, online SIPP offering no pension or investment advice. Under Sippdeal, all dealing and custody is carried out in-house, whereas for Sippdealxtra, the dealing and custody is carried out by another execution only stockbroker, at the choice of the client.

A J Bell Platinum
Our fully bespoke SSAS and SIPP products that are differentiated from our other pension products by five key factors: The member is a trustee; is a signatory on the trustee bank account; as a trustee is legal owner of all scheme assets; each Platinum client has their own named administrator; and finally, Platinum clients have access to our fee based technical consultancy service.

SIPP white labelling
We offer white labelled SIPP administration services that enable other financial services institutions to offer a SIPP to their clients under their own branding without having to worry about the administrative or regulatory burden of being a SIPP operator.

Retail fund and share dealing services
Our retail fund and share dealing services are provided to clients of Sippcentre and Sippdeal including integrated dealing, settlement, custody and research.

Institutional stockbroking services
We provide institutional stockbroking services to investment businesses. We offer a complete range of integrated dealing, settlement, custody and research services.



Cementing our reputation for product and service excellence

Our awards are evidence of the success built from our strong foundations, innovative products and services. These awards recognise excellence and are considered to be the benchmark for quality products and service standards within the financial services industry.

Many of the awards are voted for by clients and advisers which gives us confidence that we are exceeding their expectations. The number of awards we have won continues to grow year on year, however we know we can never rest on our laurels.

Our award winning 2009

Financial Times and Investors Chronicle Investment Awards

Winner of 'SIPP product provider of the year'

Financial Adviser Service Awards

Winner of the Five Star Service Award

Daily Telegraph Wealth Management Awards

Winner for the 'Best SIPP administration service'

Moneyfacts Investment Life & Pensions Awards

Winner of 'Best SIPP provider'

Moneywise

Winner of the 'Best low cost SIPP pension provider'

Professional Pensions

Winner of the 'Best SIPP provider'

Sunday Times Profit Track 100

One to Recognise

M.E.N Business of the Year Awards

Winner of the £25m-£50m turnover category

Joint Statement from the Chairman and Chief Executive

We are pleased to announce our final results for the year ended 30 September 2009. It is very satisfying to deliver record results in such challenging market conditions.

Jim Martin
Chairman

Andy Bell
Chief Executive

Profit before tax increased by 69% from £9.69 million to £16.42 million and our revenue increased by 57% from £24.53 million to £38.49 million. Operating costs were well controlled and increased by 32% from £13.60 million to £17.89 million. Diluted earnings per share increased by 63% from 17.59 pence to 28.71 pence.

Cashflow has been strong throughout the year. After dividend payments totalling £4.22 million (2007/08 £3.71 million), we generated a positive cashflow of £11.09 million (2007/08 £2.80 million). Our performance has enabled us to declare a final ordinary dividend of 14.00 pence per share, taking the total ordinary dividend up from 10.75 pence per share to 18.25 pence per share, an increase of 70%. The total dividend payout equates to 62% of post tax profits.

Operational review

Client numbers and assets under administration

Total assets under administration increased by 35% from £8.3 billion to £11.2 billion. This is a very creditable result during a period when the FTSE 100 has only increased by 5%. This growth has been driven by strong new business in both our SIPP and institutional stockbroking services divisions.

Pension assets under administration increased by 35% from £5.5 billion to £7.4 billion.

SIPPs continue to drive the growth of our pension administration business. SIPP assets increased by 39% from £4.9 billion to £6.8 billion whilst the number of SIPPs we administer increased by 24%, up from 32,477 to 40,235.

Net new SIPPs written increased by 39% from 5,579 to 7,758. Inflows from pension transfers increased by 40% from £1.0 billion to £1.4 billion. This increase has been helped by the fact that SIPPs have been able to accept transfers of protected rights since 6th October 2008. Of the transfers received this year, £0.2 billion were in respect of protected rights.

Contributions into SIPPs remained stable at £0.4 billion. This was despite the difficult economic conditions and the Government's announcement earlier in the year to remove higher rate tax relief on pension contributions for those earning above £150,000 with effect from 6 April 2011. Whilst the transitional rules offer some opportunity in the short term, these changes to tax relief may have an adverse impact on contribution levels in future years.

Our SSAS business remained broadly static with 643 schemes having assets under administration of £0.6 billion.

Institutional stockbroking services assets under administration increased by 41% from £2.7 billion to £3.8 billion. This increase was predominantly as a result of new clients.

Launch of retail fund and share dealing platform and migration of assets

Undoubtedly, our biggest success of the year involved the launch of our retail fund and share dealing platform. This was the culmination of an eighteen month project that delivered on budget and on time. This project has given us the ability to provide integrated dealing, settlement, custody and research services to our Sippdeal and Sippcentre clients, where those services had previously been provided by an external stockbroker.

We launched this platform on 26 May 2009 and then shortly after migrated approximately £1.5 billion of assets from the external stockbroker to our own platform. This was one of the largest migrations of this type that has

Joint Statement from the Chairman and Chief Executive cont.

occurred in the UK and the absence of any significant issues is an absolute credit to all parties involved.

We have been cautious in the approach to the treatment of the cost of the project in light of the extremely competitive terms that will be offered to our clients and accordingly its cost has been written off through the Income Statement.

Business area review

Our business is divided into a number of business areas, split broadly along product and service lines. These can be summarised as follows:-

Sippcentre - *a low cost SIPP with significant online functionality that is distributed by financial advisers throughout the UK. Investment options include a choice of fund supermarkets, discretionary investment managers, insurance company funds, cash deposits and commercial property.*

This continues to be our fastest growing SIPP product and we continue to punch above our weight, competing with major financial institutions seeking to target the adviser led pensions market. We have focused this year on delivering efficiency savings and have succeeded on a number of fronts. Our retail fund and share dealing platform has opened up a number of additional revenue generating opportunities that will be the focus of the coming year.

Sippdeal/Sippdealxtra – *an execution only, low cost, online SIPP offering no pension or investment advice. Under Sippdeal, all dealing and custody is carried out in-house, whereas for Sippdealxtra, the dealing and custody is carried out by another execution only stockbroker, at the choice of the client.*

Sippdeal has been a flagship product since launching as the UK's first online SIPP in October 2000. Significant enhancements to this product have been on hold pending the launch of our retail fund and share dealing platform. This has now enabled us to aggressively reprice this product for the coming year and beyond. Sippdeal is unique in the SIPP market place in that from 1st December 2009 it has no set up fee, no annual administration fee and no charge for transfers in or for paying contributions.

Further, all initial commissions on funds are rebated to the client as are our negotiated discounts on the initial charge, such that there is no entry charge imposed by the fund manager for the vast majority of popular funds. Further, online dealing commission is a flat £9.95 for all investments, irrespective of the bargain size. We intend to increase our marketing efforts on this product over the coming year.

Platinum – *our fully bespoke SSAS and SIPP products are differentiated from our other pension products by five key factors: The member is a trustee; is a signatory on the trustee bank account; as a trustee is legal owner of all scheme assets; each Platinum client has their own named administrator; and finally, Platinum clients have access to our fee based technical consultancy service.*

Our Platinum products are key to our ongoing revenue and profit, but as bespoke products, we have not aggressively grown this area of our business. Our focus will be on ensuring that our Platinum clients continue to enjoy the benefits of these more personalised products.

SIPP white labelling – *we offer white labelled SIPP administration services that enable other financial services institutions to offer a SIPP to their clients under their own branding without having to worry about the administrative or regulatory burden of being a SIPP operator.*

This is a limited market and we have deliberately avoided aggressively expanding this area of our business. Entering white label contracts with large financial institutions often requires significant investment. We have therefore been very selective in the contracts we have accepted, although we do hope to be able to announce one further new contract over the coming months, where discussions are now at an advanced stage.

Retail fund and share dealing services – *provided to clients of Sippcentre and Sippdeal including integrated dealing, settlement, custody and research.*

Only in the latter stages of this year did we provide these services. Providing these services in-house has allowed us to take back control of service and price and has also mitigated a significant risk to our business, which is inevitable when a major service is provided by a third party.

Institutional stockbroking services – *we provide institutional stockbroking services to investment businesses. We offer a complete range of integrated dealing, settlement, custody and research services.*

This business area has progressed well over the period, particularly as the development resource within this area has been focused on the launch of the retail fund and share dealing platform and subsequent migration. These developments now pave the way for our institutional services to be expanded and this will be a focus of the coming year.

Management team

We continue to benefit from the experience and stability of our management team. The new management structure we put in place in July 2008 has now fully bedded in and has been a great success.

Joint Statement from the Chairman and Chief Executive cont.

The only new addition to our senior management team is Eddie McGuire, who brings significant relevant industry experience with him into his role as Client Services Director for our pension business.

Our senior executives are:-

Andy Bell – Chief Executive
Elizabeth Carrington – Group HR Director
Stuart Dootson – Chief Financial Officer
Charles Galbraith – Managing Director A J Bell Securities
Fergus Lyons – Group Commercial Director
Richard Taylor – Managing Director A J Bell Pensions

Staff and training

Staff numbers increased by 6%, from 287 to 303 at the year end. Staff are spread across our head office in Manchester (251) and our Tunbridge Wells office (52). At a time when many companies have been focussing on downsizing, we have continued to expand. The current market conditions have helped us to significantly reduce our recruitment cost per head and staff turnover has been substantially below industry averages.

