AJBell
Holdings Limited

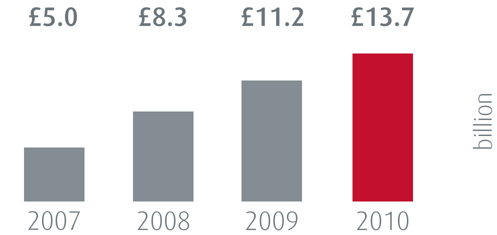
Delivering a platform for the future

Annual Report & Accounts 2010 |
Company registration number 4503206

Contents

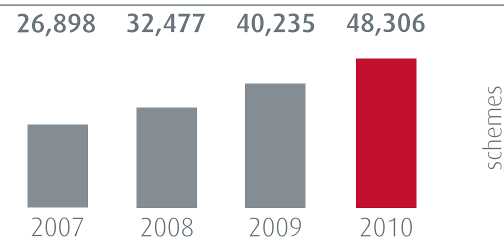
Total assets under administration

Increased by **22%**
from £11.2 billion to £13.7 billion



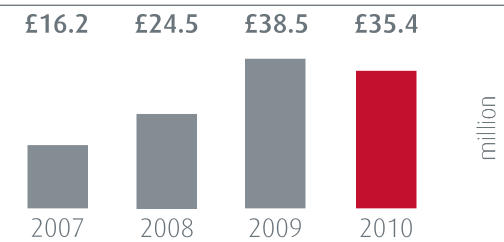
Number of SIPPs administered

Increased by **20%**
from 40,235 to 48,306



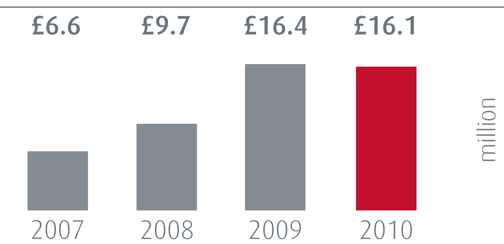
Revenue

Decreased by **8%**
from £38.5 million to £35.4 million



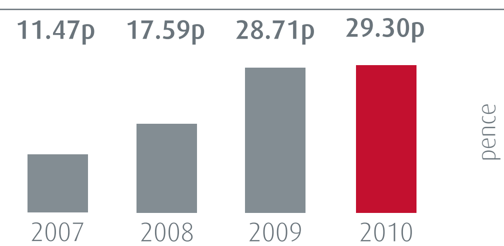
Profit before tax

Decreased by **2%**
from £16.4 million to £16.1 million



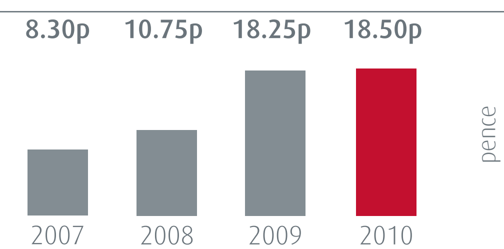
Diluted earnings per share

Increased by **2%**
from 28.71 pence to 29.30 pence



Total ordinary dividend

Increased by **1%**
from 18.25 pence to 18.50 pence



Building on our foundations and matching this growth, our technology has created efficiencies within the business that allows us to offer cutting edge online products with market leading competitive charges.

Innovation

Innovation lies at our heart and we constantly challenge convention. Through creative thinking and insight that seizes the initiative, we aim to lead our markets with cutting edge products. We provide our customers with a ground breaking choice of control, investment choice, low cost delivery and online functionality.

A new look for A J Bell

During 2009 we changed our brand architecture incorporating a fresh new look and feel. This included new websites and the creation of various new sections such as investor relations, media centre, our people and careers.

Improving the customer experience

In 2009 we also migrated our Sippdeal and Sippcentre advisory clients from the services of an external stockbroker to our own stockbroker, A J Bell Securities. This has allowed us to make the dealing process more efficient and cheaper with real benefits for the end user. This is evidenced with the consistent increase in online dealing. Over 95% of retail trades are now conducted online via A J Bell Securities.

A different approach to staying informed

During 2010 we created SippTalk.tv, our new online video channel for advisers and clients.

This service has been developed in a way that allows us to react quickly to market changes or announcements and communicate with our advisers and clients on topical issues of the moment.

Efficiency enhancements

In 2010 we also developed a number of time and cost saving enhancements to the online processes that support Sippdeal and Sippcentre. These changes allowed us to automate a number of the tasks that advisers and clients perform when submitting and managing applications and investments.

Delivering scalable systems

We continue to ensure that our systems are robust and scalable and fit to provide for our future growth ambitions. Our systems and people remain key to ensuring that our operating model can cater for the demands of a business that competes across the SIPP, ISA, dealing account and stockbroking markets.

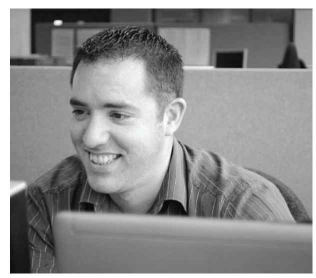
Our people and clients are our biggest assets. Our employees are known for striving to exceed the high expectations of our clients and this enables us to continue to enhance our reputation across the financial services industry.

When a company expands in the way that we have over several years, it is important to ensure we have the right foundations and structures in place to enable the business to grow in a stable way. Our employees are integral to this stability and provide an essential contribution to the way the organisation performs as a whole.

We are proud to recruit, retain, and develop talented individuals over the long term. People join us because they want to be part of an ambitious organisation that offers genuine security and opportunity. People stay with us because their contribution is recognised and we support their goals – whether this be to develop their business know-how or technical skills. Our employees have carried out voluntary work with the local community on key projects aimed at improving the environment.

All employees assess their performance mutually with their line manager and together they produce meaningful personal development plans and objectives which are aligned to our business strategy.

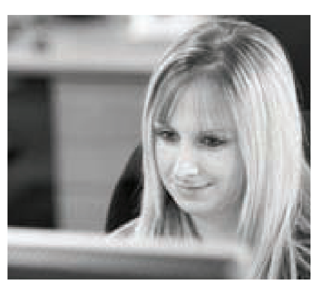
Our unique culture is based on our group operating principles; whilst our business proposition is innovative and cutting edge, our beliefs are proudly traditional where values such as integrity and service are held in the highest regard. Our principles drive us to ensure that we promote a sensible work-life balance while never forgetting the importance of quality service.












We are an ambitious business that is committed to continuous and progressive development of the products and services we provide. With an ongoing commitment to provide a high quality and cost effective service in a rapidly developing market, we remain one of the fastest growing and innovative businesses in our sector.

Innovation lies at our heart and we constantly challenge convention. Through creative thinking and insight that seizes the initiative, we aim to lead our markets with cutting edge products.

Sippcentre
- A low cost, online SIPP
- Comprehensive online functionality and investment choice
- Available exclusively to financial advisers
- Coming soon: ISAs and personal dealing accounts

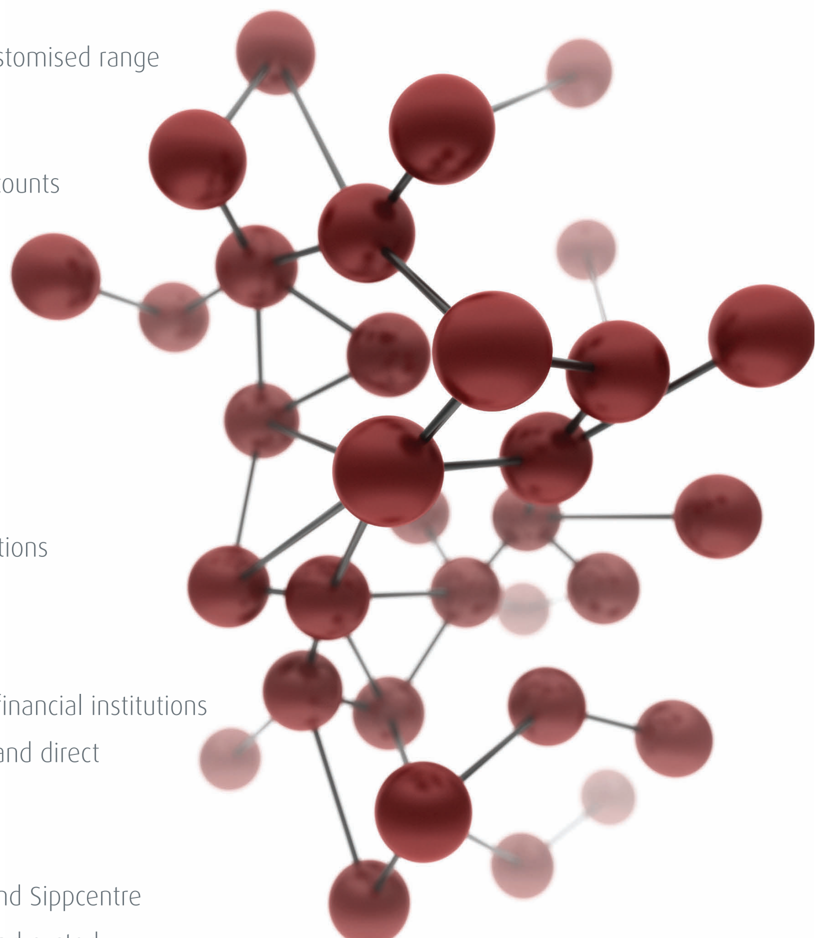
Sippdeal
- A low cost, online SIPP
- Comprehensive online functionality with customised range of investments
- A direct to consumer product
- Coming soon: ISAs and personal dealing accounts

