INVEST IN YOUR TOMORROW

AJ Bell plc
Annual report and financial statements 2021

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WHAT WE DO

We want to make investing as easy as possible for our customers to enable them to realise their financial goals.

WHAT WE OFFER

As one of the largest investment platforms in the UK, based on the value of our AUA, we operate successfully in both the advised and D2C areas of the platform market through our flagship platform propositions.

LEARN MORE ABOUT OUR PURPOSE AND VALUES

p04-05

For more information visit:
www.ajbell.co.uk/investor-relations

Revenue

£145.8m

+15%

(30 September 2020: £126.7m)

Profit before tax

£55.1m

+13%

(30 September 2020: £48.6m)

Total dividend

11.96p

+94%

(30 September 2020: 6.16p)

Diluted earnings per share

10.67p

+13%

(30 September 2020: 9.47p)

READ MORE ABOUT OUR SUSTAINABILITY HIGHLIGHTS ON

p31

Assets under administration (AUA)*

£72.8bn

+29%

(30 September 2020: £56.5bn)

Platform	21	£65.3bn
	20	£49.7bn
Non-platform	21	£7.5bn
	20	£6.8bn

Number of retail customers

382,754

+30%

(30 September 2020: 295,305)

Platform	21	367,965
	20	281,094
Non-platform	21	14,789
	20	14,211

OUR AWARDS AND ACCREDITATIONS

Money Marketing Awards

Provider of the year 2021

Professional Adviser 2021

Best Platform for Advisers

3-star Best Companies

* See page 23 for definition of Alternative Performance Measures

STRATEGIC REPORT
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STRATEGIC REPORT

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At the heart of our business is a clear and succinct purpose which drives everything that we do.

OUR PURPOSE

WE HELP PEOPLE TO INVEST.

OUR GUIDING PRINCIPLES

Our company is built on a set of guiding principles that define the way we do business. These principles inform everything we do, creating a culture in which we strive to think like our customers, make investing easier and lead our markets.

STRAIGHTFORWARD
We make investing easy and accessible

INTELLIGENT
We know our stuff

PERSONAL
We are human, not robots

PRINCIPLED
We do the right thing

FOCUSED
We give customers what they need, not what they don't

ENERGETIC
We never stand still

PEOPLE AND CULTURE
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STRATEGIC DRIVERS

- OUR PEOPLE
- OUR CUSTOMERS
- GROWTH
- FINANCE AND ASSURANCE
- OUR TECHNOLOGY

STRATEGIC AIM

Easiest platform to use

OUR STRATEGY
p20–21

RESPONSIBLE BUSINESS

- RESPONSIBLE PROPOSITIONS
- RESPONSIBLE EMPLOYER
- SUPPORTING OUR LOCAL COMMUNITIES
- ENVIRONMENTAL AWARENESS

PURPOSE IN ACTION

INVESTING IN DODL

OUR SIMPLIFIED D2C PROPOSITION

During the year we have invested in a new simplified proposition for the direct-to-consumer market.

Launching in the first half of 2022, Dodl by AJ Bell will offer our customers a jargon-free, easy-to-use, low-cost investment platform with an intuitive investment journey and streamlined range of investments.

Accessed only by mobile application, the proposition will appeal to new investors looking for a straightforward way to manage their investments.

We operate successfully in both the advised and D2C areas of the platform market through our flagship platform propositions.

AJ Bell is a
FTSE 250 company

Number of employees
1,065

Office locations
Manchester, London & Bristol

OUR PLATFORM PROPOSITIONS

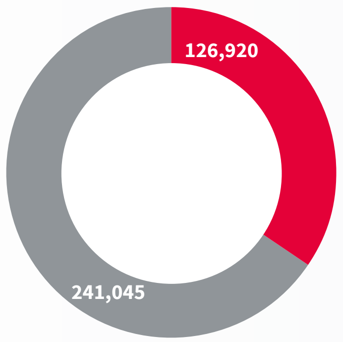
AJ Bell Investcentre

AJ Bell Investcentre is an investment platform proposition for regulated financial advisers and wealth managers, providing a suite of products, services, investment solutions and online tools to help manage their retail customers' portfolios.

AJ Bell Youinvest

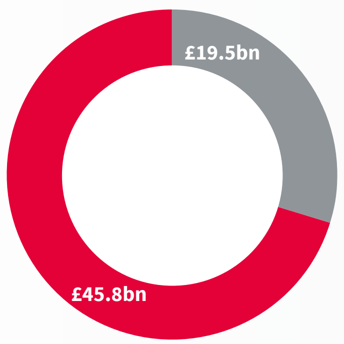
AJ Bell Youinvest is an investment platform proposition for execution-only retail customers which includes investment solutions through our in-house funds, ready-made portfolios and guidance via the AJ Bell favourite funds list. It also offers a cash savings solution.

Customers



	2021	2020
AJ Bell Investcentre	**126,920**	108,911
AJ Bell Youinvest	**241,045**	172,183

AUA



	2021	2020
AJ Bell Investcentre	**£45.8bn**	£36.3bn
AJ Bell Youinvest	**£19.5bn**	£13.4bn

OUR OTHER PRODUCTS AND SERVICES

In addition to our platform propositions, we offer four non-platform services:

AJ Bell Platinum:
Provides adviser-led and D2C pension administration services to customers with bespoke SIPP and SSAS accounts.

AJ Bell Media:
Publishes Shares magazine and other proprietary investment content to support our platform propositions.

White label SIPP administration:
Branded to Barclays Smart Investor and Halifax Share Dealing.

AJ Bell Securities stockbroking:
Provides dealing, settlement and custody services to institutional investment businesses.

HOW WE DO IT

The AJ Bell Way is a structured framework, informed by our guiding principles, that aids the development of our strategy and is the primary tool used for communicating that strategy to all key stakeholders.

OUR CUSTOMERS
We help people to invest but will not provide personal recommendations. We will continue to develop our customer propositions with a focus on ease of use, service and price.

GROWTH
We will grow both customer numbers and AUA in a sustainable and cost-effective manner.

FINANCE AND ASSURANCE
We will preserve our financial security, regulatory and reputational standing. We will treat all stakeholders fairly.

OUR TECHNOLOGY
We will deliver scalable technology solutions that are easy to use for both customers and colleagues, appropriate to their needs and adaptable for future change. The security of our technology is of paramount importance.

OUR PEOPLE
We will develop and support our talent to help them achieve their potential. We will strive to ensure our staff are actively engaged. Our strong employer brand and culture will enable us to attract and retain quality staff.

AJ Bell enjoyed another successful year. We delivered strong financial results, demonstrating the strength and robustness of our business model.

OVERVIEW

Our focus has continued to be on the wellbeing of our staff, whilst maintaining a high-quality service to our customers and delivering positive outcomes for all our stakeholders.

Over the past 12 months customer numbers increased by 87,449 to 382,754 and we delivered £6.4bn of net inflows of assets under administration (AUA), ending the year with total AUA of £72.8bn. Our range of investment solutions was popular with customers, attracting £1.2bn of net inflows, with assets under management (AUM) closing at £2.2bn, an increase of 175% from the previous year. This excellent performance demonstrates the robustness of our business.

We continue to enhance our platform product propositions to meet customers' changing needs. During the year, we began to invest in the development of two new simplified platform propositions, one serving the advised market and another serving the direct-to-consumer market, with a view to launching each in the coming year.

Our clear and succinct purpose, to help people to invest, is embodied within our strategy while our governance framework, strengthened by a number of recent appointments, ensures we remain focused on achieving our long-term strategic goals.

> "The Board plays a vital role in shaping and embedding a strong and healthy culture through the promotion of the core values and principles of the Group and this continued to be a focus throughout the year."

GOVERNANCE

The Board remains focused on applying high standards of corporate governance and ensuring these principles are embedded into our culture.

LES PLATTS
CHAIRMAN

We believe effective stakeholder engagement is key to the long-term success of our business and we aim to proactively engage with our key stakeholders and understand what is most important to them. The Board approved several key decisions during the year including the acquisition of Adalpha, the development of two simplified platform propositions and a long-term hybrid working arrangement for our people. Such decisions required the consideration of our wider stakeholders, as outlined in our Section 172 statement on pages 28 to 29.

The events of the past couple of years have accelerated public interest in sustainability, and environmental, social and governance (ESG) considerations increasingly form part of our decision-making process. We strive to behave responsibly with a focus on our responsible propositions, being a responsible employer, supporting our local communities, and environmental awareness. During the year we undertook a detailed review to determine our key ESG priorities, which will now form the basis of developing a full ESG framework that will be embedded into our business strategy. Further details on ESG can be found in our responsible business section on pages 30 to 42.

The Board continues to provide strong support and appropriate challenge to the Executive Management Board (EMB) to ensure the Group's strategy is appropriate, achievable and ultimately delivered. Full details of the work of the Board and its Committees are set out in the Corporate Governance report from page 66.

OUR FULL GOVERNANCE REPORT INCLUDING DETAILS OF OUR COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2018 IS SET OUT ON:
p66–74

BOARD CHANGES AND SUCCESSION

It is important to have the appropriate resource and expertise on the Board as we embark on the next phase of the Group's strategy as a listed business, and during the year three new appointments were made to increase the level of non-executive presence on the Board.

As previously announced, after serving 13 years on the Board and eight years as Chair, I will be stepping down at our 2022 Annual General Meeting (AGM). Baroness Helena Morrissey, joined us as Chair-Designate in July and will take over as Chair when I step down in January 2022. Helena brings a great deal of relevant knowledge and experience, having spent over 30 years in the financial services sector, and I am very confident in the future of the business under her stewardship.

Two further Board appointments were made during the year, with Evelyn Bourke and Margaret Hassall joining the Board as Non-Executive Directors on 1 July 2021 and 1 September 2021 respectively. Both appointments bring exceptional experience gained both at an Executive and Non-Executive Director level and together will strengthen the Board's diversity and range of skills.

Laura Carstensen will also step down from the Board at the 2022 AGM. On behalf of the Board, I would like to thank Laura for her valuable contribution to the Group and we wish her well for the future.

Further details on all Board changes can be found in the Nomination Committee report on pages 75 to 78.

OUR CULTURE AND OUR PEOPLE

The Board plays a vital role in shaping and embedding a strong and healthy culture through the promotion of the core values and principles of the Group and this continued to be a focus throughout the year. We recognise the importance of an engaged workforce and it was pleasing to see that this year's staff survey reported an overall response rate of 91%, up from 89% in 2020.

The preservation of our culture and our staff's health and wellbeing remain a priority for the Board. Regular updates and feedback on employee engagement are provided to the Board, including the review and discussion of a bi-annual culture dashboard to ensure our people strategy remains focused. Our Employee Voice Forum is now in its third year and is proving to be an invaluable platform for facilitating discussion and ideas with a high level of engagement from each cohort. We were delighted to receive presentations and feedback from this year's Employee Voice Forum representatives, outlining how we can continue to support and promote the physical, mental and emotional wellbeing of our staff both in and outside of the workplace. Through the Forum, we have gained some valuable insights and we are progressing with several initiatives to enhance our employee wellbeing offering.

Our 'future of work' project set out to find the right post-pandemic working arrangements for our staff and our business. Our HR team held a series of workshops and discussions with managers and senior leaders as well as the wider workforce. The Board considered the potential benefits to a wide range of stakeholders when making the decision to adopt a hybrid working model, further details of which can be found on page 28. The new model will come into effect from 1 January 2022 and as we transition to this new way of working, we have created guidelines to ensure staff receive the support they need, enabling us to uphold our strong culture and ensure it continues to be aligned with our purpose.

LEARN MORE ABOUT OUR CULTURE AND PEOPLE
p34–37

DIVIDEND

The Group's policy is to adopt a 65% pay-out ratio of profit after tax (PAT) with a view to returning any further surplus capital to our shareholders periodically. The Board reviewed the Group's financial position at 30 September 2021, considering the planned growth of the business, subsequent investment needs, ongoing ordinary dividend payments and future regulatory capital and liquidity requirements and concluded that £20.5m of capital should be returned to shareholders in the form of a special dividend. As a result, the Board is pleased to announce both an ordinary dividend of 4.50p and a special dividend of 5.00p per share which will take the total dividend for the year to 11.96p. This will increase the total ordinary dividend for the financial year compared with the prior year by 13%, and including the special dividend will represent an increase of 94%.

This enhanced dividend payment reflects the financial strength of the Group, the Board's commitment to a progressive dividend policy and its positive outlook for the long-term prospects of the business.

Both the special dividend and the final ordinary dividend will be paid, subject to shareholder approval at our AGM on 26 January 2022, to shareholders on the register at the close of business on 7 January 2022.

Total dividend

11.96p per share

(FY20: 6.16p per share)

LOOKING BACK

Since joining the Board in 2008, the business has continued to develop and evolve, whilst maintaining the same simple purpose, to help people to invest.

It has been a privilege to chair the Group over the last eight years, and I would like to extend my gratitude to Andy. It has been a pleasure to work closely with him as he has led AJ Bell to become one of the UK's largest investment platforms and an established FTSE 250 listed business. As the business has evolved we have always preserved our strong, cohesive culture, which is underpinned by our core values and principles.

I would like to thank all our people for their outstanding work and commitment not just over the last 12 months but throughout my tenure.

LOOKING AHEAD

The UK investment platform market continues to grow at pace. Our strong platform propositions, supported by our robust, scalable and efficient operating model make us well placed to capitalise on opportunities as they arise.

AJ Bell is a financially strong business as evidenced by a profitable, well-capitalised and highly cash-generative business model and the Board remains confident about the long-term prospects of the business.

Les Platts
Chairman
1 December 2021

Our easy-to-use award-winning platform propositions attracted a record number of new customers during the year. We continue to provide a high-quality service at a low cost, which is key to the attraction and retention of new customers. The growth in the customer base has enabled the business to enjoy another year of double-digit percentage growth in profits.

OVERVIEW

Retail customer numbers increased by 87,449 during the year to a total of 382,754 (FY20: 295,305). This increase reflects the strong growth in our two flagship platform propositions, AJ Bell Investcentre and AJ Bell Youinvest, with customer numbers for each growing by 17% and 40% respectively and our platform customer retention rate remaining high at 95.0% (FY20: 95.5%).

We delivered record net AUA inflows of £6.4bn (FY20: £4.2bn) during the year, with AUA exceeding the £70bn mark for the first time, closing at £72.8bn (FY20: £56.5bn). The driver of this growth was the platform business, which had underlying net inflows of £7.0bn (FY20: £4.9bn). This was partially offset by net outflows of £0.6bn in the non-platform business, following the decision to close our small institutional stockbroking service. The overall impact from market and other movements was £9.9bn, with the FTSE All Share index closing 23.7% higher than 12 months earlier.

ANDY BELL
CHIEF EXECUTIVE OFFICER

Strong financial performance

Total revenue increased by 15% during the period from £126.7m to £145.8m, driven by a significant growth in the customer base and AUA, with the macroeconomic backdrop having a mixed impact on the results.

A marked improvement in investor sentiment was reflected in global asset prices recovering close to or exceeding pre-pandemic highs, which resulted in a favourable impact on recurring ad-valorem revenue. However, this was partially offset by the adverse impact of the UK base interest rate remaining at a historic low throughout the year, reducing the rate earned on customer cash balances.

Number of retail customers

382,754

(30 September 2020: 295,305)

Customer retention rate

95.0%

(30 September 2020: 95.5%)

The elevated customer dealing activity trends in funds and shares, triggered by the UK lockdown during the 2020/21 winter, contributed to a significant increase in transactional revenue during the first half of the financial year. As expected, customers gradually returned to a normalised pattern of dealing activity in the second half of the year, as the Government's lockdown restrictions eased.

Profit before tax (PBT) increased broadly in line with revenue by 13% from £48.6m to £55.1m, whilst we invested significantly in our platforms propositions, supporting our position as a market leader in terms of ease of use and value for money. We have also made significant progress in our ambition to develop our next generation of low-cost mobile focused platform propositions.

I am pleased to announce the Board is recommending the payment of a special dividend of 5.00p per share to our shareholders at the AGM on 26 January 2022, in line with our stated policy to periodically return surplus capital to shareholders. This is in addition to our final ordinary dividend of 4.50p per share, resulting in a total dividend payment for the year of 11.96p per share including the special dividend, an increase of 94% compared with the prior year. This is testament to our resilient business model and strong financial position, and reflects the Board's confidence in the future prospects of the business.

Investing for the future

We have invested in two new product developments during the year, both of which are focused on the next generation of customers and advisers and are expected to launch in the first half or 2022. Dodl by AJ Bell (Dodl) is a new low-cost D2C investment app. Touch by AJ Bell (Touch) is also app-based, but will only be available via an adviser. Both propositions share a number of features such as a simplified and intuitive on-boarding and investment journey along with a streamlined investment range that will appeal particularly to those who are new to investing. Charges for both will be extremely competitive.

"We have also made significant progress in our ambition to develop our next generation of low-cost, mobile-focused platform propositions."

We value the importance of our brand and have seen improved awareness of our business since our IPO in 2018, which has helped to deliver our strong organic growth. During the year we have continued to invest in our brand, sponsoring events such as the AJ Bell Tour of Britain, the AJ Bell Women's Tour and the AJ Bell World Triathlon Leeds. We have also recently launched AJ Bell Money Matters, a new initiative designed to help women engage with investing in order to close the gender investment gap. Our research shows that, on average, women in the UK have half the level of savings and investments that men do. As a company that is passionate about helping people to invest, that is a statistic that we want to see change. AJ Bell Money Matters is our programme designed to help achieve this, through a range of initiatives including dedicated website content, a regular podcast, monthly newsletters, webinars and social media interaction all supported by a number of live events.

BUSINESS UPDATE

Advised propositions

Customer numbers grew by 18,009 in the year to 126,920 (FY20: 108,911), an increase of 17%. Net inflows of £3.8bn and favourable market movements of £5.7bn in the year resulted in AUA closing at £45.8bn (FY20: £36.3bn).

During the year we continued to develop our Investcentre proposition, maintaining our focus on ease of use and value for money. We made a number of enhancements to our proposition including improvements to our adviser website, with improved user journeys for regular dealing functionality and cash management tools. We also introduced additional flexibility within ISA accounts, and we further expanded our third-party Discretionary Fund Manager service, which gives advisers and their customers access to our Managed Portfolio Service (MPS) from a range of eight external providers.

MONEY MATTERS

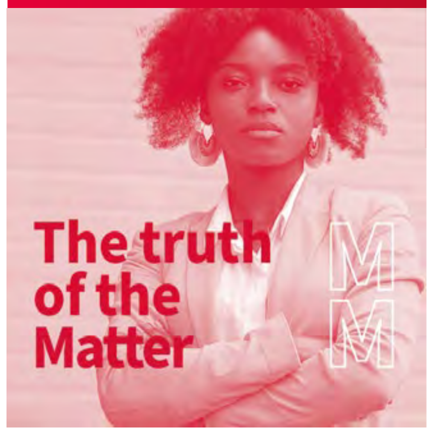
HELPING WOMEN INVEST

The AJ Bell Money Matters campaign is a range of initiatives designed to encourage women to engage with investing and close the gender investment gap.

Findings from a major new study of 5,000 UK adults suggests that the average level of savings and investments held by women is £49,000, less than half the average amount held by men of £114,000. Extrapolating this £65,000 difference in savings and investments between the sexes across the UK population puts the UK's gender investment gap at a staggering £1.65 trillion.

The research highlights the gender pay gap as the biggest cause of this discrepancy, but it also shows that women are less confident when it comes to investing and less comfortable with the risks that come with investing. The ultimate result is that only around a third of women (37%) are confident their long-term investments will meet their goals.

The campaign is designed to give women the information and inspiration they need to become more confident investors. It aims to get women talking about money and investing via a new podcast series, monthly newsletters, webinars, in-person events, videos and Instagram account (ajbellmoneymatters).



It was pleasing to be recognised as the 'Best Platform', 'Best Retirement Provider' and 'Provider of the Year' at the recent Money Marketing Awards. Our advised platform proposition was also named the 'leading retirement proposition' at the UK Platform Awards 2021, with judges commending the range of available asset classes, low charges and functionality of the platform.

Financial advisers increasingly need a variety of solutions to meet the diverse range of customers' needs and portfolio sizes. We continue to develop, adapt and simplify where appropriate our propositions for the benefit of our customers and their advisers.

Our Retirement Investment Account (RIA), launched in January 2020, continues to be a popular choice for customers with pensions worth less than £250,000 and this contributed to the growth of advised customers and AUA.

We are progressing well with the development of Touch, our new mobile-focused platform proposition, following the acquisition of Adalpha during the year. This will complement our existing advised proposition and further broaden our offering to financial advisers, providing clients with access to the entire advice process via a smartphone or tablet.

Following the lifting of lockdown restrictions in the summer we were pleased to resume our 'On the Road' seminars, which were delivered across eight UK venues in October 2021 and Investival, which is now recognised as one of the largest and best-attended investment conferences for advisers in the UK. Due to positive feedback and ongoing demand from advisers, we also continued to provide online content via monthly 'Off the Road' webinars which generated over 22,000 views.

D2C propositions

Customer numbers grew by 68,862 in the year to 241,045 (FY20: 172,183), an increase of 40%. Net inflows of £3.2bn and favourable market movements of £2.9bn in the year resulted in closing AUA of £19.5bn (FY20: £13.4bn).

Our easy-to-use platform, simple investment solutions and cost-effective, high-quality service attracted a broad customer base in terms of age, AUA and approach to investing. We continue to receive applications from a new generation of customers, seeking to engage with their finances and generate better than cash-like returns. The quality of our propositions ensures that we not only maintain a high retention rate, but that our customers set up additional accounts for themselves or family members through a family linking facility.

During the year, we further developed our dealing service, improving the customer journey by streamlining online processes. Following the successful launch of live portfolio pricing on our website in January, we extended this functionality to our mobile application in July, allowing users to view real-time prices for UK shares in their portfolio, during market hours.

We experienced high levels of customer engagement throughout the year across all channels. In particular, dealing in international equities was high in the first half of the year, gradually reducing in recent months, although remaining above pre-pandemic levels.

During the year we introduced Saturday opening for customer services and now open for US trading on UK bank holidays.

Our new app-only platform proposition, Dodl, is expected to launch in the first half of 2022. The new service will compete with the new breed of simplified offerings in the market, with an annual charge of 0.15% and no commission for buying or selling investments and no tax wrapper charges.

Dodl will be an easy-to-use, jargon-free investment app to help people invest for their long-term goals. It will offer ISAs, LISAs, pension and General Investment Accounts and will give investors access to a simplified investment range with options to cater for the vast majority of investment risk appetites.

Dodl will sit alongside our existing D2C platform proposition AJ Bell Youinvest and together will provide great value investment platform options for retail investors, catering for all levels of experience and investment needs.

We are pleased to have been recognised as a Which? recommended provider for the third consecutive year, in addition to winning a further 16 industry awards during the year.

AJ Bell Investments

We continue to see significant growth across our range of investment solutions, with net inflows of £1.2bn in the year resulting in closing AUM of £2.2bn (FY20: £0.8bn).

AJ Bell Investments provides simple, transparent, low-cost investment management solutions for customers at all stages of their investing lifecycle, catering for a wide range of risk appetites.

All our products and services utilise modern, innovative investment techniques. As a market leader on low charges, we have continued to share efficiency gains with our customers as they have been achieved, by reducing charges. As we have grown, our increased buying power has generated economies of scale, which have enabled us to significantly reduce our ongoing charges figure (OCF) over the past five years, in keeping with the Financial Conduct Authority's (FCA) drive to deliver value for money for investors.

Our range of AJ Bell Funds (Funds) is available through our platform propositions and a number of external platforms. Our Funds offer growth, income and sustainable options and are managed with risk targets in mind so that investors can choose the one that best fits their needs. Our performance has been consistently strong, with 100% of our Funds ranked in the first or second quartile of their respective Investment Association sectors over the three years ending September 2021.

We also offer a broad range of risk-targeted model portfolios via our AJ Bell MPS, which are managed by an experienced team of professionals and can be accessed on the AJ Bell Investcentre platform. Our AJ Bell MPS has also recently been launched on a small number of selected external platforms. Given the consistent approach to how we manage customers' investments, the performance of our MPS portfolios continues to track the returns on our range of Funds.

Almost one in thirty of our D2C customers took up a position in our AJ Bell Responsible Growth Fund, which was launched in November 2020, and we continue to see an increasing level of demand for investment solutions which place a greater emphasis on environmental, social and governance (ESG) factors. In March 2021 we expanded our range of responsible investing options with the addition of our AJ Bell Responsible MPS range.

INVESTMENT IN TECHNOLOGY

We continue to invest in technology to support our strategic aim to become the easiest platform to use and ensure we maintain resilience as our business continues to grow.

Our hybrid technology model is a blend of user interfaces developed in-house, and core back-office systems outsourced to industry expert software providers.

During the year we have progressed our ongoing transition to a hybrid cloud-based technology framework. This will provide a more efficient environment to accelerate the delivery of our change programme and ensure our platform remains scalable. Our ongoing investment in the infrastructure is to ensure our platform is scalable for growth in the business and resilient in customer activity spikes.

A number of system and process changes have been implemented during the year to enhance controls as part of our ongoing operational resilience work and which are intended to prevent any recurrence of the operational issues we encountered on 9 November 2020 when there was an exceptional spike in customer activity across the market.

We welcome and wholeheartedly support the FCA's new rules and guidance around operational resilience which come into force on 31 March 2022 that will ensure firms are better able to prevent, adapt to, respond to, recover from and learn from operational disruptions.

At AJ Bell, we are proud of our reputation as a high-quality service provider, and we will continue to invest in our staff, training and technology to ensure that we can continue to provide a high-quality service to our customers.

PEOPLE AND CULTURE

As our business continues to grow, it is important that we maintain a strong culture, along with our high levels of staff engagement and wellbeing. It is therefore pleasing to have once again achieved a three-star accreditation in the '100 Best Companies to Work For', representing the highest standard of workplace engagement, for the third consecutive year.

We are also pleased to have been named the North West regional winner of 'Large Employer of the Year' at the National Apprenticeship Awards 2021. The awards highlight the benefits that apprenticeships bring to individuals, businesses, and local communities.

During the year, we maintained our training and personal development programmes and put systems in place to ensure employees feel secure and supported both in the office and whilst working at home. Our investment in technology has enabled the vast majority of our people to work remotely since the start of the pandemic and we have demonstrated that we can operate effectively with a balance of both home and office working across the business.

Our 'future of work' project was set up to find the right post-pandemic operating model for AJ Bell, consulting the wider workforce, and balancing the needs of our staff and business operations. The findings from this work, have enabled the development of a new hybrid working model which will come into effect from 1 January 2022. As well as providing health and wellbeing benefits to our staff, it will also enable us to utilise our current office space more efficiently, creating new areas for collaboration and ensuring colleagues remain connected.

We are committed to creating an inclusive workplace and prioritising employee wellbeing, to establish an environment where all employees feel valued and supported. This year's Employee Voice Forum has focused on promoting health and wellbeing in and outside of the office. We relaunched the onsite gym in our Exchange Quay office and extended the range of online fitness services on offer to staff based in any location, as well as providing further support through nutrition and lifestyle advice.

Throughout the year we continued to support our community with a range of volunteering and fund- raising activities. In line with previous years, the Group donated a percentage of its profits to the AJ Bell Trust to help local and national charitable causes. In addition, we recently distributed the last of the funds raised by our Wage War on COVID campaign. The campaign raised a total of £383,000 in support of those negatively impacted by the pandemic. More details of our charitable campaigns and activities can be found on pages 38 to 39.

BOARD AND EXECUTIVE APPOINTMENTS

In addition to the Non-Executive Board appointments outlined in the Chairman's statement, we also made a number of Executive Board member changes from 1 October 2021 to support the next stage of our growth strategy.

Michael Summersgill, who has held the position of Chief Financial Officer since 2011, was appointed Deputy Chief Executive Officer (Deputy CEO). In this newly created role, Michael will support me with the development and execution of our strategy, which will drive the future growth of the business.

Roger Stott was appointed to the newly created role of Chief Operating Officer (COO). Previously Group Finance Director, Roger has had a broad range of responsibilities in his 13 years at AJ Bell. In his new role Roger will be responsible for the Group's operational functions, ensuring the business remains scalable and continues to deliver a great service to customers and advisers as AJ Bell continues to grow.

Following these changes, we have recently completed an external search for a new Chief Financial Officer to join the Board. Further details can be found on page 77.

> "The business has a clear and focused strategy and the Board and EMB appointments made during the year will strengthen our senior leadership teams as we move to the next stage in our growth journey."

We also made a number of changes to strengthen our executive management team. I am pleased to welcome Karen Goodman to the business as Chief Risk Officer. Karen joined us as a member of the EMB in September having spent a number of years within the financial services sector. In addition, we made three internal promotions: Kevin Doran, AJ Bell Investments Managing Director, Liz Carrington, HR Director and Billy Mackay, AJ Bell Investcentre Managing Director, all joined the EMB on 1 October 2021. Their considerable experience and knowledge of the business will enable them to make a strong contribution, and I look forward to working closely with the newly expanded leadership team in the year ahead.

LEARN MORE ABOUT OUR BOARD AND EXECUTIVE APPOINTMENTS
p76-77

Fergus Lyons retired from his role as Managing Director of AJ Bell Investcentre and as a member of the executive management team at the end of September 2021. During his 21 years with the Group, Fergus has operated as an executive member of the senior management team throughout overseeing many areas of the business during his time, including Commercial, Operations and Technology Services in addition to AJ Bell Investcentre. Fergus has had a significant impact on developing and maintaining our culture, consistently putting the customer at the heart of everything we do, as the business has evolved and grown. He leaves AJ Bell Investcentre in a very strong position and my personal thanks go to him for the considerable contribution he has made to the business. Fergus will continue to work with us on the launch and development of Touch by AJ Bell.

I would also like to take the opportunity to express my sincere thanks to Les Platts who will be stepping down from the Board as Chairman at the 2022 AGM. As well as being an incredibly valuable mentor, Les has provided excellent stewardship of the Group since joining as a Non-Executive Director in 2008 and later becoming Chairman in 2014, and we wish him well for the future.

REGULATORY UPDATE

There has been a significant volume of regulatory activity in the latter part of the year. We continue to lobby the Government and regulators in the key areas we believe will have the most impact on our customers and the wider investment market. Our focus is always on campaigning for simplicity and fairness with the ultimate aim being good customer outcomes.

I have recently written to the Treasury and Department for Work & Pensions (DWP) to express my concerns regarding the approach to raising the normal minimum pension age from 55 to 57 in 2028. We understand and do not object to the reasons for the increase, however the current proposals are unnecessarily complex and cut across other government and regulatory initiatives such as the Pensions Dashboard. A far simpler solution would be to adopt the same approach as when the normal minimum pension age increased from 50 to 55 back in 2010.

Both the FCA and DWP have published draft regulations on how a 'stronger nudge' to Pension Wise guidance could work for personal and occupational pension schemes respectively. Whilst we support the intention behind the proposals, we have raised concerns that the FCA and DWP are proposing different approaches to implementation which will be confusing for customers and any nudges should be delivered earlier than proposed.

We are supportive of the intent behind the FCA's proposed new consumer duty, but the new proposals overlap with existing rules and principles in many areas and our overriding view is that the FCA must focus on replacing existing rules rather than expanding them and layering new rules on old.

More recently, the DWP introduced new rules to remove the statutory right to transfer a pension. Pension schemes will be required to intervene where there are concerns someone is moving their retirement pot to a scheme linked to scam activity. The DWP consulted effectively on the changes and has found a pragmatic and sensible solution that will help to protect consumers and deliver more positive outcomes.

We also support the joint call for input published in June 2021 by the FCA and the Pensions Regulator on the 'Pensions customer journey'. This appears to be a genuine effort to understand what customers experience and how the various rules that already exist interact. However, the timing is difficult to comprehend considering the variety of other regulatory interventions which have already begun to be implemented in this area. The joint call for input should have been the starting point, nevertheless we support the collaboration between the two regulators.

OUTLOOK

The long-term structural drivers of growth in the UK investment platform market remain strong and the outlook remains positive as an increasing number of people seek the security and peace of mind that a trusted investment platform can give them. These structural drivers apply to both the D2C and advised segments of this market, which are currently at different stages of their lifecycle. The D2C market continues to develop and grow quickly with lots of new entrants into the market, and whilst demand for advised products remains high, the number of advisers and advice firms remains fairly constant. We remain well positioned in both markets to meet the challenges that may arise and capitalise on the opportunities presented.

As seen in the latter half of the year, we expect that customer dealing activity on our D2C platform will remain at normalised levels following the elevated activity during the lockdown. Conversely, any increase in interest rates is likely to have a favourable impact on recurring ad valorem revenue. Our diversified revenue model ensures we are well placed to deal with the different macroeconomic cycles that may occur.

Our focus remains on investing in our brand and enhancing our propositions to meet the evolving needs of customers, by providing a stable, secure platform, with a wide range of investment solutions and a consistent, high-quality service at a low cost.

The launch of two new platform propositions, Dodl and Touch, during 2022 will complement our existing range of propositions, ensuring we are well positioned to capitalise on the opportunities created by the next generation of customers seeking to use a platform for their investment needs.

The business has a clear and focused strategy and the Board and EMB appointments made during the year will strengthen our senior leadership teams as we move to the next stage in our growth journey. The business is at an exciting juncture and I look forward to working with them to execute our business strategy.

The high calibre of our people and our strong culture has enabled us to thrive in what have been extremely challenging times. I would like to thank all of our staff across the business for their hard work, commitment and dedication which has ensured another successful year for AJ Bell.

Andy Bell
Chief Executive Officer
1 December 2021

The UK savings and investment market has demonstrated considerable growth in recent years and AJ Bell's total addressable market is estimated to be worth at least £2.5 trillion[1].

The overriding theme supporting the market growth is the ever-increasing need for individuals to take greater personal responsibility for their financial future, whether that is self-managed or with the help of an adviser.

A significant proportion of our addressable market comprises assets already held in pensions. Pensions are a strong source of new business given AJ Bell's heritage in the SIPP market. With people living for longer than ever, defined benefit pensions in steady decline, and a widening UK savings gap, there is an increasing need for individuals need to be more financially self-sufficient to ensure a comfortable retirement. These factors, supported by the introduction of auto enrolment in the last decade, have led to significant growth in defined contribution pension schemes, a trend which is expected to continue.

The remainder of our addressable market is held across various products including ISAs, life insurance policies, bonds, individual shares, bank current accounts and deposit accounts. Whether these assets are managed directly or with the help of an adviser, they are all addressable for AJ Bell's platform, which serves both market segments.

With less than £1 trillion currently held on platforms, most of our addressable market is still held off-platform, often in legacy products held with banks, building societies and insurance companies. Assets held off-platform represent a long-term growth opportunity for platforms such as ours which can offer retail investors more control, increased flexibility and lower costs. Our trusted brand, significant scale and award-winning propositions mean we are well positioned to capture an increasing share of the assets flowing into the platform market.

UK PLATFORM MARKET

The UK investment platform market has grown by around 13% per annum since 2012[2]. Whilst there have been different tailwinds supporting growth in the advised and D2C market segments, both have grown at similar rates over the same period, supporting the overall platform market growth.

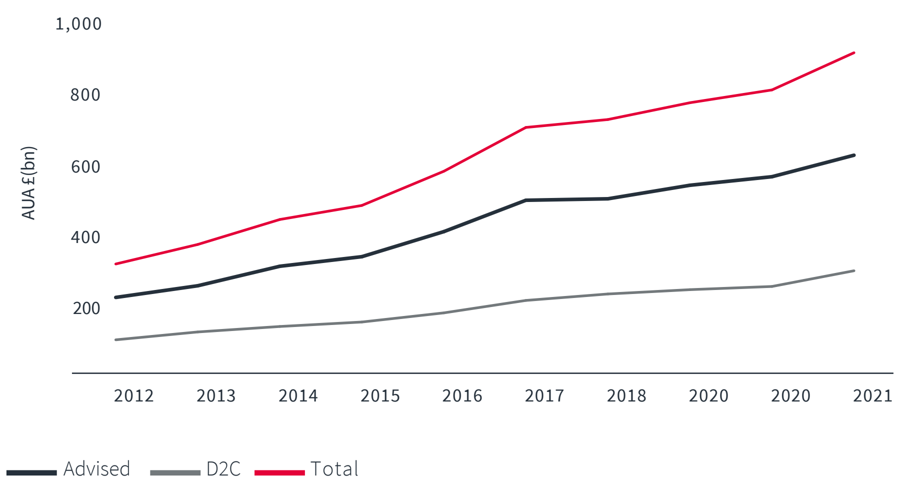
AJ Bell currently has a 6.4% market share, which has increased steadily over the last few years as our strong propositions have attracted a higher proportion of the new assets flowing into the platform market.

The pandemic has acted as a further catalyst for platform market growth, reinforcing the need for individuals to take more control of their financial affairs. Supported by several long-term structural growth drivers, including the steady flow of assets from non-platform to platform, we expect attractive levels of growth across both advised and D2C market segments to continue over the long term.

Technological innovation has made investing easier and more accessible for a wider range of retail investors. The level of retail investor engagement with platforms continues to grow and there has been a trend in recent years for people to start their investing journey at a younger age than in the past, a trend that we expect to continue. The requirements of customers coming into the market over the next decade will be very different to those in the past. A streamlined customer experience, delivered via intuitive mobile apps with helpful tools and guidance to support less experienced investors, will become increasingly important to capture this new type of customer.

We have already seen several 'fintechs' looking to disrupt the market using new technology and digital capabilities, however it has proven to be difficult for these platforms to build a trusted brand and achieve sufficient scale to deliver sustainable profits. There is an opportunity for trusted platforms that already operate at scale to embrace the changing technology landscape and capitalise on future growth opportunities in the market. AJ Bell is very well positioned in this respect.

PLATFORM MARKET AUA GROWTH



Source: Platforum UK Adviser Platforms and Platforum UK D2C Market Overview

1 Hardman & Co, Platform potential, May 2020
2 Platforum UK Adviser Platforms and Platforum UK D2C Market Overview

THE UK ADVISED PLATFORM MARKET

Platforum3 estimated total AUA on adviser platforms to be £666.2bn as at 30 September 2021, up 20% year on year. Our share of the advised market is 6.9%, up from 6.5% in 2020.

Continued growth of the advised market is expected to be driven by:

- The demand for good quality financial advice from new customers, driven by life events such as retirement planning, change of employment, marriages, divorces, inheritance, etc.
- Increases in the personal wealth of existing advised customers which are invested via a platform.
- The impact of pension freedoms increasing the consolidation of off-platform defined contribution assets held by advised customers.
- A steady shift toward defined contribution pensions from defined benefit schemes.

THE UK D2C PLATFORM MARKET

The D2C investment platform market was estimated to be worth £289.1bn as at 31 March 2021, up 38% year on year.[4] Our share of the D2C market is 5.8%, up from 5.0% in 2020.

Continued growth in the D2C market is expected to be driven by:

- Increases in the personal wealth of existing D2C customers.
- The impact of pension freedoms and the consolidation of off-platform defined contribution assets held by D2C customers.
- The mass affluent advice gap continuing to drive previously advised customers to D2C platforms.
- Low rates of return on bank cash deposits are fuelling demand for effective solutions from customers seeking higher returns for their savings and greater protection against the effect of inflation.
- Continued technological innovation making investing easier and more accessible for a wider range of people, particularly younger and less experienced investors.