We are a people business and our staff are one of our greatest assets. As our business grows, our challenge is to maintain the culture and values of an entrepreneurial business that offers the challenges and career progression to keep staff enthusiastic and motivated.

Staff training, much of it in-house, forms an important part of our strategy and this area of our business continues to improve as a result of significant investment.

90 employees have either shares or share options and this has been a key factor in us retaining and recruiting high quality staff.

Risk and regulatory compliance

We continue to invest in our risk and compliance framework, this having recently been restructured as a group function, serving the needs of the various business areas. Our internal audit function has developed considerably over the year and our thanks go to Deloitte LLP who have complemented and supported our internal resource.

Whilst the FSA's review of small SIPP providers did not affect us directly, we have followed the process with interest to ensure that we continue to adhere to best practice.

We have also been closely monitoring the Retail Distribution Review and we do not feel that there are any areas of this review that will adversely impact on our business model.

The economic downturn has seen the failure of a number of investment firms that hold assets on behalf of our pension schemes. Where these have been declared in default by the Financial Services Compensation Scheme, we have worked with clients and advisers successfully to claim compensation payments under the Scheme and continue to do so. Our proactive approach and communications in this area have been greatly appreciated by our clients and advisers.

Banking crisis

The turmoil in the banking markets impacted on us most significantly in the early part of the year. Clients lost confidence in holding cash, although this confidence has now largely returned. The low interest rates and revived interest in equity investment have been continued drivers for clients to reduce their exposure to cash, but the lost margin on client cash has been partly offset by an increase in share dealing commission.

The temporary divergence between LIBOR and base rate resulted in an increase to revenue and profit, principally due to favourable returns on cash deposits. This situation is unlikely to be repeated in the foreseeable future. Further, the current low rate of interest which is forecast to remain for the next financial period at least, will have a downward impact on both revenue and profit in the forthcoming year.

Premises

We have now moved our Tunbridge Wells staff to a more modern office that gives us plenty of scope for growth. Our core office space is now 36,000 square feet in Manchester and 8,000 square feet in Tunbridge Wells. This is in addition to the space we retain for disaster recovery purposes. We continue to monitor our office requirements as we continue to expand.

Awards

The quality of our service delivery and product propositions has been recognised by us winning several prestigious awards. Whilst these are a positive reflection of what we have achieved, they act as a reminder that we cannot rest on our laurels.

Board and committees

Our Board and its sub-committees continue to provide a very effective framework for corporate governance. The Board has met on 10 occasions throughout the year, supplemented by 2 meetings of the Audit & Risk Committee, 2 meetings of the Remuneration Committee and 1 meeting of the Nomination Committee. We are delighted to report 100% attendance by all members at the above meetings.

Joint Statement from the Chairman and Chief Executive cont.

Audit & Risk Committee
Chairman: Les Platts
Members: Jim Martin, Nicholas Littlefair

Remuneration Committee
Chairman: Jim Martin
Members: Les Platts, Nicholas Littlefair

Nomination Committee
Chairman: Jim Martin
Members: Les Platts, Nicholas Littlefair

Strategy and outlook

The outlook for this coming year is challenging, yet exciting. We continue to deliver on our medium term strategy, building on the success of launching our own retail fund and share dealing platform in the summer. Our vision and strategy is to provide a market leading execution only suite of savings and ancillary financial services products, distributed via direct offer and intermediaries. We will also continue to develop our SIPP white labelling and institutional stockbroking services.

We acquired our stockbroking business in December 2007 as a foundation on which to strengthen our service offering by providing our own retail fund and share dealing platform, whilst widening our product range to include non pension products such as ISAs and general dealing accounts for personal monies. We delivered the former in the year ended 30 September 2009 and during this coming year, we will be extending our Sippdeal and Sippcentre platforms to include an ISA and a general dealing account.

We will also be developing our institutional stockbroking services during the coming year, to enable us to offer a wider range of service solutions to institutional clients, including integrated front office tools with operational support and management. This is a natural extension of the functionality that has been created to enable our stockbroking business to be able to support our pensions business.

We continue to stick to our founding principles, that we will not manage our clients' money nor will we give them financial advice. This has served us well and will continue to underpin our future development plans. We will continue to focus on being the best and most cost effective execution only platform for savings products operating in the direct to consumer and adviser markets.

Interest rates, particularly base rate, will influence our performance in the coming year. Until interest rates return to their long-term norm, we will have downward pressure on both revenue and profit.

The SIPP market continues to grow and with the introduction of our retail fund and share dealing platform, the impending introduction of new products and the extension of our institutional stockbroking services, the long-term future remains very positive. We rely heavily on the quality of our staff to meet and indeed exceed the expectations of our clients. It is the hard work, commitment, enthusiasm and loyalty of our staff that will turn our potential into reality and our thanks once again go to all of our staff for their past and, in anticipation, their future efforts.

Andy Bell
Chief Executive

Jim Martin
Chairman

Directors

Jim Martin Non-executive Chairman

Jim joined the Group in February 2007 having held several board appointments across various sectors during his career, including retail and house building, while maintaining a number of non-commercial interests. Jim was CEO of N Brown Group plc until 2002 following which he took up the role of non-executive deputy chairman until 2005. Since then, he has been involved in a number of private-equity-backed and listed companies.

Andy Bell Chief Executive

Andy formed A J Bell in 1995 with Nicholas Littlefair, having spent a number of years working within the financial services sector. He graduated from Nottingham University in 1987 with a first class degree in mathematics and qualified as a Fellow of the Institute of Actuaries in 1993. He has built A J Bell into one of the largest SSAS and SIPP administrators in the UK. He is the principal driving force behind the business, although increasingly his focus is on strategy and growth opportunities.

Stuart Dootson Chief Financial Officer

Stuart joined the Group in January 2007. He is a Chartered Accountant, having qualified in 1991. He graduated from Cambridge University in 1988 with a degree in mathematics. From university, he joined one of the “big eight” audit firms, and remained in public practice for eleven years before moving into commerce in 1999. Since moving out of practice he has held board level positions across a number of industries and companies, including publicly listed groups.

Nicholas Littlefair Non-executive Director

Nicholas spent 14 years in various technical, administrative and managerial roles with stockbroker, life assurance and pension companies in the UK and South Africa before joining with Andy Bell in 1995 to form A J Bell. Having spent over a decade as a full time executive, Nicholas moved to a non-executive role to allow him to spend more time with his family and pursue other personal interests.

Les Platts Non-executive Director

Les joined the Group in September 2008 having retired in May 2008 as an audit partner and practice senior partner for the north east with international professional services firm Deloitte LLP. He worked in the UK audit practice of Deloitte from 1975 and has 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 for more than 20 years.

Directors' report

The directors present their annual report on the affairs of the Group, together with the consolidated financial statements and auditors' report for the year ended 30 September 2009.

Principal activities
The principal activities of the Group comprise:

i) The provision of administration and related services for SIPPs and SSASs; and
ii) the provision of institutional stockbroking services including dealing, settlement, custody and research.

The subsidiary and associated undertakings principally affecting the profits and net assets of the Group in the year ended 30 September 2009 are listed in note 15 to the consolidated financial statements.

Business review
The directors are required by the Companies Act to set out in this report a fair review of the business of the Group during the financial year ended 30 September 2009 and of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group ("Business Review"). The information that fulfils the requirements of the Business Review can be found within the Chairman's and Chief Executive's joint statement on pages 6 to 9 and in the Principal Risks and Uncertainties section of this report.

Dividends
The Company has declared a final dividend of 14p (2008: 6.5p) per ordinary share which will be paid on 21 December 2009 to ordinary shareholders on the register as at 17 December 2009. This, together with the interim dividend of 4.25p (2008: 4.25p) paid on 5 June 2009, makes a total dividend with respect to the financial year ended 30 September 2009 of 18.25p per share (2008: 10.75p).

Directors
The directors, who served throughout the year were as follows:

Jim Martin (Non-executive Chairman)
Andy Bell (Chief Executive)
Stuart Dootson (Chief Financial Officer)
Nicholas Littlefair (Non-executive)
Les Platts (Non-executive)

Directors' report cont.

Directors' interests

The directors who held office at 30 September 2009 had the following interests in the shares of the Company:

	Ordinary		A non-voting	
	30 Sept 2009	30 Sept 2008	**30 Sept 2009**	30 Sept 2008
Andy Bell	**14,790,727**	14,790,727	**-**	-
Nicholas Littlefair	**1,997,315**	1,997,315	**-**	-
Jim Martin	**125,000**	125,000	**-**	-
Les Platts	**-**	-	**-**	-
Stuart Dootson	**-**	-	**132,728**	105,455
Total	**16,913,042**	16,913,042	**132,728**	105,455

No director held Ordinary non-voting shares at 30 September 2009, 30 September 2008 or at any time during the period between these dates.

Since the balance sheet date, Mr Martin has purchased 25,000 ordinary shares and Mr Platts has purchased 20,000 ordinary shares in the Company.

Directors' share options

The directors who held office at 30 September 2009 held the following share options outstanding at 30 September 2009.