Sippdealxtra
- A low cost SIPP
- A tailored range of investment solutions
- A direct to consumer product

A J Bell Platinum
- Fully bespoke SIPP and SSAS products
- A fully comprehensive list of investment options
- Available via advisers or direct to consumer

Third party SIPP administration
- Third party administration service for other financial institutions
- Co-branded products available for advisers and direct to consumers

A J Bell Securities
- Dealing and custody facilities for Sippdeal and Sippcentre
- Fully integrated investment management and custody administration solutions
- A complete range of integrated dealing, settlement, custody and research services



Behind all of our success is delivering an outstanding combination of products and online functionality, it is backed by quality customer service. We have achieved success with a host of awards won over recent years.

We are delighted with this success, particularly because many of these awards were voted for by financial advisers and clients themselves. This is evidence of how our advisers and clients value the service we provide.

Our awards (October 2009 - September 2010)

UK Platform Awards 2010 | Leading Platform-Enabled SIPP Proposition - Winner

Moneyfacts Investment Life and Pensions Awards 2010 | Best SIPP Provider

Moneywise Awards 2010 | Best Comprehensive SIPP Provider

Moneywise Awards 2010 | Best Low Cost SIPP Provider

FTAdviser.com Online Service Awards 2010 | 5 star - Life and Pensions provider

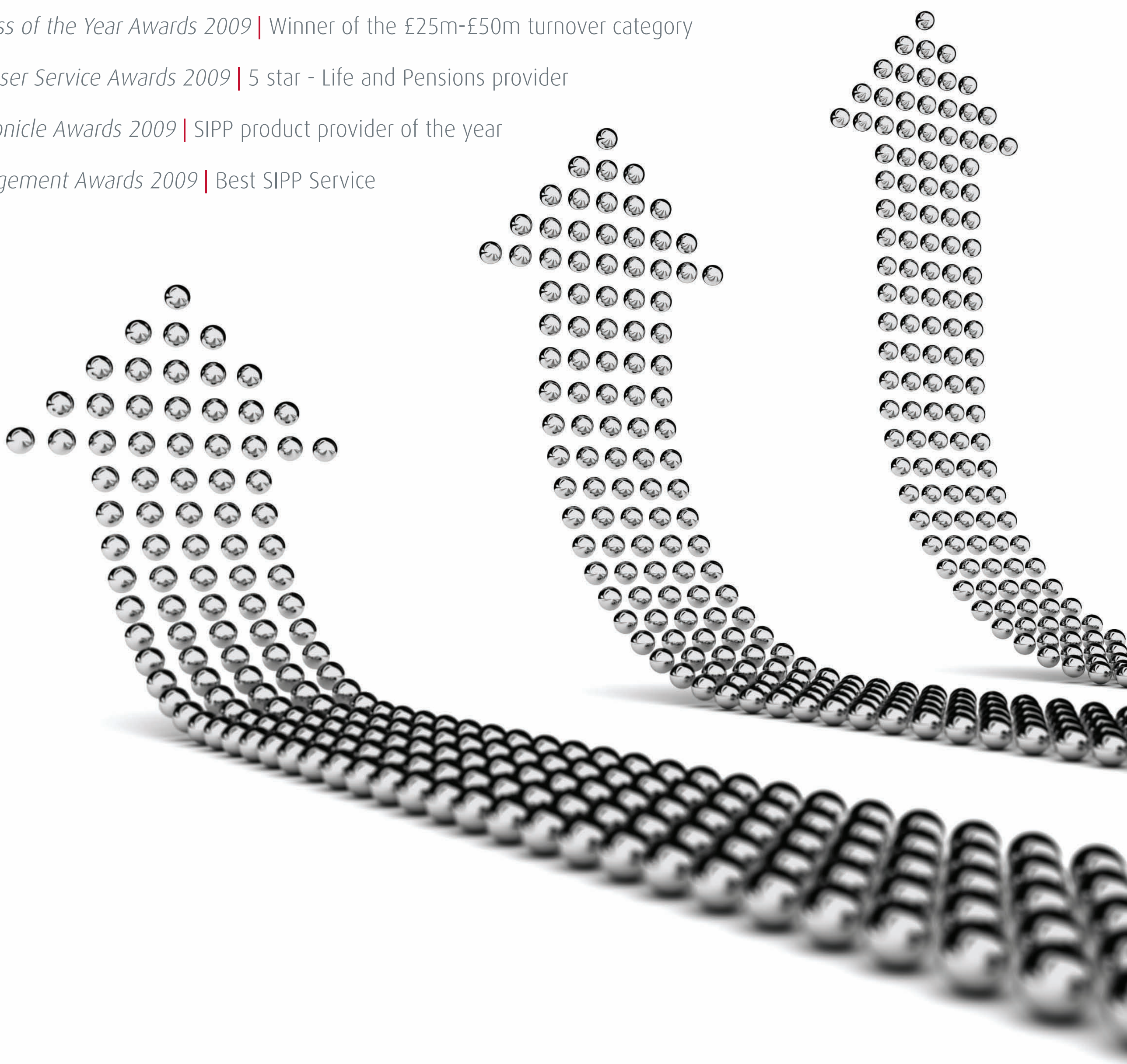
Professional Adviser Awards 2010 | Best SIPP provider

M.E.N Business of the Year Awards 2009 | Winner of the £25m-£50m turnover category

Financial Adviser Service Awards 2009 | 5 star - Life and Pensions provider

Investors Chronicle Awards 2009 | SIPP product provider of the year

Wealth Management Awards 2009 | Best SIPP Service



2011 will be a year of significant development at A J Bell as we launch new investment ISAs and dealing accounts and implement new systems to support our expanding business.

We are committed to continuing to evolve our products and services in line with the demands of advisers and clients. In early 2011 we will be launching investment ISAs and dealing accounts for Sippcentre and Sippdeal to complement the existing SIPPs.

Offering ISAs and dealing accounts will open up new markets and opportunities, building upon our existing knowledge and experience of the SIPP market and will also allow us to compete more effectively with the increasing numbers of wrap and platform providers.

The launch of the new products will provide us with the opportunity to review the Sippcentre and Sippdeal websites and we will be launching new websites with enhanced functionality and features.

This new development will allow us to provide a range of investment solutions for both advisers and clients, enabling the consolidation of a client's range of different investments.

New product launches are only a part of our ongoing business change programme and over the next 12 to 18 months we will be introducing new administration, document management and workflow systems to provide a solid platform to support the expanding business in the years to come.

Joint statement from the Chairman and Chief Executive

Jim Martin
Chairman

Andy Bell
Chief Executive

We are pleased to report that the year ended 30 September 2010 has been another successful year, despite challenging market conditions. We have continued to invest heavily in the future and the outlook for A J Bell and the sector that we operate within remains very positive.

Our key business drivers, namely client numbers and assets under administration, continue to increase strongly. Revenue and profits in the previous year ended 30 September 2009 benefited from a favourable interest rate environment whereas this year it has been disadvantageous. Despite this, we are delighted that profit before tax for the year is only marginally below last year.