BARRIERS TO ENTRY

There are a number of barriers to achieving sustained success in the platform market:

- **Brand** – recognition and trust in a brand are critical in both the D2C and advised markets.
- **Scale** – significant scale is required to achieve profitability in an increasingly cost-conscious market.
- **Technology** – significant investment is required to create and maintain scalable, robust and secure systems.
- **Regulatory** capital and compliance requirements – as investment platforms have become more mainstream the regulatory focus on them has increased. The complexity of compliance requires significant investment in people, systems and processes.
- **Financial** – cost and value for money are becoming increasingly important for customers and several platform providers have found they are unable to reach a point where they can compete for business effectively and operate profitably.

OUR RESPONSE

AJ Bell was established in 1995 and has grown to service 382,754 customers with AUA of £72.8bn.

We have a strong and trusted brand which attracts and maintains a loyal base of high-quality customers and advisers.

We have a hybrid technology solution, which combines proprietary and third-party systems into a robust, scalable and adaptable platform serving the growing advised and D2C market segments.

We have a strong risk and compliance team, and hold a healthy surplus of capital to meet our regulatory requirements.

We are a highly profitable business, with a competitive charging structure, offering our customers value for money. This is demonstrated by our revenue margin, which is 22.2bps per £ of AUA, representing one of the lowest revenue margins in the market.

Our robust, scalable operating model ensures we continue to attract customers and assets to our platform by giving customers what they want; straightforward investment solutions, high-quality service and highly competitive pricing. We operate in both the advised and D2C space and have ambitious organic growth plans to ensure we capitalise on these expanding markets.

3 Platforum, UK Adviser Platforms Issue 48 November 2021
4 Platforum, UK D2C: Market Update, June 2021

OPPORTUNITIES

The growth of both the advised and D2C markets is supported by a number of attractive structural growth drivers.

- **Demographics** – the UK has an ageing population which is both living and working for longer. Increasing life expectancy has led to an increased retirement age, whereby people are extending their working lives in order to fund their retirement.
- **Government policy** – individuals are now expected to take more responsibility for their own retirement provision, both in terms of ensuring sufficient pension savings are made and that they are invested appropriately to provide for their needs in later life, as evidenced by the UK Government's policies in relation to pension freedoms, auto-enrolment and tax-efficient savings and investments.
- **Technology** – the development of technology through various distribution channels continues to improve accessibility and drive both customer growth and asset flows. Mobile technology has already revolutionised the way people access and manage their savings, opening up the market to younger and less experienced investors who increasingly want simple, intuitive products to help achieve their investment goals.
- **Financial** – there is a growing awareness of the UK savings gap, which is the gap between the level of current savings and that necessary to provide a reasonable standard of living in retirement.

OUR RESPONSE

The long-term growth drivers of the platform market remain strong with customers increasingly needing to take control of their long-term savings. We help people to invest, listening to our customers to understand and respond to their evolving needs.

We support our customers, offering a range of low-cost investment solutions, which cater for the different needs and stages of their investment lifecycle.

Our aim is to become the easiest platform to use, providing our customers with flexible and intuitive ways of managing their finances online and through mobile applications.

In 2022 we will be launching two new simplified propositions; Touch by AJ Bell for the advised market and Dodl by AJ Bell for the D2C market. These propositions are designed to meet the changing needs of both advisers and retail investors. They will provide simple, easy-to-use, low-cost propositions to help more people to invest in both market segments.

REGULATION

As an investment platform, our principal regulator is the FCA. The FCA has three operational objectives; to protect consumers, ensure market integrity and promote effective competition.

During the year, there has been a significant volume of regulatory and Governmental activity in relation to pension schemes, including:

- the DWP introduced new rules to remove the statutory right to transfer a pension. Pension schemes will be required to intervene where there are concerns someone is moving their retirement pot to a scheme linked to scam activity.
- the FCA and DWP published draft regulations on how a 'stronger nudge' to the guidance provided by Pension Wise could work for personal and occupational pension schemes respectively. The guidance intends to help people make appropriate and informed choices about assessing their pensions savings and the stronger nudge sets out to make obtaining guidance a standard part of the pension journey.
- the FCA and the Pensions Regulator published a joint call for input on the 'Pensions consumer journey', inviting views on what the regulators can do to help engage consumers to make informed decisions leading to better pension savings outcomes.

While the substantial cost and significant complexity of compliance may act as a barrier to potential new entrants, as a financially strong, well-capitalised business with a robust governance framework, we are well equipped to navigate the evolving regulatory environment.

A profitable and scalable platform with long-term margin expansion opportunities.

WHAT WE DO IS DRIVEN BY OUR COMPANY PURPOSE, READ MORE IN OUR PURPOSE ON
p04–05

WHAT WE DO

Our propositions:

An award-winning platform operating in both the advised and D2C markets

AJBell Investcentre

AJBell Youinvest

Our two flagship platform propositions, AJ Bell Investcentre an adviser-led investment platform and AJ Bell Youinvest, a D2C investment platform, give access to a wide range of tax wrappers, savings and investments.

HOW WE DO IT

OUR STRATEGY
p20–21

Our success is built on delivering a high-quality service through the skills and passion of our people.

We deliver to our customers by offering propositions that match their needs: an easy-to-use platform with a high-quality customer service at a highly competitive price.

We operate a **hybrid technology model** whereby our platform user interfaces are developed in-house, whilst our core back-office systems are outsourced to industry expert software providers. This model provides a number of benefits, including the ability to build adaptable, easy-to-use interfaces and reducing the cost of regulatory compliance.

We **grow the business in a sustainable and cost-effective manner**, acquiring customers through direct marketing and business development activities, whilst raising brand awareness through a combination of sponsorship, PR, social media and referrals.

We are a **materially debt-free** business which holds sufficient funds to more than meet our regulatory capital requirements and for supporting ongoing investment in the business.

HOW WE DELIVER VALUE

STAKEHOLDER ENGAGEMENT
p24–27

OUR CUSTOMERS AND THEIR ADVISERS:

A strong, secure and trusted platform which enables them to manage their long-term savings with easy-to-use products at a low cost.

Assets under administration:

£72.8bn

OUR PEOPLE:

Our learning and development framework ensures we support and develop our staff to allow them to fulfil their potential and progress their careers.

100 Best Companies to Work For:

three-star accreditation

OUR SHAREHOLDERS:

The high customer retention rates and diversified revenue model combine to yield predictable and sustainable revenue streams from the business, which quickly convert into cash, supporting a progressive dividend policy.

Total dividends per share:

11.96p

OUR OTHER STAKEHOLDERS:

We have a strong social conscience and support our local community with a variety of charitable initiatives.

Donations to the AJ Trust:

£272,000

HOW WE MAKE MONEY

FINANCIAL REVIEW
p43–46

REVENUE

Our revenue model includes a mix of fixed fees, ad valorem and transactional charges which provide a balance of inflation protection and resilience in the face of economic and capital market fluctuations.

A significant portion of our revenues are recurring, in the form of charges levied on an annual or other recurring basis.

PROFITS

We have high levels of online customer servicing, straight-through processing and automation.

This enables us to reduce the marginal cost of adding new customers and assets to the platform.

The progress made for each of our strategic drivers is shown below.

LEARN MORE ABOUT OUR PRINCIPAL RISKS AND UNCERTAINTIES
p50–54

Key
1 Strategic risk
2 Operational risk
3 Financial risk

OUR STRATEGIC PRIORITIES

GROWTH

We will grow both customer numbers and AUA in a sustainable and cost-effective manner.

KPIs
- AUA
- Number of retail customers

RISKS
1 2 3

PROGRESS IN FY21
- Strong organic growth in customer numbers (up 30%) and AUA (up 29%), across both our platform propositions, in particular in our D2C offering which has attracted an increasing number of younger and first time investors.
- AJ Bell Investments business saw significant growth in AUM, up 175%.
- Resumed our 'On the Road' seminars in October 2021 and continued to provide online content via monthly 'Off the Road' webinars.

FUTURE FOCUS
To grow the platform business by increasing brand awareness and implementing a cost-effective distribution strategy.

OUR CUSTOMERS

We help people to invest but will not provide personal recommendations. We will continue to develop our customer propositions, with a focus on ease of use, service and price.

KPIs
- Customer retention rate

RISKS
1 2 3

PROGRESS IN FY21
- Development of Dodl by AJ Bell, our new low-cost investment app for the D2C market, with launch planned for the first half of 2022.
- Development of Touch by AJ Bell, our new mobile-focused platform proposition for the advised market, with soft launch planned for 2022.
- Launched our AJ Bell Money Matters initiative, designed to help women engage with investing to close the gender investment gap.
- Launched our Responsible Growth Fund and our Responsible MPS range.

FUTURE FOCUS
Improving the customer journey to ensure we are the easiest platform to use considering the evolving needs of our customers.

Continue to develop our range of simple investment solutions.

OUR TECHNOLOGY

We will deliver scalable technology solutions that are easy to use for both customers and colleagues, appropriate to their needs and adaptable for future change. The security of our technology is of paramount importance.

KPIs
- PBT margin

RISKS
1 2 3

PROGRESS IN FY21
- Continued investment in our hybrid cloud-based technology framework to ensure our platform is operationally resilient.
- Expansion of the technology team to facilitate the ongoing development and investment in infrastructure for our new simplified platform propositions.

FUTURE FOCUS
Continue to develop the investment platform to ensure it is scalable, adaptable, resilient and secure whilst implementing solutions to deliver operational efficiencies in the business.

FINANCE AND ASSURANCE

We will preserve our financial security, and our regulatory and reputational standing. We will treat all stakeholders fairly.

KPIs
- Revenue
- Revenue per £AUA
- PBT
- Diluted EPS

RISKS
1 2 3

PROGRESS IN FY21
- Revenue and PBT increased by 15% to £145.8m and by 13% to £55.1m respectively.
- Maintained a strong regulatory capital surplus throughout the year.
- Maintained our progressive dividend policy, with a total ordinary dividend for the year of 6.96p per share, representing an increase of 13% on the previous year, and a special dividend of 5.00p per share.

FUTURE FOCUS
Deliver financial growth to facilitate a progressive dividend policy whilst managing the capital base, ensuring sufficient reserves for regulatory requirements and investing in the business.

OUR PEOPLE

We will develop and support our talent to help them achieve their potential. We will strive to ensure our staff are actively engaged. Our strong employer brand and culture will enable us to attract and retain quality staff.

RISKS
1 2

PROGRESS IN FY21
- Maintained our three-star accreditation in the "100 Best Companies to Work For" in 2021 and achieved a top five position in the Financial Services sector.
- Set up our 'Future of work' project to find the right post-pandemic operating model for our business and our people. Our hybrid working model will come into effect from 1 January 2022.
- Continued to embed our Employee Voice Forum and implement a range of ideas put forward by our staff.

FUTURE FOCUS
Continue to focus on staff engagement and development, promoting our culture whilst enhancing our employer brand.

We use selected key performance indicators to monitor progress against our strategy.

Key: Growth | Our customers | Our technology | Finance and assurance | Our people

KPI	WHY IT IS IMPORTANT	LINK TO STRATEGY
NUMBER OF RETAIL CUSTOMERS **382,754** 30% 21: 382,754 20: 295,305 19: 232,066	The number of retail customers is the number of customers who have at least one funded account with an AJ Bell product at 30 September 2021. The number of retail customers can be used as a measurement to determine the success of our propositions, customer service and marketing.	Growth
ASSETS UNDER ADMINISTRATION (AUA)* **£72.8bn** 29% 21: £72.8bn 20: £56.5bn 19: £52.3bn	AUA is the value of assets for which AJ Bell provides an administration, custodian or transactional service. AUA is a measurement of the growth of the business and is the primary driver of ad valorem revenue, which is the largest component of Group revenue.	Growth
CUSTOMER RETENTION RATE **95.0%** -0.5 ppts 21: 95.0% 20: 95.5% 19: 95.4%	The customer retention rate is the average number of funded platform customers during the financial year that remain funded at 30 September 2021. Customer retention is a measurement of customer satisfaction.	Our customers
REVENUE **£145.8m** 15% 21: £145.8m 20: £126.7m 19: £104.9m	Our revenue is the total income generated by the Group's activities, comprising recurring ad valorem, recurring fixed and transactional revenue. Revenue provides a measurement of the financial growth of the Group.	Finance and assurance

KPI	WHY IT IS IMPORTANT	LINK TO STRATEGY
REVENUE PER £AUA* **22.2 bps** -1.7 bps 21: 22.2 bps 20: 23.9 bps 19: 21.9 bps	Revenue per £AUA is the total revenue generated during the year expressed as a percentage of the average AUA in the year. Revenue per £AUA provides a simple measurement to facilitate comparison of our charges with our competitors.	Finance and assurance
PBT **£55.1m** 13% 21: £55.1m 20: £48.6m 19: £37.7m	PBT is the profit generated by the Group before Corporation Tax is paid. PBT is a measurement of the financial performance of the Group. Profits can be used to strengthen the capital base, invest within the business or be returned to investors.	Finance and assurance
PBT MARGIN **37.8%** -0.6 ppts 21: 37.8% 20: 38.4% 19: 35.9%	PBT margin is calculated as PBT divided by total revenue. PBT margin is a measurement of the efficiency of the Group's business model in converting revenue into profits.	Our technology
DILUTED EPS **10.67p** 13% 21: 10.67p 20: 9.47p 19: 7.47p	Diluted EPS represents profit after tax divided by the weighted average number of shares and unexercised options in issue during the period. EPS provides a measurement of profit per share to determine the value created for shareholders.	Finance and assurance

* Our KPIs include alternative performance measures (APMs), which are indicated with an asterisk. APMs are not defined by International Financial Reporting Standards (IFRS) and should be considered together with the Group's IFRS measurements of performance. We believe APMs assist in providing greater insight into the underlying performance of the Group and enhance comparability of information between reporting periods. For definitions, see page 162.

We believe effective stakeholder engagement is a key element in driving a successful, sustainable business, built for the long term.

OUR CUSTOMERS AND THEIR ADVISERS

Our customers include retail investors, financial advisers and wealth management companies.

Our success is dependent on our ability to understand our customers' needs and develop appropriate products to meet those needs.

WHAT ARE THEIR NEEDS AND MATERIAL INTERESTS?

An investment platform for our customers and advisers that:

- is secure, reliable and easy to use;
- provides a high-quality service and is low cost;

and helps them meet their long-term financial objectives.

HOW HAVE WE ENGAGED AND CONSIDERED THEIR NEEDS AND MATERIAL INTERESTS?

Customer services and websites

Our Investcentre and Youinvest teams have ongoing engagement with our customers and their advisers through telephone contacts, meetings, organised events and forums, newsletters and written communications.

Our proposition websites are also an important medium to communicate with our customers and their advisers and obtain feedback on our products and services. Our Investcentre website provides the tools for our advisers to help manage their retail customers' portfolios, whilst our Youinvest site assists customers at all stages of their investment cycle providing guidance and solutions through our AJ Bell funds, ready-made portfolios and favourite funds.

Surveys

Customer and adviser surveys are conducted on an annual basis with the results analysed and reviewed at Board level. Specific user groups also perform beta testing to provide further insight and feedback for us. This engagement and feedback informs the way in which we can best serve our customers and their advisers, both now and in the future.

OUTCOMES AND HIGHLIGHTS

- On the Road seminars resumed and hosted the Investival event
- Development of simplified propositions; Touch and Dodl
- Launch of the AJ Bell Responsible Growth Fund and the AJ Bell Responsible MPS range
- Launch of AJ Bell Money Matters initiative

We proactively engage with and listen to our stakeholders to understand what is important to them. By understanding our stakeholders, we can factor into boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and interests.

The table below sets out who our key stakeholders are, the key reasons we engage with them, the areas they have a material interest in and a brief summary of how we engaged in FY21 when considering what is most likely to promote the success of the Company.

OUR PEOPLE

Our people are at the heart of our success.

Our success is built on delivering a high-quality service through the skills and passion of our people who bring our values to life across the business.

WHAT ARE THEIR NEEDS AND MATERIAL INTERESTS?

A working environment for our people that:

- facilitates their engagement at all levels;
- provides them with development and progression opportunities;
- promotes their physical and mental wellbeing;
- promotes diversity and inclusion;
- rewards them appropriately; and
- encourages flexible working practices.

HOW HAVE WE ENGAGED AND CONSIDERED THEIR NEEDS AND MATERIAL INTERESTS?

Surveys, staff communications and feedback

We have an open, collaborative and inclusive management structure and engage regularly with our staff. We do this in a number of ways including our annual staff survey, the appraisal process, our intranet site, company presentations, leadership lunches and our wellbeing programme.

Our CEO hosts regular 'town hall' talks for all our staff and provides an opportunity for staff to ask questions. In addition, we have regular email updates on the business from the CEO.

We also take feedback from our talent development, apprenticeship and training courses and as a result look to improve future training and development programmes.

We have a designated Non-Executive Director, Laura Carstensen who chairs our 'Employee Voice Forum'. Our third Employee Voice Forum met this year with a focus on what we could do to support and promote staff health and wellbeing as we looked forward to the easing of COVID restrictions. Baroness Helena Morrissey will take over the role of designated Non-Executive Director following the 2022 AGM.

Company share scheme

We continue to encourage employee share ownership through our BAYE scheme (see page 142) to engage our workforce in the performance of the Company and to align employee and shareholder interests.

OUTCOMES AND HIGHLIGHTS

- 3* Best Companies
- 91% response rate from 2021 annual survey
- Online staff 'Wellbeing and togetherness hub' launched
- Over 120 internal promotions
- 13 new apprentices taken on this year
- Announced our new hybrid working model
- Relaunch of our on-site gym and online fitness offerings
- Launch of a new Senior Manager Talent Development pathway

OUR SHAREHOLDERS

Our shareholders include both institutional and retail investors, including AJ Bell customers and employees.

Delivering on our long-term strategic objectives is dependent on our shareholders' support.

WHAT ARE THEIR NEEDS AND MATERIAL INTERESTS?

Our shareholders want to invest in a business that:

- delivers on its investment case; and
- provides long-term sustainable returns.

HOW HAVE WE ENGAGED AND CONSIDERED THEIR NEEDS AND MATERIAL INTERESTS?

Ongoing investor relations programme

Through our investor relations programme, which includes regular trading updates, management roadshows, investor and analyst meetings, attendance at investor conferences, and our AGM, we ensure that shareholder views are brought into the boardroom and considered in our decision making.

All investor engagement was conducted virtually during the year due to the COVID-related restrictions. We hosted an online Q&A webinar for retail investors following the publication of our annual results and regularly met with investors throughout the year.

Due to COVID restrictions we adopted a hybrid format for the 2021 AGM under which the Chair, CEO and Company Secretary attended the meeting physically and shareholders were able to view the AGM proceedings and ask questions online via a chat function. Ahead of our 2021 AGM, Les Platts, Chair, and Laura Carstensen, Senior Independent Director, had calls with several of our shareholders to discuss how diversity was being considered in the search for new Board members.

Corporate broker updates

Our corporate broker and sell-side analysts also provide us with valuable feedback and market insight. Our corporate broker delivers updates on market dynamics and representatives are regularly invited to attend Board meetings.

OUTCOMES AND HIGHLIGHTS

- Reported quarterly on our performance
- 13% increase in dividend
- 5.00p special dividend
- All resolutions passed at the AGM with a majority of more than 80%
- Improved our Board gender diversity

OTHER STAKEHOLDERS

Other stakeholders represent the local communities in which we operate as well as the wider environment, our suppliers and our regulators.

As a socially responsible business, we believe we have a responsibility to our local communities, wider society and our suppliers.

We operate in a highly regulated environment and engage with our regulators constructively.

WHAT ARE THEIR NEEDS AND MATERIAL INTERESTS?

Our other stakeholders want us to:

- act as a responsible corporate citizen in all respects; and
- conduct our business with integrity.

HOW HAVE WE ENGAGED AND CONSIDERED THEIR NEEDS AND MATERIAL INTERESTS?

Engaging with our suppliers

We continue to maintain and develop our business relationships, inviting key suppliers to present to our Board and EMB. In addition to our normal due diligence processes, we ensure members of the management team have regular feedback sessions with representatives from our key suppliers. We ensure our payment terms are fair and in compliance with payment practices.

Engaging with our regulators

We regularly engage with the FCA and DWP on consultation papers and industry issues. In addition, we actively seek to lobby via public consultation and with policymakers where we see unfairness or unnecessary complexity. We have continued to engage with the regulator this year, including on the approach to raising the normal minimum pension age and draft regulations on how a 'stronger nudge' to Pension Wise guidance could work for personal and occupational pension schemes respectively.

We engage with regulators in an open and collaborative way. Our compliance team is primarily responsible for ensuring our regulatory compliance in all respects.

Engaging with our communities and wider society

We have a strong social conscience and look to support the communities in which we operate as well as encouraging our staff to give something back through charitable and volunteering activities. We have a strong history of engaging with our communities through a variety of activities, donations and promoting volunteering days. This year we completed the distribution of our Wage War on COVID fund.

We are mindful of our impact on the environment and recognise our responsibility to conserve and protect the environment as far as possible across the business.

OUTCOMES AND HIGHLIGHTS

- 30 day payment terms
- £272,000 donated to the AJ Bell Trust
- Completed the distribution of the Wage War on COVID fund

Our section 172 statement for the year ended 30 September 2021 is on pages 28 to 29 and demonstrates how our stakeholders influenced some of the principal decisions by the Board during FY21.

Section 172 of the Companies Act 2006 (s172) requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

a. the likely consequences of any decisions in the long term;
b. the interests of the Company's employees;
c. the need to foster the Company's business relationships with suppliers, customers and others;
d. the impact of the Company's operations on the community and environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between shareholders and the Company.

We set out below some of the examples of how the Board has had regard to the duties under s172 when considering specific matters, and how it has considered the interests of our key stakeholders in those decisions. Further detail on how the Board operates, including the matters it discussed and debated in the year, having regard to its s172 duties, are contained within the Corporate Governance Report on pages 66 to 74.

The Board seeks to understand and carefully consider each of our key stakeholder's interests, priorities and views. The Board recognises that each decision will have a different impact and relevance to each key stakeholder, and so having a good understanding of their priorities is important. Where stakeholder priorities conflict, the members of the Board exercise independent judgement when balancing those competing interests in order to determine what it considers to be the most likely outcome to promote the long-term sustainable success of the Company.

Although the Board engages directly with some stakeholders, engagement also takes place at different levels within the business. The output from engagement below Board level is reported back to the Board and/or Board Committees and helps to inform both Board and other business-level decisions.

Further information about how we engage with our stakeholders and their needs can be found on pages 24 to 27.

PRINCIPAL BOARD DECISIONS:	PROCESS AND KEY STAKEHOLDER CONSIDERATIONS:
ACQUISITION OF ADALPHA AND DELIVERY OF TOUCH	In March 2021 the Board approved the first acquisition which has been made by the business since it listed in December 2018. Although the long-term strategy of the business is founded on organic growth, the Board indicated at the time of the listing that it may in the future consider acquisitions if it was possible to identify suitable targets. The Board was supportive of the acquisition of Adalpha, a fintech business developing a mobile-focused investment proposition for financial advisers and their customers. The acquisition was clearly aligned with our purpose of helping people to invest, as it will enable financial advisers to provide simplified investment services to a wider base of clients. The service will be delivered solely through an app which will only be available via smartphones and tablets under a new brand, Touch by AJ Bell. The aim is for the service to enable advisers to service digitally, amongst others, the needs of those potential customers who presently fall within the 'advice gap'. The expected 'soft' launch date for ISA and General Investment accounts is the first half of 2022, with SIPP and Junior ISA accounts to follow later in 2022 and during 2023. When considering the merits of the acquisition the Board took account of a wide range of factors, including the impact on wider stakeholders, and not just the potential benefits for shareholders. This included: • the benefits for customers and their financial advisers which would be derived from the delivery of the simplified advised investment proposition which Adalpha was developing; and • the benefits for existing and prospective employees, including those employees of Adalpha who would migrate their employment to the business as a consequence of the acquisition, from being part of a more diverse business model. The Board also took account of: • the track record of the Adalpha senior management team of having successfully delivered previous in-house financial services related technology solutions; and • that the new simplified advised investment proposition would support the ongoing delivery by the business of a high quality and competitively priced platform proposition and service. Further information about the acquisition and Touch can be found on pages 130 and 131.
DEVELOPMENT OF DODL, A NEW SIMPLIFIED INVESTMENT PROPOSITION FOR D2C CUSTOMERS	During our annual business planning process in the previous financial year, the Board approved a high-level proposal for the development of a simplified, app-only D2C investment proposition designed to meet the needs of customers deterred by the relative complexity of existing investment platforms. The aim of the app was to support our long-term growth strategy and extend our customer reach by attracting a new generation of customer. The Board was mindful of the potential for the development to negatively impact existing stakeholders, principally customers and their advisers, as regards the ability to continue to deliver a high-quality service to them. As a consequence, at that stage the Board agreed that the diversion of resource away from existing services would be minimised. This decision resulted in us commencing a project, to define the target market, produce a more detailed product specification, determine the approach to branding and marketing, and prepare a related business case. This was presented to the Board for approval in January 2021. In consideration of the concern around diversion of key resource, we identified a third party mobile app developer with which we proposed to partner to deliver the related technology. As part of the initial work we undertook consumer research in order to better identify the related customer needs and have since then undertaken further research to confirm that the app we are developing meets those needs. In May 2021, following further refinement of the business case in response to Board challenge, the Board approved proposals for the development of a new app based simplified investment proposition designed to help D2C customers invest with the ease of use they are used to in the other areas of their lives. The app is designed to meet the needs of both the next generation of investors, as well as existing investors, who are looking for an easy to use and low-cost solution and will only be available via smartphones and tablets. The app is scheduled for launch in the first half of 2022. Further information about Dodl can be found on page 12.
FUTURE OF WORK AT AJ BELL – LONGER-TERM HYBRID WORKING ARRANGEMENTS	One other key decision which we made during the year, as part of our annual business planning process, was about how we would build on the success of the hybrid working model introduced in response to COVID. The aim being to put in place longer-term working arrangements which would enable us to realise a number of the potential benefits of hybrid working for the business, our people, our shareholders and the environment. To help inform this work, our HR team held discussions with managers and senior leaders across the business, and also engaged regularly with our wider workforce, using various communication channels, including updates posted on our staff intranet, leadership videos and our CEO's town hall talks. When determining our approach to hybrid working in the longer-term, we needed to take account of competing stakeholder interests, principally, those of our people who would welcome a greater proportion of time working from home, and the needs of our customers and their financial advisers, which necessitate the continued provision of some core office-based services. Account was also taken of the Board's desire to maintain the culture of the business and to ensure sufficient resource and staff are in place to operate a fully functioning office environment. Consideration was also given to the potential financial benefits for shareholders of more efficient use of our offices as we continue to grow and the environmental benefits of the reduction in the need for our people to commute into the office. The outcome of the future of work project was the approval by the Board to implement a hybrid working arrangement for the business with effect from 1 January 2022. A series of guidelines will be set for hybrid working that we believe strikes the right balance between working from home and the office. The Board also agreed that the effectiveness of the hybrid working model would be reviewed again in March 2022. Further information about the future of work at AJ Bell can be found on pages 34 and 35.

We have always been committed to behaving responsibly. Driven by our purpose, we operate in a way that creates long-term value for our customers, people, and communities whilst being mindful of the impact we have on the environment.

MICHAEL SUMMERSGILL
DEPUTY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

At AJ Bell, we conduct our business in a responsible manner. We recognise the importance of environmental, social and governance (ESG) factors in our strategic decision making and this year I was appointed to lead our approach to ESG.

During the year we have undertaken a detailed review of the ESG factors most pertinent to our stakeholders and have established our ESG strategic priorities, which were presented to and signed off by the Board.

As a responsible business, we consider our role in society is to create value for all our key stakeholder groups, whilst also playing our part in the transition to a low-carbon economy. Our purpose and culture means we are well positioned to fulfil this role operating within a market that has significant growth opportunities.

We define our purpose in a very straight-forward manner; we help people to invest. Our product propositions help to address the growing societal need for individuals to take personal responsibility for their financial future, by enabling people to take control of their own investments, be that directly or with the help of a financial adviser.

Many aspects of ESG have been a focus for the AJ Bell plc Board for a long time and are regarded as established strengths of the business by our stakeholders. This is evidenced by our AA MSCI ESG rating, which measures a company's resilience to long-term, industry material ESG risks and how well they manage those risks relative to peers. During the year we completed the distribution of the Wage War on COVID fund; providing support over the last 18 months to those in our local communities who were in need due to the pandemic. We also undertook our 'future of work' project, engaging with staff across the business to define a new hybrid working model. This will bring benefits to both our people and the business; enabling us to continue to attract the best talent, and provide a high-quality service to our customers.

We are committed to fully embedding ESG into our business strategy over the course of the next year and have set a number of ESG-related objectives for FY22 which are linked to executive and senior management remuneration. We believe there are plenty of opportunities to enhance our work in this area and add further value to our stakeholders, as we grow the business.

In 2022 our focus will be to:

- Continue embedding ESG into our business strategy;
- Define metrics for our ESG focus areas; and
- Enhance the level of our ESG reporting and publish our inaugural Taskforce on Climate-related Financial Disclosures (TCFD) report.

OUR ROLE IN SOCIETY

We help our customers to invest in their financial future through our easy-to-use, low-cost platform propositions, addressing the growing societal need for individuals to take personal responsibility for their future finances, either directly or with the help of a financial adviser.

Our commitment to creating long-term value applies not only to our customers, but also to our people and wider society: through our investment in our staff, our local communities, and the environment in which we operate.

WE HAVE OVER £70BN OF AUA FOR OUR CUSTOMERS FINANCIAL FUTURE

In FY21 our customers withdrew over £800m of pension funds for their retirement and over 1,000 customers used their lifetime ISAs towards purchasing a first home.

MSCI rating:

AA

OUR APPROACH TO RESPONSIBLE BUSINESS

We behave in a responsible manner with a focus on our propositions, our people, our communities, and the environment. We believe this is important for the long-term sustainability of our business.

The Board is responsible for the conduct of AJ Bell's business and the development of its strategy, as well as promoting the long-term sustainable success of the business. This includes how we embed our approach to behaving responsibly across the business and promote a healthy corporate culture. Further details on our corporate governance framework are detailed on pages 66 to 74.

The Board provide oversight and elected Michael Summersgill, Deputy Chief Executive Officer and Chief Financial Officer, as the executive director responsible for our approach to responsible business.

Individual objectives have been assigned to EMB members and a cross-functional ESG working group has been established for the coordination of day-to-day activities.

This structure allows us to fully embed ESG across our existing business strategy.

OBJECTIVES

Following a detailed review of our ESG priorities, we have agreed several objectives for FY22. We will report on our progress against these objectives in FY22 as we enhance the level of our ESG reporting and produce our inaugural TCFD report.

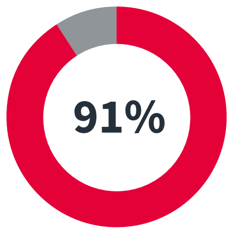
OUR PURPOSE:
WE HELP PEOPLE TO INVEST

OUR RESPONSIBLE BUSINESS PILLARS:

	RESPONSIBLE PROPOSITIONS	RESPONSIBLE EMPLOYER	SUPPORTING OUR LOCAL COMMUNITIES	ENVIRONMENTAL AWARENESS
WHO IT IMPACTS	Customers and their advisers, wider society	Employees	Local communities	Customers and their advisers, wider society
WHY IT IS IMPORTANT	Our aim is to make investing easier and empower people to invest for their financial future. Pivotal to fulfilling our role in society is offering propositions which enable more people to invest.	Our people are at the heart of our success. Our success is built on delivering a high-quality service through the skills and passion of our people who bring our values to life across the business.	We have a strong social conscience and are committed to making a positive contribution to the communities in which we operate.	We recognise the importance of societal action to reduce global emissions and are committed to playing our part.

OUR 2021 HIGHLIGHTS

Achieved strong employee engagement
Response rate:



BEST COMPANY 2021

(2020: 89%)

Finalised the distribution
of the Wage War on COVID fund

Launched the
AJ Bell Responsible Growth fund

Retained our
Carbon Neutral status

STRATEGY

We offer products and services aligned to our core purpose – we help people to invest. We do this in a way that helps our customers to achieve their financial goals, whether self-directed or with the support of an adviser. We also provide options for customers to invest responsibly on our platform and are responsible stewards of the investments we manage on our customers' behalf.

2021 HIGHLIGHTS

- Launched the AJ Bell Responsible Growth fund and Responsible MPS.

2022 PRIORITIES

- Launch of Touch and Dodl, broadening our reach in both the advised and D2C markets to enable more people to invest.

At the heart of our business is a clear and succinct purpose – we help people to invest. This purpose guides our product philosophy and provides a clear boundary for the types of products and services we offer to our customers: both in our platform propositions and our investment management offerings.

OUR PLATFORM PRODUCT PHILOSOPHY

We provide mainstream products that we believe will help our customers manage their investments for the long term.

Our core products are SIPPs, ISAs and Dealing Accounts. SIPPs and ISAs enable customers to invest for the long term in a Government approved, tax advantageous way and we also offer variations of these products, such as the Lifetime ISA and junior products, ensuring that we cater for a wide range of customer requirements.

We want to help our customers to achieve their financial goals. Our platform is open architecture in nature with investment solutions from market leading providers and our own AJ Bell Funds and MPS, which cater for a wide range of risk appetites.

Through our products, customers can buy, sell and hold a broad range of investments including shares, collective investments and other instruments traded on the major stock exchanges around the world.

CAMPAIGNING ON BEHALF OF RETAIL INVESTORS

We actively seek to lobby the Government and regulators via public consultation and with policymakers where we see unfairness or unnecessary complexity. Our focus is always on campaigning for simplicity and good customer outcomes. Details of our activities in the year are set out on page 14 of our CEO's review.

MAKING RESPONSIBLE INVESTMENT EASY

The increased prevalence of ESG factors has elevated the level of interest and customer demand for responsible investment options.

We have therefore taken steps to make it easier for customers to invest responsibly through our platform propositions.

SUSTAINABILITY RATINGS

Customers can view Morningstar's Sustainability Rating when researching funds on our platform. This rating enables investors to evaluate funds based on the sustainability profile of their underlying holdings.

Morningstar® Sustainability Rating

High

FAVOURITE FUNDS RESPONSIBLE FILTER

Customers can filter our Favourite funds list to view only funds which have a focus on responsible investment or sustainability.

AJ BELL RESPONSIBLE GROWTH FUND

In October 2020, we launched the AJ Bell Responsible Growth fund, a well-diversified portfolio favouring companies with strong ESG credentials. The fund provides a low-cost, easy-to-understand responsible investing option for both our advised and D2C customers.

RESPONSIBLE MANAGED PORTFOLIO SERVICE

We launched the AJ Bell Responsible MPS range in March 2021, providing financial advisers with a highly competitive ESG solution for their clients. AJ Bell Investments created six new responsible portfolios, offering varying degrees of risk for clients who want to achieve long-term capital growth through ethical investing.

AJ BELL INVESTMENTS' INTEGRATION OF ESG INTO INVESTMENT MANAGEMENT

We integrate ESG considerations throughout our investment management processes in various ways, both in our dedicated set of responsible portfolios which are managed with an ESG mandate and in our standard range of portfolios. By doing this, we can deliver to our customers by acting as responsible stewards of the investments that we manage on their behalf.

For our responsible range of managed portfolios, we operate within a consistent framework to ensure that ESG credentials are embedded. Where possible, we invest in Exchange Traded Funds (ETFs) that track an MSCI Socially Responsible Index (SRI), which gives a robust range of values-based exclusions and ensures that we target companies with high ESG rankings to invest in. A series of exclusions removes companies from certain industries, such as tobacco, nuclear weapons, and adult entertainment. Then, a 'best-in-class' ranking system means that, of the remaining companies, only those that score highly on ESG credentials are included. This multi-layered approach ensures that customers can feel confident that their principles are consistently being considered within the investment process.

In our standard range of portfolios, we will prioritise more responsible funds where it is the better choice, based on our usual selection criteria, relative to standard options in the market. Before inclusion in any of our portfolios, a key component of investment analysis is the robustness and sustainability of the management team and the strength of their governance process. It is our policy to only invest in products offered by managers who comply with the principles outlined in the UK Stewardship Code, or who can provide a robust explanation as to why they do not comply.

TAX TRANSPARENCY

We are committed to conducting our tax operations in a clear and transparent manner, both in paying and collecting taxes.

We aim to comply with all tax legislation, including reporting, filing and payment obligations.

RESPONSIBLE EMPLOYER

STRATEGY

We will develop and support our talent to help them achieve their potential. We will strive to ensure our staff are actively engaged. Our strong employer brand and culture will enable us to attract and retain a diverse and talented workforce.

2021 HIGHLIGHTS

- Maintained our three-star accreditation in the Best Companies survey.
- Finalised our 'future of work' project.
- Relaunched the AJ Bell gym and extended the range of online fitness services.
- Named 'North West Large Employer of the year' in the 2021 National Apprenticeship Awards.

2022 PRIORITIES

- Continue to focus on staff engagement and development.
- Establish a framework and agree metrics for monitoring progress on the diversity of our people.
- Embed our new hybrid working model.
- Implement the suggestions from our third cohort of the Employee Voice Forum.

Our people are at the heart of our continued growth and success. We take pride in their career development, and we support and empower them to drive the business forward.

We focus on creating a highly collaborative culture where people feel motivated, valued and supported. Our guiding principles and simple purpose drive responsible behaviour and ensure that staff are fully engaged with our strategy and goals.

Our people strategy continues to focus on talent management and employee engagement. This year, we have also focused on our transition to post pandemic working practices and promoting staff health and wellbeing in challenging circumstances.

FUTURE OF WORK

Defining our new hybrid working model

The pandemic has fundamentally changed the world of work – as a business we moved quickly at the start of the pandemic to successfully migrate the vast majority of our people to work from home and implement social distancing measures for those working in the office. Our flexible IT infrastructure ensured our staff had the right systems and processes to work effectively from home, which had previously been an exception but for a small number of staff.

During the year we initiated our future of work project to find the right post-pandemic way of working.

Our new hybrid working approach will come into effect on 1 January 2022, offering a blend of working at home and working in the office in a way that balances the needs of our people and business operations. To support our new working model we have invested in a cloud-based HR system, which will ensure managers have the right tools to be able to manage their teams effectively.

As well as providing health and wellbeing benefits to our staff, it will also enable us to utilise our current office space more efficiently, creating new areas for collaboration and ensuring colleagues remain connected. Fundamentally, our hybrid working model is designed to ensure that we can maintain excellent customer service and remain operationally resilient whilst being able to continue to deliver innovation and improvements to our platform propositions.

PROMOTING HEALTH AND WELLBEING

We place a great deal of importance on the health and wellbeing of our staff; we invest in a wide range of benefits that we continually review together with offering an increasing number of activities and support aids which are available for all our people.

We recognise the challenges the last 18 months have presented and we have taken steps to ensure that our people continue to be supported. We launched a new wellbeing and togetherness hub to make it easier for staff to access the provisions available and make use of additional interactive resources.