Director	Number	Exercise price £	Date of grant of option	Earliest date of exercise
S Dootson	100,000	0.22	17th Dec 07	1st Dec 10
S Dootson	44,545	1.00	18th July 08	1st Dec 08

No options were exercised by the directors during the year.

There are no performance criteria attaching to either of the two tranches of share options.

Directors' report cont.

Principal risks and uncertainties

The directors believe that there are a number of potential risks to the Group that could hinder the successful implementation of its strategy. These risks arise from internal or external events, acts or omissions which may pose a threat to the future success of the Group. The directors are proactive in identifying, assessing and managing all the known risks.

The risk profile of the Group has changed during the year due to the launch of a retail fund and share dealing platform. This has led to a reduction in third party reliance but increased the risk profile in other areas such as regulatory, liquidity and personnel. During the migration process of assets and data from the previous service provider, the directors identified a number of risks all of which have been successfully mitigated. The Group has introduced further controls to ensure that all identified risks associated with providing retail dealing, custody and settlement services are mitigated as far as possible. An Internal Audit function was created during the year which has begun a rolling review of key business areas throughout the Group where the directors believe they require further assurance on controls and risk mitigation. This, along with the Compliance and Risk functions within the Group, comprise the "Assurance Framework" going forward.

Presented below are the primary risks the directors have identified which could affect the successful implementation of the Group's strategy.

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 cash buffer to provide additional regulatory capital to its regulated subsidiaries in the event of additional capital being required. The Group also works to ensure FSA best practice is followed and, in particular, has embedded the Treating Customers Fairly principles throughout the Group and continues to monitor adherence to these principles. Since the year-end, the regulatory management framework across the Group has changed with the responsibility for regulatory compliance becoming a Group function. This new function will provide all the regulatory support needed and will ensure consistency of approach across the whole business.

The Group closely monitors regulatory developments, for example the Retail Distribution Reviews and the FSA's Thematic Review of small SIPP operators. This enables an assessment to be made of their impact on the Group's businesses and to take steps to mitigate any risks. Also, it enables the Group to ensure it continues to operate in line with regulatory best practice.

Taxation law change risk

Changes to tax legislation may reduce the attractiveness of SIPPs or SSASs as a means of saving for retirement. The Government's current policy is to encourage people to invest in private pensions to reduce the burden on the state. The introduction of a new higher rate tax band of 50% along with restrictions to tax relief for pension contributions for those who are affected by this new tax rate, may affect contributions. The full effects of this are yet to be felt and the directors continue to monitor the situation.

Interest rate risk

As at the year end, the Group had no borrowings and therefore was not exposed to debt interest rate risk. The Group's income levels however, are affected by prevailing interest rates and the mix of assets along with the levels of investment activity within client SIPPs and SSASs.

Liquidity risk

This is the risk that the Group may be unable to meet its liabilities as and when they fall due. The Group is a highly cash generative business and maintains sufficient cash and standby banking facilities to fund its foreseeable requirements.

Directors' report cont.

Bank default risk

The current economic climate has created troubled times in the banking industry. Last year saw a real risk of bank failure although this has receded somewhat since the Government's intervention in the sector. The main banks used by the Group (HBOS and Bank of Ireland) are both substantial and have a long-term credit rating of A- (Standard & Poor's) or greater. The Group has taken the decision to further mitigate both its and its clients' counter party risk by making deposits with banks other than HBOS and Bank of Ireland.

Third party reliance risk

During the year, the Group has mitigated a significant risk by removing its reliance on a third party supplier for dealing, custody and settlement services. The supply of these services has been brought in-house. However, in reducing this particular risk, the Group has increased its reliance on third party software suppliers to provide the means to supply these new services to customers. The Group enjoys a strong partnership relationship with its software suppliers and monitors their performance to ensure their continued commitment to service, financial stability and viability.

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 and secures the ability to permit the Group to audit that supplier during the term of the relationship.

Litigation risk

There is a risk of liability related to litigation from clients or third parties and action taken by the industry regulator. The Group has robust systems and controls and maintains an appropriate level of professional indemnity insurance cover (as estimated by the directors after taking professional advice) against these potential liabilities.

Competitor risks

The Group operates in a highly competitive and dynamic industry which constantly improves the services and products available to customers. This may impact the Group such that either its products become out of date or uncompetitive when compared to other offerings in the market place. The Group continually reviews its product range and prices against competitors and actively seeks new income streams, whilst enhancing its existing portfolio. An example of a new development is the in-house retail fund and share dealing platform launched earlier in the year. Ultimately this will allow the Group to offer to its customer base a more extensive suite of execution only saving products including ISAs and general dealing accounts. The diversification into other savings products will also reduce the Group's reliance on pension products.

Evolving technology risk

The reliance on advancing 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. The directors have acknowledged that a scalable operating platform is paramount to the continued success of the Group and an in-house development team is dedicated to ensure that the Group's administration software and systems enable it to deliver market leading service to its clients. In addition, and where appropriate, external developers and software have been utilised.

Group reputation risk

Damage may be sustained to the Group's reputation or to one of its leading brands either because of the actions of an unassociated third party or the misconduct of an employee. The security procedures for all customers within the Group remain robust and are well communicated to ensure any risk of fraudulent access to client 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 an awareness of risks.

Damage may be sustained to the Group's reputation if there is a significant deterioration in service standards. The levels of service provided to clients are monitored on an ongoing basis to ensure any weaknesses are identified and remedial action taken on a timely basis.

Directors' report cont.

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. Currently, the Group maintains geographically remote disaster recovery sites for all its operations.

Key personnel risk
The loss of key personnel within the Group or an inability to find new staff and adequate replacements, particularly in periods of sustained growth, may have a material adverse impact on the Group's performance. The Group has sought to negate this risk by facilitating equity ownership for employees within the organisation through various share schemes. Furthermore, the Group has developed a succession plan for key members of management within the whole business.

Economic risk
In the event that the economic downturn lasts longer or recovery is very slow, this may impact contribution levels and confidence generally in the savings and investment markets.

Capital market fluctuations risk
Capital market fluctuations can have an effect on our clients' 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 and some of which are ad valorem. This mix of revenue types helps to limit the Group's exposure to capital market fluctuations.

Exchange rate risk
Within AJBP, all transactions are conducted in UK £-Sterling and thus no exchange rate risk exists. However, within AJBS there are a number of foreign currency transactions entered into on behalf of clients. The Group is not subject to any exchange rate risk on these transactions as they are conducted on behalf of clients who bear this risk. All dealing fees in respect of these transactions are in UK £-Sterling.

The directors consider that the Group maintains robust identification, management and mitigation procedures in connection with all the risks discussed above.

Environment
The Group operates in the financial services sector and as such does not have a significant impact on the environment. The directors recognise the importance of the environment and act to minimise the impact of the Group where this is possible, particularly in respect of recycling and energy consumption.

Charitable and political donations
During the year the Group made charitable donations of £11,992 (2008: £28,248), and political contributions of £5,000 (2008: nil). The charitable donations were to UK registered charities whilst the entirety of the political donation was made to the Conservative party.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is 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 and has continued to keep them informed on matters affecting them as employees on 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, which have promoted employee involvement in the Group.

Directors' report cont.

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 and aligns the interests of management with those of the non-employee shareholders.

In March 2008, the rules concerning Enterprise Management Incentive Schemes ("EMIS") changed. Regrettably, the Company is no longer able to issue share options under this scheme, though all existing un-exercised options remain enforceable and continue to enjoy the taxation advantages associated with an EMIS.

During this financial year, the directors have introduced a Company Share Option Plan ("CSOP") in which all employees in the Group are eligible to participate. Since inception in July 2009 more than 200,000 options have been issued to all levels of employees in the Group.

Internal control

The Board has overall responsibility for the system of internal control established by the Group and places considerable importance on maintaining a strong control environment. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Compliance with internal control procedures is monitored by the directors and through the Group's risk, compliance and internal audit functions.

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.

Auditors

Each of the persons who is 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 auditors are 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 auditors are aware of that information.

Deloitte LLP resigned as auditors on 4 March 2009 and has confirmed to the Company that there are no circumstances connected with its resignation which it considers must be brought to the attention of the shareholders or creditors of the Company. In accordance with the Companies Act 2006 KPMG Audit PLC ("KPMG") has been appointed as auditors of the Company.

Accordingly, KPMG has conducted the audit of the Company's financial statements for the financial year ended 30 September 2009. Pursuant to section 487 Companies Act 2006, the auditors will be deemed to be reappointed and KPMG will continue in office.