We are pleased to report a final ordinary dividend per share of 10.50p (2009: 14.00p), taking the total dividend per share to 18.50p (2009: 18.25p). It should be noted that the split between interim and final dividend has been temporarily distorted this year, with a higher than normal interim dividend being paid earlier in 2010.

We will shortly be launching ISA and dealing accounts under our Sippdeal and Sippcentre brands, which will significantly broaden our offering. This is a transformational move for our business which is happening at a time when the UK platform market is enjoying significant growth.

Operational review

Client numbers and assets under administration

Total assets under administration increased by 22% from £11.2 billion to £13.7 billion, whereas the FTSE 100 increased by 8.1% during the same period.

Pension assets are up from £7.4 billion to £9.3 billion, an increase of 26% with SIPPs continuing to drive this growth. The number of SIPP clients attracted by our services has grown by 8,071 to 48,306, a very satisfactory increase of 20%.

Inflows to SIPPs from pension transfers increased from £1.4 billion to £1.6 billion, although contributions paid by members or their employer were down from £0.4 billion to £0.3 billion. This fall in contributions was largely as a result of the decision by the previous Government to severely restrict higher rate tax relief on pension contributions for those earning above £150,000. We are delighted that the new Coalition Government has reconsidered this change and proposed more simple, straightforward measures which we hope will see contributions return to previous levels. The growth in transfers was partly due to increased business levels in the run up to 6 April 2010 when the minimum pension age increased from 50 to 55.

Institutional stockbroking assets under administration increased by a net 16%, to £4.4 billion from £3.8 billion (excluding SIPP assets).

Highlights

We have further improved the competitiveness of our Sippdeal and Sippcentre products by introducing a number of changes to these propositions. There is now no dealing commission on the vast majority of funds for Sippcentre clients placing deals online through our retail fund and share dealing platform. The changes for Sippdeal make this product one of the most competitive in the market with no setup fee, no annual fee and with online dealing commission reduced to a flat £9.95. Sippdeal new business has nearly doubled as a result of these changes and further pricing initiatives are planned for early 2011.

We launched a new white labelled SIPP on behalf of TD Waterhouse in August 2010. The transfer of SIPPs from their previous administrator is progressing smoothly and is expected to be completed by the end of 2010. We are delighted with this important addition to our growing portfolio of blue chip financial partners.

Work continues on our IT development and excellent progress is being made. We are on schedule and within budget, with the first visible signs of this development being the launch of an ISA and Dealing Account for Sippdeal and Sippcentre early in 2011.

A J Bell Pensions changed its name to A J Bell Platform Solutions earlier in the year, in anticipation of the introduction of savings products wide of pensions. A J Bell Securities, our other main division, continues to support our retail products in dealing and custody services whilst developing its own products. The main initiative of the year was the launch of a fully integrated investment management and custody solution for wealth managers known as the IMAS Service and the first client has been successfully migrated to this new platform. There is a strong pipeline of potential clients.

Increasing online fulfilment by clients and advisers has been a key objective within the business. We are delighted to report that over 95% of deals within the Securities division are placed online by Sippdeal clients and Sippcentre advisers using the advisory investment option.

We have taken the opportunity this year to review our business continuity arrangements and have replaced our existing disaster recovery site with an arrangement with a specialist supplier of disaster recovery facilities with significantly increased capacity.

SippTalk.tv was introduced in January 2010 and so far we have filmed and distributed over 30 videos on a wide range of topics. This has proved to be a very cost effective marketing tool and we will continue to exploit this new media channel.

Market and legislation

The Retail Distribution Review will have a profound impact on financial services in the UK but we believe we are in a very good position to take advantage of the changes that this review will deliver. We applaud the two significant legislative changes announced by the Coalition Government. Firstly, the reduction of the annual allowance to £50,000 as an alternative to withdrawing higher rate tax relief for high earners and secondly removing the unfair tax charge of up to 82% on those in income withdrawal who die beyond age 75. We have lobbied very hard with others in the industry on both of these issues.

Whilst SIPP operators have only been regulated as such since April 2007, the FSA is taking an increasing interest in this market. The FSA's review into the suitability of pensions advice has had an adverse impact on sales at the lower value end of the advised SIPP market.

Risk and regulatory compliance

We continue to invest in and develop our risk and compliance framework supported by our internal (Deloitte LLP) and external (KPMG Audit Plc) auditors. The internal appointment of Roger Stott as Group Risk Director will be a very positive addition to this area.

Management and employees

We have a very talented and stable management team and there have been no significant changes during the year.

Furthermore, employee numbers increased by 10% from an opening position of 303 to a closing headcount of 333.

Our commitment to training has never been greater, illustrated by an increased spend year on year of more than 70%. We believe this is crucial to our development and retention of the Group's workforce and our commitment to further enhancing client service.

Employee participation with the charitable initiatives introduced as part of our CSR policy has been tremendous. As well as helping truly worthwhile causes, the benefit to the business and the Group's workforce is already evident.

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 sub-committees

Our Board and its sub-committees continue to provide an effective framework for corporate governance. The Board has met on 9 occasions throughout the year, supplemented by 4 meetings of the Audit & Risk Committee, 4 meetings of the Remuneration Committee and 1 meeting of the Nominations Committee. Once again, we are delighted to report 100% attendance by all members.

Audit & Risk Committee
Chairman: Jim Martin
Members: Les Platts
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

We have demonstrated that our business model is very resilient in an economic downturn and in a market in which interest rates are very low. We expect this economic and interest rate environment to remain challenging at least for the financial year ending 30 September 2011. We are confident however of continued strong growth in our client numbers and assets under administration which should be reflected in above average increases in revenue and profit.

It is three years since we publicly stated our medium to long-term objectives in our report and accounts for the year ended 30 September 2007. It is very pleasing to see that we have made such good progress in delivering our vision. We are proud that, having set ourselves a clear course at that time, we have navigated our way without any major deviations.

Our aim to provide greater depth and sustainability in our service offering was largely achieved with the establishment of our retail fund and share dealing platform last year. There will be a further significant step forward in broadening our offering in the new year when we expand our retail product range to include non-pension products. The longer-term aim is to continue to improve product functionality whilst passing on the benefits of our drive to improve business efficiencies through a very competitive pricing structure.

We will continue to be very selective in those institutional firms to which we provide IMAS or SIPP white labelling services. This is an area that we intend to grow in a steady and profitable way and is one which will provide synergies to other areas of our business.

A final word of thanks to all of our colleagues. The positive way in which change is embraced as a force for good in our business is a credit to everyone involved and we would not be able to make the significant advances each year without their continuing commitment and support.

Andy Bell	Jim Martin
Chief Executive	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 retiring from that position in 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 SIPP and SSAS 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. In October 2010 he was appointed a non-executive director of Leeds Building Society. He has advised at board level on a wide range of financial, commercial and governance issues for more than 20 years.

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 2010.

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 and retail stockbroking services including dealing, settlement, custody and research.

The subsidiaries and associated undertakings principally affecting the profits and net assets of the Group in the year ended 30 September 2010 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 2010, 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 10 to 12 and in the Principal Risks and Uncertainties section of this report.

Dividends

The Company has declared a final dividend of 10.50p (2009: 14.00p) per ordinary share which will be paid on 20 December 2010 to ordinary shareholders on the register as at 14 December 2010. This, together with the interim dividend of 8.00p (2009: 4.25p) paid on 1 April 2010, makes a total dividend with respect to the financial year ended 30 September 2010 of 18.50p per share (2009: 18.25p).

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' interests

The directors who held office at 30 September 2010 had the following interests in the share capital of the Company:

	Ordinary		A ordinary non-voting	
	30 Sept 2010	30 Sept 2009	**30 Sept 2010**	30 Sept 2009
Andy Bell	**12,749,607**	14,790,727	-	-
Nicholas Littlefair	**1,555,788**	1,997,315	-	-
Jim Martin	**150,000**	125,000	-	-
Les Platts	**20,000**	-	-	-
Stuart Dootson	-	-	**114,412**	132,728
Total	**14,475,395**	16,913,042	**114,412**	132,728

No director held Ordinary non-voting shares at 30 September 2010, 30 September 2009 or at any time during the period between these dates.

Directors' share options

The directors who held office at 30 September 2010 held the following share options outstanding at 30 September 2010.