Our dedicated team of Mental Health First Aiders is available to support colleagues that are experiencing mental health issues and delivers regular workshops to all staff, focusing on mental health in the workplace. This is further complemented by our Employee Assistance Programme, which gives our people access to independent confidential advice and support should they need it.

FUTURE OF WORK PROJECT

The project reviewed what sustainable changes we could make to how we work, whilst ensuring we maintain our strong culture and high levels of customer service. The project had several objectives, including how any changes could enhance staff wellbeing; enhance our ability to attract and retain talent; maintain our operational resilience; and allow us to utilise our existing facilities more effectively.

Building on our experiences over the last 18 months, our HR team liaised with all managers and senior leaders across the business to inform the review. Discussions with managers focused on understanding the working arrangements they considered would be most efficient for their own teams.

Through our Employee Voice Forum, we also solicited feedback from the wider workforce. The forum sought feedback from colleagues on how we maintain our unique AJ Bell culture and strong staff engagement.

The findings of the review were presented to the EMB and subsequently communicated across the business, detailing the introduction of our new longer-term hybrid working model. We expect the model to continue to evolve as we embed it into our future working practices.

This summer we were delighted to relaunch our on-site AJ Bell gym at our Manchester office. Dedicated to supporting the health and wellbeing of our people, it was clear from suggestions to our Employee Voice Forum that staff wanted the gym to be as inclusive as possible, acting as a health and wellbeing centre for everyone. Consequently, we have extended the fitness offerings to staff based in any location by live streaming gym classes, as well as providing advice on diet and nutrition and 1-2-1 health checks. For staff who are not based in our Manchester head office, we also offer free membership at the gym nearest to where they work.

EMPLOYEE ENGAGEMENT

Our staff engagement framework focuses on the eight measures used within the Best Companies survey.

Best Companies is an independent workplace engagement specialist that works with organisations like ours to measure, improve and recognise workplace engagement and compile the 'Best Companies to Work For' list. This year we were delighted to not only maintain our status as a three-star company, but to also make it into the top five financial services companies in the UK to work for.

Our annual engagement survey for 2021 continues to show very high levels of engagement. In particular, our scores in relation to staff wellbeing and support from managers remain high and are above the average score relative to other companies that received the highest three-star rating. This reflects the support given to staff throughout the pandemic and highlights the strength of our managers. We recognise the importance of an engaged workforce and look to continually broaden our approach based upon the feedback and insight we receive.

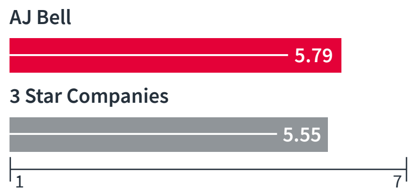
ENGAGEMENT SCORES 2021

Overall engagment:

91%

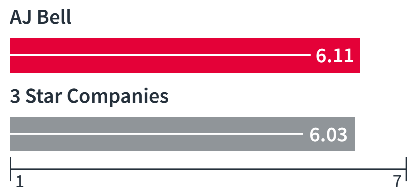
(2020: 89%)

Wellbeing:



(AJ Bell 2020: 5.85)

My manager:



(AJ Bell 2020: 6.10)

The AJ Bell Exchange, our staff intranet, continues to be a valuable way to communicate with our staff, via daily business updates, staff feedback surveys and social news. The 'town hall' talks hosted twice-yearly by our CEO, Andy Bell, and our programme of virtual leadership lunches have also proven to be important ways to stay connected with our staff and nurture the strong culture we have developed.

The Employee Voice Forum is now in its third year and continues to enhance engagement between the Board and the wider workforce. It is made up of representatives from across the business and is responsible for gathering suggestions from all staff on specific topics which are fed directly into the EMB and Board decision-making process. Laura Carstensen has been our designated Non-Executive Director since inception, working with the forum and helping to empower them to present ideas to the EMB and the Board.

Helena Morrissey will replace Laura as our nominated employee engagement director with effect from the end of the 2022 AGM.

We offer our staff a comprehensive employee benefits package which is regularly benchmarked and reviewed to ensure our employees are fairly rewarded and offered a wide range of core benefits, with a continued focus on health and wellbeing.

We strongly believe in the importance of our staff building a sense of ownership and sharing in the success of the business. In the year 32% of our staff actively participated in our Buy as You Earn (BAYE) scheme which enables employees to buy shares in the company monthly in a tax-advantageous way. They can join at any time and manage their own monthly contributions, up to £150 per month.

Social activities form an important part of our culture. As a result of the pandemic with most staff working from home, we had to reduce the number of face-to-face events and moved many activities online. We are planning to restart many of our social events as soon as it is safe and practicable to do so.

TALENT MANAGEMENT

Attracting, retaining and developing the right people

The quality of our people is essential to drive the business forward and help us deliver further growth over the long term. Our aim, therefore, is to attract and retain talent across the business and provide them with opportunities for personal growth that will help us to deliver our goals and them to fulfil their potential.

We believe it is important for all our people to be given the opportunity to enhance and broaden their skills. We actively encourage our staff to invest in their personal growth, career, and future with AJ Bell through taking ownership of their own personal and professional development. Our in-house Learning and Development team also provide extensive training and support to enable our staff to realise their potential.

Building a robust talent pipeline for the future is key to delivering our growth strategy.

Talent programmes

Our HR and Learning and Development teams work closely with our people throughout the business, helping them to progress both professionally and personally at whatever stage of career they are at. Our apprenticeship employer provider status enables us to achieve this, by delivering a more bespoke, high quality programme in-house by our qualified Learning and Development team. This status is recognised by the Chartered Management Institute (CMI), Education Skills Fund Agency (ESFA) and Ofsted.

Our Talent Development Programme looks to develop staff identified as being potential future leaders and managers at AJ Bell. It enables those successfully completing the programme to obtain an approved management qualification and the opportunity to put the skills they have learned into practice to help further their career.

This year we also launched a new Senior Management Talent Development Pathway. This framework is specifically tailored to develop those high performing employees who wish to progress to Head of Department, Director and Executive level roles across the business.

Apprenticeship programmes

As a fast-growing business, it is important that we attract and maintain a diverse and talented workforce. Our apprenticeship scheme plays an important role in that by bringing intelligent and enthusiastic people into the business and giving them the training, experience and support they need to forge a career in investments or technology.

EMPLOYEE VOICE FORUM

Last year, the second cohort of representatives presented ideas to the Board and EMB on how we ensure our unique AJ Bell culture and strong staff engagement are maintained as we move to a new way of working. As well as being supportive of the future of work project, the forum highlighted the importance of leadership visibility and communication. During the year, we increased the number of leadership videos and updates posted on The AJ Bell Exchange and hosted several online engagement activities in response to feedback received.

In September 2021, our third Employee Voice Forum met to feedback on what we could do to support and promote staff health and wellbeing post-pandemic.

Staff provided a wealth of ideas and suggestions, which the forum collated and presented to the EMB and Board under several key themes. These included new ideas for social activities to appeal to an inclusive audience, and how we could further leverage the potential of the AJ Bell gym to include additional health benefits for all. The Board and EMB were delighted to see how well thought out and achievable the suggestions were, and are looking to reflect all of them in our people strategy for FY22.

We recently welcomed 13 new recruits to our award-winning apprenticeship scheme. We now have over 80 staff who are on, or have recently completed, one of our apprenticeship programmes. This marks the fifth year we have recruited and trained apprentices, and over 500 applications for this year's scheme shows how popular and valuable the apprenticeships are.

Apprentices who completed their courses with us this year have all passed their apprenticeship with over 85% achieving distinctions.

We were also delighted to be named the 'North West Large Employer of the year' in the 2021 National Apprenticeship Awards. The awards recognise the very best employers, apprentices, and apprenticeship champions across the country and is testament to the success of our apprenticeship programmes.

We remain immensely proud of the talented people who work for us and we are committed to developing and supporting our staff to achieve their potential. We were delighted that over 120 of our people were promoted internally last year. We wish them all the best as they continue to grow and progress their career with us.

INTERNSHIPS

We welcomed a new team of interns this summer to work with AJ Bell Investments. We greatly value the internship scheme – the interns gain invaluable work experience to help inform their career choices, and we benefit from the different views and insights that they bring. One of the projects the interns worked on this summer was researching the topical issue of student debt and the potential impact it has on investing, resulting in an innovative campaign which would allow students to offset their debt balances via investments in the Government's Green Gilts.

Diversity and inclusion

At AJ Bell, we value diversity and believe in building a culture that attracts, values and retains people from all backgrounds, regardless of age, caring responsibilities, disability, ethnicity, gender, religion or sexual orientation. We strive to promote an inclusive workforce where our people feel valued, respected as individuals, and empowered to flourish in their chosen career path.

Our commitment to diversity and inclusion is a continuous process, which is embedded by our existing human resource policies, including the Diversity and Inclusion Policy contained within our Employee Handbook.

We supported a number of initiatives in the year, which included hosting an event to celebrate International Women's Day. This year's theme was 'Choose to Challenge' and our panellists – made up of female staff from across the business – discussed if and how they had chosen to challenge stereotypes. The event also gave staff the opportunity to hear their career journeys and experiences and also participate in a question-and-answer session.

We also continued to support the LGBTQ+ community through our Pride in AJ Bell week. This included hosting manager and staff awareness training on intersectional identity and fundraising activities for Manchester-based charity, LGBT Foundation, who support the needs of those who identify as LGBTQ+.

To recognise diversity and promote inclusiveness within our business, we invited managers and staff to attend online sessions on multicultural inclusiveness. The sessions focused on effective allyship and covered several topics including anti-racism.

Our managers and team leaders also took part in an understanding neurodiversity training workshop to equip them to better understand and support people who are diagnosed as having autism, Asperger's syndrome, dyslexia, dyspraxia or ADHD.

Looking forward, we have set an FY22 objective to establish a framework and agree metrics that will enable us to effectively monitor our progress on the diversity of our people and the success of the initiatives we run.

OUR WORKFORCE

Total number of employees

1,065

(2020: 915)

As at 30 September 2021:

Board of Directors

	Male	Female
2021	56%	44%
	5	4

Other senior management[1]

	Male	Female
2021	84%	16%
	16	3

Total employees[2]

	Male	Female
2021	59%	41%
	627	438

1 Other senior management is defined as an employee who has responsibility for planning, direction or controlling the activities of the Group, or strategically significant part of the Group, other than the Board of Directors.
2 Additional employee data is provided within note 8 which shows the average position during the year.

Gender pay gap reporting

We publish gender pay information annually. Our most recent gender pay report details the progress we have made in supporting a diverse and inclusive workplace. For example, we have recently welcomed three female Non-Executive Directors to our Board, further strengthening its diversity and skillset.

Following these changes to the Board, we also strengthened the diversity of our executive team with the addition of two new female EMB members. We were also delighted to announce the appointment of several female staff to senior management roles in Customer Services, Sales, and Marketing.

Though our continuing programme of activities to promote gender diversity within the business, we will strive to ensure that no one is disadvantaged in how we attract, select and develop our staff, and that we continue to build a strong female talent pipeline.

Further discussion is covered within the Directors' remuneration report on pages 88 to 90 and full details of our gender pay gap report can be found on our website at www.ajbell.co.uk.

ANTI-BRIBERY AND CORRUPTION

We are committed to maintaining high legal, ethical and moral standards. This is evidenced by our guiding principles, which define our business and inform everything we do. We conduct all our business in an honest and ethical manner, and we have zero-tolerance of bribery and other corrupt activities. We are committed to acting professionally, fairly and with integrity in all business dealings and relationships.

AJ Bell maintains a number of policies and procedures to help guard against bribery and corruption. This includes an anti-bribery and corruption policy, and policies and procedures on whistleblowing, fraud and anti-money laundering, market abuse and gifts and hospitality.

All policy and guidance statements are available on our intranet and are updated periodically. Staff are also required to undertake mandatory training, including regular refresher training, to raise staff awareness and ensure they fully understand what is required of them.

HUMAN RIGHTS AND MODERN SLAVERY

AJ Bell has an important role to play in supporting human rights and we have policies and governance processes in place to mitigate risks.

We have a zero-tolerance approach to slavery and human trafficking of any kind, and we are committed to acting ethically and with integrity in all our business dealings and relationships. We implement and enforce effective systems and controls to ensure modern slavery is not taking place. This approach applies to our own business, all persons working for us or on our behalf in any capacity, and to all our supply chains. In accordance with the Modern Slavery Act 2015 we publish our Modern Slavery statement on our website, and this sets out the steps that we have taken and our ongoing commitment to this important topic.

As part of our zero-tolerance approach, and to increase awareness of modern slavery and human trafficking, our risk and compliance, HR and procurement staff are required to complete mandatory training. All other members of staff have the opportunity to enrol on the training voluntarily.

STRATEGY

We give something back to our local communities. We are committed to having a positive impact on our community and ensuring we operate in a fair and transparent manner.

2021 HIGHLIGHTS

- Final distribution of the Wage War on COVID fund.
- Donated £272,000 to the AJ Bell Trust.

2022 PRIORITIES

- Increase staff participation in volunteering activities.
- Develop a new framework for charitable and community initiatives, more closely aligning with our wider business strategy.

We ensure that our communities share in our business success and the passion of our people.

At AJ Bell we have a strong social conscience and encourage our staff to give something back through charitable and voluntary activities. We support our staff through paid time off for volunteering and through our matched fundraising programme, ensuring that good causes close to their hearts receive extra support.

Whether taking part in a sponsored walk, sleeping out to raise money for homeless causes, collecting donations for a local food bank, or volunteering within our communities, we are proud of the efforts our staff make to give something back to their local communities. Despite the impact of COVID restrictions during the first half of the year and continued social distancing in our offices leading to a reduced charity calendar, our staff continued to volunteer at Cash for Kids and FareShare among others during the year. In addition to volunteering days, our staff also raised funds from events in the year, supporting a variety of charities.

WAGE WAR ON COVID

AJ BELL WAGE WAR ON COVID

During the year, we completed the distribution of our Wage War on COVID fund under the umbrella of the AJ Bell Trust, a UK registered charity. We pride ourselves on our commitment to support and give something back to our communities, and we were proud to support those in our local communities directly affected by the pandemic.

A total of £382,926 was raised which included the donation of salaries made by members of the AJ Bell Board and senior management, along with donations from many staff members across the business and the donations of customers, advisers and the general public. The funds were distributed to over 40 charities across multiple causes.

TOTAL MONEY RAISED

£382,926

Charity donations	£248,915
Equipment donated	£133,943
Bank charges	£68
Remaining balance	£0

We were keen to continue our support for our LGBTQ+ colleagues and communities through Pride in AJ Bell week in August. Linking with the LGBT Foundation, we organised several events and educational sessions over the course of a week, to both raise funds and continue to highlight the importance of a highly inclusive culture that embraces diversity in all its forms.

We also continued to support our people to give blood. Donated blood is a lifeline in an emergency and for people who need long-term treatments. In addition, this year we hosted a lunch and learn for staff with DKMS, a charity committed to helping people with blood cancer and blood disorders.

The Group donates a percentage of its profits on an annual basis to the AJ Bell Trust, a registered charity of which Andy Bell and his wife Tracey Bell are trustees, together with two further independent trustees. This year, the Group made donations of £272,000 to the Trust.

The aim of the Trust is to help disadvantaged people to advance in life, with a particular focus on young people. It makes donations to a range of national and local causes and also funds its own charitable initiatives. The main focus of the Trust during the year has been on distributing the Wage War on COVID fund.

UNIVERSITY OF SALFORD PARTNERSHIP

During the year we launched our partnership with the University of Salford, supporting students completing an undergraduate computing degree. We provided real-world challenges for the university's annual 'HackCamp', a module where students collaborate to solve issues experienced in business.

We also sponsored the 'AJ Bell Technology Award', awarded to the best performing students across the university's computing degrees. The winners of the awards were invited to our Manchester office to meet our team and see first-hand the crucial role technology plays in our business. We are proud to sponsor these awards and to help build the next generation of technology talent in our local community.

Food Poverty:

£52,000

Receiving charities included FareShare UK, Salford CVS, Newton Community Fridge, Wythenshawe Foodbank, Chelwood Foodbank Plus, Muswell Hill Foodbank, Salford Foodbank, Emerge 3Rs and the AJ Bell Easter Eats initiative.

Mental health:

£60,000

The funds will support Stop.Breathe.Think North West in providing free mental health and counselling services to young people in the region, launching in January 2022.

Digital donations:

£133,943

759 tablets were donated to care homes, hospitals and youth clubs across the country.

Supporting the community:

£136,915

Staff members were given the opportunity to nominate local charities that were providing a service directly supporting those impacted by COVID in their community. Applications were reviewed by a committee and subsequently donations were made to 36 charities such as Maggie's Manchester, Manchester Youth Zone, Well Women Centre Leigh and many more.

ENVIRONMENTAL AWARENESS

STRATEGY

We seek to minimise waste and our impact on the environment. We will assess the impact that climate change could have on our business and respond to those risks and opportunities.

2021 HIGHLIGHTS

- Promoted the use of online collaboration to reduce business travel.
- Retained our carbon neutral status.

2022 PRIORITIES

- Embed and report on the recommendations of the TCFD.
- Continue to progress our paperless initiatives.
- Assess the environmental impact of our new hybrid working arrangements.

At AJ Bell we recognise the importance of societal action to reduce global emissions and are committed to playing our part.

ENVIRONMENTAL INITIATIVES

As a financial services business, our main environmental impacts are primarily through the consumption of resources and emissions at our business premises together with employee travel. We look to reduce waste where possible and minimise the environmental impact of our business and activities as far as we can through sensible policies and initiatives.

We continue to keep energy efficiency across our offices under review, from lighting and water usage to investing in more efficient IT equipment and the use of video conferencing facilities. As we move into our hybrid working model, we will see further benefits in reducing our environmental impact with a higher proportion of our employees working from home and less travel required.

Over the past few years we have reviewed the use of paper across our offices and have made several improvements to our own processes to reduce the reliance on paper, including our communications with customers and documentation associated with our advised platform. However, we at AJ Bell, and our industry more generally, still have room for improvement in eliminating paper.

Throughout the business we recycle 100% of our confidential waste. In addition, we send 100% of our general waste from EQ4 to be recycled, none of which goes to landfill. This is sorted off-site at a waste recovery facility, by a waste management company who report on their recycling activity on our behalf.

Whilst we are committed to reducing our carbon footprint, we also recognise that there is more that we can do to reduce our residual emissions. Alongside the adoption of initiatives to reduce our carbon emissions, we have again partnered with Carbon Footprint Limited to invest in overseas projects and offset our carbon emissions for the year. We have chosen to support a wind power project in Tamil Nadu, India. The purpose of the project is to generate a clean form of electricity in a country where the electricity grid is dominated by fossil fuel based power plants. Through supporting this project, we have consequently obtained carbon neutral status.

In FY22, we are also looking to make a difference to our local environment through our new partnership with City of Trees, a charity which plants trees and restores woodlands in Greater Manchester.

REGULATORY DEVELOPMENTS

TCFD

We note the TCFD recommendations for disclosures on climate risk in annual reports relating to governance, risk management and the metrics used to manage climate-related risks and opportunities.

We are integrating the recommendations of the TCFD into our governance and risk management framework and taking the steps required to ensure readiness to report against the recommendations in full for our year ending 30 September 2022.

Net-zero reporting

At the 26th United Nations Climate Change Conference of the Parties (COP26) the UK Government announced proposals for the reporting of detailed public plans on how firms will move to a low-carbon future by 2023 – in line with the UK's 2050 net-zero target.

We await further details on the proposals and despite our low carbon footprint, will seek to develop our strategy to include targets to reduce greenhouse gas emissions and the steps which we will take to take to get there.

Greenhouse gas emissions

The table below summarises our greenhouse gas (GHG) emissions for the year ended 30 September 2021:

Operational scope	Greenhouse gas emissions source	Tonnes of CO_2e 2021	Tonnes of CO_2e 2020
Scope 1: Direct emissions	Combustion of fuel and operations	286.1	174.7
Scope 2: Indirect emissions	Purchased electricity for own use	142.3	164.5
Total		**428.4**	**339.2**
Intensity measure: Emissions per full time employee equivalent (FTE)		**0.40**	**0.36**

Energy usage	kWh 2021	kWh 2020
Energy consumption in the UK	**2,104,758**	**1,655,479**

Our greenhouse gas emissions inventory is calculated for the Group under the financial control approach and in accordance with ISO 14064-1: 2018 standard using the 2021 conversion factors developed by DEFRA and BEIS. The inventory is independently calculated by Carbon Footprint Limited.

Under the GHG guidelines, scope 1 and 2 emissions are key mandatory areas to report, illustrating the environmental impact of the Group for activities where we have direct control, i.e. operation of our business premises. We have also chosen to report emissions per FTE as our intensity measure as we believe this is the best indicator for the Group.

Our simple business model means our total greenhouse gas emissions and emissions per full time equivalent employee are low within our industry. Our total scope 1 and 2 emissions per FTE are higher than the prior year, driven by increased use of our offices as COVID restrictions eased.

NON-FINANCIAL INFORMATION STATEMENT

We aim to comply with all areas of the Non-Financial Reporting requirements contained within sections 414C and 414B of the Companies Act 2006. Information regarding non-financial matters is included throughout our Strategic Report and the following table summarises the policies and outcomes together with references to where further information can be found.

Reporting requirement	Some of our relevant policies and standards	Where to read more in this report about our impact	Pages
Environmental matters	• Environmental Policy	Environmental awareness	40 – 41
Employees	• Employee handbook • Health and Safety Policy • Diversity and Inclusion Policy • Recruitment and Selection Policy • Whistleblowing Policy • Safeguarding Policy	Responsible employer	34 – 37
Social	• Treating Customers Fairly • CSR policy	Supporting our local communities	38 – 39
Human rights	• Human Rights Policy • Modern Slavery Statement	Human rights and modern slavery	37
Anti-corruption and anti-bribery	• Anti-Bribery and Corruption Policy • Anti-Money Laundering Policy • Gifts and Hospitality Policy • Market Abuse Policy	Anti-bribery and corruption	37

Additional information	Where to read more in this report	Pages
Business model	• Our business model	18 – 19
Principal risks and how they are managed	• Principal risks and uncertainties	50 – 54
Non-Financial KPIs	• Key performance indicators	22 – 23

FINANCIAL REVIEW

MICHAEL SUMMERSGILL
DEPUTY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The Group delivered another strong set of financial results following a year of significant growth.

Revenue increased 15% from £126.7m to £145.8m and PBT was up 13% to £55.1m (FY20: £48.6m).

The two key drivers of our performance, customer numbers and AUA, grew by 30% and 29% respectively in the 12-month period. The Group achieved net inflows of £6.4bn, with AUA breaking the £70bn milestone, closing at £72.8bn as at 30 September 2021.

The business is attracting new business at an impressive rate. Notwithstanding this strong performance, we have chosen to accelerate our investment in the long-term growth of the business by developing new product propositions in the year and this is reflected in cost increases that are higher than we have seen in recent years.

BUSINESS PERFORMANCE

Customers

Customer numbers increased by 87,449 during the year to a total of 382,754 (FY20: 295,305). This growth has been driven by our platform propositions, in particular our D2C platform which saw a 40% increase in customer numbers to 241,045 as at 30 September 2021. In addition, our platform customer retention rate remained high at 95.0% (FY20: 95.5%).

	Year ended 30 September 2021 No.	Year ended 30 September 2020 No.
Advised platform	126,920	108,911
D2C platform	241,045	172,183
Total platform	**367,965**	**281,094**
Non-platform	14,789	14,211
Total	**382,754**	**295,305**

Assets under administration

Year ended 30 September 2021

	Advised platform £bn	D2C platform £bn	Total platform £bn	Non-platform £bn	Total £bn
As at 1 October 2020	36.3	13.4	**49.7**	6.8	**56.5**
Underlying inflows	6.3	4.6	**10.9**	0.2	**11.1**
Outflows	(2.5)	(1.4)	**(3.9)**	(0.8)	**(4.7)**
Net inflows/(outflows)	3.8	3.2	**7.0**	(0.6)	**6.4**
Market and other movements	5.7	2.9	**8.6**	1.3	**9.9**
As at 30 September 2021	45.8	19.5	**65.3**	7.5	**72.8**

Year ended 30 September 2020

	Advised platform £bn	D2C platform £bn	Total platform £bn	Non-platform £bn	Total £bn
As at 1 October 2019	33.8	11.1	**44.9**	7.4	**52.3**
Underlying inflows	4.4	3.0	**7.4**	0.1	**7.5**
Outflows	(1.6)	(0.9)	**(2.5)**	(0.8)	**(3.3)**
Net inflows/(outflows)	2.8	2.1	**4.9**	(0.7)	**4.2**
Market and other movements	(0.3)	0.2	**(0.1)**	0.1	**–**
As at 30 September 2020	36.3	13.4	**49.7**	6.8	**56.5**

We continued to see significant growth in the level of AUA inflows across both our advised and D2C platform propositions, with total net platform inflows increasing by 43% to £7.0bn, compared to £4.9bn in the previous year.

Net inflows to the advised platform of £3.8bn increased by 36% and were mostly driven by inflows from new customers. The high uptake of our RIA resulted in slightly lower average inflows per customer, which was expected as this product is aimed at customers with smaller portfolios.

D2C platform inflows increased by 52% to £3.2bn (FY20: £2.1bn) with high levels of inflows from both new and existing customers. Average inflows per customer increased for both new and existing customers, with the majority of inflows being in SIPPs and ISAs as customers focus on building long-term, tax-efficient investment portfolios.

Non-platform net outflows of £0.6bn in the year were primarily triggered by the decision to close the institutional service from 31 December 2021, which represented £2.2bn of AUA at 30 September 2021.

The strong performance across global markets contributed £9.9bn to asset values with AUA closing at £72.8bn, an overall increase of 29% in the year.

Assets under management

	Year ended 30 September 2021 £bn	Year ended 30 September 2020 £bn
Advised	1.3	0.4
D2C	0.8	0.4
Non-platform	0.1	–
Closing AUM	**2.2**	**0.8**

AJ Bell Investments has seen a significant increase in AUM across both our advised and D2C platform propositions, including a one-off platform inflow of £0.3bn and underlying net platform inflows of £0.9bn in the year (FY20: £0.5bn). Market and other movements contributed £0.2bn to asset values with AUM closing at £2.2bn. This represented an underlying increase of 143% from the previous year, excluding the one-off platform inflow in the year.

FINANCIAL PERFORMANCE

Revenue

	Year ended 30 September 2021 £000	Year ended 30 September 2020 £000
Recurring fixed	28,598	26,618
Recurring ad valorem	77,955	72,422
Transactional	39,273	27,709
Total	**145,826**	**126,749**

Revenue increased by 15% to £145.8m (FY20: £126.7m).

Recurring fixed revenue saw an increase of 7% to £28.6m (FY20: £26.6m). This was primarily driven by increased pension administration revenue from our advised platform customers.

Recurring ad valorem revenue grew by 8% to £78.0m (FY20: £72.4m). The key driver of the growth in ad valorem revenue was the increase in average AUA, which grew significantly in the year. However, the reduction in the UK base rate during the previous financial year, from 0.75% to 0.1% provided a significant headwind and caused a substantial reduction in the interest earned on customer cash balances.

Transactional revenue grew by 42% to £39.3m (FY20: £27.7m). This increase was driven by the strong growth in D2C customers, in addition to significantly elevated levels of customer dealing and a higher proportion of deals placed in international equities in the first half of the year.

Revenue margin fell by 1.7bps from 23.9bps to 22.2bps in the year, primarily caused by the reduction in the UK base rate during the previous financial year, as noted above.

Administrative expenses

	Year ended 30 September 2021 £000	Year ended 30 September 2020 £000
Distribution	11,095	10,245
Technology	25,765	20,027
Operational and support	53,115	45,646
CSR initiative	–	1,595
Total	**89,975**	**77,513**

Administrative expenses increased by 16% to £90.0m (FY20: £77.5m).

Distribution costs increased by 8% from £10.2m to £11.1m. This increase was predominately driven by the increase in headcount in our platform marketing and business development teams. We recognise the importance of investing in our brand, and while some of our planned spend was paused as a result of the pandemic, we see more opportunities to invest in this area in the future.

Technology costs increased by 29% to £25.8m (FY20: £20.0m), predominantly driven by an increase in headcount and the investment in the development of our two new simplified platform propositions, Dodl and Touch. Included in this amount is a £2.8m share-based payment charge in relation to the earn-out on the acquisition of Adalpha (see note 25).

Operational and support costs increased by 16% to £53.1m (FY20: £45.6m). Excluding the costs associated with elevated levels of customer dealing activity this year, the underlying year-on-year increase was 10% which included investment in a HR technology solution to assist in the delivery of our new hybrid working model. The increase in operational and support costs compares to a 30% increase in customer numbers and a 29% increase in AUA and demonstrates the efficiency of our business model.

Our prior year share-based payment expense included a one-off charge of £1.6m relating to the CSR initiative announced in December 2019.

Profitability and earnings

PBT rose to £55.1m (FY20: £48.6m), an increase of 13% compared with the prior year and our PBT margin remained at 38% (FY20: 38%). The increase in profitability is due to the strong growth in our customer base and AUA.

The effective rate of tax for the year was 20.4% (FY20: 20.0%), slightly higher than the standard rate of UK Corporation Tax of 19.0%, as a result of disallowable charges relating to the earn-out arrangement.

Basic earnings per share increased by 13% to 10.71p. Diluted earnings per share (DEPS) increased by 13% to 10.67p.

FINANCIAL POSITION

The Group's balance sheet remains strong, with net assets totalling £130.7m (FY20: £109.5m) at 30 September 2021 and a return on assets of 34% (FY20: 35%). We have no significant borrowings with the exception of the lease liability that arose on adoption of IFRS 16 as noted in the prior year.

Financial resources and regulatory capital position

Our financial resources are continually kept under review, incorporating comprehensive stress and scenario testing which is formally reviewed and agreed at least annually. We manage our financial resources prudently and have maintained a healthy surplus over our regulatory capital requirement throughout the year.

	Year ended 30 September 2021 £000	Year ended 30 September 2020 £000
Total shareholder funds	130,708	109,466
Less: unregulated business capital	(4,722)	(3,703)
CRD consolidation group – CET1 capital	125,986	105,763
Less: provision for dividend	(38,912)	(19,050)
Less: non-qualifying assets	(11,469)	(4,109)
Total capital resources	75,605	82,604
Less: capital requirement	(40,525)	(35,439)
Surplus capital	**35,080**	**47,165**
% of capital resource requirement held	187%	233%

Our regulatory requirement increased to £40.5m (FY20: £35.4m) which results in surplus capital of £35.1m (FY20: £47.2m). After making appropriate deductions, including our ordinary and special dividend, our total capital resources at 30 September 2021 were £75.6m (FY20: £82.6m).

Cash balances increased by 12% from £86.4m to £97.1m. Our short working capital cycle means that profits are quickly converted into cash, and we maintain sufficient financial resources to support the liquidity requirements of our growing operation.

The Investment Firm Prudential Regime (IFPR) will come into effect from 1 January 2022, focusing prudential requirements on the potential harm the firm itself can pose to consumers and markets whilst introducing a basic liquidity requirement for all investment firms. This is not expected to have a material impact on our capital requirements.

Acquisition of Adalpha

On 18 March 2021, AJ Bell plc acquired Adalpha, and is progressing well with the development of our new mobile-focused platform proposition, Touch by AJ Bell.

On acquisition, the Group recognised an intangible asset of £1.1m, relating to the development of the simplified advised platform proposition, and goodwill of £3.3m. Further details can be found within note 6.

Costs incurred in the year relate primarily to technology costs for the development of the simplified advised platform proposition. Costs capitalised as an intangible asset can be found in note 8.

Dividends

The Board has proposed a final dividend of 4.50p per share (FY20: 4.66p per share), resulting in a total ordinary dividend of 6.96p (FY20: 6.16p) and equating to a dividend pay-out ratio of 65% of statutory profit after tax.

In addition, the Board reviewed the Group's financial position at 30 September 2021, considering the payment of the ordinary dividend, planned growth of the business, subsequent investment needs and future regulatory capital and liquidity requirements and has proposed a special dividend of 5.00p per share which will take the total dividend for the year to 11.96p, an increase of 94% on the prior year.

This enhanced dividend payment reflects the financial strength of the Group, the Board's commitment to returning surplus capital to shareholders in an appropriate form and at an appropriate time and the positive outlook for the long-term prospects of the business.

Michael Summersgill
Deputy Chief Executive Officer and Chief Financial Officer
1 December 2021

The Group defines its risk appetite as representing the amount and type of risk it is prepared to seek, accept or tolerate at any point in time in the context of its business model and in the course of achieving its strategic objectives

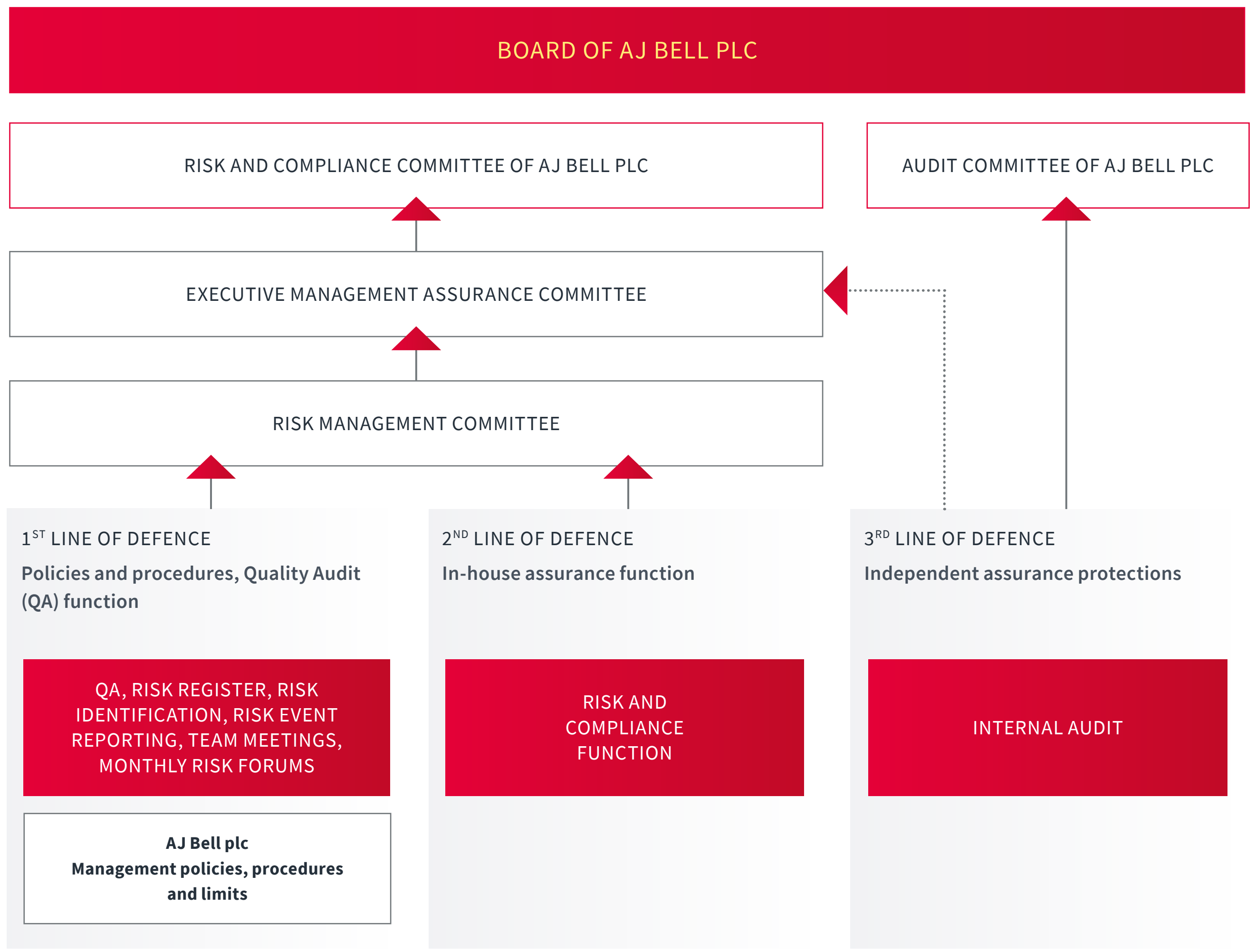
RISK MANAGEMENT FRAMEWORK

The Board is ultimately responsible for the Group's risk management framework (RMF), but has delegated certain responsibilities to the Risk and Compliance Committee (R&CC), a sub-committee of the Board. The governance framework for risk management is detailed below.

RISK APPETITE

The Group defines its risk appetite as representing the amount and type of risk it is prepared to seek, accept or tolerate at any point in time in the context of its business model and in the course of achieving its strategic objectives.

Risk appetite is integrated into the business via the Group's business planning, capital planning and the RMF. These enable the Board to set the overarching parameters for the Group's risk appetite and to monitor their performance. The process streams are illustrated below.



Principal components of AJ Bell combined assurance framework

RISK APPETITE (CONTINUED)

The objective of the Group's risk appetite framework is to ensure that the Board, EMB and senior management are properly engaged in agreeing and monitoring the Group's appetite for risk and setting acceptable boundaries for business activities and behaviours. The Group's high-level risk appetite statement provides a means of expressing senior management's attitude to risk (a top-down process) which can then be communicated throughout the Group as part of promoting a risk-aware culture (a bottom-up process). This in turn forms the basis of a framework for risk decision-making and for the allocation of risk management resources, tolerances and capital where applicable.

The Group defines its risk appetite as representing the amount and type of risk it is prepared to seek, accept or tolerate at any point in time in the context of its business model and in the course of achieving its strategic objectives.

The Group has defined a number of key statements (risk appetite statements) which detail the general approach to risk management and can be used both internally and externally as appropriate.

The Group risk management policy provides the mechanism to define our risk appetite. The Group has generally adopted an overall conservative approach to achieving controlled growth which is reflected in its risk appetite statements and in our overall approach to risk management.

RISK APPETITE CATEGORIES AND RISK APPETITE STATEMENTS

The Group's RMF is based on a defined set of risk appetite categories. These are the high-level enterprise-wide risk categories the Group manages. Each risk appetite category has a defined risk appetite statement.

Risk appetite category	Rationale	Risk appetite statement
Strategic, business or market risk.	Largely external risks that can impact the Group.	The Group is willing to accept some risk in the pursuit of its strategic goals within agreed tolerances.
Operational risk including: a) Technology b) People c) Process d) Change e) Information security and data f) Business continuity/Disaster recovery g) Financial Crime h) Conduct i) Legal/Regulatory/Litigation j) Financial control environment k) Third-party suppliers	Largely internal risks undertaken as part of the fulfilment of Group strategy.	The Group is willing to accept such operational risks in the pursuit of its strategic goals within agreed tolerances but has no appetite for unfair client outcomes or material breaches of regulations arising from systemic failures.
Credit	Specific and limited credit risks strictly within the context of the Group strategy.	The Group has a strictly limited appetite to take credit risk in the pursuit of revenue or profit.
Liquidity	Specific and limited liquidity risks strictly within the context of the Group strategy.	The Group's liquidity risk appetite is to maintain its liquidity resources in excess of its liquidity resource requirement.
Capital	Prudential risk taking capacity of the Group.	The Group's risk appetite is to maintain its capital resources in excess of the Group's ICAAP capital resource requirement.