By order of the Board

Stuart Dootson
Director and company secretary

17 December 2009

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated and parent company financial statements for each financial year. Under that law they have elected to prepare the consolidated 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 respective profit or loss for that period. In preparing each of the consolidated 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 consolidated 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 both sets of 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 auditors' report to the members of A J Bell Holdings Limited

We have audited the financial statements of A J Bell Holdings Limited for the year ended 30 September 2009 set out on pages 22 to 62. The financial reporting framework that has been applied in the preparation of the consolidated 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 sections 495 and 496 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 17 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 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 (APB'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 APB's website at www.frc.org.uk/apb.scope/UKNP

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 2009 and of the Group's profit for the year then ended;
- the consolidated 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;
- both the consolidated and parent company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report to the members of A J Bell Holdings Limited cont.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those 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
For and on behalf of KPMG Audit Plc
Chartered Accountants and Registered Auditors
St James' Square
Manchester
M2 6DS

17 December 2009

Financial statements

Consolidated income statement

For the year ended 30 September 2009

	Notes	2009 £'000	2008 £'000
REVENUE	4, 5	**38,491**	24,532
Cost of sales		**(1,673)**	(1,435)
GROSS PROFIT		**36,818**	23,097
Administrative expenses		**(17,886)**	(13,596)
Impairment of other intangible asset	13	**(2,634)**	-
OPERATING PROFIT	6	**16,298**	9,501
Net finance income	8	**122**	185
PROFIT BEFORE TAXATION		**16,420**	9,686
Taxation	9	**(4,882)**	(2,712)
Profit for the year attributable to equity holders of the parent		**11,538**	6,974
Earnings per ordinary share:			
Basic (pence)	11	**29.33**	17.93
Diluted (pence)	11	**28.71**	17.59

The notes and information on pages 25 to 55 form part of these consolidated financial statements. All income, profit and earnings are in respect of continuing operations.

There were no other items of recognised income and expense in either year and consequently no Statement of Recognised Income and Expense has been presented.

Consolidated balance sheet

At 30 September 2009

	Notes	2009 £'000	2008 £'000
ASSETS			
Non-current assets:			
Goodwill	12	**420**	420
Other intangible assets	13	**2,256**	3,009
Property, plant and equipment	14	**1,049**	773
Deferred tax asset	17	**167**	-
		3,892	4,202
Current assets:			
Trade and other receivables	16	**5,637**	5,915
Client receivables	16	**35,242**	11,393
Cash and cash equivalents	16	**14,528**	5,266
Clients' settlement cash balances	16	**3,823**	1,992
		59,230	24,566
Total assets		**63,122**	28,768
LIABILITIES			
Current liabilities:			
Trade and other payables	19	**(5,451)**	(3,697)
Client payables	19	**(37,905)**	(13,080)
Obligations under finance leases	18	**(22)**	(82)
Current tax liabilities		**(2,368)**	(1,632)
Provisions	20	**(82)**	(97)
		(45,828)	(18,588)
Net current assets		**13,402**	5,978
Non-current liabilities:			
Obligations under finance leases	18	**(10)**	(19)
Provisions	20	**(72)**	(169)
Other payables	19	**(28)**	(35)
Deferred tax liabilities	17	**-**	(399)
		(110)	(622)
Total liabilities		**(45,938)**	(19,210)
Net assets		**17,184**	9,558
EQUITY			
Share capital	21	**39**	39
Share premium	22	**198**	155
Share option reserve	24	**279**	18
Retained earnings	23	**16,668**	9,346
Total equity attributable to equity holders of the parent company		**17,184**	9,558

The notes and information on pages 25 to 55 form part of the consolidated financial statements.

The financial statements were approved by the board of directors on 17 December 2009 and were signed on its behalf by:

Stuart Dootson
Director and company secretary

17 December 2009

Consolidated cashflow statement

For the year ended 30 September 2009

	Notes	**2009 £'000**	2008 £'000
NET CASH FROM OPERATING ACTIVITIES	26	**18,210**	9,493
Investing activities			
Purchase of other intangible assets		**(2,388)**	(1,421)
Purchase of property, plant and equipment		**(613)**	(222)
Acquisition of subsidiary, net of cash received	25	**-**	(1,492)
Interest received		**140**	250
Net cash used in investing activities		**(2,861)**	(2,885)
Financing activities			
Payment of obligations under finance leases		**(83)**	(146)
Proceeds from issue of share capital		**43**	45
Dividends paid		**(4,216)**	(3,706)
Net cash used in financing activities		**(4,256)**	(3,807)
Net increase in cash and cash equivalents		**11,093**	2,801
Cash and cash equivalents at beginning of year		**7,258**	4,457
Total cash and cash equivalents at end of year		**18,351**	7,258
Comprising:			
Clients' settlement cash balances		**3,823**	1,992
Group cash and cash equivalents		**14,528**	5,266
Total cash and cash equivalents		**18,351**	7,258

Notes to the consolidated financial statements
For the year ended 30 September 2009

1. General information
The Company is incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 64. The nature of the Group's operations and its principal activities are set out on pages 11 to 16.

The consolidated financial statements for the Company and its subsidiaries were approved by the Board on 17 December 2009.

2. Significant accounting policies

Basis of accounting
The consolidated financial statements are presented in pounds 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 25 to 31.

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The directors have elected to prepare the parent company financial statements in accordance with UK GAAP; these are presented on pages 56 to 61.

At the date of adoption of these financial statements, the following standards and interpretations were in issue, but not yet effective:

IAS 1 (Revised)	Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009)
IFRS 2 Amendment	Share-based payments (effective for annual periods beginning on or after 1 January 2009)
IFRS 3 (Revised)	Business combinations (effective for annual periods beginning on or after 1 July 2009)
IFRS 8	Operating segments (effective for annual periods beginning on or after 1 January 2009)
IAS 7 Amendment	Statement of cash flows (effective for annual periods beginning on or after 1 July 2009)
IAS 16 Amendment	Property, plant and equipment (effective for annual periods beginning on or after 1 January 2009)
IAS 17 Amendment	Leases (effective for annual periods beginning on or after 1 January 2010)
IAS 23 (Revised)	Borrowing costs (effective for annual periods beginning on or after 1 January 2009)
IAS 27 Amendment	Consolidated and separate financial statements (effective for annual periods beginning on or after 1 July 2009)
IAS 32 Amendment	Financial Instruments: Presentation (effective for annual periods beginning on or after 1 July 2009)
IAS 36 Amendment	Impairment of assets (effective for annual periods beginning on or after 1 January 2010)
IAS 38 Amendment	Intangible assets (effective for annual periods beginning on or after 1 July 2009)
IAS 39 Amendment	Financial instruments: Recognition and measurement (effective for annual periods beginning on or after 1 January 2010)
IFRIC 17	Distribution of non cash assets to owners (effective for annual periods beginning on or after 1 July 2009)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements.

Notes to the consolidated financial statements cont.
For the year ended 30 September 2009

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 inter-company transactions, balances, income and expenses are eliminated on consolidation.

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 15 to these financial statements.

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 Chairman and Chief Executive's Statement and the Directors' Report on pages 6 to 16. Within the Directors' Report, the risk management section on pages 13 to 16 includes the Group's objectives, 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 Group has also considered a number of stress tests on capital and liquidity and these provide assurance that the Group is sufficiently capitalised and is comfortably in excess of liquidity stress tests.

Consequently, after making 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 purchase 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 Company or any one or more of its subsidiaries in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable tangible and intangible assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 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 which 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 cash generating units ("CGU") 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 in the balance sheet 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 cont.

For the year ended 30 September 2009

2.4 Revenue recognition

In recognising revenue, the directors follow the principles contained in IAS 18 "Revenue Recognition" 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 comprises pension administration fees and commissions (generated from stockbroking and assets under administration) and is measured at the fair value of the consideration received or receivable net of discounts, VAT and other sales related taxes.

Pension administration fees

Pension administration fees are recognised in the period that the service is rendered using the percentage completion method. The proportion to which a service is complete is determined by the different work activity profiles of the associated individual services.

Investment commissions

Commissions (including those derived from the average value of cash and certain assets under administration) are accrued on a time basis by reference either to the principal and effective interest rate or the due date for payment.

Stockbroking commissions

Stockbroking commissions are recognised when receivable in accordance with the date of the underlying transaction.

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 balance sheet 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 income 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 Foreign currencies

The individual financial statements of each company in the Group are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each company in the Group are expressed in UK pounds sterling, which is the functional currency of the Company and the chosen presentation format for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. There are no non-monetary items that are denominated in foreign currencies.

All currency movements creating losses or gains relate exclusively to clients. For the avoidance of doubt, the Group has no exposure to exchange rate losses or gains in its ordinary course of business.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

2.7 Retirement benefit costs

The Group makes discretionary payments into the personal pension schemes of certain employees. Contributions are recognised in the Income Statement as they are payable.

The Group also contributes to employees' stakeholder pension schemes to a maximum of 3% of their salary. 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.

2.8 Taxes

The tax expense represents the sum of current tax 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 is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years, using tax rates enacted or substantively enacted at the balance sheet date.

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 balance sheet 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 is stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is provided, where material, on all tangible fixed assets 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

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.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

2.11 Intangible assets excluding goodwill

Intangible assets comprise computer software and acquired non-contractual customer relationships. 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
Non-contractual customer relationships	10 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.

2.12 Internally-generated intangible assets

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

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

2.13 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date 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 an 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 cash generating unit ("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 the present value of the discounted net cash flows of the CGU in which the asset sits is estimated to be lower than the asset's 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 unless the relevant asset has been revalued in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

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. Cash and cash equivalents also includes client money held in accordance with the FSA's client money rules in the course of settlement. Where appropriate bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet. For the purposes of the consolidated cashflow statement, cash and cash equivalents are defined as above net of outstanding bank overdrafts.

2.15 Financial instruments

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

2.16 Trade receivables

Trade receivables are measured on initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired.