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

Principal risks and uncertainties

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

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

The Internal Audit function, created towards the end of the last financial year, has carried out a rolling programme reviewing key business areas throughout the Group. These reviews have been focussed on areas where the directors believe they require further assurance on controls and risk mitigation. This, along with the Compliance, Quality Assurance and Risk Management functions within the Group, comprise the "Assurance Framework".

The directors present below the principal risks and uncertainties facing the Group that could pose a threat to the delivery of their strategy. No analysis is included to differentiate between a risk and an uncertainty. Uncertainties create risks and the directors consider both with equal importance.

Industry risks

Regulatory risk

The Group operates within an increasingly regulated environment such that new or revised legislation or regulation may have a materially adverse effect on it. The Group retains a substantial cash surplus to provide additional regulatory capital to its regulated subsidiaries if the need arises. The Group also works to ensure FSA best practice and, in particular, Treating Customers Fairly principles are embedded into the entire business and followed consistently.

The Group closely monitors regulatory developments, for example the Retail Distribution Review, changes to the FSA's Significant Influence Controlled Functions and the extension of the Remuneration Code. This enables an assessment to be made of their impact on the Group's businesses and for steps to be taken to mitigate any regulatory risks. Furthermore, it enables the Group to ensure it continues to operate in line with regulatory best practice.

The Group contributes to the debate on regulatory issues affecting its markets, both through its membership of the Association of Member-directed Pension Schemes (AMPS) and by direct responses to Government and FSA consultation.

Taxation law change risk

Changes to tax legislation may reduce the attractiveness of tax-advantaged savings including SIPPs and SSASs as a means of saving for retirement. Early indications are that the Coalition Government wants to work with the pensions industry to provide a fair and simple framework for retirement savings in the future. It appears the new Government wishes to remove some of the existing complications whilst retaining incentives for people to contribute at a reasonable level to their pension. Although the restrictions on higher rate tax relief will continue to affect contribution levels, overall the directors remain optimistic about the prospects for continued growth in the SIPP market. However, the Group's planned diversification into other savings products will reduce its reliance on pension products.

Competitor and market 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 its products become either obsolete or uncompetitive when compared to other offerings in the market place. The Group reviews continually its product range and prices against competitors and actively seeks new income streams, whilst enhancing its existing portfolio. Whilst continuing to focus on the SIPP market, the Group is planning to expand its product range by launching ISA and Dealing Accounts under its Sippcentre and Sippdeal brands during 2011. This will open up substantial new markets to the Group and offer its customers a more extensive range of savings products. Furthermore, it will also reduce the Group's reliance on pension products and help to tackle the competition risk posed by the growing number of platform providers.

Evolving technology risk

The reliance on evolving technology remains crucial to the Group's effort to develop its services and enhance products. The risk exists that either the Group's technology fails to operate correctly in some way or that the Group fails to take advantage of any emerging technologies. The directors have acknowledged that a scalable operating platform is paramount to the continued success of the Group and significant investment has been made in a project to renew the IT administration systems. Also, this project will deliver significant enhancements to the Group's Sippcentre and Sippdeal websites, using the latest technology to offer improved online services to customers and their advisers. A dedicated project team consisting of experienced employees drawn from across the business has been established to deliver the new platform.

A project of this significance does itself carry a number of risks, including failure to deliver on time and within budget leading to a loss of business, reduction in service quality and reputational harm. To mitigate these risks, a robust project governance structure has been created with responsibility for delivery held by a steering committee, including members of the senior management team of the Group. This team, through the project sponsor, reports regularly to the directors who monitor progress against the approved budget and project plan.

Economic risk
In the event that the economic recovery is slow or there is a "double dip" recession, this may impact contribution levels and confidence generally in the savings and investment markets. The directors believe that the Group's overall income levels and in particular the balance between the different types of asset from which that income is derived, provide a robust defensive position against any economic downturn.

Capital market fluctuations risk
Capital market fluctuations can have an effect on 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 while others are ad valorem. This mix of revenue types helps to limit the Group's exposure to capital market fluctuations.

Environmental impact risk
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.

Operational risks

Group reputation risk
Damage may be sustained to the Group's reputation or to one of its leading brands because of either the actions of an unassociated third party or the misconduct of an employee. The security procedures within the Group 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 awareness of risks.

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

Third party reliance risk
During the summer of 2009, the Group brought provision of its dealing, custody and settlement services in-house. Whilst reducing other risks within the Group, this did increase the Group's reliance on third party software suppliers to provide the means to supply these services. During the year the Group has embarked upon a renewal of its IT administration systems to support service delivery to its SIPP customers along with providing the capability to offer new products. Once completed, this will reduce other risks but the directors recognise that this will increase further the Group's reliance on third party software suppliers.

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

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

Litigation risk
There is a risk of liability related to litigation from clients or third parties.

The Group has robust systems and controls and maintains an appropriate level of professional indemnity insurance cover against these potential liabilities.

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

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

Financial risks

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

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

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

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

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

Whilst a degree of stability has returned to the banking sector, the directors continue to monitor the strength of the banks used by the Group. 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. Where the services of other banks are used, the Group follows a rigorous due diligence process prior to selection. This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its clients by making deposits with banks other than HBOS and Bank of Ireland.

Exchange rate risk
Within the pensions administration business, all transactions are conducted in sterling and thus no exchange rate risk exists. However, within the stockbroking business 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 sterling.

Charitable donations and political contributions

During the year the Group made charitable donations of £7,595 (2009: £11,992), and political contributions of £nil (2009: £5,000). The charitable donations were to UK registered charities.

Disabled employees

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

Employee consultation

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

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

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

In July 2009 the directors introduced a Company Share Option Plan ("CSOP") in which all employees in the Group are eligible to participate. During the year ended 30 September 2010, no options have been granted.

Internal control

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

Pursuant to section 487 Companies Act 2006, the auditors will be deemed to have been re-appointed and KPMG Audit Plc will continue in office.

By order of the Board

Stuart Dootson
Director and company secretary
15 December 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Group 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 Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company 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 2010 set out on pages 23 to 59. 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 Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 20 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 2010 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Group Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Richard Gabbertas
(Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc,
Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS
15 December 2010

Consolidated income statement

For the year ended 30 September 2010

	Notes	2010 £'000	2009 £'000
Revenue	4	35,435	38,491
Cost of sales		(977)	(1,673)
Gross profit		34,458	36,818
Administrative expenses		(18,411)	(17,886)
Impairment of other intangible asset	13	-	(2,634)
Operating profit		16,047	16,298
Investment revenue	7	87	140
Finance costs	8	(12)	(18)
Profit before taxation		16,122	16,420
Taxation	9	(4,299)	(4,882)
Profit for the year attributable to equity holders of the parent		11,823	11,538
Earnings per ordinary share:			
Basic (pence)	11	29.91	29.33
Diluted (pence)	11	29.30	28.71

The notes and information on pages 27 to 53 form part of these consolidated financial statements. All income, profit and earnings are in respect of continuing operations.

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

Consolidated statement of financial position

At 30 September 2010

	Notes	2010 £'000	2009 £'000
Assets			
Non-current assets:			
Goodwill	12	420	420
Other intangible assets	13	3,827	2,256
Property, plant and equipment	14	1,097	1,049
Deferred tax asset	17	423	167
		5,767	3,892
Current assets:			
Trade and other receivables	16	5,903	5,637
Client receivables	16	15,958	35,242
Cash and cash equivalents	16	15,186	14,528
Clients' settlement cash balances	16	10,235	3,823
		47,282	59,230
Total assets		53,049	63,122
Liabilities			
Current liabilities:			
Trade and other payables	19	(4,261)	(5,451)
Client payables	19	(25,750)	(37,905)
Obligations under finance leases	18	(14)	(22)
Current tax liabilities		(2,223)	(2,368)
Provisions	20	(33)	(82)
		(32,281)	(45,828)
Non-current liabilities:			
Obligations under finance leases	18	(9)	(10)
Provisions	20	(82)	(72)
Other payables	19	(21)	(28)
		(112)	(110)
Total liabilities		(32,393)	(45,938)
Net assets		20,656	17,184
Equity			
Share capital	21	39	39
Share premium	22	243	198
Share option reserve	24	581	279
Retained earnings	23	19,793	16,668
Total equity attributable to equity holders of the parent company		20,656	17,184

The notes and information on pages 27 to 53 form part of the consolidated financial statements.