TOP-DOWN MEASUREMENT AND REPORTING OF RISK APPETITE

The Group adopts both a quantitative and qualitative approach to measuring risks against its risk appetite, incorporating both absolute and relative measurements of risks within each of the categories.

Where the Group has assessed that it faces a significant individual risk, it seeks to set appropriate individual quantitative tolerance levels. In cases where such risks have crystallised materially in the past, the Group performs a review of the amount and distribution of past losses, or uses other techniques, and sets an appropriate tolerance level in the context of the overall risk appetite.

The Board and EMB have identified key risks that, should they crystallise, could impact the Group's ability to meet its strategic objectives. These risks are referred to as the high-impact top risks (HITR).

The Risk team collates the underlying Key Risk Indicators (KRI) mapped to the HITR and highlights any breaches of tolerances to the Chief Risk Officer (CRO) and through onwards reporting to the Risk Management Committee (RMC), Executive Management Assurance Committee (EMAC), R&CC, EMB and Board.

AMENDMENTS TO RISK APPETITE STATEMENTS

The risk appetite statements are reviewed by the EMB and R&CC and approved by the Board on an annual basis in line with the Internal Capital Adequacy Assessment Process (ICAAP) and the Group business planning process. Accordingly, the risk appetite is reviewed and updated in line with the Group's evolving strategy, operating model, financial capacity, business opportunities, regulatory constraints and any other internal or external factors.

RISK IDENTIFICATION AND ASSESSMENT OF RISKS

The Group adopts a top-down and a bottom-up approach to the identification of risks. The EMB and the Board have identified the HITR that could impact the ability of the business to meet its strategic objectives and these are reviewed, against the Group's risk appetite statements, on an ongoing basis by the RMC, EMAC and R&CC. They are also reviewed as part of the ICAAP and business planning process each year.

In addition to the HITR, the Group maintains a risk register of bottom-up risks.

RISK REPORTING

The Group adopts two methodologies for the purpose of risk reporting.

A summary of all risks recorded on the risk registers, including both quantifiable and non-quantifiable risks or uncertainties, is reported to the RMC (together with any relevant KRI) with significant changes or risks outside of appetite presented to the EMAC and R&CC. As referred to above, these risks are reported in the context of the qualitative comparison to risk appetite, and for those risks outside appetite, progress is reported as to the actions required to bring the risk back within appetite.

For significant quantifiable risks (e.g. operational losses), individual tolerance levels are set in the context of the Group's risk appetite. Actual results are reported against tolerance levels to the Risk team, the EMB and the Board on a monthly basis. In the event that tolerance levels are breached, the appropriate remedial action may be taken immediately.

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

The Board believes that there are a number of potential risks to the Group that could hinder the successful implementation of its strategy. These risks may arise from internal and external events, acts and omissions. The Board is proactive in identifying, assessing and managing all risks facing the business, including the likelihood of each risk materialising in the short or longer term.

The Group has continually reviewed its risk management and internal control systems during the pandemic, to identify any areas that required further attention or action. Whilst the level of inherent risk for some of the Group's principal risks and uncertainties has increased, the Group's controls continue to mitigate this increase in risk.

The principal risks and uncertainties facing the Group are detailed below, along with potential impacts and mitigating actions.

Risk	Potential impact	Mitigations
1 STRATEGIC RISK		
Competitor or market risk The risk that the Group fails to remain competitive in its peer group, due to lack of innovative products and services, increased competitor activity, regulatory expectations, and lack of marketing focus and spend to keep pace with competitors.	• Loss of competitive advantage, such that AUA and customer number targets are adversely impacted. This would have a negative impact on profitability. • Reputational damage as a result of underperformance and/or regulatory scrutiny.	The Group regularly reviews its products against competitors, in relation to pricing, functionality and service, and actively seeks to make enhancements where necessary to maintain or improve its competitive position in line with the Group's strategic objectives. The Group remains closely aligned with trade and industry bodies, and other policy makers across our market. The use of ongoing competitor analysis provides insight and an opportunity to adapt strategic direction in response to market conditions.
2 OPERATIONAL RISK		
Regulatory, compliance & legal risk The risk that the Group fails to comply with regulatory and legal standards.	• Regulatory censure and/or fines, including fines from the FCA and ICO. • Related negative publicity could reduce customer confidence and affect ability to generate new inflows. • Poor conduct could have a negative impact on customer outcomes, impacting the Group's ability to achieve strategic objectives.	The Group maintains a strong compliance culture geared towards positive customer outcomes and regulatory compliance. The Group performs regular horizon scanning to ensure all regulatory change is detected and highlighted to the Group for consideration. The Group maintains an open dialogue with the FCA and actively engages with them on relevant proposed regulatory change. The Compliance function is responsible for ensuring all standards of the regulatory system are being met by the Group. This is achieved by implementing policies and procedures across the business, raising awareness and developing an effective control environment through providing comprehensive training. Where appropriate, the compliance monitoring team conducts reviews to ensure a high standard of compliance has been embedded into the business.

Risk	Potential impact	Mitigations
Information security and data risk The risk of a vulnerability in the Group's infrastructure being exploited or user misuse that causes harm to service, data and/or an asset causing material business impact. Data risk is defined as the risk of the Group failing to effectively govern, manage and control its data (including data processed by third party suppliers).	• Related negative publicity could damage customer and market confidence in the business, affecting our ability to attract and retain customers. • Information security breaches could adversely impact individuals' data rights and freedoms and could result in fines/censure from regulators, such as the ICO and FCA.	The Group continually reviews its cyber security position to ensure that it protects the confidentiality, integrity and availability of its network and the data that it holds. A defence in depth approach is in place with firewalls, web gateway, email gateway and anti-virus amongst the technologies deployed. Staff awareness is seen as being a key component of the layered defences, with regular updates, training and mock phishing exercises. Our security readiness is subject to independent assessment by a penetration testing partner that considers both production systems and development activities. This is supplemented by running a programme of weekly vulnerability scans to identify configuration issues and assess the effectiveness of the software patching schedule. The Group regularly assesses its maturity against an acknowledged security framework, which includes an ongoing programme of staff training and assessment through mock security exercises. The Group monitors the adequacy of its internal data governance framework via the Data Steering Group.
Fraud and financial crime risk The risk of failure to protect the Group and its customers from all aspects of fraud and financial crime (anti-money laundering and counter terrorist financing, market abuse, fraud, cyber-crime and the facilitation of tax evasion).	• The Group may be adversely affected, including regulatory censure or enforcement, if we fail to mitigate the risk of being used to facilitate any form of financial crime. This includes money laundering and counter terrorist financing, market abuse, fraud, cyber-crime and the facilitation of tax evasion. • Loss of data or inability to maintain our systems, resulting in reputational damage through negative press exposure. • Potential customer detriment as customers are at risk of losing funds or personal data, which can subject them to further loss via other organisations. • Fraudulent activity leading to identity fraud and/or loss of customer holdings to fraudulent activity.	Extensive controls are in place to minimise the risk of financial crime. Policies and procedures, include: Mandatory financial crime training in anti-money laundering and counter terrorist financing, fraud, market abuse and the criminal finances act for all employees to aid the detection, prevention and reporting of financial crime. The Group has an extensive recruitment process in place to screen potential employees. The Group actively maintains defences against a broad range of likely attacks by global actors, bringing together tools from well-known providers, external consultancy and internal expertise to create multiple layers of defence. The latter includes intelligence shared through participation in regulatory, industry and national cyber security networks.
Third-party IT failure risk The risk that a third-party provider materially fails to deliver the contracted services.	• Loss of service from a third-party technology provider could have a negative impact on customer outcomes due to website unavailability, delays in receiving and/or processing customer transactions or interruptions to settlement and reconciliation processes. • Financial impact through increased operational losses. • Regulatory fine and/or censure.	To mitigate the risk posed by third-party software suppliers, the Group continues to build strong partnerships with key suppliers, managing relationships day-to-day under formal governance structures, and monitoring performance against documented service standards to ensure their continued commitment to service, financial stability and viability. Performance metrics are discussed monthly with documented actions for any identified improvements. This is supplemented by attendance at formal user groups with other clients of the key suppliers, sharing experience and leveraging the strength of the user base. Where relevant and appropriate, annual financial due diligence on critical IT suppliers and on-site audits are also undertaken.

Risk	Potential impact	Mitigations
IT system performance, capacity and resilience risk The risk that the design, implementation and management of applications, infrastructure and services fail to meet current and future business requirements.	• The reliance on evolving technology remains crucial to the Group's effort to develop its services and enhance products. Prolonged underinvestment in technology will affect our ability to serve our customers and meet their needs. • Failing to deliver and manage a fit-for-purpose technology platform could have an adverse impact on customer outcomes and affect our ability to attract new customers. • IT failures may lead to financial or regulatory penalties, and reputational damage.	The Group continues to implement a programme of increasing annual investment in the technology platform. This is informed by recommendations that result from regular architectural reviews of applications and of the underpinning infrastructure and services. Daily monitoring routines provide oversight of performance and capacity. Our rolling programme of both business continuity planning and testing, and single point of failure management, maintains our focus on the resilience of key systems in the event of an interruption to service.
Operational resilience risk The risk that the Group does not have an adequate operational resilience framework to prevent, adapt, respond to, recover and learn from operational disruptions.	• Failure to maintain or quickly recover operations could lead to intolerable harm to customers and the Group. • Operational resilience disruptions may lead to financial or regulatory penalties, and reputational damage.	The Group is in the process of developing a comprehensive operational resilience framework, under the direction of the Operational Resilience Committee (ORC), a sub-committee of the Executive Management Board (EMB). The Group is on track to implement the operational resilience regulatory requirements set out in the FCA policy statement (PS) 21/3, which are: • Identify important business services. • Undertake core mapping. • Set impact tolerances. • Undertake scenario testing. • Board sign-off on a self-assessment.
Operational capability risk The risk that, due to unexpectedly high volumes and or levels of change activity, the Group is unable to process work within agreed service levels and/or to an acceptable quality for a sustained period.	• A decline in the quality of work will have a financial impact through increased operational losses. • Unexpectedly high volumes coupled with staff recruitment and retention issues could lead to poor customer outcomes and reputational damage.	The Group focuses on increasing the effectiveness of its operational procedures and, through its business improvement function, aims to improve and automate more of its processes. This reduces the need for manual intervention and the potential for errors. There is an ongoing programme to train staff on multiple operational functions. Diversifying the workforce enables the business to deploy staff when high work volumes are experienced. Causes of increased volumes of work, for example competitor behaviour, are closely monitored in order to plan resource effectively. The Group maintains succession plans for key members of management and has also sought to mitigate this risk by facilitating equity ownership for senior employees through various share schemes and the development of a staff engagement strategy.
Financial control environment risk The risk that the financial control environment is weak. This includes the risk of loss to the business, or its customers, because of either the actions of an associated third-party or the misconduct of an employee.	• Reputational damage with regulators, leading to increased capital requirement. • Potential customer detriment resulting from inadequate protection of customer assets. • Increased expenditure in order to compensate customers for loss incurred.	The Group's financial control and fraud prevention policies and procedures are designed to ensure that the risk of fraudulent access to customer or corporate accounts is minimised. Anti-fraud training is provided to all members of staff who act as first line of defence to facilitate early detection of potentially fraudulent activity. Strong technology controls are in place to identify potential money laundering activity or market abuse.

Risk	Potential impact	Mitigations
Retail conflicts/conduct risk The risk that the fair treatment of customers is not central to the Group's corporate culture.	• Poor conduct could have a negative effect on customer outcomes, impacting the growth of our business. • Reputational damage resulting from poor levels of customer service. • Additional regulatory scrutiny and financial loss.	The Group's customer focus is founded on our guiding principles, which drive the culture of the business and ensure customers remain at the heart of everything we do. Training on the importance and awareness of the delivery of good customer outcomes is provided to all staff on a regular basis. The Group continues to focus on enhancements to its risk management framework, in relation to the identification, monitoring and mitigation of risks of poor customer outcomes, and to its product management process to reduce the potential for customer detriment. All developments are assessed for potential poor customer outcomes, and mitigating actions are delivered alongside the developments as appropriate.
Investment risk Risk of failures surrounding the investment activities carried out by AJ Bell Investments (AJBI). The risks specific to the AJBI entity include operational, reputational and conduct risks.	• Outflows or loss of assets under management as a result of underperformance or reputational damage. • Compensation required to cover operational losses, such as trading errors. • Potential customer detriment resulting from inadequate governance arrangements.	The Group maintains robust Investment Governance arrangements for decision-making in relation to the AJBI products and services. The performance of AJBI products and services are monitored on an ongoing basis for alignment with customer expectations and mandates, including through dedicated committees and by an independent Risk function. Operational risks are reviewed and monitored through AJBI's Department Risk Committee. Any trading undertaken on the AJ Bell Funds is subject to a number of internal controls to minimise the risk of any operational losses.
3 FINANCIAL RISK		
Economic and capital markets fluctuation risk The risk that a significant and prolonged capital market or economic downturn has an adverse effect on customer confidence, asset values and interest rates.	• Adverse effect on customer transactional activity or ad valorem fees generated from assets under administration from which the Group derives revenue. Sensitivities for interest rate and market movements are shown in note 26 to the consolidated financial statements.	The Group's products are targeted at UK residents. We do not do business in any other countries and have relatively few customers outside the UK. However, in the event that the economy falls back into a prolonged recession, this may impact contribution levels and confidence generally in the savings and investment markets. The Directors believe that the Group's overall income levels and in particular the balance between the different types of assets and transactions from which that income is derived, provide a robust defensive position against a sustained economic downturn. Revenue from retained interest income is derived from the pooling of customer cash balances. 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 interest rate fluctuations and capital market fluctuations.

Risk	Potential impact	Mitigations
Counterparty credit risk The risk of potential failure of clients, market counterparties or banks used by the Group to fulfil contractual obligations.	• Unintended market exposure. • Customer detriment. • Increased future capital requirements.	The Group's credit risk extends principally to its financial assets, cash balances held with banks and trade and other receivables. The Group carries out initial and ongoing due diligence on the market counterparties and banks that it uses, and regularly monitors the level of exposure. The Group holds an appropriate amount of capital against the materialisation of this risk. The Group continues to diversify across a range of approved banking counterparties, reducing the concentration of credit risk as exposure is spread over a larger number of counterparties. The banks currently used by the Group are detailed in note 26 to the consolidated financial statements. With regard to trade receivables, the Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken. This has minimised credit risk in this area. The Group will maintain its existing strategy of diversification to ensure acceptable exposure across a wide range of well-capitalised banks with appropriate credit ratings. It will continue to regularly monitor its level of exposure and to assess the financial strength of its banking counterparties.
Liquidity risk The risk that the Group suffers significant settlement default or otherwise suffers major liquidity problems or issues of liquidity deficiency which severely impact on the Group's reputation in the markets. The risk that the Group does not have available readily realisable financial resources to enable it to meet its obligations as they fall due or can only secure such resources at excessive cost.	• Reputational damage. • Potential customer detriment. • Financial loss. • Unable to meet obligations as they fall due.	The Group has robust systems and controls and monitors all legal entities to ensure they have sufficient funds to meet their liabilities as they fall due. The Group continues to monitor trade settlement on both an intra-day and daily basis. The Group continues to be a highly cash-generative business and to maintain sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Board has assessed the viability of the Group, considering a four-year period to September 2025. The Board considers a four-year horizon to be an appropriate period to assess the Group's strategy and its capital requirements, considering the investment needs of the business and the potential risks that could impact the Group's ability to meet its strategic objectives.

This assessment has been made considering the Group's financial position and regulatory capital and liquidity requirements in the context of its business model, strategy and four-year financial forecasts and in consideration of the principal risks and uncertainties, as detailed in the Strategic report on pages 50 to 54. The principal risks and uncertainties are those that may adversely impact the Group based on its business model and strategy and are derived from both the Group's business activities and the wider macroeconomic environment in which the Group operates but does not control.

As an FCA-regulated entity, a continual assessment is undertaken by the Group to identify and quantify its principal risks and uncertainties through the ICAAP; a process that uses a combination of techniques including stress-testing and scenarios to consider severe but plausible events to determine the capital and liquidity requirements for the Group. The estimated capital and liquidity requirements from the crystallisation of risks arising from the Group's business activities are assessed and compared with the rules based quantitative requirements from the new prudential regime to inform the Group's regulatory requirements for the next 12 months. The estimated capital required for the crystallisation of risks arising from the wider macroeconomic environment is used to determine if the Group is able to maintain sufficient financial resources over its regulatory capital and liquidity requirements over the four-year assessment period.

The Board approved four-year financial forecast assumes the business continues to grow customer numbers and AUA through investment in our brand, product propositions, technology and people. It is assumed that the Bank of England base interest rate remains flat at 0.10% during the financial forecasts and there are no significant market movements in underlying asset values based on the position at the point the projections were approved by the Board.

The Board has considered the potential impact of three stress test scenarios, which cumulatively represent a severe, remote but plausible scenario:

1) **Macroeconomic** *(Economic and capital markets fluctuation risk)* – a significant reduction in equity market values, modelled on the 2008-09 global financial crisis. Asset values fall by 47% in year 1, recovering to 32% below the level they were prior to the fall in year 2, and remain flat in years 3 and 4.

2) **Macroeconomic** *(Economic and capital markets fluctuation risk)* – Bank of England base interest rate reduced from 0.10% to -0.10% throughout the assessment period.

3) **Idiosyncratic** *(IT system performance, capacity and resilience risk, Third-party IT failure risk)* – prolonged IT issues with key operating software suppliers cause significant damage to AJ Bell's service and reputation; which results in a reduction in customers. Following year 1 the Group incurs development and license costs to upgrade or replace key components of the platform software, with service levels and net inflows returning to normal in year 3.

The Board would consider raising prices as a possible management action that could be taken in the event that the modelled scenarios crystallise. The Board considers this approach reasonable in light of the industry-wide impact of the scenario, and the firm's profitability and price positioning relative to its competitors.

The results have confirmed that the Group would be able to withstand the adverse financial impact of these three scenarios occurring simultaneously over the four-year assessment period. This assumes that dividends are paid in line with the recommendation made in the 30 September 2021 annual report and with the Group dividend policy on a forward-looking basis. During the period, the Group continues to retain surplus financial resources over and above its regulatory capital and liquidity requirements, with or without any management remediation actions.

The Group's strategy and four-year financial forecasts were approved by the Board in September 2021. The Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period ending September 2025.

The Strategic report was approved by the Board of Directors and signed on its behalf by:

Andy Bell
Chief Executive Officer
1 December 2021

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LES PLATTS
CHAIRMAN

"Our strong corporate governance structure has served the business well during our journey to becoming a FTSE 250 company, especially during the pandemic. Our focus is now on building on those strong foundations to further enhance our governance as we embark on the next phase of our growth as a listed company. We aim to continue to deliver long-term value for our shareholders and satisfy increasing stakeholder demands and expectations."

DEAR SHAREHOLDER

I am pleased to introduce our Corporate Governance report which gives an overview of the governance structure and the oversight which has been maintained by the Board during the financial year which ended on 30 September 2021. This will be my last report as Chair because, as previously reported, it is my intention to step down from the Board at the 2022 AGM.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

I am pleased to report that, having considered the provisions of the UK Corporate Governance Code 2018 (the '2018 Code'), the Board is satisfied that we have complied with the 2018 Code throughout the financial period which ended on 30 September 2021, except as a consequence of my remaining in office for more than nine years from the date of first appointment to the Board. As explained below, I will be stepping down from the Board at the 2022 AGM, when Helena Morrissey will be put forward as my successor.

The UK Corporate Governance Code 2018 is available on the Financial Reporting Council website at www.frc.org.uk. Details of how we have applied the main principles of the 2018 Code and further information can be found on page 66.

BOARD, COMMITTEE AND EMB CHANGES

Our Board succession plans bore fruit during the year, initially with the appointments of Baroness Helena Morrissey and Evelyn Bourke, who both joined the Board as Non-Executive Directors on 1 July 2021, with Helena being my designated successor as Chair, subject to the approval of shareholders at the AGM. Then, subsequently, Margaret Hassall was appointed as an additional Non-Executive Director with effect from 1 September 2021. I would like to take this opportunity to formally welcome them all to the Board.

In order to further strengthen the Board at executive level, with effect from 1 October 2021 our Chief Financial Officer, Michael Summersgill, was appointed as Deputy Chief Executive Officer, and Roger Stott, our Group Finance Director, joined the Board as Chief Operating Officer. Roger has gained detailed knowledge of the business from the wide range of roles which he has performed during the 13 years he has been with us. In order to facilitate those changes, we also announced the planned external recruitment of a new Chief Financial Officer.

Following the above changes, the Board comprised myself as Chair, six Non-Executive Directors, all of whom were considered to be independent, and three Executive Directors. It is pleasing to see we have achieved 40% female representation on the Board, which exceeds the Hampton-Alexander Review recommendation for at least one-third of the Board to be female. Since then, Laura Carstensen, our Senior Independent Director and the Chair of our Remuneration Committee, has decided not to seek re-election at the AGM, but we will still meet that requirement after that change, with 37.5% female representation. As recently announced, the intention is for Evelyn Bourke to become our Senior Independent Director and Margaret Hassall the Chair of the Remuneration Committee, with effect from the end of the 2022 AGM.

As a Board we are conscious of the benefits that wider diversity brings and that we still do not have a member who is ethnically diverse, as required to meet the Parker Review recommendation for all FTSE 250 companies by the end of 2024. Details of the action planned by the Nomination Committee to address that recommendation are set out in the Nomination Committee report on page 77.

The increase in the size of the Board, has also allowed us to diversify the membership of our Nomination Committee, Remuneration Committee, Audit Committee and Risk and Compliance Committee. I believe this will further strengthen our corporate governance framework with an additional level of independent, non-executive challenge. The revised structure will also ensure the right level of work is delegated to each Committee, allowing the Board to focus on key strategic issues. Further details of those changes are set out in the individual Committee reports set out later in this report.

In addition, at executive management level, Fergus Lyons, the AJ Bell Investcentre Managing Director, stepped down from his role with effect from 30 September 2021, after 21 years with the business, and was replaced by an internal candidate, Billy Mackay, our AJ Bell Investcentre Marketing Director. Billy, who has been with us for 13 years, has detailed knowledge of our AJ Bell Investcentre product and the advised platform investment market, and so was ideally placed to take on that role.

Further changes were also made to strengthen the executive management team and in September 2021, an external recruit, Karen Goodman, joined us as Chief Risk Officer and a member of the EMB. We also made two further internal promotions, with Liz Carrington, our HR Director, and Kevin Doran, our AJ Bell Investments Managing Director, joining the EMB with effect from 1 October 2021. Following the above changes, 20% of the members of the EMB were female and two members were ethnically diverse. As a Board we are conscious of the need to do more to increase the diversity of our senior management team and details of the action planned by the Nomination Committee to address that issue as a part of our succession planning are set out in the Nomination Committee report on page 77.

I would like to take this opportunity to thank Fergus for the huge contribution which he has made during his time with the business and to welcome Billy, Karen, Liz and Kevin to their new roles.

Further details of the work of the Nomination Committee in relation to the above changes and the recruitment processes which were followed are set out in the Nomination Committee report on pages 76 to 77.

BOARD EFFECTIVENESS

This year, our Board performance evaluation was undertaken by an independent external consultant Steve Wizgell of Praesta Partners LLP. This was the first time that we had commissioned an externally facilitated evaluation in accordance with the 2018 Code requirement for a FTSE 350 company to have one at least every three years. The review looked at board effectiveness through the lens of good practice as represented by the UK Code, other relevant codes and that followed by other organisations. The review involved the observation of virtual Board and Committee meetings, the review of Board and Committee papers and the completion of questionnaires by, and individual interviews with, each member of the Board and certain other members of our senior management team. The draft findings were discussed with me, as Chair and then presented to the Board at our July meeting. Overall, the outcome of the review was very positive, although we acknowledge there are always things that can be done differently and room for ongoing improvement. The Board has put in place an action plan which is designed to ensure that both the Board and its Committees continue to perform effectively as the business continues to grow. Further details of the evaluation are set out in the Nomination Committee report on pages 77 to 78.

OUR PEOPLE

The extent to which the Board was able to engage with our people during the year was impacted by the COVID restrictions, which prevented us as a Board from making physical office visits during the year, and also reduced the extent to which individual Non-Executive Directors could visit our offices. We are conscious of the need for the new members of the Board to introduce themselves to, and for the existing members to re-engage with, our people during the coming year. Engagement with our people is invaluable for providing insight into the operation and culture of the business and we look forward to reinstating a programme of events over the coming months.

One key area of focus during our annual business planning process this year was building on the success of the hybrid working model which we introduced in response to COVID. Under those hybrid arrangements, whilst the vast majority of our people have been working from home, a significant number, who perform essential tasks which cannot be done remotely, have continued to work in the office in order to meet our customers' needs. The aim of our 'future of work' project undertaken during the year, was to find longer-term working arrangements which enable us to realise a number of the potential benefits of hybrid working both for the business and our people. To help inform that work, our HR team held discussions with managers and senior leaders across the business and we also engaged regularly with our wider workforce, using various communication channels, including updates posted on our staff intranet, leadership videos and our CEO town hall talks. Further details are set out on pages 34 and 35.

Our Employee Voice Forum, which was established for the purpose of enabling our people to provide feedback directly to the Board and EMB on strategic business and stakeholder issues, only met once during the year due to the impact of COVID restrictions. The meeting, which comprised a range of representatives from different parts of the business, focused on health and wellbeing. The meeting was chaired by our nominated employee engagement director, Laura Carstensen. Following the meeting nominated members of the forum presented their findings to both the Board and EMB. Further details are set out on pages 35 and 36. Helena Morrissey will replace Laura as our nominated employee engagement director with effect from the end of the 2022 AGM.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

One other key area of focus during our annual business planning process this year was on how we can further embed ESG into our wider business strategy. During the course of that process we considered the need to establish additional governance arrangements, how we could set and measure ESG related objectives for remuneration purposes and how we should in future report on the wide range of ESG related activities that we undertake. For details on the outcome of that work, and the ESG activities that we undertook during the year, please refer to pages 30 to 41.

ACQUISITION OF ADALPHA

One of the key decisions made by the Board during the year was in relation to the approval of the acquisition of Adalpha. The acquisition, which was our first as a listed company, was clearly aligned with our purpose, of helping people to invest, as the simplified mobile focused platform proposition which Adalpha is developing for financial advisers, will complement our existing adviser proposition, AJ Bell Investcentre, and help us to attract a new generation of investors. This in turn will support our long-term growth strategy.

Notwithstanding that acquisition, our focus remains on organic growth, but as previously indicated, we will consider suitable acquisition opportunities as and when they arise, if we believe they will support the delivery of our long-term strategy.

Further details of the acquisition and the related governance process are set out on pages 28 and 29.

CONCLUSION

As indicated above, Laura Carstensen has decided not to seek re-election at the 2022 AGM. Laura has made an invaluable contribution in supporting our transition from being a private company to a FTSE 250 listed company since she joined the Board in early 2018. I would like to thank Laura on behalf of the Board for that contribution and wish her well for the future.

On a personal note, my main focus during the first half of FY22 will be on the handover of my responsibilities to Helena, who I am sure will prove to be a more than capable successor, so I will do so fully confident about both Helena's and AJ Bell's future success. I have immensely enjoyed the time I have spent at AJ Bell, including my time as Chair. The success which the business has achieved during my tenure has been driven by a strong and well-embedded culture, a clearly established purpose, principles and long-term strategy, and the support of a highly engaged workforce led by an entrepreneurial management team. This bodes well for the future success of AJ Bell.

Further details of how the Board has discharged its corporate governance responsibilities during the year are set out elsewhere in this report.

Les Platts
Chairman
1 December 2021

Welcoming our new Board members

SELECTION PROCESS

During the year, we welcomed Baroness Helena Morrissey, Evelyn Bourke and Margaret Hassall to the Board. The Group has a formal, rigorous and transparent selection process for the appointment of new Directors. The Nomination Committee is responsible for identifying and nominating all Board candidates. The recruitment process involved a formal assessment of the independence of the candidate as well as an evaluation of their experience, knowledge and diversity to ensure the correct balance is maintained.

LEARN MORE ABOUT OUR SELECTION PROCESS
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INDUCTION AND ON BOARDING

All Directors undertake a comprehensive formal induction programme when they are appointed to the Board, which involves meetings with the Chair, Executive Directors and other members of the senior management team, the provision of background reading and access to our electronic meeting system in respect of certain past Board and Committee meetings.

In addition, this year, given the time lag between the announcement of their appointments and them taking up office, both Helena Morrissey and Evelyn Bourke attended a number of Board and Committee meetings by invitation as observers as part of their induction process before they joined the Board.

Further information on both the selection process and induction programmes for Helena, Evelyn and Margaret can be found on page 76.

LEARN MORE ABOUT OUR INDUCTION AND ON BOARDING
p73

LES PLATTS
CHAIRMAN

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Appointment date

September 2008

Skills and expertise

Les, who is a Chartered Accountant, joined the Board as an independent Non-Executive Director in September 2008 and was appointed Chairman in January 2014. He had a 33 year executive career with Deloitte LLP where he was an audit partner, the practice senior partner in the North East and a UK board member. His clients included FTSE 100 and FTSE 250 companies in a range of sectors, and he advised on strategic, financial, governance and risk matters.

Les was influential in the development of listed plc level corporate governance policies and procedures at AJ Bell whilst it was still a private company. As Chairman, he ensures that the Board operates effectively and that there is both a constructive relationship with, and appropriate challenge to, the executive team. He believes that governance works best when the interests of all stakeholders are considered in strategy development and major decisions.

In addition to his work at AJ Bell, Les was a director and vice chairman of Leeds Building Society until December 2018 and is the honorary treasurer of Lancashire County Cricket Club. Les was appointed as acting chair of Lancashire County Cricket Club during the year and stepped down from the role on 9 November 2020.

The 2018 Corporate Governance Code, which applied to AJ Bell with effect from 1 October 2019, provides that the chairman should not remain in post beyond nine years from their first appointment to the Board. This matter is addressed on pages 76 and 77.

ANDY BELL
CHIEF EXECUTIVE OFFICER

D

Appointment date

co-founded AJ Bell in 1995

Skills and expertise

Andy co-founded AJ Bell in 1995, after having spent a number of years working within the financial services sector. Having graduated from Nottingham University in 1987 with a first-class degree in mathematics, he qualified as a Fellow of the Institute of Actuaries in 1993 and has built AJ Bell into one of the UK's largest online investment platforms.

Andy's early career shaped his thinking about the importance of developing propositions that truly meet customer needs, spending much of his time working closely with customers and their financial advisers. His involvement in the pricing of insurance and long-term savings products informed his view that value for money is a key ingredient of any financial services proposition.

As AJ Bell has grown, Andy's focus has gravitated to developing strategy, managing the business and crucially, ensuring that AJ Bell's primary purpose, vision and culture are engrained in the business.

Andy believes that a strong and effective governance framework is one of the most important foundations on which to successfully grow a business. This approach to governance has stood the test of time as AJ Bell has grown from being a small enterprise to a FTSE 250 listed company.

Andy wrote The DIY Investor, which is now in its third edition and set up a charitable trust, the AJ Bell Trust in 2011.

MICHAEL SUMMERSGILL
DEPUTY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

D

Appointment date

May 2011

Skills and expertise

As Deputy CEO, Michael's primary focus is the development, agreement and execution of the Group's strategy. Michael is responsible for ensuring the Group has the optimal organisational structure and for overseeing the delivery of key change initiatives.

Until a new CFO is in place, Michael will also maintain responsibility for the financial management of the business and leading engagement with the Group's key shareholders.

Michael joined AJ Bell in 2007 and was appointed as Chief Financial Officer in 2011. Michael studied economics at the University of Sheffield, completed the Transition to General Management programme at INSEAD business school and is a Fellow of the Association of Chartered Certified Accountants.

LAURA CARSTENSEN
SENIOR INDEPENDENT DIRECTOR

N R A

Appointment date

March 2018

Skills and expertise

Laura became a Non-Executive Director of AJ Bell in March 2018 and was appointed as Senior Independent Director in April 2018.

Laura had been an equity partner in Slaughter and May, a leading City law firm, until 2004 and has since held numerous national level public appointments and gained boardroom experience as a Non-Executive Director and Chair of both listed and private companies. Currently she is chair of AIM-listed financial services business, Appreciate Group plc, formerly Park Group plc.

Previous roles have included serving as a non-executive director and chair of the values and ethics committee of The Co-operative Bank plc, as deputy chair of the Competition Commission (now Competition and Markets Authority) and as a Commissioner of the Equality & Human Rights Commission.

This diversity of experience – spanning the City, the public sector and corporate boardrooms – has provided an unusually rich mix of experience, approaches and networks.

Laura is adept at developing strategy in complex operating environments and has developed particular expertise in relation to values-driven branding, strategic external engagement and business-embedded corporate social responsibility, all of which provides valuable insights.

Other appointments

- Non-Executive Director of Appreciate Group plc

Key

- N Nomination Committee
- A Audit Committee
- D Disclosure Committee
- R Remuneration Committee
- C Risk and Compliance Committee
- Committee Chair

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SIMON TURNER
NON-EXECUTIVE DIRECTOR

R C

Appointment date

July 2014

Skills and expertise

Simon has impressive broad experience, initially as a senior executive and, subsequently, for 18 years as a non-executive director.

In his executive career, Simon was the Managing Director of Philips Consumer Electronics in the UK and group Managing Director at Dixons Retail for over ten years with wide responsibility in the UK and Europe. These roles have given him strong insights into process change resulting in, not just lower costs, but a much-improved customer experience, and given him a passion for improving customer service.

As a non-executive director, he has previously served on the boards of Yorkshire Building Society, where he chaired the remuneration committee, and Allied Irish Bank UK, where he was deputy chair of the risk committee. Simon also served on the audit committee of both boards. This gave him strong insights into all governance issues within the financial services sector. Although not a risk specialist by training, Simon has strong insights into risk and risk governance.

He has also served on the boards of several international internet businesses which has added to his knowledge of both online and traditional marketing and customer communications.

This, combined with his extensive management experience, means that Simon contributes widely to AJ Bell, with a particular focus on digital marketing, IT change and strategy.

Other appointments

- Trustee of Cambridge Dial A Ride Ltd

EAMONN FLANAGAN
NON-EXECUTIVE DIRECTOR

A R D

Appointment date

March 2018

Skills and expertise

Eamonn is a Fellow of the Institute of Actuaries, having qualified at Royal Insurance before moving to a leading investment bank where he was latterly appointed Director and Head of European Insurance. He then co-founded Shore Capital Markets, a well-respected investment bank, where he was appointed as Director.

As an analyst, Eamonn gained considerable experience analysing the business and financial models of companies across Financial Services. This period provided Eamonn with the opportunity to observe how financial services companies responded to changes in regulation, market conditions and strategic focus whilst also delivering strong customer outcomes.

This experience has proven to be invaluable in his roles as Non-Executive Director of AJ Bell, whose Board he joined in March 2018, and as Chair of both the Audit Committee and the Disclosure Committee.

Other appointments

- Non-Executive Director of Randall & Quilter Investment Holdings Ltd
- Non-Executive Director of Chesnara plc, Movestic Livforsakring AB and Countrywide Assured plc

HELENA MORRISSEY
CHAIR DESIGNATE

N C

Appointment date

July 2021

Skills and expertise

Helena is currently Lead Non-executive Director for the Foreign, Commonwealth and Development Office, reporting to the Foreign Secretary and has recently stepped down as Non-Executive Director at St James's Place plc.

Helena is also currently a director of Diversity Project (IM) CIC, a charitable cross-company initiative which champions a more inclusive culture within the Savings and Investment profession.

Previously Helena was Head of Personal Investing at Legal & General Investment Management and prior to that was Chief Executive at Newton Investment Management for 15 years.

In 2010 Helena founded the 30% Club and has played a leading role in improving diversity on the boards of 'UK plc'.

Other appointments

- Lead Non-Executive Director for the Foreign, Commonwealth and Development Office
- Chair of Diversity Project (IM) CIC

EVELYN BOURKE
NON-EXECUTIVE DIRECTOR

A C

Appointment date

July 2021

Skills and expertise

Evelyn is a qualified actuary and has a MBA from London Business School. Before beginning her non-executive career, Evelyn was Bupa's Group Chief Executive Officer from 2016 to 2020, having been the Chief Financial Officer of Bupa since 2012.

Evelyn has held several other previous senior roles, including Chief Commercial Officer at Friends Life UK's Heritage division and Chief Financial Officer at Friends Provident.

Other appointments

- Non-Executive Director of Marks and Spencer Group
- Non-Executive Director of Bank of Ireland Group plc, and Chair of Audit Committee
- Non-Executive Director of Admiral Group plc, and Chair of Remuneration Committee
- Trustee of The Ireland Fund of Great Britain

MARGARET HASSALL
NON-EXECUTIVE DIRECTOR

R A

Appointment date

September 2021

Skills and expertise

Margaret is an experienced Non-Executive Director in the financial services industry and brings a broad range of experience developed across different industry sectors, including financial services manufacturing and utilities.

Margaret spent seven years working for Deloitte as a consultant and led the financial services consulting business for Charteris.

Margaret has also been engaged as Chief Operations Officer or Chief Information Officer for divisions within some of the world's largest banks, including Bank of America Merrill Lynch, Barclays and Royal Bank of Scotland, and is a former non-executive director of FTSE 250 listed One Saving Bank (OSB) plc and AIM listed Nucleus Financial Group plc.

Other appointments

- Non-Executive Director of Tandem Bank Limited and Tandem Money Limited
- Non-Executive Director of the Phoenix life companies.

Key

- N Nomination Committee
- A Audit Committee
- D Disclosure Committee
- R Remuneration Committee
- C Risk and Compliance Committee
- Committee Chair

BOARD MEMBERS APPOINTED AFTER THE YEAR-END:

Roger Stott – Chief Operating Officer was appointed to the Board on 1 October 2021

The management expertise and experience of each of the members of the Executive Management Board, other than the Chief Executive Officer, Andy Bell and the Deputy Chief Executive Officer and Chief Financial Officer, Michael Summersgill, is set out below:

FERGUS LYONS
MANAGING DIRECTOR, AJ BELL INVESTCENTRE

Skills and expertise

Fergus worked at Bank of Ireland for over 20 years before joining AJ Bell in September 2000. Since then he has worked in many areas of the business, including Commercial, Operations and Technology Services, and is currently the Managing Director of AJ Bell Investcentre. Fergus is also responsible for AJ Bell's investment and Platinum SIPP and SSAS products.

His experience at AJ Bell and before has led to a strong belief in the power of focus on exceptional customer service – he believes in truly putting the customer at the heart of what AJ Bell does.

He also brings a deep understanding of the UK advised platform market and plays a key hands-on role in developing and maintaining key adviser relationships.

CHARLES GALBRAITH
MANAGING DIRECTOR, AJ BELL YOUINVEST

Skills and expertise

Charles has over 30 years' experience in stockbroking and investment platform businesses in both the retail and institutional arenas. Before joining AJ Bell, he held a range of advisory, marketing and operational roles in various City stockbroking firms and was the managing director of Lloyds Bank Stockbrokers Limited, which included responsibility for the bank's retail stocks and shares ISA business.