2.17 Trade payables

Trade payables are measured at fair value.

2.18 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.

2.19 Provisions

Provisions are recognised when the Group has a present obligation 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 expenditure required to settle that obligation at the balance sheet date and are discounted to present value where the effect is material.

2.20 Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payments*. 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 2005.

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 Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

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.

During this financial year, the directors have issued further share options under the recently constituted CSOP. These options have been issued with an exercise price which approximates to market value at the point at which the options were granted.

3. Critical accounting judgements and key sources of estimation uncertainty

In the Group's accounting policies, as 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.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

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.

Revenue recognition

The Group recognises revenue in respect of its Platinum SIPP and SSAS business in accordance with underlying activity profile associated with service delivery to customers. Actual work profiles may vary from the average assumption applied; this assumption may be subject to change in future years.

Impairment of other intangible assets

At each balance sheet date the directors review the carrying amount of the Group's intangible assets to determine whether there is any indication that those assets have suffered an impairment. The directors review net cashflows associated with the cash generating unit to which the Group's retail fund and share dealing platform is associated (as explained in note 13). Further expected cashflows are estimated and discounted to determine the asset's recoverable amount; key judgements include:

i) the appropriate discount factor to apply; and

ii) the expected level of business generated by this cash generating unit over the next five years.

4. Revenue

	2009 £'000	2008 £'000
An analysis of the consolidated revenue is as follows:		
Pension administration - fees and commissions	**35,453**	22,127
Stockbroking commissions	**3,038**	2,405
Total	**38,491**	24,532

5. Segmental reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The principal activities of the Group are:

i) The provision of pension administration and related services (AJBP); and

ii) the provision of institutional stockbroking services including dealing, settlement, custody and research (AJBS).

The segmental reporting is analysed under the two principal activities of the Group.

All business activities are located within the UK and therefore the Group operates in a single geographical segment

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

Segment information relating to these divisions is presented below:

	AJBP 2009 £'000	AJBS 2009 £'000	Elimination 2009 £'000	Consolidated 2009 £'000
REVENUE				
External sales	35,453	3,038	-	38,491
Inter-segment sales	-	200	(200)	-
	35,453	3,238	(200)	38,491

	AJBP 2009 £'000	AJBS 2009 £'000	Consolidated 2009 £'000
RESULT			
Segment result and operating profit pre-impairment	19,403	(471)	18,932
Impairment of other intangible asset	(1,486)	(1,148)	(2,634)
Segment result and operating profit	17,917	(1,619)	16,298
Net finance income	98	24	122
Profit before tax	18,015	(1,595)	16,420
Tax			(4,882)
Profit after tax			11,538
OTHER INFORMATION			
Capital additions	1,700	1,315	3,015
Depreciation and amortisation	477	378	855
Impairment of other intangible asset	1,486	1,148	2,634
BALANCE SHEET			
Assets			
Segment assets	20,357	42,765	63,122
Liabilities			
Segment liabilities	(6,847)	(39,091)	(45,938)
Net assets	13,510	3,674	17,184

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

Segment information for the comparative period is as follows:

	AJBP 2008 £'000	AJBS 2008 £'000	Consolidated 2008 £'000
REVENUE			
External sales	22,127	2,405	24,532
Inter-segmental sales	-	-	-
RESULT			
Segmental result and operating profit	9,394	107	9,501
Net finance income	-	-	185
Profit before tax			9,686
Tax			(2,712)
Profit after tax			6,974
OTHER INFORMATION			
Capital additions	1,145	2,299	3,444
Depreciation and amortisation	429	172	601
BALANCE SHEET			
Assets			
Segment assets	10,642	18,126	28,768
Liabilities			
Segment liabilities	(4,836)	(14,374)	(19,210)
Net assets	5,806	3,752	9,558

AJBS (formerly Lawshare Limited) was acquired on 13 December 2007 and it was at that point the Group acquired an additional business segment for statutory reporting purposes. Therefore, in the comparative period there are only nine months of trading activity included for AJBS.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

6. Profit from operations

	Note	2009 £'000	2008 £'000
Profit from operations has been arrived at after charging:			
Depreciation of tangible assets	14	**350**	307
Amortisation of intangible assets	13	**505**	294
Impairment of other intangible asset	13	**2,634**	-
Loss on disposal of tangible assets		**3**	15
Operating lease rentals:			
Plant and machinery		**-**	6
Other assets		**711**	726
Staff costs		**12,390**	9,447
Auditors' remuneration for the audit of the annual consolidated financial statements		**33**	35
Auditors' remuneration for the audit of the Company's annual financial statements		**9**	10
Auditors' remuneration for taxation services		**-**	8
Auditor's remuneration for other services to the Group		**25**	12

7. Employee benefit costs and employee numbers

	2009 No.	2008 No.
The average number of employees (including executive directors) in the continuing operations of the Group during the year ended 30 September 2009 was:		
Administrative functions	**299**	255

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

	2009 £'000	2008 £'000
Wages and salaries	**10,831**	8,191
Social security costs	**1,172**	933
Retirement benefit costs	**387**	323
	12,390	9,447

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

Remuneration of key management personnel

	2009 £'000	2008 £'000
Key management personnel is represented by the board of directors of the Company as shown on page 10 and certain members of senior management:		
Wages and salaries	**2,889**	1,882
Retirement benefit costs	**20**	93
Share based payments	**15**	5
	2,924	1,980

Remuneration of directors

	2009 £'000	2008 £'000
The following costs relate to the board of directors of the Company as shown on page 10:		
Wages and salaries	**1,158**	821
Retirement benefit costs	**12**	37
Share based payments	**2**	1
	1,172	859

Remuneration of highest paid director

	2009 £'000	2008 £'000
Salary	**780**	537
Retirement benefit costs	**-**	12
	780	549

Notes to the consolidated financial statements cont.
For the year ended 30 September 2009

8. Net finance income

	2009 £'000	2008 £'000
Interest income:		
Interest on bank deposits	**140**	250
Interest expense:		
Obligations under finance leases	**(13)**	(36)
Other	**(5)**	(29)
Net finance income	**122**	185

9. Taxation
An analysis of the charge recognised in the consolidated Income Statement is presented below:

	2009 £'000	2008 £'000
Current tax	**5,282**	2,764
Adjustment in respect of prior years	**-**	(21)
Deferred tax (see note 17)	**(382)**	(31)
Adjustment to deferred tax in respect of prior years	**(18)**	-
Tax charge per Income Statement	**4,882**	2,712

Corporation tax is calculated at 28% of the estimated assessable profit for the year to 30 September 2009 (2008: 29%).

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

	2009 £'000	2008 £'000
Deferred tax relating to share based payments (see note 17)	**166**	-
Current tax relief on exercise of share options (see note 17)	**57**	-
	223	-

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

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

	2009 £'000	2008 £'000
Profit before tax	**16,420**	9,686
Profit before tax multiplied by a pro-rata rate of Corporation Tax in the UK of 28% (2008: 29%)	**4,598**	2,809
Effects of:		
Expenses not deductible	**245**	-
Adjustment in respect of prior year	**-**	(21)
Adjustment to deferred tax in respect of prior year	**(18)**	-
Recognised through reserves	**57**	-
Other adjustments	**-**	(76)
Total tax expense in consolidated income statement	**4,882**	2,712
Effective tax rate	**29.7%**	28.0%

10. Dividends

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 30 September 2008 of 6.50p (2007: 5.30p) per share	**2,541**	2,051
Interim dividend for the year ended 30 September 2009 of 4.25p (2008: 4.25p) per share	**1,675**	1,655
Ordinary dividends paid on equity shares	**4,216**	3,706

Dividend is payable to all classes of issued and fully or partially paid up shares as disclosed in note 21.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

11. 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 ordinary non-voting 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.

Earnings (all from continuing operations)

	2009 £'000	2008 £'000
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent company	**11,538**	6,974

Number of shares

	Number of shares 2009	Number of shares 2008
Weighted average number of ordinary shares (for the purpose of basic earnings per share) in issue during the year	**39,335,200**	38,904,019
Effect of potentially dilutive share options	**848,235**	734,757
Weighted average number of ordinary shares for the purposes of fully diluted earnings per share	**40,183,435**	39,638,776

12. Goodwill

	2009 £'000	2008 £'000
Cost		
As at 1st October	**532**	112
Recognised on acquisition of subsidiary	**-**	420
As at 30 September	**532**	532
Accumulated impairment losses		
As at 1st October and 30 September	**112**	112
Carrying value at 30 September	**420**	420

The goodwill arose on the acquisition of A J Bell Securities Limited (formerly Lawshare Limited). Any goodwill acquired in a business combination has to be allocated to the cash generating unit that is expected to benefit from that goodwill. The CGU to which this asset relates is the same one as that to which the non-contractual customer relationship intangible asset relates.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

13. Other intangible assets

	Computer software £'000	Assets under construction £'000	Non-contractual customer relationships £'000	Total £'000
COST				
As at 1st October 2007	388	-	-	388
Acquisition of subsidiary	215	-	1,523	1,738
Additions	501	920	-	1,421
At 30 September 2008	1,104	920	1,523	3,547
Additions	249	2,139	-	2,388
Impairment	-	(2,634)	-	(2,634)
Transfer to software	425	(425)	-	-
Disposals	(29)	-	-	(29)
At 30 September 2009	1,749	-	1,523	3,272
Amortisation				
As at 1st October 2007	244	-	-	244
Charge for the year	180	-	114	294
At 30 September 2008	424	-	114	538
Charge for the year	353	-	152	505
Disposals	(27)	-	-	(27)
At 30 September 2009	750	-	266	1,016
Carrying value at 30 September 2008	680	920	1,409	3,009
Carrying value at 30 September 2009	999	-	1,257	2,256
Remaining amortisation period at year end	N/a	N/a	8 years 3 months	N/a

At the end of the last financial year, the directors capitalised a sum of £920,000 as Assets Under Construction. The entirety of this sum related to a project to develop a retail fund and share dealing platform.