The financial statements were approved by the board of directors on 15 December 2010 and were signed on its behalf by:

Stuart Dootson
Director and company secretary
15 December 2010

Consolidated statement of changes in equity

At 30 September 2010

	Notes	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2008		39	155	18	9,346	9,558
Total comprehensive income:						
Profit for the year		-	-	-	11,538	11,538
Transactions with owners, recorded directly in equity:						
Issue of share capital		-	43	-	-	43
Dividend to equity holders	10	-	-	-	(4,216)	(4,216)
Equity-settled share-based payment transactions		-	-	38	-	38
Deferred tax on share-based payment expense		-	-	166	-	166
Tax relief on exercise of share options		-	-	57	-	57
Total transactions with owners		-	43	261	(4,216)	(3,912)
Balance at 30 September 2009		39	198	279	16,668	17,184
Total comprehensive income:						
Profit for the year		-	-	-	11,823	11,823
Transactions with owners, recorded directly in equity:						
Issue of share capital	21, 22	-	45	-	-	45
Dividend to equity holders	10	-	-	-	(8,698)	(8,698)
Equity-settled share-based payment transactions	24	-	-	13	-	13
Deferred tax on share-based payment expense	24	-	-	232	-	232
Tax relief on exercise of share options	24	-	-	57	-	57
Total transactions with owners		-	45	302	(8,698)	(8,351)
Balance at 30 September 2010		39	243	581	19,793	20,656

Consolidated statement of cash flows

For the year ended 30 September 2010

	Note	2010 £'000	2009 £'000
Net cash from operating activities	25	18,203	18,210
Investing activities			
Purchase of other intangible assets		(2,137)	(2,388)
Purchase of property, plant and equipment		(402)	(613)
Interest received		87	140
Net cash used in investing activities		(2,452)	(2,861)
Financing activities			
Payment of obligations under finance leases		(28)	(83)
Proceeds from issue of share capital		45	43
Dividends paid		(8,698)	(4,216)
Net cash used in financing activities		(8,681)	(4,256)
Net increase in cash and cash equivalents		7,070	11,093
Cash and cash equivalents at beginning of year		18,351	7,258
Total cash and cash equivalents at end of year		25,421	18,351
Comprising:			
Clients' settlement cash balances		10,235	3,823
Group cash and cash equivalents		15,186	14,528
Total cash and cash equivalents at end of year		25,421	18,351

1. General information

The Company is incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 62. The nature of the Group's operations and its principal activities are set out on pages 14 to 19.

The consolidated financial statements for the Company and its subsidiaries were approved by the Board on 15 December 2010.

2. Significant accounting policies

Basis of accounting

The consolidated financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on the historical cost basis and the principal accounting policies applied in the preparation of these financial statements are set out on pages 27 to 34.

The consolidated financial statements of A J Bell Holdings Limited have been prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together "IFRS") as adopted by the European Union. The directors have elected to prepare the parent company's financial statements in accordance with UK GAAP and as permitted by Section 408 of the Companies Act 2006, no profit and loss account is presented for the Company; the information for the Company is presented on pages 55 to 59.

The Group applies International Accounting Standard (IAS) 1 (revised) "Presentation of Financial Statements". This standard sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. As a result, the Group is now required to present a Consolidated Statement of Changes in Equity, showing all owner changes in equity. However, it has not changed the recognition, measurement or disclosure of specific transactions and other events required by IFRS.

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

IFRS 2 Amendment	Share-based Payment (effective for annual periods beginning on or after 1 January 2010)
IFRS 3 Amendment	Business Combinations (effective for annual periods beginning on or after 1 July 2010)
IFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010)
IFRS 7 Amendment	Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011)
IFRS 9	Financial Instruments – classification and measurement (effective for annual periods beginning on or after 1 January 2013)
IAS 1 Amendment	Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010)
IAS 7 Amendment	Statement of Cash Flows (effective for annual periods beginning on or after 1 July 2010)
IAS 17 Amendment	Leases (effective for annual periods beginning on or after 1 January 2010)
IAS 24 (Revised)	Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)
IAS 27 Amendment	Consolidated and Separate Financial statements (effective for annual periods beginning on or after 1 July 2010)
IAS 32 Amendment	Financial Instruments: Presentation (effective for annual periods beginning on or after 1 February 2010)
IAS 36 Amendment	Impairment of assets (effective for annual periods beginning on or after 1 January 2010)
IAS 39 Amendment	Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements. Accounting policies as shown below have been consistently applied throughout the current and prior financial year.

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

All 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's and Chief Executive's Joint Statement and the Group Directors' Report on pages 10 to 19. Within the Group Directors' Report, the risk management section on pages 16 to 18 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 adequately capitalised and is capable of operating under stressed liquidity conditions.

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

2.2 Business combinations

The acquisition of subsidiaries is accounted for using the 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 IFRS 3 are recognised at their fair value at the acquisition date.

2.3 Goodwill

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

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill 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 present on the consolidated statement of financial position forming that CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the assets forming that CGU and then to the assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

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

2.4 Revenue recognition

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

Revenue 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 in which the service is rendered using the percentage completion method. The extent to which a service is complete is determined by the different work activity profiles of the associated individual services.

Investment commissions

Commissions (including those derived from the average value of cash and certain other 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 consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental payments under operating leases are charged to 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 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.

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.

As from October 2010, the Group will pay contributions to an employee's Sippdeal SIPP, if they wish, instead of the stakeholder pension.

2.8 Taxation

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

Current tax

Current tax is the expected tax payable 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 date of the consolidated statement of financial position.

Deferred Tax

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

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

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

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.

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 by the Group is recognised only if all the following conditions are met:

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

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

2.13 Impairment of tangible and intangible assets excluding goodwill

At each date of the consolidated statement of financial position the directors review the carrying amount of the Group's tangible and intangible assets to determine whether there is any indication that those assets have suffered 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 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.

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 statement of financial position. 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 statement of financial position when a member of the Group becomes a party to the contractual provisions of the instrument.

Financial assets

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

All financial assets are classified as loans and receivables.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and trade receivables are measured at fair value, less any impairment. No interest income is recognised as all loans and receivables are short-term receivables and the recognition of interest would be immaterial.

Impairment of financial assets

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

For financial assets objective evidence of impairment could include:

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

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

The carrying amount of the financial assets is reduced by the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2.16 Financial liabilities and equity

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

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

Financial liabilities

All financial liabilities are classified as other financial liabilities.

Other financial liabilities, including any borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Effective interest rate method

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

Derecognition of financial liabilities

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

2.17 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 date of the consolidated statement of financial position and are discounted to present value where the effect is material.

2.18 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 2006.

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the directors' estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

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.

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.

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 the underlying activity profile associated with service delivery to the customers. Actual work profiles may vary from the average assumption applied; this assumption may be subject to change in future years where efficiency improvements are made in the work activity profile of these clients.

Impairment reviews of non-current assets

At each date of the consolidated statement of financial position the directors review the carrying amount of the Group's non-current assets to determine whether there is any indication that those assets have suffered an impairment.

The directors have reviewed the net cash flows for the CGU to which the Group's retail fund and share dealing platform relates. These calculations have been updated based upon one more year's experience of trading of this asset. Further expected cash flows 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 to be generated by this CGU over the next three years, which is the balance of this asset's remaining useful economic life.

During the year, the Group embarked upon a substantial project to renew its SIPP administration systems. Not only will this create new product offering opportunities but will provide significant efficiency and productivity improvements. At the year-end, this project was ongoing with at least another 12 months to run prior to completion.

The directors have undertaken a review of this entire project at the date of the consolidated statement of financial position and have satisfied themselves as to its technical feasibility, the continued intention to complete this project, the ability of the business to use the asset once completed, how the asset will generate future economic benefits and the availability of adequate resources to complete the project.

Key judgements on this project include:

i) The estimate of the future economic benefits this project will deliver to the Group against the overall cost including efficiency and productivity improvements;

ii) the duration of the project;

iii) the demand for the new products this system will enable the Group to offer;

The capitalisation of the costs connected with this project is discussed further in notes 13 and 14.