He joined AJ Bell in 2007, when the business he was running as Managing Director, Lawshare (now AJ Bell Securities), was acquired by AJ Bell. Following the full integration of the stockbroking business within AJ Bell, Charles's primary focus in his current role as the Managing Director of AJ Bell Youinvest has been on developing the scope and size of the Group's D2C retail opportunity.

He is also responsible for AJ Bell Media and from 1 October 2021, AJ Bell Investments.

He brings deep experience of the UK investment platform market, customer requirements and business opportunities within a regulated environment.

MO TAGARI
CHIEF TECHNOLOGY OFFICER

Skills and expertise

Mo has 20 years of global industry experience, predominantly within large investment banks in London, Mumbai, Hong Kong and Singapore.

Mo brings hands on and in-depth technical experience within the financial services sector including building and sustaining large global, diverse teams driving digital, engineering and cultural transformation across multiple business lines.

Mo started his career in Cambridge at EMBL-EBI, leveraging his BSc in Genetics and MSc in Software Engineering. Mo moved into financial services in 2004 at Morgan Stanley London, building out platforms for a global operations user base within Prime Brokerage which led to opportunities in Mumbai and Hong Kong where he built out and managed the Securities Lending platform.
He subsequently moved to Singapore as the APAC Head of Equity Finance and Synthetics IT at Barclays Capital, before returning to Hong Kong as the Head of APAC Prime Brokerage Technology. Immediately prior to joining AJ Bell, Mo served as Asia CTO for Wealth Management at JP Morgan Hong Kong.

EMB MEMBERS WHO SERVED IN THE YEAR:

Louis Petherick – Chief Risk Officer to 2021

Louis was appointed to the EMB on 1 July 2017 and stepped down on 25 June 2021

EMB MEMBERS APPOINTED AFTER THE YEAR END:

Billy Mackay – Managing Director of AJ Bell Investcentre

Liz Carrington – HR Director

Kevin Doran – Managing Director of AJ Bell Investments

Billy, Liz and Kevin were all appointed to the EMB on 1 October 2021

ROGER STOTT
CHIEF OPERATING OFFICER (PREVIOUSLY GROUP FINANCE DIRECTOR)

Skills and expertise

Roger joined AJ Bell in July 2008, having qualified as a Chartered Accountant with KPMG in 1990 and then moved on to hold a number of senior in-house finance roles.

Roger has extensive experience within the financial services sector as a result of having specialised in retail stockbroking for over twenty years with a number of firms.

During his time at AJ Bell he has held a wide range of roles, including Group Finance Director and Chief Risk Officer.

He was appointed to his current role as Chief Operating Officer in October 2021. This includes responsibility for maintaining the excellence and resiliency of AJ Bell's operations incorporating Customer Services, Operations and HR together with delivery of related key projects and resolution of technical issues in support of the Group's strategy.

He is also responsible for the management of AJ Bell's white label third party SIPP relationships.

He brings an in-depth knowledge of the operational and financial activities of the business and its risk management and related governance practices.

KAREN GOODMAN
CHIEF RISK OFFICER

Skills and expertise

Karen is an experienced financial services leader, with diverse and varied experience of establishing and developing second and third line of defence activities.

Karen's comprehensive knowledge of the financial services regulatory environment was initially gained through Financial Services Authority roles in conduct risk, retail banking related thematic projects, and the relationship supervision of a portfolio of investment management firms.

This was then complemented by time spent leading a regulatory assurance team at PwC in Manchester, where she supported organisations to mature and develop their compliance and risk capabilities.

More recently, Karen has spent 5 years at Yorkshire Building Society, initially as head of the Compliance Monitoring function and then as Director of Compliance, roles which included holding the money laundering reporting and data protection officer responsibilities.

Karen adopts a practical approach and applies her energy and enthusiasm to engage and influence key stakeholders and maintain a customer centric outlook which provides the best outcomes for both customers and the business.

BRUCE ROBINSON
GROUP LEGAL SERVICES DIRECTOR AND COMPANY SECRETARY

Skills and expertise

Bruce joined AJ Bell in October 2012 as Group Legal Services Director and Company Secretary, having previously acted as one of AJ Bell's external legal advisers for around ten years. Before joining AJ Bell, Bruce spent 20 years in private practice as a corporate and commercial lawyer, initially with Mace & Jones, and then following their merger in 2011, with Weightmans LLP.

Bruce specialised in private company mergers and acquisitions, group reorganisations, joint ventures, share option schemes and shareholder investment and collaboration agreements. During his time in private practice Bruce developed a broad range of corporate and commercial legal knowledge, including company law and constitutions, as well as specific knowledge of the corporate and commercial aspects of the AJ Bell business. This included advising on the reorganisation of the business which resulted in the establishment of what is now AJ Bell plc as the holding company of the group in 2004, the acquisition of AJ Bell Securities Limited in 2007 and the establishment of the Group's initial share incentive schemes.

Whilst at AJ Bell he has developed a more in-depth knowledge of the business, including its internal corporate governance structures, so is well placed to advise the Board on governance related matters.

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Audit, risk and internal control Overview of the framework for oversight of the Group's financial reporting and risk management and internal controls together with the reports from the Audit Committee and Risk and Compliance Committee on the work undertaken during the year.	page 74
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BOARD LEADERSHIP AND COMPANY PURPOSE

An effective Board

The role of the Board is to provide effective and entrepreneurial leadership of the Group for the purposes of promoting long-term sustainable success, generating value for shareholders and contributing to wider society.

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of AJ Bell's business, strategy and development.
The Board is also responsible for ensuring the maintenance of a robust system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of the systems in place, as well as for the approval of any changes to the capital, corporate and management structure of the Group. The Board is collectively responsible to shareholders for protecting their interests and promoting the long-term sustainable success of the business.

At the heart of our business is a clear and succinct purpose, we help people to invest. We want to make investing as easy as possible for our customers and their advisers to enable our customers to realise their financial goals. The underlying values of our business are set out in our guiding principles, which inform everything we do. Our strategic drivers are the critical components that determine the success of our strategy. They are: our customers, our people, our technology, growth and finance and assurance. Our purpose, guiding principles and strategy all define and shape our culture.

The Board reviews strategy annually during a dedicated business planning process with a view to promoting the long-term success of the Group. During the course of that business planning process, the Board reviews our purpose and guiding principles and is required to satisfy itself that they are aligned with our culture. In order to monitor our culture on an ongoing basis, we introduced a culture dashboard in 2020, which identified the core characteristics of our culture and created a benchmark for the purpose of enabling the Board to monitor future changes.
The dashboard, which was presented to the Board twice this year, was refined during the year to incorporate more details of trends and include a separate workforce section which provides a snapshot of staff demographics, including diversity, pay and reward. During the year the measure for reasons for leaving provided via exit interviews exceeded our set tolerance level, and a dedicated salary benchmarking exercise was undertaken on certain areas of the business which resulted in a number of changes being made.

The Board oversees the setting of objectives for the members of the EMB which are aligned with the Group's high-level strategy and long-term vision and monitors progress with their delivery at Board meetings during the course of the year.

There are certain powers and financial limits sitting alongside those powers, which are reserved to the Board because their exercise is considered to be of overriding importance and significance to the Group. Those reserved powers, details of which are set out on the website at www.ajbell.co.uk, are reviewed each year by the Board.

Although a wide range of the Board's powers and authorities are delegated to the CEO, the Board retains ultimate responsibility and authority for their exercise. Each member of the Board acts in a way which they consider to be in the best long-term interests of the Group and in compliance with their duties under sections 170 to 177 of the Companies Act 2006.

All of the members of the Board are expected to attend all meetings of the Board, the Board Committees on which they serve and the AGM, either in person or remotely. If any member of the Board is not able to attend a meeting, they are given the opportunity to provide feedback on the matters under consideration via the Chair of the relevant body in advance of the meeting. They are also expected to devote such time to the affairs of the Group as is necessary to enable them to perform their duties as Directors. The Company Secretary attends all meetings as secretary to the Board.
Other members of the senior management team, external advisers and key suppliers are also invited to attend Board meetings to present items of business and provide insight into strategic issues and relationships. This also gives the Board the opportunity to both give and receive stakeholder feedback directly.

The Board had 10 scheduled meetings this year, plus two dedicated business planning meetings. As a consequence of the impact of the COVID restrictions, almost all of this year's Board and Committee meetings were held virtually. The Board arranges additional meetings as and when required, which resulted in nine more meetings being held this year to consider additional business, including the acquisition of Adalpha. For further details, of the role of the Board in the approval of the acquisition, please refer to pages 28 and 29.

During the initial phases of the succession planning recruitment process which took place during the year, it was identified that fee levels for Non-Executive Directors, which had not been reviewed structurally to take account of the Company having been listed, had become out of line with market levels for a business of the size and nature of AJ Bell. As a consequence a benchmarking exercise was undertaken, the outcome of which was that the base fee for all Non-Executive Directors was increased with effect from 1 July 2021 to £50,000 per year, plus, if applicable, an additional fee of £5,000 per year for chairing the Remuneration, Risk and Compliance or Audit Committees.

Member	Attended meetings
Les Platts Chair	19/19
Andy Bell Chief Executive Officer	19/19
Michael Summersgill Chief Financial Officer	17/19
Laura Carstensen Senior Independent Director	18/19
Simon Turner Non-Executive Director	19/19
Eamonn Flanagan Non-Executive Director	19/19
Helena Morrissey* Chair Designate	5/5
Evelyn Bourke* Non-Executive Director	4/5
Margaret Hassall** Non-Executive Director	2/2

* Helena Morrissey and Evelyn Bourke were appointed to the Board on 1 July 2021
** Margaret Hassall was appointed to the Board on 1 September 2021

The extent to which the Chair and the Non-Executive Directors could each spend time on-site meeting with management and other employees in the manner which they would normally do, by attending our annual managers' day, lunchtime briefings and other staff social events and sitting in on some day-to-day business meetings, was restricted again this year by the impact of COVID. As these activities provide the Board with valuable insight into the operation and culture of the business and this has a positive impact on the quality of discussions at Board meetings and decision-making generally, it is the Board's intention that they will be reinstated during 2022, or if that is not possible for any reason, that alternative ways of engaging with our people will be put in place.

One physical event which was attended by the Chair and the Non-Executive Directors this year was a knowledge sharing/networking event which took place after the COVID restrictions had been lifted. At the event, a number of our people made back-to-back five minute presentations to the Board and EMB on their roles within the business.

KEY BOARD ACTIVITIES

STRATEGY
- Approval of the acquisition of the Adalpha group of companies
- Oversight of annual business planning process
- Approval of the strategy for FY22
- Consideration of current and future technology initiatives
- Review and approval of the product propositions for AJ Bell
- Analysis of recent developments in the advised and D2C platform markets

PERFORMANCE
- Approval of final and interim dividend payments in accordance with the Group's dividend policy
- Review and approval of revisions to the Group's financial controls policy
- Review of the information provided in the monthly business review report on financial performance, including key performance indicators
- Oversight of financial performance against the budget and market expectations
- Quarterly reviews of performance against forecast

RISK MANAGEMENT
- Approval of the Group's risk framework and appetite
- Review and approval of the Group Risk Management Policy
- Challenge and approval of the Group's ICAAP
- Receipt and review of CASS reports
- Competition law, cybersecurity and takeover code training provided by external firms
- Oversight of enhanced operational resilience measures in response to the incidents on 9 November 2020

CULTURE AND GOVERNANCE
- External independent evaluation of the Board and internal Committee evaluations
- Engagement with staff via an Employee Voice Forum and the employee survey
- Meetings with key technology and other important business services suppliers
- Bi-annual review and refinement of our culture dashboard
- Annual review of our diversity policy
- Annual review of anti-bribery and corruption policy and modern slavery statement
- Deep dive presentation on complaints data

All other significant commitments and potential conflicts of interest which a Director may have are required to be disclosed both before appointment and on an ongoing basis, and arrangements are put in place, as and when it is considered appropriate, to manage conflicts, including any which result from significant shareholdings. As part of the appointment process, the Nomination Committee reviewed the other significant commitments and potential conflicts of interest of Helena Morrissey, Evelyn Bourke and Margaret Hassall and was satisfied that they were not significant in terms of commitment and they did not have any potential personal conflicts of interest. Any additional external appointments require prior approval.
During the year the Board approved one new external non-executive appointment for Eamonn Flanagan, which was not considered to be significant in terms of commitment or shareholding. Evelyn Bourke also took up an additional external non-executive appointment after the announcement of her appointment as a member of the Board, but before her joining date, which had been approved by the Board and was not considered to be significant in terms of commitment or shareholding.

Except as stated in note 29 of this report, no Director has, or has had, any material interest in any contract or arrangement with the Group during the year.

The Group maintains what the Board considers to be appropriate insurance cover in respect of legal action against the Directors.

The Board has delegated responsibility for the oversight of whistleblowing to the Risk and Compliance Committee. Details of the related oversight arrangements are set out in the Committee's report on page 84. The Board also reviewed the Group's anti-bribery and corruption policy and modern slavery policy during the year.

Relations with stakeholders

Our business strategy document, which is reviewed by the Board each year as part of the annual business planning process, identifies our key stakeholders with whom the Board endeavours to engage so the Board is aware of their views and can take them into account as part of its decision-making processes.

OUR STAKEHOLDER GROUPS

The Board has identified four key stakeholder groups:

See more on our stakeholder engagement activities on pages 24 to 27.

WORKFORCE ENGAGEMENT

In line with the requirements of the 2018 Code, we established our Employee Voice Forum as the primary engagement mechanism between the Board, EMB and the wider workforce. The forum comprises between 10 and 12 employee representatives from across the business who gather ideas and suggestions from our people on a specific topic which affects the Group. The forum is chaired by Laura Carstensen, our designated Non-Executive Director responsible for engagement with our workforce. Ordinarily, the forum meets twice a year, but as a consequence of the impact of the COVID-19 restrictions, the forum only met once this year. The question posed at the forum was:

"A key priority for us is the health and wellbeing of our staff, especially as we come out of lockdown and look to restart many of the activities we've had to pause as a result of COVID. What opportunities can we identify to support and promote our health and wellbeing both in and outside the office, what challenges do you think we'll face and what actions can we take to address them?"

Following the meeting nominated members of the forum presented their findings to both the Board and EMB. Further details of the presentations and feedback are set out in the Strategic report on pages 35 and 36.

As well as the Employee Voice Forum, the Board and EMB also engaged with the wider workforce during the year via existing channels, including our CEO's bi-annual 'town hall' talks, which this year were presented remotely, and regular business email updates, leadership videos posted on our intranet and informal open forums such as virtual lunch briefings with other members of our senior management team. as referenced on page 67, a physical knowledge sharing and networking event was held during the year, at which a number of our people made back-to-back five minute presentations to the Board and EMB on their roles within the business. Once again, this proved to be a valuable engagement event which the Board will look to build on next year.

Whistleblowing arrangements are in place to enable our staff to raise concerns in confidence. As stated above, the Risk and Compliance Committee monitors the operations of the whistleblowing arrangements, with the ability to escalate matters to the Board if considered necessary. The Board reviews the operation and effectiveness of these arrangements annually.

The Board recognises the importance and benefits of engaging with shareholders and other stakeholders, and has a strong history of doing so. This year, as a consequence of the impact of COVID, the Board has in some cases had to engage with its stakeholders in different ways. Our key stakeholders and the principal engagement activities undertaken by, or on behalf of, the Board during the year are set out within the Stragegic Report on pages 24 to 27. Since the year end, as part of our post-COVID restrictions re-engagement strategy, the Chair, Les Platts, and Chair Designate, Helena Morrissey, met with representatives of a number of institutional shareholders in order to give them the opportunity to provide direct feedback on matters of their choice.

Relations with shareholders

The Board is committed to proactive and constructive engagement with the Company's investors and is keen to ensure that shareholder views are understood. The Board was disappointed this year not to be able to welcome shareholders in person to the 2021 AGM due to the COVID restrictions which were in place at the time, as normally the AGM provides the Board with an opportunity to communicate directly with, and answer questions from, both retail and institutional shareholders. The hybrid format which we adopted instead, under which the Chair, Chief Executive Officer and Company Secretary attended the meeting physically and shareholders were able to view the AGM proceedings and ask questions online via a chat function, did at least give shareholders the opportunity to participate virtually. As things presently stand, we intend to welcome shareholders back to a physical meeting in January 2022 with all of the Board members in attendance, whilst still retaining the flexibility to alter our approach if circumstances change and social distancing restrictions are re-introduced.

In addition to providing regular trading updates to the market, during the year the Company provided a virtual comprehensive investor relations programme to ensure that the market, including sell-side analysts, investors and proxy voting advisers, understood the Company's investment case, strategy and performance. This shift to virtual engagement enabled us to continue engaging directly with investors, ensuring that the Board continued to be informed of their views during the year.

The Chief Executive Officer and Chief Financial Officer, supported by the Investor Relations Director, engaged with analysts and investors regularly through virtual meetings, presentations and recorded videos made available on the website, particularly following the publication of the Company's interim and full year results. The Chair and other Non-Executive Directors were also available to meet with shareholders as required.

Feedback is sought directly from analysts and investors after all meetings held. This feedback is shared with the Board on a regular basis and is supplemented by frequent updates from our corporate broker, Numis Securities Limited (Numis), which provides insights into current market perceptions of the business and wider platform market. Numis also shares its views with the Board on share price performance, recent trading activity and changes to the composition of the shareholder register.

We issued an unscheduled trading update on 29 March 2021 in respect of an expected variance from market consensus for revenue of £6 million, resulting from strong customer acquisition numbers and dealing activity in the D2C market.

The use of technology has also enabled management to meet a number of potential investors from outside the UK. This has helped diversify our shareholder register slightly in the year, with some new overseas investors having acquired shares in the business, particularly in the United States.

An overview of our investor relations programme is detailed to the right. In addition to the formal programme, the management team engages with analysts and investors throughout the course of the year.

The Company's website has a dedicated investor relations section which includes details of AJ Bell's investment case along with the Annual Report and Accounts, historical financial reports and presentations, regulatory announcements, financial calendar, analyst consensus and other important shareholder information.

CALENDAR OF EVENTS IN FY21

Q1	• Full-year trading update announced • Annual results announced • CEO and CFO annual results video on website • Retail investor Q&A with CEO and CFO • Virtual Investor roadshow and analyst presentations • Annual Report published
Q2	• Q1 trading update announced • Engagement with shareholders and proxy advisers prior to AGM • Hybrid AGM with shareholders able to view proceedings and ask questions remotely both in advance and during the meeting • Virtual post-AGM engagement with key institutional shareholders • Unscheduled trading update in relation to expected variance from market consensus
Q3	• Q2 trading update announced • Interim results announced • Virtual interim results investor roadshow and analyst presentation • CEO and CFO video presentation on website • Virtual post-results engagement with key institutional shareholders
Q4	• Q3 trading update announced

DIVISION OF RESPONSIBILITIES

There is a clear division of responsibilities between the Chair, Les Platts, who was considered to be independent upon appointment, and the CEO, Andy Bell. This is set out in writing in their respective terms of reference which have been approved and are reviewed annually by the Board.

At the year end, the Board comprised the Non-Executive Chair, two Executive Directors and six Non-Executive Directors. A formal review of the independence of the (i) three new Non-Executive Directors was undertaken as part of the related appointment process and (ii) three existing Non-Executive Directors was undertaken during the year, which in each case considered relevant issues, including the number and nature of their other appointments, any potential conflicts of interest which they had identified and, if applicable, their length of service. Their individual circumstances were also assessed against independence criteria, including those set out in the 2018 Code. The outcome of the review was that they were all considered to be independent in character and judgement and, as a consequence, the Board continued to comprise a majority of independent Non-Executive Directors.

As discussed within the Nomination Committee report, the succession plans for the Board came to fruition during the year with the appointment of Helena Morrissey as a Non-Executive Director and Chair Designate, and Evelyn Bourke and Margaret Hassall as additional Non-Executive Directors. Following the end of the year, the Board was further strengthened at executive level by the appointment of Michael Summersgill, as Deputy CEO, and Roger Stott as Chief Operating Officer, with effect from 1 October 2021, and we have also recently completed an external recruitment process for a new Chief Financial Officer. The Board believes the structure of the Board is appropriate, and will remain so following those changes, and that no single individual or group dominates the decision-making process.

The Board is satisfied that the Chair and each of the Non-Executive Directors devote sufficient time to their duties.

The terms and conditions of appointment of each of the Chair and the Non-Executive Directors are available for inspection during normal business hours at the Company's registered office and at the AGM for 15 minutes before and during the meeting.

Board Committees

The Board has five main committees: the Nomination Committee, Remuneration Committee, Audit Committee, Risk and Compliance Committee and the Disclosure Committee. The terms of reference for each committee are available on the Group's website at www.ajbell.co.uk.

Details of the roles and responsibilities of the Committees, other than the Disclosure Committee, are set out in the sections following this report. The Disclosure Committee is responsible for the review and implementation, on an ongoing basis, of the Group's disclosure policy to ensure it addresses our ongoing compliance with the Disclosure Guidance and Transparency Rules, Listing Rules and Prospectus Rules and the Market Abuse Regulation. It is also responsible for ensuring that the disclosure policy is properly communicated within the business. The Disclosure Committee meets as and when required.

The day-to-day management of the Group is delegated by the Board to the CEO, who is supported by the EMB, which he chairs. The day-to-day management of operations is delegated to the EMB. The CEO and the EMB exercise their respective delegated responsibilities within the confines of the risk and control framework set by the Board. We consider that this simplified management structure more effectively enables the Board to ensure that its governance responsibilities are properly discharged.

BOARD COMMITTEES FRAMEWORK

ROLES AND RESPONSIBILITIES

Role of the Chair

The Chair is responsible for the leadership and overall effectiveness of the Board. The Chair sets the agenda for each meeting of the Board in conjunction with the Company Secretary, in line with the annual worklist agreed by the Board. The Chair manages the meeting timetable, promotes open and effective discussion and challenge at meetings and creates an environment in which all of the participants feel comfortable. Although the extent to which the Chair met regularly with the Senior Independent Director and Non-Executive Directors and separately with the CEO outside of formal meetings was limited this year due to the impact of the COVID restrictions, plans are in place to re-invigorate that engagement now those restrictions have been lifted.

Role of the Senior Independent Director

The Senior Independent Director, Laura Carstensen, provides a sounding board for the Chair and, if necessary, acts as an intermediary for the other Non-Executive Directors. The Senior Independent Director is also available for communication with shareholders where normal lines of communication via the Chair, CEO and Chief Financial Officer are not successful or where it is considered more appropriate. The Senior Independent Director also leads the annual appraisal of the Chair by the Non-Executive Directors. When Laura steps down from the Board at the end of the AGM, Evelyn Bourke will take up this role.

Role of Executive Directors

The CEO, Andy Bell, is responsible for the leadership and management of the business within the scope of the authorities delegated to him by the Board. The CEO must exercise those authorities to achieve the strategic objectives set by the Board, implement Board decisions and ensure that the Group complies with all of its regulatory and legal obligations. The CEO is also responsible for communicating the views of the senior management team on business issues to the non-executive members of the Board.

The role of the Chief Financial Officer, Michael Summersgill, as the other Executive Director who was a member of the Board during the year, was to add a commercial and internal perspective to discussions at Board meetings and to support the CEO in communicating the views of the senior management team on business issues to the non-executive members of the Board. The Chief Financial Officer is responsible for leading the financial management and operational aspects of the business.

Role of Non-Executive Directors

The Non-Executive Directors, Helena Morrissey, Laura Carstensen, Eamonn Flanagan, Simon Turner, Evelyn Bourke and Margaret Hassall, help to set the strategy for the business, offer specialist advice, constructively challenge the Executive Directors and scrutinise the performance of the EMB in relation to the delivery of that strategy and the personal objectives which are set for the individual members of the EMB, the implementation of Board decisions and compliance with the Group's regulatory and legal obligations.

Board support and the role of the Company Secretary

The Board and Board Committees receive accurate, clear and up-to-date information in sufficient time for them to review it before each meeting and are provided with sufficient resources to discharge their respective duties.

The Directors have access to independent professional advice at the Group's expense, as well as to the advice and services of the Company Secretary, Bruce Robinson, who advises the Board on corporate governance matters.

The role of the Company Secretary is to ensure that all Board and Board Committee procedures are complied with and to advise on corporate governance and related regulatory compliance. In addition, the Company Secretary is responsible for the provision of legal advice and support to all of the members of the Board as and when required. The Company Secretary is also responsible for ensuring that Board and Board Committee members receive clear and accurate information and papers in a timely manner and that the minutes of meetings clearly record the discussions held and the reasons for decisions.

The executive management team had a number of changes during the year, including the recruitment of Karen Goodman, who joined us as Chief Risk Officer and a member of the EMB on 20 September 2021 and the AJ Bell Investcentre Managing Director, Fergus Lyons, stepped down from his role with effect from 30 September 2021. Fergus' successor is an internal candidate, Billy Mackay, our AJ Bell Investcentre Marketing Director.

The EMB was further strengthened following the year end with the internal promotions of our HR Director, Liz Carrington, and the AJ Bell Investments MD, Kevin Doran with effect from 1 October 2021.

The EMB sub-delegates certain authorities to the:

- Executive Management Assurance Committee (EMAC), which has oversight responsibility for all the assurance functions within the Group, including regulatory compliance and risk management, but excluding external and internal audit.
- Investment Committee, which has oversight responsibility for the investment products manufactured by the Group and associated investments services.
- Treasury Committee, which has delegated responsibility for the management of cash funds held on behalf of customers, as well as the Group's corporate funds and the approval of eligible counterparties, including those on the panel for our Cash savings hub.
- Operational Resilience Committee, which has oversight responsibility for our operational resilience strategy, which includes monitoring and managing the operational resilience of important business services in line with set impact tolerance levels. This Committee was established during the year partly in response to the incidents on 9 November 2020 and partly in response to the final rules and guidance on new requirements to strengthen operational resilience in the financial services sector which were issued by the FCA during the year.

COMPOSITION, SUCCESSION AND EVALUATION

Role of the Nomination Committee

The Board has established a Nomination Committee, which has delegated responsibility for reviewing the leadership needs of the business to ensure it can continue to succeed in the marketplace. Further details of the work of the Committee are set out on pages 75 to 78.

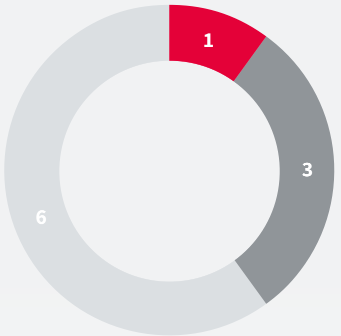
Succession planning

This falls within the scope of the responsibilities of the Nomination Committee. This was a particularly busy year for the Committee in light of the number of changes which were made at both Non-Executive and Executive level. Further details of the work of the Committee in that regard are set out on pages 76 to 77.

Length of service of the Chair and Non-Executive Directors

Under the provisions of the 2018 Code, the Chair should not remain in post beyond nine years from the date of their first appointment to the Board. That period can, however, be extended for a limited time to facilitate effective succession and the development of a diverse board, if the Chair was an existing Non-Executive Director on appointment. As Les Platts was appointed to the Board as a Non-Executive Director on 15 September 2008 and assumed the role of Chair on 1 January 2014, the Group is not currently compliant with that provision. As previously reported, a succession plan for Les Platts was put in place last year and it has now come to fruition with the appointment of Helena Morrissey as a Non-Executive Director and Chair Designate. The intention is that Helena, subject to shareholder approval, will replace Les as Chair with effect from the end of the 2022 AGM when Les will step down from the Board. Following which, the Group will be compliant with that requirement of the 2018 Code.

Board composition



Chair	1
Executive Directors	3
Non-Executive Directors	6

Includes directors who joined the Board after 30 September 2021.

Evaluation of the performance of the Board and Directors

As explained in the Chair's introduction on page 59, this year an externally facilitated review of the performance of the Board was undertaken by Steve Wizgell of Praesta Partners LLP in line with the requirement under the 2018 Code for an external review to be undertaken at least every three years. Further details of the evaluation are set out in the Nomination Committee report on pages 77 and 78.

Each of the Board's Committees undertook an annual review of its own performance in line with the requirements of the 2018 Code during the year. That process involved the members of the relevant Committee and, where appropriate, other key individuals involved in its workings, providing feedback to the Chair of the Committee. The Chair then collated the feedback provided and presented the findings to the relevant body and, where applicable, details of any approved recommendations were presented at a meeting of the Board. Following discussion of the findings and recommendations, a number of actions were agreed, the implementation of which will be overseen by the Board.

The Chair evaluated the performance of the Non-Executive Directors. The Non-Executive Directors, led by the Senior Independent Director, evaluated the performance of the Chair during the year.

Overall, the outcome of the externally facilitated review of the Board's performance, the internal reviews of the performance of each of the Board's Committees and the reviews of each Director's individual performance, was that the Board and its Committees operate effectively and that each Director continues to contribute effectively and demonstrate commitment to the role.

Board induction, training and development

All Directors undertake a comprehensive formal induction programme when they are appointed to the Board, which involves meetings with the Chair, Executive Directors and other members of the senior management team, the provision of background reading and access to our electronic meeting system in respect of certain past Board and Committee meetings. In addition this year, given the time lag between the announcement of their appointments and them taking up office, both Helena Morrissey and Evelyn Bourke attended a number of Board and Committee meetings by invitation as observers as part of their induction process before they joined the Board. The Nomination Committee report on pages 75 to 77 provides further details on the procedures for the appointment of new Directors and succession planning.

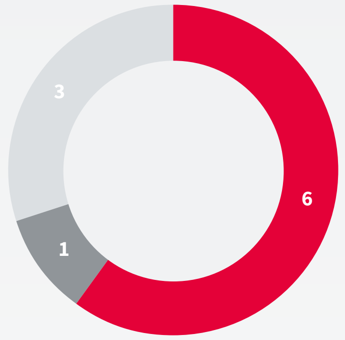
All Directors are kept informed of changes in relevant legislation and regulations and changing financial and commercial risks. If considered appropriate, external advisers are engaged to provide training for members of the Board. During the year, the Board received external presentations on competition law, cybersecurity, the new prudential regime for regulatory capital and takeover code compliance.

As part of their annual appraisal process, the personal and professional development needs of the Executive Directors are considered and agreed. During the annual appraisal process for the Non-Executive Directors, the Chair reviews and agrees their training and personal development requirements. Non-Executive Directors are also encouraged to attend external seminars on topics which they consider appropriate for their professional development needs.

Re-election of Directors

All of the Directors are subject to annual re-election and, with the exception of the Chair, Les Platts, and Senior Independent Director, Laura Carstensen, who will both retire following the conclusion of the AGM, intend to submit themselves for re-election at the 2022 AGM.

Board tenure



0-4 years	6
5-8 years	1
9+ years	3

Includes directors who joined the Board after 30 September 2021.

AUDIT, RISK AND INTERNAL CONTROL

The statement of Directors' responsibility for preparing the Annual Report and Financial Statements is set out on page 107. Within this, the Directors have included a statement that the Annual Report and Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects.

The Board has established an Audit Committee, the role of which is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the integrity of the financial and narrative statements and other financial information provided to shareholders, the Group's system of internal controls, the internal and external audit process and auditors and the processes for compliance with related laws, regulations and ethical codes of practice. Further details of the work of the Committee are set out on pages 79 to 83.

With the support of the Audit Committee, the Board has reviewed the 2021 Annual Report and Financial Statements and considers that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Please see:

- details of the review work carried out by the Audit Committee in relation to the 2021 Annual Report and Financial Statements on pages 81 and 82; and
- the description of the business model and strategy for delivering the objectives of the Group on pages 18 to 21.

Viability statement

The Directors have assessed the viability of the Group over a period that exceeds the 12 months required by the going concern provision. Details of that assessment are set out on page 55.

Risk management and internal controls

In accordance with the 2018 Code, the Board is required to monitor the Group's risk management and internal control systems on an ongoing basis and carry out a review of their effectiveness. Details of the Group's ongoing process for identifying, assessing and managing the principal risks faced by the Group are contained in the risk management section on pages 47 to 49, together with details of those principal risks and their related mitigating factors. Whilst the Board retains overall responsibility for the Group's risk management and internal control systems, it has delegated oversight to the Audit and Risk and Compliance Committees.

The Risk and Compliance Committee assists the Board in fulfilling its oversight responsibilities, by reviewing and monitoring the Group's attitude to and appetite for risk and its future risk strategy, the Group's risk management framework, how risk is reported both internally and externally and the processes for compliance with related laws, regulations and ethical codes of practice and prevention of fraud. Further details of the work of the Committee are set out on pages 84 to 87.

The Board confirms that, through the activities of the Risk and Compliance Committee, a robust assessment of the principal risks facing the Group, including those that would threaten its business model, performance, solvency and liquidity has been carried out. In accordance with the 2018 Code, the Board has also considered the Group's longer-term viability, which can be found within the viability statement on page 55.

The Board has delegated responsibility for the annual review of the Group's internal control systems to the Audit Committee, assisted by the Risk and Compliance Committee (responsible for the Group's risk management framework). Further details of the review and monitoring procedures can be found within the Audit Committee report on page 82.

In satisfying the requirements to ensure that the Group has adequate risk management and internal control systems, the Audit Committee has:

- monitored the Group's internal control systems on an ongoing basis; and
- reviewed an annual effectiveness assessment of the Group's risk management and internal control systems.

REMUNERATION

Role of the Remuneration Committee

The Board has established a Remuneration Committee, which has delegated responsibility for determining the policy for executive remuneration and setting remuneration for the Chair of the Board, CEO and other senior executives. When doing so, the Remuneration Committee takes account of wider workforce remuneration and related policies and the alignment of incentives and rewards with culture. Further details of the work of the Committee are set out on pages 88 to 90 and page 93.

Remuneration policy

A summary of the executive remuneration policy and details of the remuneration packages of individual directors are set out on pages 91 to 103. During the year no individual Director was involved in deciding their own remuneration.

ANNUAL GENERAL MEETING

The AGM will be held on 26 January 2022 at 10 am at AJ Bell, 4 Exchange Quay, Salford Quays, Manchester M5 3EE. We are currently planning to hold the 2022 AGM as an open meeting with all shareholders being invited to attend in person or by proxy. Further details about how shareholders can view the AGM proceedings online, ask questions and vote by proxy will be set out in the notice of the 2022 AGM.

As an additional means of engagement with our shareholders, a questions and answers video on our full year results with Andy Bell, our Chief Executive Officer, and Michael Summersgill, our Deputy Chief Executive Officer and Chief Financial Officer, will be published on our website at www.ajbell.co.uk/investor-relations/agm on 2 December 2021. During the video they will answer questions about the results for the year ended 30 September 2021 and the outlook for 2022.

The Board will, however, continue to monitor developments in case the position changes. If it does, and as a consequence the Board do not consider it is safe for all shareholders to attend in person, we will notify shareholders of any changes in our plans both by a Regulatory News Service announcement and via our website. Further details will be set out in the notice of the 2022 AGM.

Les Platts
Chairman
1 December 2021

LES PLATTS
CHAIR OF THE NOMINATION COMMITTEE

"It has been a particularly busy year for the Committee, with the focus primarily having been on Board and EMB recruitment and succession planning, including my successor as Chair, and the composition of the Board and the Board's Committees."

ROLE AND RESPONSIBILITIES

The Nomination Committee is responsible for reviewing the leadership needs of the business to ensure it can continue to succeed in the marketplace. This includes succession planning, considering and making recommendations to the Board in respect of appointments to the Board, the Board Committees, EMB and the chairmanship of the Board Committees. The Committee is responsible for keeping the structure, size and composition of the Board and the other governance bodies under regular review, and for making recommendations to the Board with regard to any changes necessary, taking into account the skills and expertise required to deliver the Group's strategy.

The Board considers the current balance of skills, knowledge and experience on the Board or EMB, as applicable, when determining the capabilities and time commitment required for any new role. Succession plans for Executive and Non-Executive Directors and senior management, in particular for the key roles of Chairman of the Board and CEO, are considered by the Nomination Committee.

The role and responsibilities of the Committee are set out in its formal terms of reference, a copy of which can be viewed on the Group's website www.ajbell.co.uk.

COMMITTEE ATTENDANCE

The Committee meets at least once a year and may meet at other times as agreed by the Chair or at the request of another member of the Committee.

Member	Position	Eligible meetings	Attended meetings
Les Platts	Chair	10	10
Laura Carstensen	Senior Independent Director	10	9
Eamonn Flanagan*	Non-Executive Director	9	9
Simon Turner*	Non-Executive Director	9	9
Helena Morrissey**	Chair Designate	1	1

* Eamonn Flanagan and Simon Turner stepped down from the Committee on 8 September 2021
** Helena Morrissey was appointed to the Committee on 8 September 2021

DEAR SHAREHOLDER

As Chair of the Nomination Committee, I am pleased to present the Committee's report for the year ended 30 September 2021.

It has been a particularly busy year for the Committee, with the focus primarily having been on Board and EMB recruitment and succession planning, including my successor as Chair, and the composition of the Board and the Board's Committees.

Further information on the activities of the Nomination Committee is set out below.

MEMBERSHIP

Appointments to the Committee are made by the Board on the recommendation of the Nomination Committee, in consultation with the Committee Chair. Following a review of the membership of the Board Committees this year, Helena Morrissey joined and Eamonn Flanagan and Simon Turner stepped down, from the Committee with effect from 8 September 2021.

The Committee comprises a majority of independent Non-Executive Directors in Les Platts, Helena Morrissey and Laura Carstensen.

The current Chair of the Committee is the Chair of the Board, Les Platts, who was considered independent on appointment. The intention is for Helena Morrissey to replace Les as Chair of the Committee when he steps down from the Board at the end of the 2022 AGM, and for the Committee to then comprise two members.

Appointments to the Committee are for a period of up to three years, which may be extended for two further periods of three years provided the majority of the Committee members remain independent.

The Company Secretary acts as secretary to the Committee. The Chief Executive Officer, Chief Financial Officer, members of the senior management team and external advisers are invited to attend the Committee's meetings as and when appropriate.

An annual review is conducted of the time required for Non-Executive Directors to fulfil their Group responsibilities and compliance with any applicable FCA requirements in relation to their total number of directorships.

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

The Committee met ten times during the year and a summary of the work undertaken is presented below.

Activity	Nov	Dec	Jan	Feb	Mar	May	Jun	Jul	Sep
Board recruitment and succession planning	●	●	●	●	●	●	●		●
Committee evaluation		●			●				●
Board committee structure								●	●

Board recruitment

We reported last year that work had commenced on the formal recruitment process for a new Chair and new Non-Executive Directors. The process was led internally by Laura Carstensen, the Senior Independent Director, with the support of an external search consultancy, Warren Partners. Warren Partners is an independent party with no other connection with the Company or any individual director.

We are pleased to report that the outcome of the recruitment process was that Helena Morrissey joined the Board as a Non-Executive Director and Chair Designate on 1 July 2021 and, subject to shareholder approval, will succeed Les Platts when he steps down as Chair at the AGM in January 2022.

In addition to Helena's appointment, the recruitment process resulted in the appointment of two additional Non-Executive Directors, Evelyn Bourke, who joined the Board on 1 July 2021, and Margaret Hassall, who joined the Board on 1 September 2021.