At the 2009 half-year, the directors undertook a review in line with the provisions of IAS 36 of the accumulated capitalised costs of this project. The purpose of this review was to assess whether an impairment of the carrying value of this part-completed asset had occurred. The impairment review had been triggered following the completion of a pricing review for the services this platform would provide. The pricing review had concluded that to remain competitive in this market place, substantial price reductions were needed for the services the retail fund and share dealing platform would provide. At 30 September 2008, the information arising from this review was not available.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

The directors performed the impairment review by allocating retail fund and share dealing platform asset to a CGU and concluded that a full impairment of its value was necessary. Based upon the revenues directly attributable to the retail fund and share dealing platform, this CGU is incapable of supporting capitalisation of these costs.

	£'000
COST	
At 1 October 2008	920
Additions - AJBP	1,107
Additions - AJBS	607
At 30 September 2009	2,634
Provisions for impairment	
At 1 October 2008	
Incurred in - AJBP	(1,486)
Incurred in - AJBS	(1,148)
At 30 September 2009	(2,634)
Carrying amount at 30 September 2008	920
Carrying amount at 30 September 2009	-

The full impairment cost of £2,634,000 is separately disclosed in the Income Statement.

In estimating the value in use of the retail fund and share dealing platform, the directors produced a five year cashflow forecast for the CGU. In this calculation they used a discount rate of 5%. This was their best estimate of the cost of capital for the Group and reflected the risks specific to this asset.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

14. Property, plant and equipment

	Leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Total £'000
COST				
As at 1st October 2007	442	950	330	1,722
Acquisition of subsidiary undertaking	-	12	4	16
Additions	77	98	94	269
Disposals	-	(21)	(52)	(73)
At 30 September 2008	519	1,039	376	1,934
Additions	11	309	307	627
Disposals	-	(4)	(2)	(6)
At 30 September 2009	530	1,344	681	2,555
Depreciation				
At 1st October 2007	126	578	208	912
Charge for the year	63	171	73	307
Disposals	-	(19)	(39)	(58)
At 30 September 2008	189	730	242	1,161
Charge for year	69	172	109	350
Disposals	-	(4)	(1)	(5)
At 30 September 2009	258	898	350	1,506
Carrying amount at 30 September 2008	330	309	134	773
Carrying amount at 30 September 2009	272	446	331	1,049

During the year, additions of tangible fixed assets under finance lease totalled £14,000 (2008: £47,000).

The carrying amount of the Group's office equipment includes an amount of £85,000 (2008: £160,000) in respect of assets held under finance leases.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

15. Subsidiaries

All the investments in subsidiaries are shown below. All of the subsidiaries are wholly owned and registered in England & Wales.

Name of Company	Country of incorporation	Principal activity	Holding %
A J Bell Limited *	England	Pension administration	100
A J Bell Trustees Limited	England	Dormant	100
Ken Hovers (Pension Consultants) Limited	England	Dormant	100
A J Bell Number 2 Limited *	England	Dormant	100
Ashby London Actuarial Services Ltd *	England	Pension administration	100
Ashby London Trustees Limited	England	Dormant	100
A J Bell Management Limited *	England	Pension administration	100
Sippdeal Trustees Limited	England	Dormant	100
A J 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
Fi Software Limited *	England	Dormant	100
A J Bell Securities Limited *	England	Stockbroking	100
Lawshare Nominees Limited	England	Dormant	100

* Held directly by A J Bell Holdings Limited.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

16. Current assets

	2009 £'000	2008 £'000
TRADE AND OTHER RECEIVABLES		
Trade receivables	**2,165**	2,248
Unpaid share capital and share premium	**-**	21
Prepayments and accrued income	**3,472**	3,646
Total trade and other receivables	**5,637**	5,915

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:

	2009 £'000	2008 £'000
Neither past due nor impaired	**1,970**	1,877
31 to 60 days	**20**	22
61 to 90 days	**35**	91
91 days and over	**212**	260
	2,237	2,250
Less provision for doubtful debts	**(72)**	(2)
Trade receivables per consolidated balance sheet	**2,165**	2,248

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

Client receivables

	2009 £'000	2008 £'000
Client receivables	**35,242**	11,393

Client receivables relate entirely to AJBS which arise during the share settlement process and include amounts due from clients and market counter parties.

Cash and cash equivalents

	2009 £'000	2008 £'000
Cash and cash equivalents	**14,528**	5,266
Clients' settlement cash balances	**3,823**	1,992
Total	**18,351**	7,258

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 balance sheet date.

Notes to the consolidated financial statements cont.
For the year ended 30 September 2009

Clients' settlement cash balances are those amounts of cash held on behalf of clients by AJBS in accordance with the FSA's client money rules and arise in the settlement process of share transactions. All other clients' and trustees' cash balances are not included.

Credit risk
The Group's principal financial assets are bank balances and trade and other receivables. The Group's credit risk extends to its trade receivables due from clients or from banks where cash balances (belonging to either the Group or its clients) are held.

As regards trade receivables, the amounts presented in the consolidated balance sheet are net of allowances for balances the directors believe are either irrecoverable or likely to be irrecoverable. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the receivable. The Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has introduced a new policy this year to mitigate both its and its clients' counter-party exposure. The Group has placed cash balances on deposit with banks (other than its principal banker) for periods which vary from immediate access to term deposits. In all instances, the institutions used for client cash deposits are covered by the Financial Services Compensation Scheme.

Liquidity risk
The Group actively maintains a liquid cash balance on short term deposit to ensure that it has sufficient available funds to adequately resource all of its operations. As outlined above, the Group has mitigated its counter-party risk to banks during the year by placing both its own and client cash on deposit with other A- rated (or higher) banks. In doing so, some of the deposits made have been for fixed terms. However, in all instances the Group has ensured that all deposits can be accessed at any time (subject to a charge) if the need for extra liquidity arises.

Interest rate risk
The Group had no external borrowings at the year end and as such is not exposed to interest rate or refinancing risk on borrowings.

Where the Group does not place funds on fixed deposit, then these balances earn interest at floating rates.

In circumstances where the Group makes term deposits these vary in duration. Where the deposit terms carry fixed rates of return for fixed periods, in the event that these deposits need to be accessed prior to the expiry of their term (for instance due to the need for additional cash liquidity), then penalties may be imposed on the Group. These penalties are calculated by reference to the cost to the bank concerned of replacing these deposited funds with new monies. In this instance, the Group is exposed to an interest rate risk. However, before any fixed term deposits are made, the directors consider likely future liquidity requirements to ensure any pre-maturity draw-down of these deposits is minimised. During the year-ended 30 September 2009, no need arose to access any term deposits prior to maturity.

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.

Financial assets
Financial assets consist of cash and cash equivalents, trade receivables and client debtors and total £55,758,000 (2008: £20,899,000).

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

17. 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 depreciation £'000	Share based payments £'000	Short term timing difference £'000	Total £'000
As at 1 October 2007	64	(2)	(13)	49
(Credit)/charge to income	-	(3)	(28)	(31)
Acquisition of subsidiary undertaking	(39)	-	420	381
At 1 October 2008	25	(5)	379	399
(Credit) to income in respect of prior year	(18)	-	-	(18)
(Credit) to income	(322)	(9)	(51)	(382)
(Credit) to equity	-	(166)	-	(166)
At 30 September 2009	(315)	(180)	328	(167)

The current year deferred tax adjustment to the share based payments reserve reflects the estimated total future tax relief associated with the cumulative share base payment benefit arising in respect of share options granted but unexercised as at 30 September 2009.

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:

	2009 £'000	2008 £'000
Deferred tax liability	**328**	404
Deferred tax asset	**(495)**	(5)
Net deferred tax (asset)/liability	**(167)**	399

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

18. Obligations under finance leases

Minimum lease payments

	2009 £'000	2008 £'000
Amounts payable under finance leases:		
Within one year	**23**	87
In the second to fifth years inclusive	**10**	19
	33	106
Less: Future finance charges	**(1)**	(5)
Present value of lease obligations	**32**	101

	2009 £'000	2008 £'000
Present value of minimum lease payments		
Amounts payable under finance leases:		
Within one year	**22**	82
In the second to fifth years inclusive	**10**	19
Present value of lease obligations	**32**	101

It is the Group's policy to lease certain of its computer and office equipment under finance leases. The average lease term is three years. All lease obligations are denominated in UK £-Sterling. The fair value of the Group's lease obligations approximates to their carrying amount.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

19. Trade, client and other payables

	2009 £'000	2008 £'000
Trade and other payables		
Trade payables	**1,055**	398
Social security and other taxes	**729**	645
Other	**-**	22
Accruals and deferred income	**3,667**	2,632
	5,451	3,697

Trade payables, accruals and other payables 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.