4. Revenue

	2010 £'000	2009 £'000
An analysis of the consolidated revenue is as follows:		
Pension administration - fees and commissions	32,346	35,453
Stockbroking commissions	3,089	3,038
Total	35,435	38,491

5. Profit for the year

	Notes	2010 £'000	2009 £'000
Profit for the year has been arrived at after charging:			
Depreciation of tangible assets	14	364	350
Amortisation of intangible assets	13	566	505
Impairment of other intangible assets	13	-	2,634
Loss on disposal of tangible assets		9	3
Operating lease rentals:			
Other assets		742	711
Staff costs	6	12,985	12,390
Auditors' remuneration for the audit of the Company's annual financial statements		15	9
Auditors' remuneration for the audit of the Company's subsidiaries pursuant to legislation		38	33
Auditor's remuneration for other services to the Group		30	25

6. Employee benefit costs and employee numbers

	2010 No.	2009 No.
The average number of employees (including executive directors) in the continuing operations of the Group during the year ended 30 September 2010 was:		
Administrative functions	317	299

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

	2010 £'000	2009 £'000
Short-term employee benefits	11,373	10,831
Social security costs	1,231	1,172
Retirement benefit costs	381	387
Total	12,985	12,390

Remuneration of key management personnel

	2010 £'000	2009 £'000
Key management personnel is represented by the board of directors of the Company as shown on page 13 and certain members of senior management:		
Short-term employee benefits	1,956	2,012
Retirement benefit costs	76	21
Share-based payments	-	15
Total	2,032	2,048

Remuneration of directors

	2010 £'000	2009 £'000
The following costs relate to the board of directors of the Company as shown on page 13:		
Short-term employee benefits	1,162	1,158
Retirement benefit costs	40	12
Share-based payments	-	2
Total	1,202	1,172

Remuneration of highest paid director

	2010 £'000	2009 £'000
Short-term employee benefits	766	780
Retirement benefit costs	40	-
Total	806	780

7. Investment revenue

	2010 £'000	2009 £'000
Interest income:		
Interest on bank deposits	87	140

8. Finance costs

	2010 £'000	2009 £'000
Interest expense:		
Obligations under finance leases	1	5
Other	11	13
	12	18

9. Taxation

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

	2010 No.	2009 No.
Current tax	4,363	5,282
Adjustment in respect of prior years	(40)	-
Deferred tax	142	(382)
Adjustment to deferred tax in respect of prior years	(177)	(18)
Effect of decrease in tax rate on opening asset	11	-
Tax charge per Income Statement	4,299	4,882

Corporation tax is calculated at 28% of the estimated assessable profit for the year to 30 September 2010 (2009: 28%).

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

	2010 No.	2009 No.
Deferred tax relating to share-based payments (see note 17)	232	166
Current tax relief on exercise of share options	57	57
	289	223

The charge for the year can be reconciled to the profit per the Income Statement as follows:

	2010 £'000	2009 £'000
Profit before tax	16,122	16,420
Profit before tax multiplied by a pro-rata rate of Corporation Tax in the UK of 28% (2009: 28%)	4,514	4,598
Effects of:		
Expenses not deductible	35	304
Deduction on share options exercised	(94)	(59)
Adjustment in respect of prior year	(40)	-
Adjustment to deferred tax in respect of prior year	(177)	(18)
Recognised through reserves	57	57
Tax rate decrease	4	-
Total tax expense in consolidated income statement	4,299	4,882
Effective tax rate	26.7%	29.7%

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the Group's future current tax charge accordingly. The tax disclosures for the period reflect the deferred tax at the 27% substantively enacted rate. It has not yet been possible to quantify the full anticipated effect of the further 3% rate reduction, although this will further reduce the Group's future tax charge and reduce the Group's deferred tax liabilities/assets accordingly.

10. Dividends

	2010 £'000	2009 £'000
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 30 September 2009 of 14.00p (2008: 6.50p) per share	5,535	2,541
Interim dividend for the year ended 30 September 2010 of 8.00p (2009: 4.25p) per share	3,163	1,675
Ordinary dividends paid on equity shares	8,698	4,216
Proposed final dividend for the year ended 30 September 2010 of 10.50p (2009: 14.00p) per share	4,151	5,535

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

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.

	2010 £'000	2009 £'000
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent company	11,823	11,538

Number of shares

	Number of shares 2010	Number of shares 2009
Weighted average number of ordinary shares (for the purpose of basic earnings per share) in issue during the year	39,521,494	39,335,200
Effect of potentially dilutive share options	826,957	848,235
Weighted average number of ordinary shares for the purposes of fully diluted earnings per share	40,348,451	40,183,435

12. Goodwill

	2010 £'000	2009 £'000
Cost		
As at 1 October and 30 September	532	532
Accumulated impairment losses		
As at 1 October and 30 September	112	112
Carrying value at 30 September	420	420

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination.

	2010 £'000	2009 £'000
Institutional Stockbroking CGU	420	420

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

The recoverable amount of the Institutional Stockbroking CGU is determined from value in use calculations. The directors have identified three key assumptions contained within the calculations, where small changes in the assumptions would have a significant impact on the value in use. These are:

i) Asset values – the value of institutional client assets under administration;

ii) Dealing volumes – the level of client activity in the stock market;

iii) Headcount – the number of employees required to deliver the necessary services.

The directors have used past experience to estimate each key variable in the cash flow model to determine the value in use of the Institutional Stockbroking CGU.

The directors have projected cash flows over a period of 7 years. The goodwill arose on the acquisition of the Institutional Stockbroking business (formerly known as Lawshare). At acquisition the directors attributed a substantial proportion of the consideration paid to the value of the customer list present in the business. The directors estimated the useful economic life of this customer list at 10 years of which 7 years remains. Accordingly, the period over which cash flows have been projected to estimate the value in use of the assets of the Institutional Stockbroking CGU is 7 years.

The directors have used different growth rates across the various income streams contained within the CGU. These growth rates have been applied to the cash flows contained in the forecasts approved by the directors in order to generate projected cash flows covering the 7 year useful economic life of the customer list contained within the Institutional Stockbroking CGU. The average growth rate per annum for this CGU is approximately 10%. The directors consider the assumptions behind this growth rate to be reasonable based on past experience and given their current plans to develop this area of the business. A discount rate of 5% has been used in the value in use calculations as this represents the directors' estimate of the Group's cost of capital.

13. Other intangible assets

	Computer software £'000	Assets under construction £'000	Non-contractual customer relationships £'000	Total £'000
Cost				
As at 1 October 2008	1,104	920	1,523	3,547
Additions	249	2,139	-	2,388
Transfer to software	3,059	(3,059)	-	-
Disposals	(29)	-	-	(29)
At 30 September 2009	4,383	-	1,523	5,906
Additions	322	1,815	-	2,137
At 30 September 2010	4,705	1,815	1,523	8,043
Amortisation				
As at 1 October 2008	424	-	114	538
Charge for the year	353	-	152	505
Impairment	2,634	-	-	2,634
Disposals	(27)	-	-	(27)
At 30 September 2009	3,384	-	266	3,650
Charge for the year	414	-	152	566
Disposals	-	-	-	-
At 30 September 2010	3,798	-	418	4,216
Carrying value at 30 September 2009	999	-	1,257	2,256
Carrying value at 30 September 2010	907	1,815	1,105	3,827
Remaining amortisation period at year-end	N/a	N/a	7 years 3 months	N/a

During the year, the Group embarked upon a project to renew its pension administration software and systems. Eventually, this new system will provide a platform from which the Group will be able to offer a wide variety of long-term savings products including ISAs, Dealing Accounts and SIPPs.

The project involves employees and resources from the entire Group and is not forecast to complete until 2012. The size and scale of this project is transformational to the activities of the Group and has been resourced accordingly.

At the date of the consolidated statement of financial position, approximately £1.8m of costs have been incurred in acquiring intangible assets. These costs are a mixture of purchased software, external consultancy costs and internal staff costs. These costs are as follows:

	£'000
Purchased software	298
External consultancy costs	1,012
	1,310
Internal costs	505
Total assets under construction	1,815

At the date of the consolidated statement of financial position, the Group had a contracted commitment of £905,000 (2009: £nil). This commitment relates to the ongoing project to renew the SIPP administration system, for which the costs to date are disclosed as Assets Under Construction.