All three new Non-Executive Directors bring with them a wealth of knowledge and experience in the financial services sector. Their appointments have also strengthened the diversity and skillset of our Board as we progress our ambitious growth plans.

Succession planning

In relation to succession planning for the other members of the Board and EMB, the Nomination Committee undertook a review at the start of the year which culminated with the Committee recommending to the Board that the following changes be made with effect from the beginning of the new financial year on 1 October 2021.

EXTERNAL BOARD RECRUITMENT PROCESS

1. agreeing the skills, experience and knowledge required
2. approving the applicable role specification
3. identifying and appointing an independent recruitment consultant, Warren Partners
4. preparing a long list of potential external candidates, which was then reviewed by Warren Partners and supplemented with additional external candidates
5. the utilisation of a dedicated micro-site to identify additional external candidates
6. reviewing the revised long list of candidate profiles prepared by Warren Partners and, with the benefit of insights provided by them, creating a shortlist of diverse candidates for review
7. reviewing the shortlisted candidates and selecting those for interview
8. conducting a two-stage interview process, with the initial stage involving interviews with the Senior Independent Director and two independent Non-Executive Directors who were members of the Committee, and the second stage involving interviews with the Chair, CEO and CFO
9. selecting a preferred candidate and obtaining professional references
10. undertaking a final review for the purposes of confirming the preferred candidate before making a unanimous decision to recommend one candidate to the Board for appointment. This review included a formal assessment of the independence of the candidate, a review of potential conflicts of interest and other time commitments

Board changes

1) The appointment of Michael Summersgill to the newly created role of Deputy Chief Executive Officer. Michael previously held the position of Chief Financial Officer since 2011 which included responsibility for the finance and operations functions. In his new role, Michael will support Chief Executive Officer Andy Bell with the development and execution of the Company's strategy for driving the future growth of AJ Bell's platform propositions.

2) The appointment of Roger Stott to the newly created role of Chief Operating Officer and as a member of the Board. Roger previously held the position of Group Finance Director and had a broad range of other responsibilities in his thirteen years at AJ Bell. In his new role Roger has assumed responsibility for the operations functions and ensuring the business remains scalable and continues to deliver a great service to customers and advisers as AJ Bell continues to grow.

As a result of Michael Summersgill's appointment as Deputy CEO, the Committee began and completed an external recruitment process for a new Chief Financial Officer to join the Board, with the support of an external search consultancy, Ridgeway Partners. Ridgeway Partners is an independent party with no other connection with the Company or any individual director.

EMB changes

1) The recruitment of an external candidate, Karen Goodman, as Chief Risk Officer and a member of the EMB, with effect from 20 September 2021.

2) The appointment of Billy Mackay, the AJ Bell Investcentre Marketing Director, with effect from 1 October 2021, as the AJ Bell Investcentre Managing Director, in the place of Fergus Lyons, who stepped down from the role after 21 years with the business.

3) The appointments of Liz Carrington, our HR Director, and Kevin Doran, our AJ Bell Investments Managing Director, as additional members of the EMB with effect from 1 October 2021.

Composition of Board Committees

Following the increase in the size of the Board during the year, the Committee reviewed the existing membership of all of the Board Committees. Prior to the changes the structure had involved all of the members of the Board also being members of each Committee, with the exception of Les Platts not being a member of the Audit Committee. The outcome of that review was that the Committee recommended a number of changes, which the Board accepted, for the purposes of diversifying the membership of the Board Committees. The Committee considered that the changes would further strengthen the existing corporate governance framework by providing a further level of independent non-executive challenge.

Diversity

It is the Board's policy for all appointments to be made on merit, in the context of the skills, experience and knowledge which the business as a whole requires to be effective. Selection processes take into account wider elements of diversity, to ensure the composition of the Board is appropriately balanced to support the strategic direction of the Group. Diversity has been a key area of focus for the Committee in the work it has undertaken during the year.

Following the Non-Executive Director appointments in the year, female representation on the Board increased to 44%. Although it is pleasing to see that we satisfy the Hampton-Alexander Review requirement for at least 33% female representation, we acknowledge that this was six months after the deadline of the end of 2020. We will continue to meet that requirement after Les Platts and Laura Carstensen step down from the Board, as after those and the other recent changes we will still have 37.5% female representation.

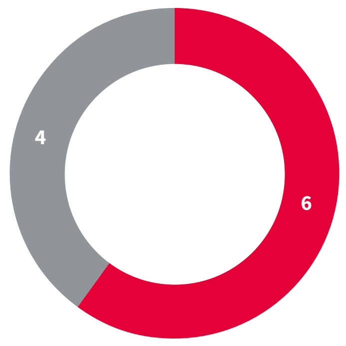
We are committed to implementing the Parker Review recommendation for all FTSE 250 companies to have at least one Board member who is ethnically diverse in advance of the 2024 deadline. With that in mind, it is our intention that, after allowing time for the existing changes to become embedded, we will start the recruitment process for an additional Non-Executive Director during the current financial year, if the requirement has not already been met.

We also recognise that there is more that we need to do at senior management level to improve diversity. Following the changes made during the year, it was encouraging to see 12.5% female representation on the EMB, increasing to 20% after the appointments on 1 October 2021. This will remain a key area of focus, in particular, in relation to natural succession changes, as and when they occur.

During the year the Committee reviewed and updated our existing diversity policy in order to ensure that it still remained relevant to the changing needs of the business. The objective of the policy is to set out our commitment at Board level to improving diversity.

Further information on the gender balance of those in senior management and their direct reports is included within the strategic report on page 37.

Board gender diversity



Male	6
Female	4

Includes directors who joined the Board after 30 September 2021.

RE-ELECTION OF DIRECTORS

The Committee was satisfied that the Board continued to be effective and has therefore recommended the re-election at the 2022 AGM of all of the members of the Board who are putting themselves forward. Les Platts and Laura Carstensen have indicated they do not wish to be put forward for re-election.

COMMITTEE EVALUATION

For the first time since listing in December 2018, in accordance with the Code requirement for a FTSE 350 company to carry out an externally facilitated evaluation of the Board at least every three years, the Board evaluation process this year was externally led by Steve Wizgell of Praesta Partners LLP. Steve Wizgell is an independent external consultant with experience of evaluating and making recommendations to enhance the Board effectiveness of a number of listed and other companies. Neither Steve Wizgell nor Praesta Partners LLP has any connection with AJ Bell or any of the members of the Board.

The focus of the independent evaluation was on the compound question: 'Does the Board do the right work, on the right agenda, using the right information, with the right people operating the right culture?'

The review was based on data collected between March and May 2021, including:

- structured one-to-one interviews with all Board members, two newly appointed independent Non-Executive Directors who formally joined the Board on 1 July 2021, including the Chair Designate, the Chief Internal Auditor (Deloitte) and a colleague who also attends the Risk and Compliance Committee, the Chief Risk Officer and the Company Secretary.
- analysis of two electronic questionnaires completed by Board directors and EMB members who are not directors. One questionnaire compared how the Board currently spends its time and energy with how it would like to spend it in the future. The other looked at the role and culture of the Board and, for directors only, included an element of self-assessment.
- remote attendance at one Board meeting and one meeting of each of the Nomination Committee, Remuneration Committee, Audit Committee and Risk and Compliance Committee, in order to assess at first hand the dynamics and effectiveness of each meeting.
- a desk top review of the past 12 months' Board and Committee meeting papers, agendas and minutes.

The findings were a combination of a synthesis of the documentary, observation, questionnaire and interview data which used the 2018 UK Corporate Governance Code and Guidance on Board Effectiveness, the Institute of Internal Auditors' 2020 Internal Audit Code of Practice and the UK Government's 2021 policy paper 'Restoring trust in audit and corporate governance' as points of reference.

Overall the results of the review concluded that the Board had overseen and guided AJ Bell effectively since it became a publicly listed company. It was also noted there was an open, constructive culture, and the Non-Executive Directors were independently minded and exercised independent judgment. The plans which have been put in place for ensuring the Board's effectiveness in response to, and anticipation of, sustained business growth and increasing stakeholder expectations and demands, were well in hand.

The draft evaluation was discussed with the Chair prior to finalisation. There were no significant changes made to the report before it was then issued to the members of the Board and presented by Steve Wizgell at the July Board meeting. Following that presentation, the Board discussed and considered the content of the report and, in particular, the main recommendations. It was acknowledged that there would always be a need for and the potential for further improvement, with the Board continuing to evolve and change over time in order to support the ongoing growth of the business. The Board noted that a number of the recommendations were already being implemented and then agreed an action plan that took account of the main recommendations.

The main recommendations identified in the review to enhance the Board's effectiveness included:

- using Board time differently to give greater focus to external matters, such as horizon scanning and changing stakeholder requirements, and internal matters, such as operational performance and resilience;
- as the COVID restrictions fall away, recalibrating the scope and nature of the Board's engagement with our people;
- getting the Committees to play a fuller part in carrying out the work of the Board;
- anticipating future growth and complexities when considering the kind of support the Board and its Committees need;
- creating space for informal, regular Non-Executive Director only meetings;
- as the COVID restrictions fall away, engaging with stakeholders, looking to the future, sharing observations and insights from that engagement and recalibrating the scope and nature of the Board's engagement accordingly.

A number of the recommendations were in relation to actions already in train, including the changes to the composition of the Board and EMB and the structure of the Board's Committees. We will report on our progress with the implementation of the other actions in next year's Committee report.

In addition, each Board Committee carried out a self-assessment of its own performance, which where relevant, took account of the output from Steve Wizgell's review, details of which are set out in the respective Committee reports.

The Committee's own evaluation found that it is strong at planning and executing succession plans for both Non-Executive Director and Executive Director roles and has a good oversight of talent management. One area which was identified for further consideration was setting diversity and inclusion targets for the Group.

The performance of the Chair was reviewed by the Board led by the Senior Independent Director. Following the review, the SID considered and discussed with the Chair the comments and feedback that had been received from the other Directors as part of the Chair's evaluation and was able to confirm that the performance of the Chair remained effective and that he continued to demonstrate appropriate commitment to his role. In line with previously announced Board succession plans, the Chair will step down from the Board at the end of the 2022 AGM and, subject to approval by shareholders, be replaced by Helena Morrissey.

NOMINATION COMMITTEE PRIORITIES FOR 2021/22

Our main priority for next year is the consideration of what other action needs to be taken in order to further support ongoing business growth, increasing stakeholder expectations and demands and the need to continue to improve diversity.

Signed on behalf of the Nomination Committee:

Les Platts
Chair of the Nomination Committee
1 December 2021

"This year's report provides insight into our work over the year, and details how we have discharged the responsibilities delegated to us by the Board."

EAMONN FLANAGAN
CHAIR OF THE AUDIT COMMITTEE

ROLE AND RESPONSIBILITIES

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the:

- integrity of the Group's financial and narrative statements and other financial information provided to shareholders;
- Group's systems of internal controls;
- Group's internal and external audit processes and auditors; and
- Group's processes for compliance with laws, regulations and ethical codes of practice.

Full terms of reference for the Committee are reviewed annually and are available on the Group's website: www.ajbell.co.uk.

The Committee members receive regular training regarding matters relevant to their role and responsibilities.

COMMITTEE ATTENDANCE

The Committee meets at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The Committee comprises independent Non-Executive Directors.

Member	Position	Eligible meetings	Attended meetings
Eamonn Flanagan	Chair	4	4
Laura Carstensen	Senior Independent Director	4	4
Simon Turner*	Non-Executive Director	3	3
Evelyn Bourke**	Non-Executive Director	1	1
Margaret Hassall**	Non-Executive Director	1	1

* Simon Turner stepped down from the Committee on 8 September 2021
** Evelyn Bourke and Margaret Hassall were appointed to the Committee on 8 September 2021

DEAR SHAREHOLDER

As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 30 September 2021.

The report provides insight into our work over the year, and details how we have discharged the responsibilities delegated to us by the Board.

During 2021 the Committee continued to focus on its key responsibilities of assisting the Board in monitoring the preparation of the Group's financial reporting statements, the effectiveness of the internal controls and providing oversight and governance around the integrity of the Group's external and internal audit processes, including assessing the independence and objectivity of the external auditors.

Following changes to the composition of the Audit Committee this year, I would like to thank Simon Turner for his invaluable contribution during his time on the Audit Committee. The Committee also welcomed Evelyn Bourke and Margaret Hassall as members on 8 September 2021. Evelyn's and Margaret's expertise and wealth of experience in the financial services sector will add to the Committee's skill set and further enhance the quality of its work on behalf of stakeholders.

Further information on the activities of the Audit Committee is provided below.

MEMBERSHIP

Membership of the Committee is reviewed annually by the Chair of the Committee as part of its annual performance evaluation. Recommendations for new appointments are considered with the Nomination Committee, prior to Board approval.

The Board is satisfied that the Chair of the Committee has recent and relevant financial experience and the Committee as a whole has competence relevant to the business sector in which the Group operates. Biographical information on each member is set out on pages 60 to 63.

The Company Secretary is secretary to the Committee. The Chairman, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Group Finance Director and other senior members of the Finance team are routinely invited to attend Committee meetings. The external auditor attended all meetings during the year and the internal auditor attended specific meetings in relation to the planning and presentation of reports.

The Chair has regular meetings with the Group Finance Director, external audit partner and internal audit partner to discuss key audit-related topics ahead of each Committee meeting. In addition, the Committee also meets privately with the external audit partner and Deloitte, the internal auditor, at least once a year.

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

The Committee has an annual cycle of work to ensure that all responsibilities are met over a calendar year. The Committee met four times during the year, the list below summarises the key items considered by the Committee during the year ended 30 September 2021.

November

Review of financial statements
- Review and approval of annual report and accounts
- Assessment of annual report and accounts being fair, balanced and understandable
- Statement of viability and going concern
- Review of investor presentation
- Review of results announcement
- Review of the limited assurance and reasonable assurance reports in relation to CASS
- Consideration of regulatory developments

External auditor
- Year end external auditor findings report and audit opinion
- Review and approval of management representation letter
- Confirmation of external auditor independence

Internal audit and controls
- Approval of internal audit plan for 2021
- Internal audit update, report and heat map

Governance
- Meeting with external auditor without Executive Directors
- Meeting with internal auditor without Executive Directors
- Annual meeting with CRO and GFD without Executive Directors
- Recommendation to Board on external auditor reappointment
- Review of Committee annual agenda

March

Review of financial statements
- Review of reporting timeline for 2021
- Consideration of regulatory developments

External auditor
- Review and approval of terms of engagement and fee proposal
- Scope of the interim review
- Evaluation of external auditor effectiveness and rigour survey
- Confirmation of external auditor independence

Internal audit and controls
- Annual report and conclusions for 2020
- Internal audit update

May

Review of financial statements
- Review and approval of interim report including review of Adalpha acquisition and earn out arrangement
- Going concern assessment
- Review of investor presentation
- Review of results announcement
- Consideration of regulatory developments

External auditor
- Interim review findings and review opinion
- Review and approval of management representation letter
- Proposed audit plan for the year end
- Confirmation of external auditor independence

Internal audit and controls
- Internal audit update
- Evaluation of internal auditor effectiveness

September

Review of financial statements
- Review of key judgements and estimates for year end
- Review of draft Audit Committee report for year end
- Consideration of regulatory developments

External auditor
- External audit update

Internal audit and controls
- Annual assessment of internal controls

Governance
- Annual Committee evaluation
- Annual review of Committee terms of reference
- Annual review of non-audit services policy
- Review of FRC Quality Inspection Report

FINANCIAL REPORTING

Financial statements

One of the core responsibilities of the Committee is to ensure the integrity of the Group's financial reporting which includes overseeing the effectiveness of the financial control environment.

During the financial year, the Committee:

- reviewed the Interim and Annual Report and Financial Statements, and the preliminary announcements and recommended approval by the Board;
- reviewed the clarity and completeness of financial reporting disclosures;
- reviewed reports from management, considered all significant financial reporting judgements for the financial statements and reviewed any related disclosures;
- assessed the application and appropriateness of significant accounting policies in the year; and
- reviewed the Group's going concern assumptions and viability statement.

Accounting judgements and significant issues

The Committee assessed and challenged the appropriateness of the judgements and estimates applied by management in the preparation of the Interim and Annual Report and Financial Statements. As part of its review, the Committee considered the following.

Area for consideration	Committee review and conclusion
Intangible assets and impairment	The Committee reviewed management's paper to support the carrying amount of intangible assets held by the Group. The review is supported by Board-approved forecasts and the sensitivities applied concluded that no impairment was required. The Committee was satisfied with the conclusions.
Goodwill and CGUs	The Committee considered the impairment review carried out by management. This included assumptions on the underlying calculation of the value-in-use of the Cash Generating Unit (CGU) tested for impairment. The underlying cash flow assumptions are supported by Board approved forecasts. The main assumptions, discount rate and sensitivities are included within note 14 of the Financial Statements. The Committee was comfortable with the assumptions and judgements made, concluding that the carry value of goodwill within the Financial Statements is appropriate.
Deferred tax asset	The Committee reviewed the approach to the recognition of deferred tax assets, with particular reference to the impact of the share incentive schemes. No concerns were raised and the recognition and disclosure appears appropriate.
Share-based payments	The Committee reviewed the key assumptions used for the valuation of options granted under the Company's share-based incentive schemes, with particular reference to the earn out arrangement following the acquisition of Adalpha in the year. The basis of accounting and disclosures made were also considered appropriate and consistent with the external auditor's findings. The Committee was satisfied that the assumptions used, including the performance period over which fair values are recognised were appropriate.
Provisions	The Committee reviewed management's paper presenting the assumptions and calculation methodologies applied in determining provisions. In addition to considering the appropriate application of IFRS and the recognition principles, the Committee was satisfied that the procedures performed by management to estimate and quantify provisions were sufficiently robust.
Acquisition	The Committee reviewed the accounting treatment in relation to the Adalpha acquisition. This included review of the assumptions made by management in respect of the identification and valuation of goodwill and intangible assets, together with the treatment of the consideration as post-combination remuneration. The Committee agreed with management's approach and was satisfied the acquisition was appropriately accounted for under IFRS 3.

These areas have been discussed with the external auditor to ensure the Group makes appropriate judgements and provides the required level of disclosure. Following consideration of the above, the Committee concluded that there are no items that should be classified as significant or critical judgements in the context of the 2021 Annual Report and Financial Statements.

Going concern and viability

The Committee reviewed a detailed paper presented by management setting out the assumptions underlying the going concern assessment and viability statements.
The paper covered the Group's expected future profitability, capital position and liquidity.
The Committee also considered additional stress test scenarios covering a significant reduction in equity markets, negative Bank of England base interest rates and an idiosyncratic stress relating to a scenario whereby prolonged IT issues cause a reduction in customers. The Committee also considered management actions that could be taken in the event that the modelled scenarios crystallise.

The Committee recommended to the Board that it was appropriate for the Group to adopt the going concern basis of accounting in preparing the Annual Report and Financial Statements for the year ended 30 September 2021 and that based on current information they could make the viability statement on page 55.

Fair, balanced and understandable assessment

At the request of the Board, the Committee considered whether the 2021 Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess the Group's position and performance, business model and strategy.

The Committee considered the procedures around the preparation, review and challenge of the Annual Report and Financial Statements; the information and reporting it received from management and the external auditor; and the discussions that took place during the year. The Committee also considered the narrative sections of the reports to ensure there was consistency in the information reported, that appropriate weight had been given to both positive and negative aspects of business performance and that key messages had been presented coherently.

Following its review, the Committee is satisfied that the Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess the Group's position and performance and has advised the Board accordingly.

The Directors' statement on a fair, balanced and understandable Annual Report and Financial Statements is set out on page 107.

CASS

The Committee reviewed the reasonable assurance reports and limited assurance reports in relation to CASS for all regulated entities within the Group. The Committee also challenged management as required on the content and procedures surrounding those reports.

INTERNAL CONTROLS

Together with the Risk and Compliance Committee, the Audit Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems. The Group's systems of internal control and risk management are designed to identify, evaluate and manage rather than eliminate the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Through monitoring the effectiveness of its internal controls, the Committee is able to maintain a good understanding of business performance, key judgemental areas and management's decision-making processes.

During the financial year the Committee:

- reviewed the adequacy and effectiveness of the Group's internal controls and internal control systems;
- reviewed the adequacy and effectiveness of financial reporting;
- considered and approved the internal audit plan for the year;
- considered reports from the internal auditor, challenged the robustness of findings and agreed actions;
- monitored progress in management's responsiveness to resolving audit issues raised;
- assessed the effectiveness of the internal auditor;
- reviewed and approved the internal controls and risk management statements in the Annual Report and Financial Statements.

The internal control systems have been continually monitored during the pandemic. Whilst the level of inherent risk for some of the Group's principal risks and uncertainties has increased, the Group's internal controls have continued to mitigate this increase in risk.

The Committee is satisfied that the Group had appropriate procedures in place throughout the year and to the date of signing, which accord with the FRC guidance on risk management, internal control and related financial and business reporting.

The Board's statement on internal control and risk management can be found on page 74.

INTERNAL AUDIT

The provision of internal audit services is outsourced to Deloitte LLP.

The internal audit plan for the upcoming year is approved annually in advance by the Committee. A rolling three-year plan is maintained to ensure all critical areas of the business are covered over this period. This is overlaid by a risk assessment to determine the prioritisation of the internal audit plan for the coming year.

The Committee reviews all internal audit reports in order to assess the effectiveness of mitigating controls and proposed actions by management to address any issues found. The Committee ensures that all management actions arising are tracked to completion.

During the year, eight reviews were undertaken by internal audit, seven of which were delivered in line with the approved audit plan. These covered areas such as liquidity management, portfolio management and cloud security. An additional review was also commissioned during November to assess the Group's platform and share trading operational resilience as part of the continued focus on operational resilience and compliance with the latest FCA rules and guidance.

EXTERNAL AUDIT

Tenure

This is BDO's second year as the Group's external auditor following a formal tender process during 2019 and subsequent appointment at the 2020 AGM. Neil Fung-On has fulfilled the role of lead audit partner for a second year.

The Committee confirms that the Group has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review. Under these requirements a tender for the external audit must be undertaken no later than 2030.

Oversight of external audit

The Committee oversees the relationship with and work undertaken by the external auditor, BDO. The Committee's responsibilities include making a recommendation on the appointment, reappointment and removal of the external auditor and overseeing their effectiveness and independence. The Committee assesses the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the audit process.

During the year the Committee approved the audit plan, the proposed audit fee and terms of engagement for 2021. The Committee also reviewed and challenged reports from BDO which outlined its risk assessments and audit plans, together with audit findings and management responses.

The Chair of the Committee has regular contact with the external audit partner outside of Committee meetings and without the management of the business present.

The Committee considered the effectiveness of the audit process and the external auditor performance as part of an annual performance review. Feedback was sought from both Committee members and key internal stakeholders and focused on the quality and experience of the audit partner and key audit team, quality of the audit delivery and the extent and nature of challenge demonstrated by BDO in its work and interactions with management. The Committee also reviewed the FRC's Audit Quality Inspection report and challenged BDO on the FRC findings and their response.

The Committee concluded it was satisfied with the performance of BDO during the period and the policies and procedures in place to maintain its objectivity and independence. Following this evaluation, the Committee recommended to the Board a proposal for reappointment of BDO as external auditor at the next AGM.

Non-audit fees

The Committee reviewed and approved the non-audit services policy for the year. The policy is reviewed annually by the Committee to safeguard the ongoing independence of the external auditor and ensure compliance with the FRC's Ethical Standard.

The Committee recognises that there are often advantages in using the external auditor to provide certain non-audit services due to their knowledge of the business. In the event that BDO is engaged to provide non-audit services, procedures are in place to ensure that the provision of any such services does not impair the external auditor's independence and objectivity.

Prior to undertaking any non-audit service, external auditor independence is considered together with the nature of the services and fee levels relative to the audit. The approval of the Committee must be obtained before the external auditor is engaged to provide any permitted non-audit services. For permitted non-audit services that are considered not to be material, the Committee has pre-approved the use of the external auditor for cumulative amounts totalling less than £25,000 on the approval of the Chief Financial Officer and the Chair of the Committee.

Fees for non-audit services paid to the external auditor should not, in aggregate, exceed 70% or more of the average audit fees for the preceding three years. This cap will become effective for the year commencing 1 October 2022 at which point the current external auditors will have been engaged for the previous three years.

As part of the planning, half-year and full-year processes, the Committee also received and reviewed an analysis of all non-audit work provided by BDO in addition to the results of BDO's own independence confirmation checks.

During 2021, the external auditor undertook non-audit work in relation to other assurance services for the review of the interim results, CASS audit and profit verification work and was paid a total fee of £100,000 (2020: £99,000). Analysis of the fees paid to BDO during the current and prior year can be found in note 7 to the financial statements.

The Committee is satisfied that the external auditor's independence has not been impaired by their provision of non-audit services.

COMMITTEE EVALUATION

During the year an external evaluation of the Board and its Committees was performed, the process for which can be found on pages 77 and 78. The Committee also conducted its own annual effectiveness review in September 2021, which confirmed the Committee is operating effectively.

AUDIT COMMITTEE PRIORITIES FOR 2021/22

As well as considering the standing items of business, the Committee will focus on the following key areas during the forthcoming year:

- the induction and transition of responsibilities to the new Chief Financial Officer;
- undertaking a review of the provision of internal audit services;
- evolution of the disclosures and metrics for the Group's ESG strategy and compliance with TCFD for FY22; and
- developments in relation to the future of audit and corporate governance following the rules issued by the Business, Energy and Industrial Strategy Committee in 2021.

Signed on behalf of the Audit Committee:

Eamonn Flanagan
Chair of the Audit Committee
1 December 2021

SIMON TURNER
CHAIR OF THE RISK AND COMPLIANCE COMMITTEE

"The Group continues to have strong discipline in the management of both emerging and existing risks, and the Committee's work continues to help support the Group in achieving controlled growth in fast growing markets and providing an acceptable level of return."

ROLE AND RESPONSIBILITIES

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- the Group's attitude to and appetite for risk and its future risk strategy;
- the Group's risk management framework;
- how risk is reported both internally and externally; and
- the processes for compliance with laws, regulations and ethical codes of practice and prevention of fraud.

The role and responsibilities of the Committee are set out in formal terms of reference, a copy of which can be viewed on the Group's website www.ajbell.co.uk.

More detail on the Group's approach to managing risk is detailed in the risk management framework section of the Annual Report.

COMMITTEE ATTENDANCE

The Committee meets at least four times a year and may meet at other times as agreed by the Chair or as requested by another member of the Committee. The Committee comprises independent Non-Executive Directors.

Member	Position	Eligible meetings	Attended meetings
Simon Turner	Chair	5	5
Laura Carstensen*	Senior Independent Director	4	4
Eamonn Flanagan*	Non-Executive Director	4	4
Les Platts	Non-Executive Director (Chairman)	5	4
Helena Morrissey**	Chair Designate	1	1
Evelyn Bourke**	Non-Executive Director	1	1

* Laura Carstensen and Eamonn Flanagan stepped down from the Committee on 8 September 2021.
** Helena Morrissey and Evelyn Bourke were appointed to the Committee on 8 September 2021.

DEAR SHAREHOLDER

As Chair of the Risk and Compliance Committee, I am pleased to present the Committee's report for the year ended 30 September 2021.

During the year, the Committee considered a wide range of existing and emerging risk and compliance matters. Key areas of focus included:

- operational resilience, including reviewing enhancements to the Group's operational resilience, progress towards embedding regulatory operational resilience requirements and the Group's resilience to cyber attacks
- conduct and customer outcomes
- the Group's risk appetite statements and key risk indicators (KRIs) to ensure the Group risks remain within appetite
- stress testing and the potential impacts of severe economic scenarios on the Group's business model and strategy
- whistleblowing across the Group
- financial crime, including anti money laundering
- regulatory items concerning the platform sector and asset management sector

The Committee receives regular training from external subject matter experts; this year it has received cyber security training, in order to ensure its knowledge of this area is appropriate.

The Committee concluded that the Group continues to have strong discipline in the management of both emerging and existing risks, and the Committee's work continues to help support the Group in achieving controlled growth in fast growing markets and providing an acceptable level of return.

Further information on the activities of the Committee is provided below.

MEMBERSHIP

Membership of the Committee is reviewed annually by the Chair of the Committee as part of its annual performance evaluation. Recommendations for new appointments are considered with the Nomination Committee, prior to Board approval.

The Company Secretary is the secretary to the Committee. The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Group Finance Director, Head of Risk and other members of the senior management team are routinely invited to attend Committee meetings.

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

The Committee has an annual cycle of work to ensure that all responsibilities are met over a financial year. The Committee met five times during the year, the list below summarises the main activities considered by the Committee during the year ended 30 September 2021.

November

Risk management framework
- Review and approval of risk appetite categories and statements
- Review and approval of the annual compliance plan
- Review of risks that have crystallised
- Conduct and customer outcomes

Operational resilience
- Disaster recovery site update

Risk reporting
- Review of the CRO report
- Review and approval of the KRIs linked to risk appetite categories and HITR
- Review of conduct risk reporting
- Review of information security reporting

Whistleblowing
- Review and approval of the annual whistleblowing report

Client money and assets
- Review of the client money and assets report

Cyber security
- cyber security threat testing from third-party cyber security company

ICAAP
- Review of ICAAP document, including liquidity risk assessments, recovery planning and the wind-down plan

Emerging risks
- Review of emerging risks

Regulatory items
- Review of risk sections in annual report

March

Risk management framework
- Review and approval of Group Risk Management Policy
- Review and approval of the annual risk plan

Risk reporting
- Review of the CRO report
- Review of KRIs linked to risk appetite categories and HITR
- Review of conduct risk reporting
- Review of information security reporting
- Review of third-party risk assessment
- Review of National Risk Register
- Review of 9 November 2020 dealing issues

Combined assurance model
- Review of assurance

Whistleblowing
- Review and approval of the annual whistleblowing report

Client money and assets
- Review of the client money and assets report

Money laundering
- Review of annual report by the Money Laundering Reporting Officer

ICAAP
- Update on new prudential regime for investment firms

Emerging risks
- Review of emerging risks

Regulatory items
- Update on Task Force on Climate-related Financial Disclosures (TCFD)

May

Operational resilience
- Operational resilience progress update

Risk reporting
- Review of the CRO report
- Review of KRIs linked to risk appetite categories and HITR
- Review of conduct risk reporting
- Review of information security reporting
- Review of financial crime reporting

Client money and assets
- Review of the client money and assets report

ICAAP
- Update on new prudential regime for investment firms

Emerging risks
- Review of emerging risks

Regulatory items
- Review of risk sections in half-year report

July

ICAAP
- Review and challenge of Pillar 2A risks

September

Operational resilience
- Operational resilience progress update

Risk reporting
- Review of the CRO report
- Review of KRIs linked to risk appetite categories and HITR
- Review of conduct risk reporting
- Review of information security reporting
- Review of financial crime reporting

Combined assurance model
- Review of assurance

Client money and assets
- Review of the client money and assets report

ICAAP
- Review and approval of Pillar 2A risks

Emerging risks
- Review of emerging risks

Regulatory items
- Review of risk sections in annual report

Review risks inherent in targets and criteria for executive remuneration
- Review of risks inherent in targets and criteria for executive remuneration

RISK MANAGEMENT FRAMEWORK

The Chief Risk Officer provided his annual assessment of risk and compliance in November 2020 and confirmed good progress had been made with the delivery of both the risk and compliance plans over the previous financial year. The Committee also approved the annual risk and compliance plans in March 2021 and November 2020. The Committee conducted its annual review of the Group Risk Management Policy in March 2021 and approved the Policy with minor amendments to the Group's risk appetite statements.

OPERATIONAL RESILIENCE

On 9 November 2020, two significant announcements occurred: a potential vaccine for COVID-19 and clarity on the outcome of the US election. This led to an exceptional spike in activity across the market. This resulted in intermittent service issues over a few hours on that day.

The Group promptly commenced an operational resilience project to address the deficiencies that caused the 9 November 2020 incident. This piece of work concluded in April 2021 (there have been no significant dealing incidents in 2021), but additional operational resilience work continues to embed regulatory operational resilience requirements in line with the timescales set out in FCA policy statement 21/3 (building operational resilience) and the Committee has continued to track progress in this area.

RISK REPORTING

The Group has identified key risks that should they crystallise, could impact the Group's ability to meet its strategic objectives. These risks are referred to as the high impact top risks (HITR). KRIs are linked to the HITR, with measurements of performance against a pre-defined target. For each KRI a tolerance threshold is set in addition to a budget or target measure. Relative measurements are based on trend information to provide early warning indicators that the Group's risk appetite may be close to being breached for that measure.

The HITR are reviewed annually after the Board strategy and budget have been approved and the appropriate KRIs and tolerances are then set. The HITR and associated KRIs are monitored at each Committee meeting.

The dealing incident on 9 November 2020 moved the HITR for IT System Performance, Capacity & Resilience Risk outside of appetite. The HITR for IT System Performance, Capacity & Resilience Risk moved back inside of appetite in April 2021 following the improvements made to the Group's operational resilience.

The Committee receives a quarterly Chief Risk Officer's update and reports from the different areas of the business, including information security, conduct risk and financial crime reporting.

WHISTLEBLOWING

The Group promotes a culture of openness with its employees and where there are concerns, encourages them to utilise the various means available to speak-up. The Group recognises that employees may not feel comfortable reporting their concerns through an internal channel and therefore provides access to an external whistleblowing service. A formal whistleblowing policy is in place which is reviewed annually by the Committee alongside the annual whistleblowing report for consideration.

The Chair of the Committee has been appointed as the whistleblowing champion and will be responsible for the overseeing the integrity and effectiveness of the regime.

COMBINED ASSURANCE MODEL

The purpose of the combined assurance model (CAM) is to monitor the consistency of approach, completeness of coverage and coordination of activities of the Risk, Compliance and Internal Audit functions. All of the Group's risks and controls are recorded in the Group's risk register. Each business area is responsible for performing a Risk and Control Self-Assessment (RCSA), reviewing this assessment on an ongoing basis and providing an annual RCSA attestation. Depending on this assessment the business area will determine whether action is required to improve the controls to ensure the relevant risk is brought back or remains within appetite. The second (Risk and Compliance) and third (Internal Audit) lines of defence then coordinate their assurance activities across the key areas of risk across the Group. The assurance output has been reviewed by the Committee, in conjunction with the Audit Committee, over the course of the financial year.

CLIENT MONEY AND ASSETS

The Committee reviews a quarterly client money and assets (CASS) report, which includes progress on the Group's CASS automation and process simplification, which is looking to improve the Group's CASS processes.

CYBER SECURITY

The Committee monitors the Group's defences against cyber threats. The Committee has reviewed information from our internal subject matter experts on key cyber threats and the strength of our corresponding key controls. The Committee has also sought out assurance and cyber security threat testing from third-party cyber security companies to ensure the Group's cyber defences are working appropriately.

MONEY LAUNDERING

The Committee received and reviewed its annual report from the Money Laundering Reporting Officer (MLRO) in March 2021 which confirmed the Group's anti-money laundering and fraud systems, and controls continue to operate effectively. The Group has continued to invest and develop new anti-money laundering technology and additional resource to further improve its control environment. The Committee monitors the effectiveness of the Group's anti-money laundering and fraud systems and controls as part of its quarterly risk reporting.

ICAAP

The Group has conducted ICAAP scenario workshops with subject matter experts from across the Group to assess the material risks the Group may be exposed to. A Committee meeting was convened in July to review and challenge the output, with the revised output being subject to further review and challenge by the Committee in September. The Committee has reviewed liquidity risk assessments, recovery planning and the wind-down plan. The Committee has also received briefings from internal and external subject matter experts on the new prudential regime for investment firms (scheduled to be implemented in January 2022).

EMERGING RISKS

The Committee receives regular emerging risks updates from the CRO and also external updates from Deloitte. Key items discussed have been regulatory priorities, such as operational resilience and ESG.

REGULATORY ITEMS

The Committee has reviewed 'Dear CEO' letters issued by the FCA, including letters on Operational Resilience and a Portfolio letter for SIPP operators and has concluded that all the actions set out in the letters are being addressed by the Group. The Committee has also reviewed the FCA Business Plan to ensure that the FCA's key priorities are aligned with the Group's key priorities and again no areas of concern have been identified.

REVIEW RISKS INHERENT IN TARGETS AND CRITERIA FOR EXECUTIVE REMUNERATION

Having reviewed the risks inherent in targets and criteria for executive remuneration, the Committee concluded that the executives have not taken inappropriate risks to deliver their objectives.

COMMITTEE EVALUATION

During the year an external evaluation of the Board and its Committees was performed, the process for which can be found on pages 77 and 78. The Committee conducted its own annual effectiveness review in September 2021, which confirmed the Committee is operating effectively.

RISK AND COMPLIANCE COMMITTEE PRIORITIES FOR 2021/22

The Committee will continue to focus on any emerging risks that may materialise. The Group is on track to embed the required regulatory operational resilience requirements and new prudential regime requirements for investment firms in 2022 and the Committee will continue to oversee progress made in these areas of focus.

Signed on behalf of the Risk and Compliance Committee:

Simon Turner
Chair of the Risk and Compliance Committee
1 December 2021

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

LAURA CARSTENSEN
CHAIR OF THE REMUNERATION COMMITTEE

DEAR SHAREHOLDER

As Chair of the Remuneration Committee, I am pleased to present the Committee's report for the year ended 30 September 2021.

This will be my last report as Chair of the Committee because, as previously announced, I will not be putting myself forward for re-election at the Company's 2022 AGM. It has been a pleasure to have served on the AJ Bell Board during such a transformative period and I wish the business continued success over the coming years. Margaret Hassall will take over as the new Chair of the Remuneration Committee with effect from the end of the 2022 AGM.

We have again delivered a strong financial performance, with increased revenue and PBT driven by record levels of new customers and significant growth of AUA whilst continuing to invest in our propositions.

BOARD AND SENIOR MANAGEMENT CHANGES

In the year, the Board accepted recommendations made by the Nomination Committee in respect of changes in the composition of the EMB. These changes are in addition to the Board appointments of our Chair Designate, Helena Morrissey and two Non-Executive Directors, Evelyn Bourke and Margaret Hassall. All of these changes serve to further strengthen the Board and EMB as we embark on the next stage of our long-term growth plans.

As announced on 18 August 2021, two new Executive Director roles have been created – Deputy Chief Executive Officer and Chief Operating Officer. Both of these roles were filled by internal candidates, Michael Summersgill and Roger Stott respectively, who were identified through our internal succession planning process. Both Michael and Roger have been with AJ Bell for over a decade and were the standout candidates for these newly created roles. Their appointments ensure a smooth transition to our new Board structure which will help to support the continued growth of the business.

As a consequence of Michael Summersgill's promotion to Deputy CEO, we have conducted an external search for a new Chief Financial Officer. Michael will retain CFO responsibility until his successor is in place.

EXECUTIVE DIRECTORS' REMUNERATION

In light of the changes in Executive Director roles and responsibilities, the Committee reviewed market reference points with the assistance of our remuneration advisers, Deloitte, in order to determine appropriate remuneration packages.
We considered:

- A cross-sectoral group of FTSE 250 companies within a 12 month average market capitalisation range of £1.0bn to £2.5bn (compared to AJ Bell's market capitalisation of over £1.6bn as at 30 September 2021);
- A sector comparator group; and
- Relativities between Executive Director roles in both FTSE 250 and competitor businesses as well as internal relativities between the Executive Director roles and EMB roles within AJ Bell.