	2009 £'000	2008 £'000
Client payables	**37,905**	13,080

Client payables arise from the settlement process of share transactions in AJBS.

Non-current payables

	2009 £'000	2008 £'000
Other payables	**28**	35

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**
2009					
Fixed rate instruments	**38,826**	**48**	**108**	**10**	**38,992**
2008					
Fixed rate instruments	13,478	23	64	19	13,584

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

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of the payment and abide by the terms of the payment. The average credit period taken for trade purchases during the year was 41 (2008: 31) days.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

20. Provisions

	Vacant property £'000	Office dilapidations £'000	Total £'000
AT 1ST OCTOBER 2008	204	62	266
Utilised in year	(122)	-	(122)
Charged in the year	-	10	10
At 30 September 2009	82	72	154
Included in current liabilities	82	-	82
Included in non-current liabilities	-	72	72

The vacant property provision relates to that incurred in the preceding financial year. The provision relates to rent, rates and service costs for these premises and may not be mitigated prior to the termination of this lease at its earliest point which is on 12 December 2010.

21. Share capital

	2009 £'s	2008 £'s
Authorised:		
90,900,000 ordinary shares of 0.1p each	**90,900**	90,900
10,000,000 ordinary non-voting shares of 0.1p each	**10,000**	10,000
9,100,000 A non-voting ordinary shares of 0.1p each	**9,100**	9,100
	110,000	110,000
Issued and fully paid:		
37,664,482 (2008: 37,664,482) ordinary shares of 0.1p each	**37,664**	37,664
75,000 (2008: 75,000) ordinary non-voting shares of 0.1p each	**75**	75
1,458,018 (2008: 1,205,518) A non-voting ordinary shares of 0.1p each	**1,458**	1,206
	39,197	38,945
Issued and partly paid:		
210,638 (2008: 210,638) A non-voting shares of 0.1p each - 10% part paid	**21**	21
Total value of issued, fully or partly paid shares	**39,218**	38,966

During the year:
On 1 December 2008, 125,000 options for £0.1p A non-voting shares were exercised at 12p per share resulting in a share premium of £14,875.

On 27 February 2009, 127,500 options for £0.1p A non-voting shares were exercised at 22p per share resulting in a share premium of £27,923.

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.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

22. Share premium

	2009 £'000	2008 £'000
Balance at 1 October	**155**	110
Premium on shares issued in the year (see note 21)	**43**	45
Balance at 30 September	**198**	155

23. Retained earnings

	2009 £'000	2008 £'000
At 1 October	**9,346**	6,078
Profit for the year	**11,538**	6,974
Dividends paid during the year	**(4,216)**	(3,706)
Total equity at 30 September	**16,668**	9,346

24. Share option reserve

	Note	2009 £'000	2008 £'000
At 1 October		**18**	8
Deferred tax on share based payments	17	**166**	-
Share based payment expense to income		**38**	10
Tax relief on exercise of share options	17	**57**	-
At 30 September		**279**	18

The Share Option Reserve is distributable to shareholders and represents the cumulative effect of share based payments net of tax.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

25. Acquisition of subsidiary

During the course of the financial year ended 30 September 2008, the Company acquired the entire issued share capital of A J Bell Securities Limited (formerly Lawshare Limited) for a cash consideration of £2.4m.

	Book value £'000	Fair value £'000
Net assets acquired:		
Intangible asset	-	1,523
Property, plant and equipment	231	231
Trade and other receivables	316	316
Cash and cash equivalents	594	594
Trade and other payables	(579)	(628)
Current tax liabilities	(40)	(40)
Client trade and other receivables	8,463	8,463
Clients' cash balances	405	405
Client, trade and other payables	(8,412)	(8,412)
Deferred tax asset/(liability)	39	(381)
Net assets	1,017	2,071
Goodwill		420
Total consideration		2,491
Satisfied by:		
Cash		2,400
Directly attributable costs		91
		2,491
Total cash consideration		2,491
Less: Cash and cash equivalents acquired		(594)
		1,897
Client cash acquired		(405)
Net cash outflow		1,492

The intangible asset relates to the directors' estimate of the present value of the future profitability of AJBS' non-contractual customer relationships at the date of acquisition.

Notes to the consolidated financial statements cont.
For the year ended 30 September 2009

26. Notes to the cash flow statement

	2009 £'000	2008 £'000
Profit for the year	**11,538**	6,974
Adjustments for:		
Net finance income	**(122)**	(185)
Income tax expense	**4,882**	2,712
Depreciation of tangible assets	**350**	307
Amortisation of intangible assets	**505**	294
Impairment	**2,634**	-
Share based payment expense	**38**	10
Deferred tax effect on share based payments	**166**	-
Tax relief on exercise of share options	**57**	-
(Decrease)/increase in provisions and other payables	**(119)**	206
Loss on disposal of fixed assets	**3**	15
Operating cash flows before movements in working capital	**19,932**	10,333
Increase in receivables	**(23,571)**	(4,533)
Increase in payables	**26,579**	6,359
Cash generated from operations	**22,940**	12,159
Income taxes paid	**(4,712)**	(2,601)
Interest paid	**(18)**	(65)
Net cash from operating activities	**18,210**	9,493

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

27. Operating leases

	2009 £'000	2008 £'000
The group as lessee:		
Minimum lease payments under operating leases recognised as an expense in the year	**711**	732

At the balance sheet date, 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.

	2009 £'000	2008 £'000
Within one year	**730**	625
In the second to fifth years inclusive	**2,644**	2,756
After five years	**-**	498
	3,374	3,879

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

	2009 £'000	2008 £'000
Within one year	**730**	625
In the second to fifth years inclusive	**2,792**	2,756
After five years	**633**	1,323
	4,155	4,704

Operating lease payments represent rentals payable by the Group for all of its office properties plus sundry plant and equipment. At original inception of the lease, office property leases are negotiated for an average term of 10 years and rentals are fixed for an average of five years.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

28. Equity-settled share option schemes

Historically, the Group has sought to facilitate equity ownership for all levels of employees within the organisation through an Enterprise Management Incentive Scheme ("EMIS"). This scheme operated successfully from its inception in June 2005 through to July 2008 when the Group ceased to qualify under the scheme's revised rules and therefore had to close the scheme to all employees. All options granted prior to July 2008 remain exercisable and can vest between nil and ten years from the date of the grant. Options granted under the EMIS were historically valued based on an 85% discount rate to the value calculated by using a generally accepted valuation model. This discount rate was amended for the purposes of the issue of the final tranche of EMIS share options and the directors valued the exercise price in the share option applying a lower minority discount percentage.

Options granted under the EMIS are usually forfeited if the employee leaves the Group before the options vest. The recognition and measurement principles in IFRS2 have been applied to all grants after 7 November 2002 which had not vested by 1 January 2005. They have not been applied to any grants prior to 7 November 2002. The expense for share-based payments under the EMIS is recognised over the respective vesting period of these options. The expense recognised in the year to 30 September 2009 is £13,598 (2008: £10,206).

In July 2009, the directors created a new incentive scheme open to all employees under an HMRC-approved CSOP. Options granted under the CSOP vest between three and ten years after the date of grant and are exercisable at a price determined by the directors but not 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 options vest. The recognition and measurement principles in IFRS2 have been applied to all grants. 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 2009 is £24,245 (2008: nil).

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. The share option valuation is calculated using a discount rate applied to the value calculated for each share using a generally accepted valuation model methodology.

The following table lists the inputs to the model for the share options issued in August 2009 under the CSOP scheme:

Fair value of share from generally accepted business model (£)	1.90
Exercise price contained in option (£)	1.90
Expected volatility	25%
Expected dividend yield	5.66%
Risk free interest rate	2.53%
Expected option life to exercise (months)	36

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

The following table lists the inputs to the model for the year ended 30 September 2008 (EMIS):

	Jul 2008	Feb 2008	Dec 2007
Fair value of share from generally accepted business model (£)	1.90	1.47	1.47
Share option exercise price (£)	1.00	0.22	0.22
Expected volatility	25%	25%	25%
Expected dividend yield	6.37%	8.24%	8.24%
Risk free interest rate	5.17%	4.29%	4.29%
Expected option life to exercise (months)	4	32	35

The share price at the date of grant of all options is based on the market value of the shares on that date and is agreed with HM Revenue & Customs. The expected life of the options is based on historical data and 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.

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

Reconciliation of the movement in the number of share options:

	2009		2008	
	Number options	**Weighted average exercise price (£)**	Number of options	Weighted average exercise price (£)
Outstanding at beginning of period	**1,054,362**	**0.35**	375,000	0.11
Granted during the period	**225,000**	**1.90**	929,362	0.38
Exercised during the period	**(252,500)**	**0.17**	(250,000)	0.10
Forfeitures	**(82,727)**	**0.67**	-	-
Outstanding at the end of the period	**944,135**	**0.74**	1,054,362	0.35
Exercisable at the end of the period	**141,635**	**1.00**	125,000	0.12

As the Company is private and not quoted on any recognised stock exchange, no reference price exists for the share price at the date of grant of the options.