14. Property, plant and equipment

	Leasehold improvements £'000	Computer equipment £'000	Office equipment £'000	Assets under construction £'000	Total £'000
Cost					
As at 1 October 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
Additions	6	266	29	118	419
Disposals	-	(80)	(2)	-	(82)
Transfers	-	9	(9)	-	-
At 30 September 2010	536	1,539	699	118	2,892
Depreciation					
At 1 October 2008	189	730	242	-	1,161
Charge for the year	69	172	109	-	350
Disposals	-	(4)	(1)	-	(5)
At 30 September 2009	258	898	350	-	1,506
Charge for year	50	222	92	-	364
Disposals	-	(75)	-	-	(75)
At 30 September 2010	308	1,045	442	-	1,795
Carrying amount at 30 September 2009	272	446	331	-	1,049
Carrying amount at 30 September 2010	228	494	257	118	1,097

During the year, additions of tangible fixed assets under finance lease totalled £17,000 (2009: £14,000).

The carrying amount of the Group's office equipment includes an amount of £49,000 (2009: £85,000) in respect of assets held under finance leases.

As outlined in note 13, the Group embarked on a substantial IT and systems renewal project during the year. As part of this project, it purchased approximately £118,000 of computer equipment. This has been classified as Assets Under Construction in this note.

At the year-end, the Group had no commitments (2009: £nil) to purchase any tangible fixed assets.

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/Group administration	100
A J Bell Trustees Limited	England	Dormant	100
Ken Hovers (Pension Consultants) Limited	England	Dormant	100
Ashby London Trustees Limited	England	Dormant	100
A J Bell Number 2 Limited *	England	Dormant	100
Ashby London Actuarial Services 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.

16. Other financial assets

	2010 £'000	2009 £'000
Trade and other receivables		
Trade receivables	2,773	2,165
Prepayments and accrued income	3,130	3,472
Total trade and other receivables	5,903	5,637

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:

	2010 £'000	2009 £'000
Neither past due nor impaired	2,642	1,970
31 to 60 days	17	20
61 to 90 days	61	35
91 days and over	119	212
	2,839	2,237
Less provision for doubtful debts	(66)	(72)
Trade receivables per consolidated statement of financial position	2,773	2,165

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

	2010 £'000	2009 £'000
As at 1 October	72	2
Amounts charged to the Income Statement as irrecoverable	27	70
Amounts recovered during the year	(33)	-
As at 30 September	66	72

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

Client receivables

	2010 £'000	2009 £'000
Client receivables	15,958	35,242

Client receivables relate entirely to the stockbroking business and arise during the share settlement process. The balance includes amounts due from clients and market counterparties. Client receivables are subject to the same valuation methodology as Trade and Other Receivables.

Cash and cash equivalents

	2010 £'000	2009 £'000
Cash and cash equivalents	**15,186**	14,528
Clients' settlement cash balances	**10,235**	3,823
Total	**25,421**	18,351

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.

Clients' settlement cash balances are those amounts of cash held on behalf of clients by A J Bell Securities Limited 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.

Risks arising from financial instruments

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

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

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

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

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

Whilst a degree of stability has returned to the banking sector, the directors continue to monitor the strength of the banks used by the Group. 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. Where the services of other banks are used, the Group follows a rigorous due diligence process prior to selection. This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its clients by making deposits with banks other than HBOS and Bank of Ireland.

Exchange rate risk
Within the pensions administration business, all transactions are conducted in sterling and thus no exchange rate risk exists. However, within the stockbroking business 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 sterling.

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 £44,152,000 (2009: £55,758,000).

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 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 1 October 2009	315	180	(328)	167
Credit to income in respect of prior year	183	-	-	183
Credit/(charge) to income	(208)	4	45	(159)
Credit to equity	-	232	-	232
At 30 September 2009	290	416	(283)	423

The current year deferred tax adjustment to the share-based payments reserve reflects the estimated total future tax relief associated with the cumulative share-based payment benefit arising in respect of share options granted but unexercised as at 30 September 2010.

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:

	2010 £'000	2009 £'000
Deferred tax asset	706	495
Deferred tax liability	(283)	(328)
Net deferred tax asset	423	167

18. Obligations under finance leases

Minimum lease payments

	2010 £'000	2009 £'000
Amounts payable under finance leases:		
Within one year	15	23
In the second to fifth years inclusive	10	10
	25	33
Less: Future finance charges	(2)	(1)
Present value of lease obligations	23	32
Present value of minimum lease payments		
Amounts payable under finance leases:		
Within one year	14	22
In the second to fifth years inclusive	9	10
Present value of lease obligations	23	32

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 sterling. The fair value of the Group's lease obligations approximates to their carrying amount.

19. Other financial liabilities

	2010 £'000	2009 £'000
Trade and other payables		
Trade payables	697	1,055
Social security and other taxes	895	729
Accruals and deferred income	2,669	3,667
	4,261	5,451

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.

	2010 £'000	2009 £'000
Client payables	25,750	37,905

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

Non-current payables

	2010 £'000	2009 £'000
Other payables	21	28

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
2010					
Fixed rate instruments	26,392	1	68	9	26,470
2009					
Fixed rate instruments	38,826	48	108	10	38,992

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 those terms. The average credit period taken for trade purchases during the year was 21 (2009: 41) days.

20. Provisions

	Vacant property £'000	Office dilapidations £'000	Total £'000
At 1 October 2009	82	72	154
Utilised in year	(82)	-	(82)
Charged in the year	33	10	43
At 30 September 2010	33	82	115
Included in current liabilities	33	-	33
Included in non-current liabilities	-	82	82

The vacant property provision incurred in the year relates to the Group's former disaster recovery site. During the year the Group entered into a binding agreement with a third party for the provision of a fully resourced disaster recovery site. The new arrangement will provide the Group with a disaster recovery site that is sufficiently resourced to serve the Group's needs for the foreseeable future.

The provision extends to rent, rates and service costs for the old premises and cannot be mitigated prior to the termination point agreed with the landlord which is on 1 March 2011.

21. Share capital

	2010 £	2009 £
Authorised:		
100,239,482 ordinary shares of 0.1p each	100,239	100,239
900,000 ordinary non-voting shares of 0.1p each	900	900
8,860,518 A non-voting ordinary shares of 0.1p	8,861	8,861
	110,000	110,000
Issued and fully paid:		
37,859,466 (2009: 37,664,482) ordinary shares of 0.1p each	37,859	37,664
75,000 (2009: 75,000) ordinary non-voting shares of 0.1p each	75	75
1,408,850 (2009: 1,458,018) A non-voting ordinary shares of 0.1p each	1,409	1,458
	39,343	39,197
Issued and partly paid:		
192,322 (2009: 210,638) A non-voting shares of 0.1p each - 10% part paid	19	21
Total value of issued, fully or partly paid shares	39,362	39,218

During the year:

On 4 November 2009, 127,500 options for £0.1p A non-voting shares were exercised at 22p per share resulting in a share premium of £28,000.

On 9 April 2010, 18,316 A non-voting 10% part paid shares of 0.1p each were fully paid up in cash. The additional 90% payment resulted in a share premium of £17,000.

On 9 April 2010, 194,984 A non-voting ordinary shares of 0.1p each were converted to 194,984 ordinary shares of 0.1p each.

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.