While market data provides a valuable insight into pay levels and structures, the Committee recognises that benchmarking should not be the sole determinant when considering Executive Director remuneration. In line with AJ Bell's general approach to setting pay, the Committee therefore considered a range of factors alongside benchmarking when reviewing proposed changes to remuneration packages.

The competitive pay positioning for the Executive Director roles was also considered alongside wider workforce remuneration levels and against the backdrop of the continued growth and performance of the business.
Since our IPO in December 2018 (as at 30 September 2021):

- Our market capitalisation has increased from c.£650m to over £1.6bn;
- Our continued organic growth has seen our customer numbers increase by 93%, annual net inflows increase by 45%, and total assets under administration increase by 58%.

In the normal course of events, increases in Executive Directors' salaries are made in line with the wider workforce. After due consideration, the Committee agreed that, with effect from 1 October 2021, the CEO's salary would increase to £498,613 per annum in line with the standard award given to the wider workforce of 3.5%.

For the Deputy CEO role, the level of base salary considered appropriate was £400,000 per annum. Taking into consideration the internal appointment of Michael Summersgill to this role and his previous salary level, the Committee decided that this increase should be implemented in two stages with the first increase from £225,504 to £312,752 being made with effect from 1 October 2021 and the second to £400,000 per annum with effect from 1 October 2022. The second increase is subject to the continued strong Group and individual performance.

The COO base salary has been set at £275,000 per annum.

In recruiting the new CFO, we determined a suitable range that fits within this structure to attract the right calibre of external candidates.

The Committee is mindful of the impact of base salary increases on the value of the overall total remuneration package. The changes outlined above move the positioning of base salaries and total remuneration packages for our current Executive Directors towards the lower quartile of the market for FY22. Excluding any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement, neither the CEO nor Deputy CEO receive any other employer pension contributions.

As detailed in previous Directors' remuneration reports, instead of having an annual bonus and separate long-term incentive plan, we operate a single incentive plan – the Executive Incentive Plan (EIP), which has been designed to promote and reward long-term sustainable Group performance. Whilst the maximum EIP awards under the policy are up to 200% of salary, for FY22, it is proposed that the maximum EIP awards granted will be 187.5% of base salary for the CEO and up to 150% of base salary for the Deputy CEO and COO. For the CFO the maximum opportunity will be in line with the Remuneration Policy.

The majority of the overall Executive Directors' remuneration package continues to be performance related. Executives will continue to be assessed against stretching targets in order to determine the extent to which their EIP awards vest, ensuring that variable remuneration rewards strong individual and business performance. This will continue to align shareholders' interests with those of our executives as we continue to grow.

BOARD CHAIR AND NON-EXECUTIVE DIRECTORS

We have also taken the opportunity to review our Board Chair fee level, which was previously set at £130,000. We were mindful that the fee for Board Chairs varies considerably depending on sector and time commitment.
The Committee agreed to set the new Board Chair fee at £180,000 with effect from 1 February 2022. This still positions us at the lower end of the market compared to FTSE 250 companies of a similar size.

Under delegated authority from the Board, the Executive Directors and the Chair have reviewed fees for the other Non-Executive Directors. The outcome was that Non-Executive Directors' fees were increased from £41,000 to £50,000 and the additional fee in respect of acting as a Committee Chair was increased from £5,000 to £10,000. These increases bring the fees closer to the lower quartile of the market competitive range and reflect the increase in the size and complexity of the business since our IPO.

REMUNERATION POLICY AND APPLICATION

Our current Remuneration Policy (the 'Policy') was approved by shareholders at the 2020 AGM. We have included a summary of the Policy on pages 91 to 92.

The members of the Committee are satisfied that the above changes in the reward packages for the Executive Directors are in line with the terms of the Policy.

EXECUTIVE INCENTIVE PLAN

The Executive Incentive Plan (EIP) is a single incentive plan under which performance is assessed over a single financial period based on a balanced scorecard of financial and non-financial measures, but with the deferral of the vesting of a significant proportion (60% in the case of Executive Directors) of the awards. The balanced scorecard and deferred awards promote and reward long-term sustainable Group performance. Albeit performance is assessed over a single financial year, the intrinsic nature of some of the metrics is such as to promote behaviours supportive of long-term goals and a sustainable, successful business (see key performance measure by strategic driver below).

Under the EIP no cash bonuses are paid. Instead, both annual and deferred awards are delivered in shares, thus aligning shareholder and director interests. EIP awards are granted at the start of the financial year and the number of shares subject to the EIP awards is determined based on the share price at the date of grant. This means that executives are exposed to the impact of any subsequent movement in the share price over the performance period, upwards or downwards.

The performance measures set for the EIP awards are divided between a balanced scorecard of financial and non-financial measures linked to the KPIs and strategy of the business, with the primary focus being on the drivers of long-term value, such as growth in AUA, customer numbers and retention rates.

We consider that this, together with our clear and robust framework for setting targets and for measuring and assessing performance objectively, ensure we reward executives appropriately for both their own contribution and the performance of the Group.
The Committee retains the discretion to override mechanical assessment ratings, if they consider them to have resulted in inappropriate award outcomes and has on occasion exercised such discretion. When exercising its discretion, the Committee takes into account a report from the Chief Risk Officer on whether it has been identified that any undue risk has been taken in order to achieve objectives.
Deferred awards are also subject to a performance underpin which is linked to the underlying performance of the Group, risk management, conduct and compliance over the three-year deferral period.

EIP OUTCOMES

Our financial results for the year ended 30 September 2021 demonstrate strong growth over the past 12 months. This growth has been driven by a record number of new platform customers during the year.

We achieved strong growth in revenue during the year, up 15% to £145.8m, and we are pleased to report an increase in PBT to £55.1m, representing a 13% growth rate.

In determining Directors' pay for the year, the Committee considered the results of the key performance measures, external market conditions and an assessment of the movements in share price seen over the period. Based on this, the extent to which awards under the EIP vested has been confirmed; the CEO's awards vested at 79% and the CFO's at 77%. The Committee did not apply any discretion to the formulaic outcomes.
Further details of the outcomes can be found on pages 97 and 98 of the Annual Report on Remuneration.

The Committee is satisfied that our Executive Directors have continued to deliver tangible and substantial benefits for the business and our shareholders and have delivered strong performance against stretching targets, as our results attest.

KEY PERFORMANCE MEASURE BY STRATEGIC DRIVER

Finance and assurance	Growth	Our customers	Our technology	Our people
• Revenue • PBT • Diluted EPS	• Total customers • Total AUA	• Customer retention rates • Operational performance indicators	• PBT margin	• Staff engagement

ALIGNMENT WITH WIDER WORKFORCE

The Committee reviews wider workforce remuneration information from the HR team, which is responsible for completing the annual pay review that involves a performance assessment process. Executive remuneration and other employees' salaries are reviewed following the same process and include both fixed and performance related elements. This includes benchmarking against similar organisations and considers factors such as local recruitment conditions.

The standard base salary increase for the wider workforce for the year ending 30 September 2022 has been set at 3.5%. In addition to our usual benchmarking exercise for the wider workforce, this year we identified several key roles from across the business where base salaries have not kept up with the growth of the business and had become uncompetitive. For approximately 15% of staff below the executive team, higher base salary increases were therefore made to ensure our top talent is paid appropriately for the value they add to the business. We have also committed to paying all our employees no less than the Real Living Wage.

Through our Employee Voice Forum we have engaged with staff on topics such as culture and staff wellbeing. In addition, we receive an abundance of feedback from staff via the annual Best Companies survey, which covers a number of key areas including pay and reward. Staff are able to provide anonymous feedback through the survey, which has proved most effective to enable this to be as open and honest as possible. The feedback we collated from staff on pay this year helped to inform the areas of focus needed for our extra work on salary review benchmarking. Although we did not directly engage with the wider workforce on the topic of executive remuneration during the year, the members of the Committee are satisfied that the other channels used to facilitate employee engagement are sufficient and that any feedback provided by those mechanisms would be taken into account by the Committee.

All employees are eligible to participate in our HMRC approved Buy As You Earn share plan, under which they can, within HMRC approved limits, buy shares in the company out of pre-Income Tax and National Insurance pay. We consider this helps to align the interests of our wider workforce with those of our shareholders. During the year over 30% of our workforce actively participated in the plan.

GENDER PAY

Our pay data that we published in 2021 dates back to April 2020. Our report showed an increase in our mean and median pay gap figures in 2020. Since that time, we have made real progress in addressing the gender profile of our workforce which – in common with most financial services companies – has traditionally seen a higher number of men in senior roles than women. It should also be noted that the method of calculation changed this year to take account of salary sacrifice benefits (as advised by the Government Equalities Office) and is not therefore directly comparable to the previous year's data.

We are confident that men and women are paid equally for doing equivalent jobs across our business, and that this snapshot of our gender pay gap does not reflect the real progress we have made in supporting a diverse and inclusive workplace.

During the year we made four female appointments at Board and EMB level which has resulted in an improvement in the diversity of our senior management team. Further details are set out in pages 76 and 77.

The Group's gender pay gap report can be found at www.ajbell.co.uk.

CEO PAY RATIO

The median ratio for the CEO's salary and total remuneration compared to our employees was 19:1 and 42:1 respectively and further details can be found on page 102 of the Annual Report on Remuneration. A significant proportion of the CEO's pay is in the form of variable pay through the EIP. CEO pay will therefore vary year-on-year based on Company and share price performance, as will the CEO to all-employee pay ratio.

LOOKING FORWARD TO 2021/22

The average base salary increase for the wider workforce for 2021/22 is 3.5%. In addition, all members of staff will automatically be enrolled in an annual discretionary bonus scheme.

Ahead of our triennial renewal of the Remuneration Policy at our 2023 AGM, our primary focus will be on talent attraction and retention in key areas of the business and ensuring that our remuneration and benefits offering remains competitive and that we are seen as an employer of choice.

The Committee is also mindful that when our Remuneration Policy was established in FY19, the executive team had significant shareholdings together with high job tenure. Since then, not only have we seen significant growth in the business but with changes now taking place in the composition and membership of both our Board and Executive Management team, this has highlighted the need to review our approach to executive remuneration to ensure that we can continue to retain our existing talent and be able to attract new executive talent into the business in the future. Consequently, this year we will be considering what changes we can make to improve our Remuneration Policy, which are consistent with our culture and general approach to remuneration in further promoting long-term sustainable value creation. Through the review, we will engage with staff to seek their views on executive remuneration and also seek to we will also consider how we enhance how we can effectively incorporate environmental, social and governance (ESG) related metrics into our remuneration targets.

We will also continue to monitor remuneration developments, particularly in light of the ongoing impact of the Investment Firm Prudential Regime.

Signed on behalf of the Remuneration Committee:

Laura Carstensen
Chair of the Remuneration Committee
1 December 2021

DIRECTORS' REMUNERATION POLICY (SUMMARY)

This part of the Directors' remuneration report summarises the key components of Executive Director Remuneration arrangements, which form part of the Policy. The Policy originally came into effect when the business listed in 2018 and was supported by shareholders in a vote at the 2020 AGM, details of which are provided on page 103 of this report. The full Policy document is contained in the 2019 Annual report, which can be found at www.ajbell.co.uk/investor-relations.

ALIGNMENT WITH THE UK CORPORATE GOVERNANCE CODE

In determining our Remuneration Policy the Committee addressed the following six principles, as set out in the UK Corporate Governance Code:

Clarity

- The Remuneration Policy has been designed with a clear and robust framework for setting targets and for measuring and assessing performance objectively, aligned to our business model/cycle, to ensure we reward executives appropriately for both their own contribution and the performance of the Group.
- Our Policy clearly aligns the interests of the Executive Directors, senior management and employees with those of shareholders and wider stakeholders, as well as our purpose, guiding principles and strategy.

Simplicity

- We operate a single incentive plan – the EIP, which is designed to promote and reward long-term sustainable Group performance.

Risk

- Our approach aims to ensure that remuneration and incentives adhere to the principles of good corporate governance, the FCA Remuneration Code and support good risk management practice.
- Malus and clawback provisions apply to executive rewards. Deferred awards are also subject to a performance underpin which is linked to the underlying performance of the Group, risk management, conduct and compliance over the three year deferral period.
- The Committee retains discretion to override mechanical assessment ratings in relation to any concerns over risk management.

Predictability

- All executives are set clear financial and non-financial targets at the start of the year with minimum, target and maximum thresholds set as shown in our remuneration report.
- All EIP awards are delivered in shares with awards granted at the start of the financial year based on the share price at the date of grant.

Proportionality

- Executives are assessed against financial and non-financial objectives, which are based on long-term sustainable performance.
- The Committee retains the discretion to override mechanical assessment ratings, if they consider them to have resulted in inappropriate award outcomes.

Alignment to culture

- 50% of executive awards are based on non-financial performance objectives aligned with our purpose, principles and strategy, including those specifically related to our culture such as staff engagement.

Policy for Executive Directors

Component	Purpose and link to strategy	Key features	Maximum opportunity	Performance measures
Base salary	Core element of fixed remuneration reflecting the individual's role and experience.	The Committee ordinarily reviews base salaries annually taking into account a number of factors including (but not limited to) the value of the individual to the business, the scope of their role, their skills, experience and performance. The Committee also takes into consideration: • pay and conditions of the workforce generally; and • Group profitability and prevailing economic conditions.	Whilst the Committee does not set a maximum permissible base salary, it does have regard to relevant comparators in approving salary levels. Increases will normally be within the range of salary increases awarded (in percentage of salary terms) to other employees of the Group.	While no formal performance conditions apply to fixed remuneration, an individual's performance in their defined role is taken into account in determining any salary increase.
Benefits	To provide fixed remuneration on a market competitive basis to enable the retention of executives to deliver the Company's strategy.	Benefits include medical cover for the Executive Director and their spouse and dependent children and life assurance scheme.	The Committee has not set a maximum on the level of benefits Executive Directors may receive. The value is set at a level which the Committee considers to be appropriate taking into account the nature and location of the role and individual circumstances.	Not applicable.
Retirement benefits	To provide a competitive means of saving to deliver appropriate income in retirement.	An Executive Director may receive a salary supplement in lieu of some or all of the contributions that would otherwise be made to a pension scheme. Subject to any agreed salary sacrifice, the Company may make a contribution to a defined contribution scheme or a personal pension.	The maximum value of any employer pension contributions (or cash in lieu of a pension contribution) for Executive Directors will be aligned to those contribution rates applicable to other employees.	Not applicable.

DIRECTORS' REMUNERATION POLICY (SUMMARY)

Component	Purpose and link to strategy	Key features	Maximum opportunity	Performance measures
EIP	To reward achievement of the Group's business plan, key performance indicators and the personal contribution of the Executive Directors. Aligns the interests of Executive Directors with those of shareholders and rewards long-term stewardship of the Company. Delivery in shares with a performance underpin and the ability to apply malus adjustments and clawback further supports longer-term alignment with shareholders' interests.	The EIP is a combined annual and long-term incentive plan under which both annual awards and deferred awards may be granted, referred to together as 'Awards'. Awards may be granted in the form of conditional awards of shares or nil (or nominal) cost options. Following the end of the performance period, the Board will determine the extent to which the performance condition has been satisfied and whether it is appropriate to adjust the extent to which the Awards will be released to take account of the underlying performance of the Company and any other factors the Board considers relevant. An annual award will normally be released (so that the participant is entitled to acquire shares subject to it) on the first dealing day following the assessment of the performance condition. A deferred award will normally be released (so that the participant is entitled to acquire shares subject to it) following the end of a deferral period starting on the date on which the performance condition is assessed and ending in the fourth year after the start of the performance period. Deferred awards will also be subject to a holding period which shall normally end on the fifth year after the start of the performance period.	An Executive Director would not normally be granted awards under the EIP in respect of any financial year over shares with a market value (as determined by the Board) in excess of 200% of base salary. In exceptional circumstances this may be increased to 250% of base salary. The number of shares subject to an award is based on the five-day average share price immediately preceding the date of grant, unless the Committee determines otherwise. The number of annual shares granted to an Executive Director in any financial year may not exceed 40% of the aggregate number of shares over which they are granted in respect of that financial year.	Performance measures include a range of financial and non-financial factors to encourage long-term value creation for shareholders. Awards will be assessed against a combination of financial, non-financial/strategic and individual measures, usually measured over a one year period. At least 50% of the EIP opportunity is based on financial measures. Up to 67% of the maximum award granted may vest at the end of the performance period for delivering appropriately stretching on-target performance. Deferred awards will be subject to performance underpins linked to the underlying performance of the Group, risk management, conduct and compliance over the deferral period. The underpin performance conditions applicable to a deferred award will be disclosed in the Directors' remuneration report.
All-employee share plans	The Buy As You Earn (BAYE) scheme creates staff alignment with the Group and provides a sense of ownership. Executive Directors may participate in the BAYE scheme and/or in any such other all employee share plan as may be introduced from time to time.	The Executive Directors may participate in all sections of the BAYE scheme, being the partnership and matching section and the free share section. Any other all employee share plan would be operated for Executive Directors in accordance with its rules and on the same basis as for other qualifying employees.	The limits on participation under the BAYE scheme will be those set in accordance with the applicable tax legislation from time to time.	Not subject to performance conditions in line with typical market practice.

Policy for Non-Executive Directors

Component	Purpose and link to strategy	Key features	Maximum opportunity	Performance measures
Non-Executive Directors	To provide fees within a market competitive range reflecting the individual, responsibilities of the role and the expected time commitment. To reimburse where appropriate out-of-pocket expenses which are relevant to the requirements of the role.	The fees of the Chair are determined by the Committee and the fees of the Non-Executive Directors are determined by the Board. Non-Executive Directors (including the Chair) may claim expenses in line with the Company's expenses policy for out-of-pocket expenses incurred in the fulfilment of their responsibilities.	Not applicable.	Not applicable.

ANNUAL REPORT ON REMUNERATION

We have presented the Annual Report on Remuneration (the 'Report') to set out how the Policy of the Company has been applied in 2021 and how the Committee intends to apply the Policy going forward. An advisory shareholder resolution to approve this report will be proposed at the AGM.

REPORTING REQUIREMENTS

The Report reflects the reporting requirements on remuneration matters in accordance with the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The Report also meets the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules. The Report describes how the Board has complied with the provisions set out in the UK Corporate Governance Code 2018 relating to remuneration matters.

COMMITTEE MEETINGS AND ATTENDANCE

The Committee meets at least three times a year and otherwise as required. The table below shows the Committee membership and members' attendance at meetings for the year ended 30 September 2021:

Member	Position	Eligible meetings	Attended meetings
Laura Carstensen	Chair	4	4
Les Platts*	Non-Executive Director (Chairman)	3	3
Eamonn Flanagan	Non-Executive Director	4	4
Simon Turner	Non-Executive Director	4	4
Margaret Hassall**	Non-Executive Director	1	1

* Les Platts stepped down from the Committee on 8 September 2021
** Margaret Hassall was appointed to the Committee on 8 September 2021

The Company Secretary is secretary to the Committee. The Chief Executive Officer, Chief Financial Officer, HR Director and our external advisers, Deloitte, are also routinely invited to attend Committee meetings.

MAIN ACTIVITIES DURING THE FINANCIAL YEAR

The Committee has an annual cycle of work to ensure that all responsibilities are met over a calendar year. The Committee met four times during the year, the list below summarises the key items considered by the Committee during the year ended 30 September 2021.

November	April	June	September
Assessment of remuneration performance • Review of financial and non-financial performance ratings • Review of CRO risk report • Consideration of application of discretion **Wider workforce** • Update on FY20 wider workforce bonuses • Review of CSOP discretionary awards **Directors' remuneration report** • Review of FY20 Directors' remuneration report **Governance** • Update on shareholdings against guidelines • Market developments update	**Assessment of remuneration performance** • EIP interim performance assessment **Remuneration schemes** • Update on share schemes **Governance** • Appointment of Remuneration Committee consultants • AGM investor feedback • Market developments update • Review of approach to Material Risk Takers regulation	**Specific remuneration arrangements** • Review of board executive pay structure	**Directors' remuneration report** • Review of draft FY21 Directors' remuneration report **Assessment of remuneration performance** • Update on FY21 financial and non-financial performance • Review of proposed objectives for FY22 **Governance** • Annual Committee evaluation • Annual review of Committee terms of reference • Annual review of Committee meeting cycle • Market developments update

For more information on the Committee's Terms of Reference visit www.ajbell.co.uk.

ADVICE TO THE COMMITTEE

In relation to its consideration of Directors' remuneration during the year, the Committee has received advice from:

- The Chairman, Chief Executive Officer, Chief Financial Officer, HR Director and Company Secretary; and
- Deloitte LLP (Deloitte).

Deloitte is retained to provide independent advice to the Committee as required. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operated under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte has provided advice covering annual remuneration report and policy disclosures, market practice and corporate governance updates. Fees for providing remuneration advice to the Committee were £16,000 for the year ended 30 September 2021. The Committee assesses from time to time whether this appointment remains appropriate or should be put out to tender and takes into account the Remuneration Consultants Group Code of Conduct when considering this.

COMMITTEE EVALUATION

During the year an external evaluation of the Board and its Committees was performed, the process for which can be found on pages 77 and 78. The Committee also conducted its own annual effectiveness review in September 2021, which confirmed the Committee is operating effectively.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR 2020/21

The following table sets out total remuneration for each Director in respect of the year ending 30 September 2021.

SINGLE FIGURE OF REMUNERATION FOR THE YEAR ENDED 30 SEPTEMBER 2021 (AUDITED)

	Salary and fees[a] £000	Benefits[b] £000	Executive Incentive Plan[c] £000: Annual award	Executive Incentive Plan[c] £000: Deferred award	Pension[d] £000	Total remuneration £000	Total fixed remuneration £000	Total variable remuneration £000
Executive Directors								
Andy Bell	482	18	277	414	–	1,191	500	691
Michael Summersgill	226	1	102	152	–	481	227	254
Non-Executive Directors								
Les Platts	130	–	–	–	–	130	130	–
Laura Carstensen	53	–	–	–	–	53	53	–
Eamonn Flanagan	53	–	–	–	–	53	53	–
Simon Turner	53	–	–	–	–	53	53	–
Helena Morrissey*	23	–	–	–	–	23	23	–
Evelyn Bourke*	13	–	–	–	–	13	13	–
Margaret Hassall**	4	–	–	–	–	4	4	–

* Helena Morrissey and Evelyn Bourke were appointed to the Board on 1 July 2021
** Margaret Hassall was appointed to the Board on 1 September 2021

EIP options are granted at the start of the performance period and therefore executives are exposed to the impact of any subsequent movement in the share price over the performance period. In the period between grant and vesting, the share price decreased from 430.5p to 422.2p and is therefore attributable to a c.2% reduction in the award values.

SINGLE FIGURE OF REMUNERATION FOR THE YEAR ENDED 30 SEPTEMBER 2020 (AUDITED)

	Salary and fees[a] £000	Benefits[b] £000	Executive Incentive Plan[c] £000: Annual award	Executive Incentive Plan[c] £000: Deferred award	Pension[d] £000	Total remuneration £000	Total fixed remuneration £000	Total variable remuneration £000
Executive Directors								
Andy Bell	482	15	320	480	–	1,297	497	800
Michael Summersgill	226	1	120	180	–	527	227	300
Non-Executive Directors								
Les Platts	115	–	–	–	–	115	115	–
Laura Carstensen	46	–	–	–	–	46	46	–
Eamonn Flanagan	46	–	–	–	–	46	46	–
Simon Turner	46	–	–	–	–	46	46	–

The figures in the single figure tables above are derived from the following:

(a) Salary and fees	The amount of salary/fees earned in respect of the year. A salary sacrifice pension arrangement is operated by the Company. Directors' salaries are shown gross of salary sacrifice pension contributions.
(b) Benefits	The benefits received by the Executive Directors comprise: • private medical insurance; and • life assurance is provided to the CEO.
(c) Executive Incentive Plan	Annual award for FY21: the value of the annual award earned in respect of the financial year is based on the share price at vesting of 422.2p. A description of performance against the measures which applied for the financial year is provided on pages 97 and 98. Deferred award for FY21: the value of the deferred award earned in respect of the financial year is based on the share price at initial vesting of 422.2p. A description of performance against the measures which applied for the financial year is provided on pages 97 and 98. Note: a deferred award will normally be released following the end of a deferral period starting on the date on which the performance condition is assessed and ending in the fourth year after the start of the performance period. The values in the single figure of remuneration table are calculated in accordance with the applicable regulations by reference to the share price at vesting. The values of the deferred awards are included in the FY21 table, notwithstanding that the values will not be released to the Directors until the end of the deferral period. In the period between grant and vesting, the share price decreased from 430.5p to 422.2p and is therefore attributable to a c.2% reduction in the award values. The values for the FY20 annual and deferred awards were based on the share price at vesting of 449.5p.
(d) Pension	Excluding any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement, none of the Directors received any other employer pension contributions in respect of the year.

BASE SALARY AND FEES

The Executive Directors' base salaries were reviewed in September 2021. In reviewing base salaries the Committee took into account the new roles of the Executive Directors' following the board restructure, as well as salaries paid elsewhere across the Group, relevant market data and information on remuneration practices in peer companies.

	Base salary as at 1 October 2021	Base salary as at 1 October 2020
Andy Bell	£498,613	£481,752
Michael Summersgill	£312,752	£225,504
Roger Stott	£275,000	n/a

Details of Chairman and Non-Executive Directors' fees are detailed below.

	Base salary as at 1 October 2021	Base salary as at 1 October 2020
Les Platts (Chairman)	£130,000	£130,000
Laura Carstensen	£50,000	£41,000
Eamonn Flanagan	£50,000	£41,000
Simon Turner	£50,000	£41,000
Helena Morrissey	£90,000	n/a
Evelyn Bourke	£50,000	n/a
Margaret Hassall	£50,000	n/a

An additional fee of £10,000 is payable for each Non-Executive Director (excluding the Board Chair) in respect of acting as a Committee Chair.

EXECUTIVE INCENTIVE PLAN (EIP) (AUDITED)

For the financial year ended 30 September 2021, the maximum EIP awards granted to the CEO and CFO equated to 187.5% and 150% of base salary respectively.

Executive Director	Maximum opportunity	On-target opportunity	Number of shares	Face value at grant[1]	Performance period[2]
Andy Bell	187.5% of salary	125% of salary	83,252 Annual 124,878 Deferred	£361,147 £541,721	Financial year ended 30 September 2021
Michael Summersgill	150% of salary	100% of salary	31,176 Annual 46,763 Deferred	£135,241 £202,858	Financial year ended 30 September 2021

1 For these purposes, the face value of the award is calculated by multiplying the number of shares over which the award was granted by 433.8p, the 5 day average share price prior to grant date.
2 Each award was subject to performance conditions assessed over the financial year ended 30 September 2021 (as described further below). Deferred awards are also subject to a performance underpin for a further three years (to 30 September 2024).

The EIP awards are made up of an annual award and deferred award (40% and 60% of the total number of shares respectively) both granted as nominal cost options. Both the annual and deferred awards are assessed against a balanced scorecard of financial and non-financial measures, linked to the KPIs and strategy of the business, over the financial year ending 30 September 2021 as set out below:

Finance and Assurance	Growth	Our customers	Our technology	Our people
Revenue	Total customers	Customer retention rates	PBT margin	Staff engagement
PBT	Total AUA	Operational performance indicators		
Diluted EPS				
Weighting:	Weighting:	Weighting:	Weighting:	Weighting:
CEO: 50%	CEO: 17.5%	CEO: 17.5%	CEO: 7.5%	CEO: 7.5%
CFO: 50%	CFO: 7.5%	CFO: 17.5%	CFO: 17.5%	CFO: 7.5%

Payout for performance between threshold and stretch is calculated on a stepped basis. The payout for each individual metric is 33% of maximum at threshold, 67% of maximum at on-target performance and 100% of maximum at stretch. The resultant payout for each of the five KPI areas is based on an assessment of each performance measure, in the round, and taking into account outperformance above stretch.

FINANCE AND ASSURANCE

	Threshold	Target	Stretch	Actual
Revenue	**£114.8m**	**£127.5m**	**£140.3m**	**£145.8m**
Profit before tax	**£41.7m**	**£46.3m**	**£50.9m**	**£55.1m**
Diluted EPS	**8.22p**	**9.14p**	**10.05p**	**10.67p**

Commentary on achievements

The financial targets set for the year fully reflected the impact of the targeted growth in customers and AUA, along with the significant revenue headwind caused by the reduction in interest rates in March 2020.

The Committee noted very strong revenue performance, outperforming target by 14% in the year due to elevated levels of customer dealing activity and record growth in customers and AUA. The outperformance was achieved despite the fact that the negative impact of the interest rate reduction was actually greater than anticipated when the targets were set. PBT and DEPS also outperformed the stretch, primarily driven by the increase in revenue.

Payout (as a % of the maximum):	100%

GROWTH

	Threshold	Target	Stretch	Actual
Total customers	**328,741**	**365,268**	**401,795**	**382,754**
Total AUA	**£55.8bn**	**£62.0bn**	**£68.2bn**	**£72.8bn**

Commentary on achievements

Target growth was set at 24% for total customers. Strong performance in the year exceeded target with customer numbers increasing by 30% to a total of 382,754. This growth has been driven by our platform propositions, in particular our D2C platform which saw a 40% increase in customer numbers.

We continued to see significant growth in the level of AUA inflows across both our advised and D2C platform propositions, driven by new and existing customers. Total AUA growth of 29% was further supported by strong performance across global markets and was significantly higher than target growth of 10%.

Payout (as a % of the maximum):	87%

OUR CUSTOMERS

	Threshold	Target	Stretch	Actual
Combined AJBIC/AJBYI customer % retention rate	**85.9%**	**95.4%**	**100.0%**	**95.0%**
Operational performance indicators RAG % red	**5.6%**	**5.1%**	**4.6%**	**12.4%**

Commentary on achievements

The Committee noted that the customer retention rate of platform customers remained very high, despite falling slightly behind target.

The operational performance indicator targets were not met, principally as a result of periods in the year where some of the various targets set for the time to respond to customer communications were not met. New customers generally have a higher contact frequency and the record growth in customer numbers caused periods of stretch in certain operational teams. The Committee noted that the targets set by senior management rightly required a very high level of customer service to be maintained and that for the vast majority of the year the targets were met.

Payout (as a % of the maximum):	20%

OUR TECHNOLOGY

	Threshold	Target	Stretch	Actual
Profit margin	**32.7%**	**36.3%**	**39.9%**	**37.8%**

Commentary on achievements

The Committee noted above target performance with profit margin outperforming target by 1.5ppts being driven by the elevated levels of transaction dealing revenue and increased customer numbers. The Committee noted this strong performance evidenced the efficiency of our business model and was achieved whilst also investing in our new simplified propositions to support long-term growth.

Payout (as a % of the maximum):	67%

OUR PEOPLE

	Target	Actual
Star rating from Best Companies survey results	**3-star**	**3-star**

Commentary on achievements

The staff engagement measure is based on a single target (that is either achieved or not), to achieve a 3-star Best Companies survey rating. This is the highest engagement level achievable in the survey and the Committee noted that a 100% payout would only be awarded in the case of exceptional performance, for example placing in the top 10 UK companies to work for.

We maintained a 3-star status in the Best Companies survey this year and therefore this target was met

Payout (as a % of the maximum):	67%

The Committee recognised the strong performance in the year whilst also investing for the future with the development of two new simplified propositions.

In considering the extent to which the Executive Directors' EIP awards vested, the Committee assessed achievement against the financial and non-financial targets set alongside the findings of the CRO risk report, in which no adverse findings were reported. They also considered relevant external market conditions.

Accordingly, the CEO's and the CFO's awards vested at 79% and 77% respectively, as regards both the annual and deferred awards. Further detail is included in the table below.

		Granted	Vested and released	Initially vested and deferred	Forfeited
CEO	Annual awards	83,252	65,491	–	17,761
	Deferred awards	124,878	–	98,237	26,641
CFO	Annual awards	31,176	24,109	–	7,067
	Deferred awards	46,763	–	36,163	10,600

The deferred awards are also subject to performance underpins for a further three years. The underpin conditions are set out below.

Underpin	Measure	Details
Grow shareholder value	Measurement of the underlying performance and strength of the Company	No material deterioration in the underlying performance of the Company which is significantly greater than any deterioration in the performance of comparator listed financial services companies.
Risk, conduct and compliance	Effective individual and Company risk management	No material failure in risk management, conduct or compliance.

The participants are entitled to acquire shares following the assessment of the underpins but (other than as regards sales to cover tax liabilities) participants are required to hold acquired shares (and to not dispose of shares) for a further 12 months.

PAYMENTS MADE TO FORMER DIRECTORS AND PAYMENTS FOR LOSS OF OFFICE DURING THE YEAR (AUDITED)

No payments for loss of office and no payments to any former Director of the Company were made in the year.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

The interests of the Directors and their connected persons in the Company's ordinary shares as at 30 September 2020 and 30 September 2021 were as follows:

	30 September 2021	30 September 2020
Executive Directors		
Andy Bell	**93,471,016**	96,710,546
Michael Summersgill	**1,145,054**	1,480,250
Non-Executive Directors		
Les Platts	**310,517**	425,867
Laura Carstensen	**–**	52,045
Eamonn Flanagan	**151,090**	151,090
Simon Turner	**185,953**	269,142
Helena Morrissey	**–**	n/a
Evelyn Bourke	**33,000**	n/a
Margaret Hassall	**–**	n/a

Roger Stott was appointed as a director on 1 October 2021. At this date, the interests of Roger Stott and his connected persons in the Company's ordinary shares was 198,567.

There has been no subsequent change in Directors' shareholdings and share interests since 30 September 2021.

EXECUTIVE DIRECTORS' SHAREHOLDING GUIDELINES

The Committee has adopted a shareholding guideline for the Executive Directors, which requires a shareholding equivalent to 350% of base salary for the Chief Executive Officer and 300% of base salary for the Chief Financial Officer, as further described in the Directors' Remuneration Policy. The Executive Directors have significantly exceeded this guideline at 30 September 2021, based on the share price at the end of the financial year.

The shareholding guideline for the new Deputy Chief Executive Officer and Chief Operating Officer roles have also been set at 300%.

Reflecting best practice, the Committee has also adopted a post-cessation shareholder requirement. This requires Executive Directors to retain shares of value equal to the shareholder guideline (or value of their shareholding at cessation if lower) for twelve months and 50% of this guideline for a further twelve months. Shares, which the Executive Director has purchased or which were held at the date of admission to the London Stock Exchange, are not relevant shares for these purposes.

EXECUTIVE DIRECTORS' INTERESTS UNDER SHARE SCHEMES (AUDITED)

Awards under share plans:

		Award date	As at 1 October 2020	Granted during the year	Forfeited during the year	Exercised during the year	As at 30 September 2021	Status
Andy Bell	Deferred award	18 Jan 19	214,804	–	–	–	214,804	Subject to performance underpins
	Annual award	12 Dec 19	71,181	–	–	–	71,181	Vested and unexercised
	Deferred award	12 Dec 19	106,772	–	–	–	106,772	Subject to performance underpins
	Annual award	10 Dec 20	–	83,252	17,761	–	65,491	Vested and unexercised
	Deferred award	10 Dec 20	–	124,878	26,641	–	98,237	Subject to performance underpins
Michael Summersgill	Deferred award	18 Jan 19	81,675	–	–	–	81,675	Subject to performance underpins
	Annual award	12 Dec 19	26,655	–	–	–	26,655	Vested and unexercised
	Deferred award	12 Dec 19	39,983	–	–	–	39,983	Subject to performance underpins
	Annual award	10 Dec 20	–	31,176	7,067	–	24,109	Vested and unexercised
	Deferred award	10 Dec 20	–	46,763	10,600	–	36,163	Subject to performance underpins

CURRENT SERVICE CONTRACTS AND TERMS OF ENGAGEMENT

Executive Directors

The Executive Directors are employed under rolling service contracts that can be terminated by the Executive Director or the Company with six months' notice. These contracts were dated as follows:

	Contract date
Andy Bell	1 November 2019
Michael Summersgill	1 November 2019

Non-Executive Directors

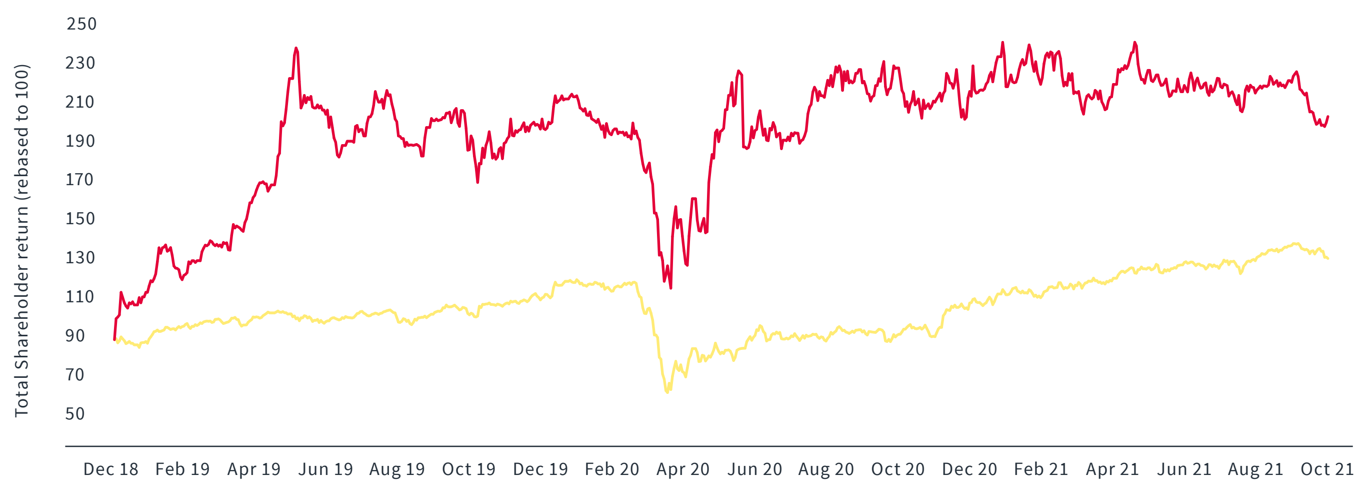
The Non-Executive Directors do not have service agreements and are appointed subject to letters of appointment that can be terminated with one month's notice by either the Non-Executive Director or the Company. The letters of appointment are dated as follows:

	Contract date
Les Platts (Chairman)	15 September 2008
Laura Carstensen	29 March 2018
Eamonn Flanagan	22 March 2018
Simon Turner	1 July 2014
Helena Morrissey	1 July 2021
Evelyn Bourke	1 July 2021
Margaret Hassall	1 September 2021

PERFORMANCE GRAPH AND HISTORICAL CHIEF EXECUTIVE OFFICER REMUNERATION OUTCOMES

The graph below shows the total shareholder return (TSR) performance of the Company's shares in comparison to the FTSE 250 for the period from the date of admission, 12 December 2018 to 30 September 2021. The TSR performance of the FTSE 250 index has been selected as it is considered the most appropriate comparator group to AJ Bell. For the purposes of the graph, TSR has been calculated as the percentage change during the period in the market price of the shares, assuming that dividends are reinvested in shares on the ex-dividend date. The graph shows the change in value, up to October 2021, of £100 invested in shares in the Company on the date of admission compared with the change in value of £100 invested in the FTSE 250.