Notes to the consolidated financial statements cont.

For the year ended 30 September 2009

29. Related party transactions

The subsidiary undertakings at 30 September 2009 are shown in note 15 to these financial statements.

The Group has a related party relationship with its subsidiaries and with its directors and members of the senior management team (the 'key management personnel'). Transactions between the Group and its directors and key management personnel are discussed below. Details of transactions between the Group and other related parties are also discussed below.

Subsidiaries

Transactions between the ultimate parent company and its subsidiaries and between subsidiaries have been eliminated on consolidation.

Key management personnel

Remuneration of key management personnel is disclosed in note 7. 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 7.

During the course of the last financial year, Stuart Dootson was issued with a number of EMIS share options and A non-voting shares. The issue price of the shares was fixed at £1. In the event that a liability to Income Tax crystallises on Mr Dootson, the Company has agreed to make an interest-free loan available to him to pay this tax as and when it falls due. This unsecured loan may remain outstanding until these shares are sold at which point it must be repaid.

Purchases of assets from directors and other transactions

During the year the Company purchased the entire interest in tickets to Wembley Stadium from Nicholas Littlefair. The purchase price was £50,000. The entitlement extends to admission to Wembley Stadium for four individuals to certain specified events during each calendar year for the next seven years.

Two of the directors (Mr Bell and Mr Littlefair) allow the Company to use flats they own on an ad hoc basis. The costs for the use of these assets are included in the monthly salaries paid to these individuals.

Directors' loans

Andy Bell operates a loan account with the Company. The balance of this loan at 30 September 2009 was £1,507 payable by the Company to Mr Bell (2008: £657 payable by the Company to Mr Bell). The highest amount of the loan within the year was £2,340 payable by the Company to Mr Bell (2008: £2,690 payable by the Company).

30. Commitments

	2009 £'000	2008 £'000
Capital expenditure for which contracts have been placed:		
Leasehold improvements	-	201
Computer equipment	-	-
Software development	-	404
	-	605

31. Post balance sheet events

There are no material post balance sheet events of which the directors are aware at the date of approval of the consolidated financial statements.

Company balance sheet
At 30 September 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments in subsidiary undertakings	3	**5,380**	4,279
Current assets			
Debtors	4	**2,720**	2,761
Cash at bank and in hand		**10,493**	955
		13,213	3,716
Creditors:			
Amounts falling due within one year	5	**(3,415)**	(3,166)
Net current assets		**9,798**	550
Net assets		**15,178**	4,829
Capital and reserves			
Called up share capital	6	**39**	39
Share premium	7	**198**	155
Share based payment reserve	7	**38**	-
Profit and loss	7	**14,903**	4,635
Equity shareholders' funds	8	**15,178**	4,829

The notes and information on pages 57 to 61 form part of these financial statements.

The financial statements were approved by the board of directors on 17 December 2009 and were signed on its behalf by:

Stuart Dootson
Director and company secretary

Notes to the Company financial statements

For the year ended 30 September 2009

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.

Those 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 adopted.

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

Leasing
Payments made under operating leases are recognised against income on a straight line basis over the term of the lease.

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 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 2009 of £14,484,000 (2008: £5,879,000).

The auditors' remuneration for the audit and other services is disclosed in note 6 to the consolidated financial statements.

Notes to the Company financial statements cont.
For the year ended 30 September 2009

3. Fixed asset investments

	2009 £'000	2008 £'000
Subsidiaries	**5,380**	4,279

The Company has investments in the following subsidiaries:

Name of Company	Country of incorporation	Principal activity	Holding %
A J Bell Limited *	England	Pension administration	100
A J Bell Trustees Limited	England	Dormant	100
Ken Hovers (Pension Consultants) Limited	England	Dormant	100
A J Bell Number 2 Limited *	England	Dormant	100
Ashby London Actuarial Services Ltd *	England	Pension administration	100
Ashby London Trustees Limited	England	Dormant	100
A J Bell Management Limited *	England	Pension administration	100
Sippdeal Trustees Limited	England	Dormant	100
A J 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
Fi Software Limited *	England	Dormant	100
A J Bell Securities Limited *	England	Stockbroking	100
Lawshare Nominees Limited	England	Dormant	100

* Held directly by A J Bell Holdings Limited

Notes to the Company financial statements cont.

For the year ended 30 September 2009

3. Fixed asset investments cont.

	£'000
Cost	
At 1st October 2007	841
Acquisition of subsidiary	2,491
Share purchase in subsidiary	1,250
At 1 October 2008	4,582
Share purchase in subsidiary	1,200
At 30 September 2009	5,782
Provisions for impairment	
At 1 October 2007 and 30 September 2008	303
At 1 October 2008	303
Write off	99
At 30 September 2009	402
Net book value at 30 September 2008	4,279
Net book value at 30 September 2009	5,380

On the 30 September 2009, the Company subscribed for £1.2m of ordinary share capital in A J Bell Securities Limited with a nominal value of £1. These shares were issued at par.

4. Debtors

	2009 £'000	2008 £'000
Trade debtors	**1,822**	2,190
Amounts owed by Group undertakings	**812**	538
Prepayments and accrued income	**86**	33
	2,720	2,761

Notes to the Company financial statements cont.
For the year ended 30 September 2009

5. Creditors: Amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	**22**	63
Amounts owed to Group undertakings	**141**	1,534
Taxation and social security	**28**	413
Corporation tax	**2,325**	410
Accruals and deferred income	**899**	746
	3,415	3,166

6. Called up share capital
The Company's share capital is disclosed in note 21 to the consolidated financial statements.

7. Reserves

	Share premium £'000	Profit & loss £'000	Share based payment reserve £'000
Balances at 30 September 2008	155	4,635	-
Retained profit for the financial year	-	14,484	-
Issue of new shares	43	-	-
Dividends paid	-	(4,216)	-
Credit to equity for equity settled share-based payments	-	-	38
Balance at 30 September 2009	198	14,903	38

8. Reconciliation of movement in equity shareholders' funds

	2009 £'000	2008 £'000
Retained profit for the year	**14,484**	5,879
Credit to equity for equity settled share based payments	**38**	-
Dividends	**(4,216)**	(3,706)
	10,306	2,173
Proceeds from issue of new shares	**43**	45
Net addition to shareholders' funds	**10,349**	2,218
Opening shareholders' funds	**4,829**	2,611
Closing shareholders' funds at 30 September 2009	**15,178**	4,829

Notes to the Company financial statements cont.

For the year ended 30 September 2009

9. Operating lease commitments

	Land and buildings		Other	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Payments committed to during the next financial year:				
Between two and five years	**-**	-	**-**	51
Over five years	**29**	29	**-**	-
	29	29	**-**	51

Consolidated five year summary

		IFRS			UK GAAP
	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Results					
Revenue	**38,491**	24,532	16,150	12,260	8,589
Profits from operations	**16,298**	9,501	6,296	4,417	2,521
Profit before tax	**16,420**	9,686	6,552	4,490	2,636
Profits attributable to equity holders of A J Bell Holdings Limited	**11,538**	6,974	4,472	3,128	1,822
Assets employed					
Non-current assets	**3,892**	4,202	954	746	251
Current assets	**59,230**	24,566	8,453	4,742	3,532
Current liabilities	**(45,828)**	(18,588)	(2,911)	(2,417)	(1,526)
Non-current liabilities	**(38)**	(453)	(208)	(174)	(30)
Long-term provisions	**(72)**	(169)	(53)	(43)	-
Net assets	**17,184**	9,558	6,235	2,854	2,227
Financed by					
Equity	**17,184**	9,558	6,235	2,854	2,227
Key statistics					
Earnings per share	**29.33**	17.93	11.60	8.26	4.85
Fully diluted earnings per share	**28.71**	17.59	11.47	8.15	4.85
Dividends paid in year (pence per share)	**10.75**	9.55	3.00	7.40	2.90
Dividend declared with respect to profits generated in year (pence per share)	**18.25**	10.75	8.30	5.40	3.30

The amounts disclosed in 2005 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRS. The principal differences between UK GAAP and IFRS that affect the Group are the treatment of goodwill, operating leases, deferred tax and interest income recognition.

Definitions

The following definitions are used throughout the financial statements, notes and Chairman/Chief Executive's joint statement.

Company, Holdings	A J Bell Holdings Limited
Group	The group of companies listed in note 15 to the consolidated financial statements including the Company.
AJBP	A J Bell Pensions ("AJBP") - this is the business engaged in the provision of pension administration services.
AJBS	A J Bell Securities ("AJBS") - this is the business engaged in the provision of institutional stockbroking services including dealing, settlement, custody and research.
SIPP	Self invested personal pension
SSAS	Small self administered scheme

Company information

Presented below are the key elements of information for the Group.

Company number	Secretary and registered office	Auditors	Principals bankers	Solicitors
4503206	Stuart Dootson A J Bell Holdings Limited Trafford House Chester Road Manchester M32 0RS	KPMG Audit Plc St James' Square Manchester M2 6DS	HBOS plc 41 South Gyle Crescent Edinburgh EH12 9BF	Mace & Jones Drury House 19 Water Street Liverpool L2 0RP

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