22. Share premium

	2010 £'000	2009 £'000
At 1 October	198	155
Premium on shares issued in the year (see note 21)	45	43
Balance at 30 September	243	198

23. Retained earnings

	2010 £'000	2009 £'000
At 1 October	16,668	9,346
Profit for the year	11,823	11,538
Dividends paid during the year	(8,698)	(4,216)
Balance at 30 September	19,793	16,668

24. Share option reserve

	Note	2010 £'000	2009 £'000
At 1 October		279	18
Deferred tax on share-based payments	17	232	166
Equity-settled share-based payment transactions		13	38
Tax relief on exercise of share options		57	57
Balance at 30 September		581	279

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

25. Notes to the cash flow statement

	2010 £'000	2009 £'000
Profit for the year	11,823	11,538
Adjustments for:		
Net finance income	(75)	(122)
Income tax expense	4,299	4,882
Depreciation of tangible assets	364	350
Amortisation of intangible assets	566	505
Impairment	-	2,634
Share-based payment expense	13	38
Deferred tax effect on share-based payments	232	166
Tax relief on exercise of share options	57	57
(Decrease)/increase in provisions and other payables	(46)	(119)
Loss on disposal of fixed assets	9	3
Operating cash flows before movements in working capital	17,242	19,932
Decrease/(increase) in receivables	19,018	(23,571)
(Decrease)/increase in payables	(13,345)	26,579
Cash generated from operations	22,915	22,940
Income taxes paid	(4,700)	(4,712)
Interest paid	(12)	(18)
Net cash from operating activities	18,203	18,210

26. Operating leases

	2010 £'000	2009 £'000
The group as lessee:		
Minimum lease payments under operating leases recognised as an expense in the year	742	711

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

	2010 £'000	2009 £'000
Within one year	740	730
In the second to fifth years inclusive	1,931	2,644
After five years	-	-
	2,671	3,374

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

	2010 £'000	2009 £'000
Within one year	740	730
In the second to fifth years inclusive	2,233	2,792
After five years	444	633
	3,417	4,155

Operating lease payments represent rentals payable by the Group for all of its office properties plus sundry plant and equipment. At original inception, office property leases are negotiated for an average term of 10 years and rentals are fixed for an average of 5 years.

27. Share-based payments

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 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 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 IFRS 2 have been applied to all grants after 7 November 2002 which had not vested by 1 January 2006. 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 2010 is £nil (2009: £13,598).

In July 2009, the directors created a new incentive scheme open to all employees under an HMRC-approved Company Share Option Plan ("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 materially less than the greater of the market value of a share on the date of grant and, in the case of an option which is a right to subscribe for shares, the nominal value of the share. Options granted under the CSOP are usually forfeited if the employee leaves the Group before the options vest. The recognition and measurement principles in IFRS 2 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 2010 is £13,469 (2009: £24,245).

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 year ended 30 September 2009 (CSOP). No share options have been issued during the current period:

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

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 the minimum period between grant of the option, the earliest possible exercise date and an analysis of the historical exercise data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the case.

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:

	2010		2009	
	Number options	Weighted average exercise price (£)	Number options	Weighted average exercise price (£)
Outstanding at beginning of period	944,135	0.74	1,054,362	0.35
Granted during the period	-	-	225,000	1.90
Exercised during the period	(127,500)	0.22	(252,500)	0.17
Forfeitures	(15,000)	1.90	(82,727)	0.67
Outstanding at the end of the period	801,635	0.80	944,135	0.74
Exercisable at the end of the period	144,635	1.00	141,635	1.00

The Company is private so no quoted price is available for its stock.

28. Related party transactions

Subsidiaries

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

Key management personnel

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

Directors

Remuneration of the directors is disclosed in note 6.

Director's loans

During the course of the last financial year, Mr 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. During the year, the Company made a loan to Mr Dootson to enable him to pay certain tax liabilities relating to these shares. The original value of this loan was £21,000 and at the year-end was £18,000. The loan is unsecured and may remain outstanding until these shares are sold at which point it must be repaid.

Mr Bell operates a loan account with the Company. The balance of this loan at 30 September 2010 was £313 payable by the Company to Mr Bell (2009: £1,507 payable by the Company to Mr Bell). The highest amount of the loan within the year was £12,576 payable by the Company to Mr Bell (2009: £2,340 payable by the Company).

Repayments in the year from the company to Mr Bell totalled £31,337. The loan carries no interest charge.

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

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

Company balance sheet

At 30 September 2010

	Notes	2010		2009	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	3		5,555		5,380
Current assets					
Debtors:	4				
- due within one year		4,336		2,720	
- due after one year		4		-	
Cash at bank and in hand		6,249		10,493	
			10,589		13,213
Current liabilities					
Creditors:					
Amounts falling due within one year	5		(2,065)		(3,415)
Net assets			14,079		15,178
Capital and reserves					
Called up share capital	6		39		39
Share premium account	7		243		198
Share-based payment reserve	7		51		38
Profit and loss account	7		13,746		14,903
Shareholders funds	8		14,079		15,178

The financial statements of A J Bell Holdings Limited (registered number 4503206) were approved by the board of directors and authorised for issue on 15 December 2010. They were signed on its behalf by:

Stuart Dootson
Director and company secretary

1. Significant accounting policies

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

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

The separate statements have been prepared on a going concern basis. The directors believe that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date the financial statements are 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 2010 of £7,541,000 (2009: £14,484,000).

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

3. Fixed asset investments

	£'000
Cost	
At 1 October 2008	4,582
Share purchase in subsidiary	1,200
At 1 October 2009	5,782
Share purchase in subsidiary	175
At 30 September 2010	5,957
Provisions for impairment	
At 1 October 2008	303
Impairment	99
At 1 October 2009 and 30 September 2010	402
Net book value at 30 September 2009	5,380
Net book value at 30 September 2010	5,555

On the 1 December 2009, the Company subscribed for £175,000 ordinary shares in A J Bell Securities Limited. These shares had a nominal value of £1 and were issued at par.

The Company has investments in the following subsidiaries.

Name of Company	Country of incorporation	Principal activity	Holding %
A J Bell Limited *	England	Pension/Group administration	100
A J Bell Trustees Limited	England	Dormant	100
Ken Hovers (Pension Consultants) Limited	England	Dormant	100
Ashby London Trustees Limited	England	Dormant	100
A J Bell Number 2 Limited *	England	Dormant	100
Ashby London Actuarial Services 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.

4. Debtors

	2010 £'000	2009 £'000
Due within one year:		
Trade debtors	1,093	1,822
Amounts owed by group undertakings	3,123	812
Prepayments and accrued income	120	86
	4,336	2,720

	2010 £'000	2009 £'000
Due after one year:		
Deferred tax asset	4	-
The deferred tax asset is made up as follows:		
Share-based payments	4	-

5. Creditors: Amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	21	22
Amounts owed to Group undertakings	342	141
Taxation and social security	1	28
Corporation tax	1,500	2,325
Accruals and deferred income	201	899
	2,065	3,415

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	Share-based payment reserve £'000	Profit & loss £'000
Balances at 1 October 2009	198	38	14,903
Retained profit for the financial year	-	-	7,541
Issue of new shares	45	-	-
Dividends paid	-	-	(8,698)
Credit to equity for equity-settled share-based payments	-	13	-
Balance at 30 September 2010	243	51	13,746

8. Reconciliation of movement in equity shareholders' funds

	2010 £'000	2009 £'000
Retained profit for the year	7,541	14,484
Credit to equity for equity-settled share-based payments	13	38
Dividends	(8,698)	(4,216)
	(1,144)	10,306
Proceeds from issue of new shares	45	43
Net (reduction)/addition to shareholders' funds	(1,099)	10,349
Opening shareholders' funds at 1 October	15,178	4,829
Closing shareholders' funds at 30 September	14,079	15,178

9. Operating lease commitments

	Land and buildings	
	2010 £'000	2009 £'000
Annual commitments under non-cancellable operating leases are as follows:		
Expiry date:		
Within one year	12	-
Over five years	-	29
	12	29

Five year summary

For the year ended 30 September 2010

	IFRS				
	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Results					
Revenue	**35,435**	38,491	24,532	16,150	12,260
Profits from operations	**16,047**	16,298	9,501	6,296	4,417
Profit before tax	**16,122**	16,420	9,686	6,552	4,490
Profits attributable to equity holders of A J Bell Holdings Limited	**11,823**	11,538	6,974	4,472	3,128
Assets employed					
Non-current assets	**5,767**	3,892	4,202	954	746
Current assets	**47,282**	59,230	24,566	8,453	4,742
Current liabilities	**(32,281)**	(45,828)	(18,588)	(2,911)	(2,417)
Non-current liabilities	**(30)**	(38)	(453)	(208)	(174)
Long-term provisions	**(82)**	(72)	(169)	(53)	(43)
Net assets	**20,656**	17,184	9,558	6,235	2,854
Financed by					
Equity	**20,656**	17,184	9,558	6,235	2,854
Key statistics					
Earnings per share	**29.91**	29.33	17.93	11.60	8.26
Fully diluted earnings per share	**29.30**	28.71	17.59	11.47	8.15
Dividends paid in year (pence per share)	**22.00**	10.75	9.55	3.00	7.40
Dividend declared with respect to profits generated in year (pence per share)	**18.50**	18.25	10.75	8.30	5.40

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.
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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