TOTAL SHAREHOLDER RETURN FOR AJ BELL AGAINST THE FTSE 250 INDEX



AJ Bell FTSE 250

Source: Thomson Datastream

CEO PAY REMUNERATION

The table below shows details of the total remuneration and EIP vesting (as a percentage of the maximum opportunity) for the Chief Executive Officer.

	Total single figure remuneration £'000	Annual EIP award (% of maximum opportunity)	Deferred EIP award (% of maximum opportunity)
2021	**1,191**	**79%**	**79%**
2020	1,297	79%	79%
2019	1,906	65%	65%

DIRECTORS' REMUNERATION RATIOS AND PERCENTAGE CHANGE

The table below sets out in relation to salary/fees, taxable benefits and incentives, the percentage change in pay for the Directors compared to the wider workforce from 2020 to 2021. The annual change in salary is based on the salary of employees (on a full time equivalent basis) as at 30 September 2021 and 30 September 2020, and the annual change in bonus excludes employees that are not eligible for a bonus. The average employee change has been calculated by reference to the mean change.

	2021			2020		
	Salary/Fees	Benefits	Annual bonus	Salary/Fees	Benefits	Annual bonus
Andy Bell	**0.0%**	**12.0%**	**(15.7%)[1]**	2.5%	(16.7%)	(43.6%)
Michael Summersgill	**0.0%**	**13.4%**	**(17.7%)[1]**	2.5%	(87.5%)	(44.4%)
Les Platts	**11.5%**	**n/a**	**n/a**	15.0%	n/a	n/a
Laura Carstensen	**13.2%**	**n/a**	**n/a**	2.2%	n/a	n/a
Eamonn Flanagan	**13.2%**	**n/a**	**n/a**	2.2%	n/a	n/a
Simon Turner	**13.2%**	**n/a**	**n/a**	2.2%	n/a	n/a
Wider workforce	**3.3%**	**28.0%**	**11.1%**	4.9%	(56.0%)	(8.3%)

1 The reduction in the annual bonus for the CEO and CFO is based on the awards granted under the EIP which are subject to share price movements. For the FY20 awards, the share price increased from 403.5p to 449.5p in the period between the grant and vesting. For the FY21 awards, the share price decreased from 430.5p to 422.2p.

CEO PAY RATIO

The table below sets out the ratio at median (50th percentile), 25th and 75th quartile of the total remuneration received by the CEO compared with the total remuneration received by employees (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with the Companies (Miscellaneous Reporting) Requirements 2018 (the Regulations).

Year	Pay element	Method	25th (Lower quartile)	50th (Median)	75th (Upper quartile)
2021	Salary	Option A	23:1	19:1	12:1
	Total remuneration	Option A	52:1	42:1	25:1
2020	Salary	Option A	24:1	19:1	12:1
	Total remuneration	Option A	59:1	47:1	29:1

Remuneration figures used to calculate the above ratio:

Year	Pay element	CEO	25th (Lower quartile)	50th (Median)	75th (Upper quartile)
2021	Salary	£481,752	£21,188	£25,272	£40,716
	Total remuneration	£1,190,522	£22,823	£28,380	£46,996
2020	Salary	£481,752	£20,349	£25,008	£38,568
	Total remuneration	£1,297,056	£22,026	£27,511	£44,197

The calculation methodology used to identify the employees at each quartile for 2021 and 2020 is Option A, as defined in the regulations. We believe this is the most robust and accurate approach, and in line with shareholder expectations. The median, 25th and 75th percentile colleagues were determined based on calculating total annual remuneration up to and including 30 September. Total full-time equivalent remuneration for employees reflects all pay and benefits received by an individual in respect of the relevant year and has been calculated in line with the methodology for the single figure of remuneration for the CEO, shown on pages 94 and 95. Only employees that were employed at the end of the financial year were included. Annual bonuses of employees are based on the expected pay-out. The reason for this is that the annual bonus results had not been paid at the time of preparing the ratio calculations. The workforce comparison is based on the payroll data for the financial year for all employees (including the CEO but excluding Non-Executive Directors).

A significant proportion of the CEO's pay is in the form of variable pay through the EIP scheme. CEO pay will therefore vary year on year based on Company and share price performance. The CEO to all-employee pay ratio will therefore also fluctuate taking this into account.

The Committee believe that the median pay is consistent with the pay, reward and progression policies for the UK employee population.

DISTRIBUTION STATEMENT

The following table sets out the total remuneration for all employees and the total shareholder distributions:

	2021 £'000	2020 £'000	% change
Total remuneration for all employees[1]	47,654	40,183	18.6%
Dividends and share buybacks[2]	29,138	19,733	47.7%

1 Total remuneration for all employees represents the underlying staff cost for the Group.
2 Dividend and share buybacks represents the interim and final dividend paid on ordinary shares and shares repurchased from employees during the year.

IMPLEMENTATION OF THE DIRECTORS' REMUNERATION POLICY FOR THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2022

Information on how AJ Bell intends to implement the Directors' Remuneration Policy for the financial year ending 30 September 2022 is set out below:

Salary and fees

Details of annual base salaries for Executive Directors are set out below:

	Base salary from 1 October 2021	Base salary at 1 October 2020	% change
Andy Bell	£498,613	£481,752	3.5%
Michael Summersgill	£312,752	£225,504	38.7%
Roger Stott	£275,000	n/a	n/a

The CEO's salary was increased in line with the standard award given to the wider workforce of 3.5%.

The increased salary for Michael Summersgill reflects his appointment as Deputy CEO with effect from 1 October 2021. The basic salary for the Deputy CEO was considered in relation to market data and also relative to that of the CEO and the level of base salary considered appropriate was £400,000 per year. Taking into consideration the internal appointment of this role and his previous salary level, the Committee decided that it should be payable in two stages with the first increase to £312,752 being made with effect from 1 October 2021 and the second to £400,000 with effect from 1 October 2022.

Roger Stott was appointed COO on 1 October 2021. The salary for this role was considered against both external benchmarking data and relativity to the other executive Board roles.

Non-Executive Directors' fees were increased to £50,000 after consideration of external benchmarking data and the additional fee in respect of acting as a Committee Chair was increased to £10,000.

The Chairman's fee remained at £130,000, whilst the Chair designate's fee of £90,000 as at 1 October 2021 will increase to £180,000 when appointed as Chair of the Board.

Executive Incentive Plan

The maximum incentive opportunity for FY21 will be 187.5% of salary for the CEO, 150% of salary for the Deputy CEO and for the COO. The incentive will be subject to financial and strategic/individual performance measures. The Committee considers the targets are commercially sensitive as they provide competitors with insight into our business plans and expectations and therefore they should remain confidential. However, the Committee intends to disclose the performance targets and performance against them retrospectively in the 2022 Directors' remuneration report.

STATEMENT OF VOTING AT THE AGM

Votes cast by proxy and at the meeting at the AGM held on 27 January 2021 in respect of the Directors' remuneration report, and at the AGM on 22 January 2020 in respect of the Directors' Remuneration Policy, were as follows:

Resolution	Votes for including discretionary votes	% for	Votes against	% against	Total votes cast excluding votes withheld	Votes withheld	Total votes cast including votes withheld
Approve Directors' remuneration report	331,271,568	99.41	1,982,647	0.59	333,254,215	138,062	333,392,277
Approve Directors' Remuneration Policy	213,832,758	96.98	6,665,486	3.02	220,498,244	113,805	220,612,049

APPROVAL

This report was approved by the Board on 1 December 2021 and signed on its behalf by:

Laura Carstensen
Chair of the Remuneration Committee
1 December 2021

The Directors present their annual report on the affairs of the Group, together with the consolidated financial statements and Auditor's report, for the year ended 30 September 2021.

ADDITIONAL DISCLOSURES

The Strategic report is a requirement of the UK Companies Act 2006 and can be found on pages 4 to 55 of this Annual Report.

The Company has chosen, in accordance with section 414C (11) of the Companies Act 2006, to include details of the following matter in its Strategic report that would otherwise be disclosed in the Directors' report.

Detail	Page(s)
Likely future developments in the business	14
Financial instruments	Note 26 to the consolidated financial statements
Research and development	28 to 29
Greenhouse gas emissions	41
Non-financial reporting	42

The Company is required to disclose certain information under Listing Rule 9.8.4R in the Directors' report or to advise where such relevant information is contained. Information required to be disclosed by the Listing Rules, and which is not included in the Directors' report, can be located as follows:

Listing Rule 9.8.4 Required Disclosure	Location in the Annual Report and Financial Statements
(4) Details of any long-term incentive schemes	Directors' Remuneration report on page 92 and note 25 to the consolidated financial statements
(12) Current year dividend waiver agreements	Note 12 to the consolidated financial statements provides information on employee benefit trusts that have waived dividends
(13) Future dividend waiver agreements	Note 12 to the consolidated financial statements provides information on employee benefit trusts that have waived dividends
(14) Information regarding controlling shareholder	A statement regarding the controlling shareholder is on page 105 of the Directors' report

PRINCIPAL ACTIVITY

AJ Bell plc (the 'Company') and its subsidiaries (together the 'Group') provide an investment platform operating in the advised and D2C markets. The Company is registered as a public limited company under the Companies Act 2006 and is listed on the Main Market of the London Stock Exchange.

RESULTS AND FUTURE PERFORMANCE

A review of the Group's results and activities is covered within the Strategic report on pages 4 to 55. This incorporates the Chairman's statement and Chief Executive Officer's review, which include an indication of likely future developments.

KEY PERFORMANCE INDICATORS

Key performance indicators in relation to the Group's activities are continually reviewed by senior management and are presented on pages 22 and 23.

DIVIDENDS

The Board recommends a final dividend of 4.50p per ordinary share for the year ended 30 September 2021. This, together with the interim dividend of 2.46p per ordinary share paid on 2 July 2021, makes a total dividend in respect of the financial year ended 30 September 2021 of 6.96p per ordinary share. The final dividend proposed by the Directors will be subject to approval at the AGM on 26 January 2022. If approved, the Company will pay a final dividend on 4 February 2022 to shareholders on the register at 7 January 2022. The ex-dividend date will be 6 January 2022.

A special dividend declared of 5.00p per share is payable on 4 February 2022 to shareholders on the register on 7 January 2022. The ex-dividend date will be 6 January 2022. The special dividend is subject to approval by the shareholders at the Annual General Meeting on 26 January 2022 and has not been included as a liability within these financial statements.

The AJ Bell Employee Benefit Trust has elected to waive all dividends on shares held under the Trust relating to AJ Bell plc. Further details can be found in note 12 to the financial statements.

CORPORATE GOVERNANCE

The Corporate Governance report is set out on pages 66 to 74. The information in that section is incorporated into this Directors' report by reference, is deemed to form part of this report and so fulfils the requirements of the corporate governance statement for the purposes of DTR 7.2.1.

A statement as to the Company's compliance with the Code and details of where the Code is publicly available can be found in the Chair's Introduction to Corporate Governance on page 58.

SECTION 172 STATEMENT

Details of how interests of stakeholders are considered in the Board's decision making can be found in the Section 172 statement on pages 28 to 29.

ARTICLES OF ASSOCIATION

The Articles of Association of the Company were adopted by special resolution on 15 November 2018. Any amendments to the Articles of Association may be made in accordance with the provisions of the Companies Act 2006, by way of a special resolution.

DIRECTORS

The Directors of the Group who were in office during the year, are disclosed on pages 60 to 63.

Under the Company's Articles of Association all of the Directors are required to retire from the Board at the AGM. Accordingly, each of the Directors, being eligible, will offer themselves for re-election by the members of the Company.

The service agreements of current Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office.

DIRECTORS' POWERS

Subject to company law and the Company's Articles, the Directors may exercise all of the powers of the Company and may delegate their power and discretion to committees. The EMB is responsible for the day-to-day management of the Group. The Articles give the Directors power to appoint and replace Directors.

DIRECTORS' INTERESTS

Directors' interests in the shares of AJ Bell plc are disclosed in the Directors' remuneration report on page 99.

During the period covered by this report, no Director had any material interest in a contract to which the Company or any of its subsidiary undertakings was a party (other than their own service contract) that requires disclosure under the requirements of the Companies Act 2006.

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors. These provisions were for the purposes of section 234 of the Companies Act 2006 and were in force throughout the financial year and remain so at the date of this report.

SHARE CAPITAL

Details of the Company's authorised and issued share capital, together with details of the movements therein, are set out in note 24 to the financial statements. This includes the rights and obligations attaching to shares and restrictions on the transfer of shares.

The Company has one class of ordinary share which carries no right to fixed income. There are no specific restrictions on the size of the holding nor on the transfer of shares, which are both governed by the general provisions of the Articles and prevailing legislation.

The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

The AJ Bell Employee Benefit Trust was established in order to provide benefits for the Group's employees and former employees and certain of their relatives. This includes acting as a vehicle for the acquisition and holding of a pool of shares to satisfy share awards under the Company's employee share plans. During the year, 130,695 EIP options were exercised and issued from the Trust, and 353,032 shares were issued relating to the earn-out arrangement upon the completion of operational milestones as discussed within note 24.

AUTHORITY TO PURCHASE ITS OWN SHARES

The Company is permitted pursuant to the terms of its Articles of Association to purchase its own shares subject to shareholder approval. The Company was granted authority at the 2021 AGM to purchase its own shares up to an aggregate value of 10% of the issued nominal capital. No shares were purchased under this authority in the year to 30 September 2021 and up to the date of this report. The authority will expire on the earlier of the end of the next AGM and 28 February 2022.

SUBSTANTIAL SHAREHOLDINGS

As at 30 September 2021, the Company had been notified in accordance with the DTR 5 of the following shareholdings.

Interested party	Number	% of ordinary shares
Andy Bell	93,471,016	22.77
BlackRock, Inc.	23,730,588	5.78
Liontrust Investment Partners LLP	20,577,810	5.01
Fergus Lyons	13,762,236	3.35

Between 30 September 2021 and 1 December 2021 (the latest practicable date for inclusion in this report), the Company was notified that in accordance with FCA Disclosure and Transparency Rule 5.1.2, that BlackRock, Inc, on 11 November 2021, informed the Company that it had decreased its holding to less than 5% of the Company's issued share capital.

There is a relationship agreement between Andy Bell, Fergus Lyons and the Company to ensure that the independence provisions as set out in the Listing Rules are complied with. The Board confirms that for the year ended 30 September 2021 and in accordance with the Listing Rule 9.8.4(14):

i) the Company has complied with the independence provisions included in the relationship agreement; and

ii) so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by the other parties to the relationship agreement and their associates.

CAPITAL MANAGEMENT

The Group is subject to CRD V requirements and therefore has a consolidated regulatory capital requirement. The capital held to meet this requirement comprises share capital, share premium and retained earnings. The Directors ensure that the level of capital held in the Group:

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

The Group's regulatory capital requirement and details can be found under our CRR Part Eight (Pillar 3) disclosures, which can be found on the Group's website at www.ajbell.co.uk. The Group continues to hold a significant amount of capital above its regulatory capital requirement.

COUNTRY BY COUNTRY REPORTING

AJ Bell plc is a parent institution of a group regulated by the FCA with a subsidiary, AJ Bell Securities Limited, regulated under CRD V and CRR. Regulation requires disclosure of certain financial information on a country by country basis. The following table demonstrates how we comply with the country by country reporting requirements of CRD V, by showing where the relevant information can be found within the financial statements. The Company has taken the exemption permitted under CRD V to provide this information on a consolidated basis.

Jurisdiction	Number of employees	Turnover	Profit (or loss) before tax	Cash tax paid on profit or loss	Public subsidies received
UK	See note 8 of the financial statements	See income statement	See income statement	See statement of cash flows	None received

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The risk management objectives and policies of the Group are set out within note 26 of the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Group made charitable donations of £272,000 (2020: £242,000). No political contributions were made by the Group during the year (2020: £nil).

CORPORATE SOCIAL RESPONSIBILITY

Information about the Group's approach to the environment, including details of our greenhouse gas emissions, is set out on pages 40 and 41 of the Strategic report.

DISABLED EMPLOYEES

We welcome applications from people with disabilities and we make reasonable adjustments to the recruitment and selection process for those who are interested in working for the Group. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Group continues and that the 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 the same as that of other employees.

ENGAGEMENT WITH EMPLOYEES

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various other 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 via AJ Bell's Employee Voice Forum. Employee share schemes have been operated since June 2005. These schemes have promoted wider employee involvement in the Group. Further information on employee engagement is set out on pages 25 and 35 of the Strategic report.

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.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

Details of how the Group engages with its key stakeholders, including its shareholders, can be found on pages 24 to 27 of the Strategic report and on pages 68 to 69 of the Corporate Governance report.

INTERNAL CONTROL

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

MARKET ABUSE REGULATION

The Company has its own internal dealing rules which apply to all staff and which encompass the requirements of the Market Abuse Regulation.

GOING CONCERN AND VIABILITY STATEMENT

The consolidated financial statements have been prepared on a going concern basis. After making enquiries and considering the Group's financial position, its business model, strategy, financial forecasts and regulatory capital together with its principal risks and uncertainties, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for at least 12 months from the date of signing this report. The going concern basis of preparation is discussed within note 2.1 to the consolidated financial statements.

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the going concern provision. Details of the assessment can be found on page 55.

EVENTS AFTER REPORTING DATE

Details of significant events since the reporting date are contained in note 30 to the financial statements.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Resolutions to reappoint BDO LLP as auditor of the Company and to authorise the Audit Committee to determine its remuneration will be proposed at the AGM to be held on 26 January 2022.

ANNUAL GENERAL MEETING

The AGM will be held at 10 am on 26 January 2022 and will be held as a physical meeting as detailed in the Corporate Governance report on page 74. Details of the resolutions to be proposed at the AGM are set out in the separate circular which has been sent to all shareholders and is available on the AJ Bell website at www.ajbell.co.uk/investor-relations/agm.

Approved by the Board on 1 December 2021 and signed on its behalf by:

Christopher Bruce Robinson
Company Secretary

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 the profit or loss for the Group for that period. The Directors are also required to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- for the Group financial statements state whether they have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Parent Company will continue in business; and
- prepare a Directors' report, a Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

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 the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Each of the Directors, whose names and responsibilities are listed in the Corporate Governance report, confirms that, to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board on 1 December 2021 and signed on its behalf by:

Christopher Bruce Robinson
Company Secretary

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

FINANCIAL STATEMENTS

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OPINION ON THE 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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of AJ Bell plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 which comprise the consolidated income statement, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (UK Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors in June 2019 to audit the financial statements for the year ending 30 September 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is two years, covering the years ending 30 September 2020 to 30 September 2021. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Review of the forecasts compared to actuals prepared by management and challenge of the key inputs and assumptions included therein based on our knowledge of the business;
- Review of the accuracy of the stress test scenarios carried out by management and consideration of the appropriateness and relevance of these scenarios to the Group based on our understanding of the industry;
- Challenge as to whether the stress tests performed by management were sufficiently extreme so as to identify whether a material uncertainty over going concern may plausibly arise based on our understanding of the wider economic environment in which the business is operating; and
- Consideration of the Group's ability to continue to service its liabilities and meet its regulatory capital requirements in the aforementioned stress tested scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage[1]	100% (2020: 100%) of Group profit before tax		
	100% (2020: 100%) of Group revenue		
	100% (2020: 100%) of Group total assets		
		2021	**2020**
Key audit matter	Existence and accuracy of revenue	Y	Y
	Acquisition accounting- consideration amount and allocation of consideration across the assets acquired	Y	N
	Share based payments – post acquisition earn out	Y	N
	Acquisition Accounting and share based payments were not applicable to the previous financial year and therefore has only been raised as a KAM for the current year audit.		
Materiality	Group financial statements as a whole		
	£2.7m (2020: £2.4m) based on 5% (2020: 5%) of profit before tax.		

1 These are areas which have been subject to a full scope audit by the group engagement team

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The group engagement team carried out an audit of all significant and non-significant components in the group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Existence and accuracy of revenue Please refer to accounting policies in note 2.4 and revenue breakdown in note 5	There is a risk that revenue may be misstated due to errors in system calculations or manual processes. The key risks in AJ Bell Securities Limited and AJ Bell Management Limited is that fees are not calculated in line with agreements in place. We therefore consider the accuracy of revenue to be a significant risk. There are also various performance incentive schemes in place that mean that management may be incentivised to overstate revenue. We therefore consider the existence of revenue to be a significant risk. As disclosed in note 5 of the financial statements, management and the Board categorise revenue into three sub categories: • "recurring fixed", which includes the recurring admin fees; • "recurring ad valorem", which includes custody fees and interest income; and • "transactional", which includes dealing fees, FX fees and non recurring admin fees.	For Dealing, Custody and FX fees, we tested a number of controls including controls around the integrity of the key revenue system and controls in place to ensure that fees are calculated accurately and in line with agreements. We also tested controls around ensuring the accuracy of the Assets Under Administration on which the custody fees are based. Tests of detail included: • We tested the accuracy of revenue by performing a recalculation of key income streams including dealing income, FX income and custody income. This was then compared against the amount recognised in the financial statements; • We agreed a sample of dealing revenue items to the dealing instruction received from the customer and to the deal confirmation received from the market. For deals placed over the telephone we reviewed a sample of telephone recordings to verify that the deal was placed in line with the customer's verbal instructions; and • For a sample of Custody Solutions and Institutional customers, verified that their dealing and custody fees were being calculated in accordance with the underlying agreements. Our approach to the testing of pension administration fees was as follows: Tests of detail included: • Performed a recalculation of the recurring admin fees based on the data extract from the system and compared this to the figures recognised in the financial statements. We agreed a sample of items within the data to supporting documentation in order to gain assurance over the existence and accuracy of the data set; and • Substantively tested a sample of the non recurring admin fees, agreeing a sample of items to customer instruction and verifying that the associated fee was in line with AJ Bell's documented fee structure.

Key audit matter		How the scope of our audit addressed the key audit matter
		For interest income, we performed the following procedures: • Verification that the deposited money per the internally maintained interest income workings reconciled to the amount of deposited client money per separately maintained internal records and; • Tested the controls around the external client money reconciliations and agreed client money balances to external bank confirmations. Tests of detail included: • Agreed a sample of interest rates, deposit amounts and terms to independent confirmations received directly from the bank, and to confirmations sent by the banks to AJ Bell at the point the deposit was placed and; • Recalculated the interest income to be recognised for the period for a sample of deposits. **Key observations:** From testing we have found no material exceptions in respect of the existence and accuracy of revenue.
Acquisition accounting-consideration amount and allocation of consideration across the assets acquired: Please refer to accounting policy 2.2 "Business Combinations" and note 6	The acquisition of Ad Alpha Solutions Limited completed in March 2021. There is a level of judgement involved in determining the allocation of the purchase price across the assets acquired, including internally generated intangible assets, and goodwill. There is also judgement involved as to whether the post acquisition payments are accounted for as consideration or post acquisition remuneration, and how these should be treated from an employment tax perspective. We therefore considered this area to be a key audit matter.	We have considered whether the post acquisition earn-out is capital or income in nature and are satisfied that the condition of employment associated with it renders it post acquisition remuneration in the context of IFRS 3 rather than consideration. We have consulted with our internal tax experts in order to assess the appropriateness of the tax treatment of the post acquisition remuneration as capital in nature and are satisfied therefore that employment tax does not need to be accrued in respect of these amounts. We have considered the nature of the assets and liabilities acquired, and the valuation of the identifiable intangible asset recognised in respect of the new platform proposition. The value of the intangible recognised (£1.1m) is based on the cost to construct the underlying asset, this being predominantly staff costs. We are satisfied that this is an appropriate means by which to value the intangible given the lack of comparable assets and transactions available against which to benchmark. Any variance in the value of the intangible would result in an equal and opposite variance to the value of the goodwill recognised. As such, we are satisfied that the valuation of the intangible asset is not materially misstated and that any variance would result in an immaterial reclassification between goodwill and other intangible assets on the consolidated balance sheet. **Key observations:** The allocation of the consideration across the assets acquired does not appear to be materially misstated based on the procedures performed.

Key audit matter		How the scope of our audit addressed the key audit matter
Share-based payments-post acquisition earn out Please refer to accounting policy 2.5 and 2.12 and note 25	Given post acquisition payments in relation to the Adalpha acquisition are in the form of shares and linked to certain milestones being met over a prolonged period of time, there is judgement involved in determining the share-based payment charge for future periods based on the probability of completion of each milestone. There is also an element of judgement involved in determining the appropriate amount of the share-based payment charge that should be treated as capital expenditure. Due to the judgements involved we considered this to be a key audit matter.	We have reviewed the calculation of the share-based payment charge associated with the post-acquisition earn out attributable to the Adalpha acquisition and are satisfied that it has been calculated appropriately under IFRS 2. We have challenged management on the assumptions applied around the number of shares that will vest and are satisfied that the assumptions are reasonable in the context of the progress made against the associated milestones since acquisition. We have tested the controls in place around the assessment of the split of activities between capital and expense in nature and how this correlates to the amount of share based payment charge and other staff costs capitalised compared to amounts recognised in the income statement. We have also considered the appropriateness of the capitalisation of these amounts in the context of IAS 38. **Key observations:** The overall share-based payment charge associated with the post acquisition earn out and the proportion capitalised appears reasonable based on the procedures performed.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021 £m	2020 £m	2021 £k	2020 £k
Materiality	2.7	2.4	870	650
Basis for determining materiality	5% of profit on ordinary activities before taxation.	5% of profit on ordinary activities before taxation.	1.5% of total assets of the parent company.	1.5% of total assets of the parent company.
Rationale for the benchmark applied	Profit on ordinary activities before taxation attributable to shareholders has been used as we consider this to be the most significant determinant of the Group's financial performance used by shareholders and other users of the financial statements.	Profit on ordinary activities before taxation attributable to shareholders has been used as we consider this to be the most significant determinant of the Group's financial performance used by shareholders and other users of the financial statements.	Total assets is considered the most relevant metric to the users of the financial statements given that the company is parent entity of the group and does not earn any income other than dividends from subsidiary entities.	Total assets is considered the most relevant metric to the users of the financial statements given that the company is parent entity of the group and does not earn any income other than dividends from subsidiary entities.
Performance materiality	2.0	1.6	653	420
Basis for determining performance materiality	Performance materiality was calculated using 75% of overall materiality based on our risk assessment procedures and the expectation of a low level of misstatements.	Performance materiality was calculated using 65% of overall materiality based on our risk assessment procedures and the expectation of a low level of misstatements.	Performance materiality was calculated using 75% of overall materiality based on our risk assessment procedures and the expectation of a low level of misstatements.	Performance materiality was calculated using 65% of overall materiality based on our risk assessment procedures and the expectation of a low level of misstatements.

Component materiality

We set materiality for each component of the Group based on a percentage of 75% of Group materiality which was considered appropriate to the relative scale of the business concerned. Component materiality was set at £2.0m. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £54k (2020: £50k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 74; and • The section describing the work of the Audit Committee.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which 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 and the part of the Directors' remuneration report to be audited 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, relevant accounting standards, the Financial Conduct Authority's regulations and the Listing Rules as well as consideration of required regulatory capital levels and whether there was a risk these might be breached in an extreme downside scenario.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management regarding instances of non-compliance and contingent liabilities;
- review of correspondence with the regulator;
- review of minutes of board meetings for discussions around potential irregularities throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations

We considered which areas of the financial statements might be most susceptible to fraud and irregularities and identified the following areas:

- Existence and accuracy of revenue;
- Acquisition accounting;
- Capitalisation of the share-based payment expense and other staff costs attributable to the development of the Adalpha platform proposition;
- Management override of controls.

Our audit response to the areas above is detailed in the Key Audit Matters section.

In respect of the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Fung-On (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
01 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £000	2020 £000
Revenue	5	**145,826**	126,749
Administrative expenses		**(89,975)**	(77,513)
Operating profit	7	**55,851**	49,236
Investment income	9	**23**	162
Finance costs	10	**(790)**	(848)
Profit before tax		**55,084**	48,550
Tax expense	11	**(11,262)**	(9,721)
Profit for the financial year attributable to:			
Equity holders of the parent company		**43,822**	38,829
Earnings per share:			
Basic (pence)	13	**10.71**	9.51
Diluted (pence)	13	**10.67**	9.47

All revenue, profit and earnings are in respect of continuing operations.

There were no other components of recognised income or expense in either period and, consequently, no statement of other comprehensive income has been presented.

The notes on pages 123 to 151 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Goodwill	14	**6,991**	3,660
Other intangible assets	15	**6,014**	1,986
Property, plant and equipment	16	**3,351**	3,224
Right-of-use assets	17	**13,325**	14,522
Deferred tax asset	19	**940**	1,003
		30,621	24,395
Current assets			
Trade and other receivables	20	**34,408**	30,561
Current tax receivable		**51**	–
Cash and cash equivalents	21	**97,062**	86,384
		131,521	116,945
Total assets		**162,142**	141,340
Liabilities			
Current liabilities			
Trade and other payables	22	**(12,765)**	(12,368)
Current tax liabilities		**–**	(17)
Lease liabilities	17	**(1,708)**	(1,323)
Provisions	23	**(1,526)**	(1,595)
		(15,999)	(15,303)
Non-current liabilities			
Lease liabilities	17	**(13,886)**	(15,022)
Provisions	23	**(1,549)**	(1,549)
		(15,435)	(16,571)
Total liabilities		**(31,434)**	(31,874)
Net assets		**130,708**	109,466
Equity			
Share capital	24	**51**	51
Share premium		**8,658**	8,459
Own shares		**(740)**	(1,147)
Retained earnings		**122,739**	102,103
Total equity		**130,708**	109,466

The financial statements were approved by the Board of Directors and authorised for issue on 1 December 2021 and signed on its behalf by:

Michael Summersgill
Deputy Chief Executive Officer and Chief Financial Officer

AJ Bell plc
Company registered number: 04503206

The notes on pages 123 to 151 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2020	**51**	**8,459**	**102,103**	**(1,147)**	**109,466**
Total comprehensive income for the year:					
Profit for the year	**–**	**–**	**43,822**	**–**	**43,822**
Transactions with owners, recorded directly in equity:					
Issue of shares	**–**	**199**	**–**	**–**	**199**
Dividends paid	**–**	**–**	**(29,138)**	**–**	**(29,138)**
Equity settled share-based payment transactions	**–**	**–**	**6,330**	**–**	**6,330**
Deferred tax effect of share-based payment transactions	**–**	**–**	**(202)**	**–**	**(202)**
Tax relief on exercise of share options	**–**	**–**	**231**	**–**	**231**
Share transfer relating to EIP (note 24)	**–**	**–**	**(110)**	**110**	**–**
Share transfer relating to earn-out arrangement (note 24)	**–**	**–**	**(297)**	**297**	**–**
Total transactions with owners	**–**	**199**	**(23,186)**	**407**	**(22,580)**
Balance at 30 September 2021	**51**	**8,658**	**122,739**	**(740)**	**130,708**

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2019	51	7,667	79,136	(1,147)	85,707
Total comprehensive income for the year:					
Profit for the year	–	–	38,829	–	38,829
Transactions with owners, recorded directly in equity:					
Issue of shares	–	792	–	–	792
Dividends paid	–	–	(19,733)	–	(19,733)
Equity settled share-based payment transactions	–	–	3,364	–	3,364
Deferred tax effect of share-based payment transactions	–	–	(304)	–	(304)
Tax relief on exercise of share options	–	–	811	–	811
Total transactions with owners	–	792	(15,862)	–	(15,070)
Balance at 30 September 2020	51	8,459	102,103	(1,147)	109,466

The notes on pages 123 to 151 form an integral part of these financial statements.

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Profit for the financial year		**43,822**	38,829
Adjustments for:			
Investment income		**(23)**	(162)
Finance costs		**790**	848
Income tax expense		**11,262**	9,721
Depreciation and amortisation		**3,623**	3,574
Share-based payment expense	25	**4,952**	3,364
(Decrease) / Increase in provisions and other payables		**(69)**	499
Loss on disposal of property, plant and equipment		**13**	1
Profit on disposal of right-of-use assets		**(3)**	–
Increase in trade and other receivables		**(3,835)**	(7,644)
(Decrease) / Increase in trade and other payables		**(1,347)**	2,485
Cash generated from operations		**59,185**	51,515
Income tax paid		**(11,455)**	(11,827)
Interest expense paid		**(1)**	–
Net cash flows from operating activities		**47,729**	39,688
Cash flows from investing activities			
Purchase of other intangible assets	15	**(2,370)**	(201)
Purchase of property, plant and equipment	16	**(1,174)**	(856)
Acquisition of subsidiary, net of cash acquired	6	**(2,561)**	–
Proceeds from sale of property, plant and equipment		**–**	3
Interest received		**23**	180
Net cash flows used in investing activities		**(6,082)**	(874)
Cash flows from financing activities			
Payments of principal in relation to lease liabilities		**(1,241)**	(1,708)
Payments of interest on lease liabilities		**(789)**	(848)
Proceeds from issue of share capital		**199**	792
Dividends paid	12	**(29,138)**	(19,733)
Net cash flows used in financing activities		**(30,969)**	(21,497)
Net increase in cash and cash equivalents		**10,678**	17,317
Cash and cash equivalents at beginning of year	21	**86,384**	69,067
Total cash and cash equivalents at end of year	21	**97,062**	86,384

The notes on pages 123 to 151 form an integral part of these financial statements.

1 GENERAL INFORMATION

AJ Bell plc (the 'Company') is the Parent Company of the AJ Bell group of companies (together the 'Group'). The Group provides investment administration, dealing and custody services. The nature of the Group's operations and its principal activities are set out in the Strategic report and the Directors' report.

The Company is a public limited company which is listed on the Main Market of the London Stock Exchange and incorporated and domiciled in the United Kingdom. The Company's number is 04503206 and the registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE. A list of investments in subsidiaries, including the name, country of incorporation, registered office, and proportion of ownership is given in note 6 of the Company's separate financial statements.

The consolidated financial statements were approved by the Board on 1 December 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements of AJ Bell plc have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applied in the European Union.

The financial statements are prepared on the historical cost basis and prepared on a going concern basis. They are presented in sterling, which is the currency of the primary economic environment in which the Group operates, rounded to the nearest thousand.

The accounting policies have been applied consistently to all periods presented in these financial statements and by all Group entities, unless otherwise stated.

Changes to International Reporting Standards

Interpretations and standards which became effective during the year:

The following amendments and interpretations became effective during the year. Their adoption has not had any significant impact on the Group.

		Effective from
IFRS 16	COVID-19-Related Rent Concessions (Amendment)	1 June 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (Amendments)	1 January 2020
IAS 1 and IAS 8	Definition of Material (Amendments)	1 January 2020
IFRS 3	Definition of a Business (Amendments)	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards		1 January 2020

Interpretations and standards in issue but not yet effective

There are a number of amendments to IFRSs that have been issued by the IASB that become mandatory in a subsequent accounting period including: IFRS 17 Insurance Contracts and Amendments to IAS 1 – Classification of Liabilities as Current or Non-current.

The Group has evaluated these changes and none are expected to have a significant impact on these consolidated financial statements.

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. The Group controls an entity when it is exposed to, or it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an entity if facts and circumstances indicate there are changes to one or more elements of control. The results of a subsidiary undertaking are included in the consolidated financial statements from the date the control commences until the date that control ceases.

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

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.1 Going concern

The Group's business activities, together with its financial position and the factors likely to affect its future development and performance are set out in the Strategic report on pages 4 to 55 and the Directors' report on pages 104 to 106. Note 26 includes the Group's policies and processes for managing exposure to credit and liquidity risk.

The Group's forecasts and objectives, considering a number of potential changes in trading conditions, show that the Group should be able to operate at adequate levels of both liquidity and capital for at least 12 months from the date of signing this report. The Directors have performed a number of stress tests, covering a significant reduction in equity market values and negative Bank of England base interest rates with a further Group-specific, idiosyncratic stress relating to a scenario whereby prolonged IT issues cause a reduction in customers. Further detail of the forecasts and stress test scenarios are set out in the Viability statement on page 55. These provide assurance that the Group has sufficient capital and liquidity to operate under stressed conditions.

Consequently, after making reasonable enquiries, the Directors are satisfied that the Group has sufficient financial resources to continue in business for at least 12 months from the date of signing the report and therefore have continued to adopt the going concern basis in preparing the financial statements.

2.2 Business combinations

A business combination is recognised where separate entities or businesses have been acquired by the Group. The acquisition method of accounting is used to account for the business combinations made by the Group. The cost of a business combination is measured at the aggregate of the fair values (at the date of exchange), of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquired entity. Where the consideration includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the cost of the acquisition. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration are charged to the income statement, except for obligations that are classified as equity, which are not re-measured. Where consideration is dependent on continued employment within the business this is treated as a separate transaction as post-acquisition remuneration.

Acquisition related costs are expensed as incurred in the income statement, except if related to the issue of debt or equity securities. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the Group's share of the identifiable net assets of the subsidiary acquired, the difference is taken immediately to the income statement.

2.3 Segmental reporting

The Group determines and presents operating segments based on the information that is provided internally to the Board, which is the Group's Chief Operating Decision Maker (CODM). In assessing the Group's operating segments the Directors have considered the nature of the services provided, product offerings, customer bases, operating model and distribution channels amongst other factors. The Directors concluded there is a single segment as it operates with a single operating model; operations, support and technology costs are managed and reported centrally to the CODM. A description of the services provided is given within note 4.

2.4 Revenue recognition

Revenue represents fees receivable from investment administration and dealing and custody services for both client assets and client money. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Recurring fixed

Recurring fixed revenue comprises recurring administration fees and media revenue.

Administration fees include fees charged in relation to the administration services provided by the Group and are recognised over time as the related service is provided.

Included within administration fees are annual pension administration fees. The Group recognises revenue from such fees over time, using an input method to measure progress towards complete satisfaction of a single performance obligation. The Group determined that the input method is the best method in measuring progress of the services relating to these fees because there is a direct relationship between the Group's effort (i.e. labour hours incurred) and the transfer of service to the customer.

The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Certain pension administration fees are received in arrears or in advance. Where revenue is received in arrears for an ongoing service, the proportion of the income relating to services provided but not yet received is accrued. This is recognised as accrued income until the revenue is received. Where revenue is received in advance for an ongoing service, the proportion of the income relating to services that have not yet been provided is deferred. This is recognised as deferred income until the services have been provided.

Media revenue includes advertising, subscriptions, events and award ceremony and corporate solutions contracts. Subscriptions and corporate solutions revenue is recognised evenly over the period in which the related service is provided. Advertising, event and award ceremony revenue is recognised in the period in which the publication is made available to customers or the event or award ceremony takes place.

Recurring ad valorem

Recurring ad valorem revenue comprises custody fees, retained interest income and investment management fees provided by the Group and is recognised evenly over the period in which the related service is provided.

Ad valorem fees include custody fees charged in relation to the holding of client assets and interest received on client money balances. Custody fees and investment management fees are accrued on a time basis by reference to the AUA.

Transactional fees

Transactional revenue comprises dealing fees and pension scheme activity fees.

Transaction-based fees are recognised when received in accordance with the date of settlement of the underlying transaction.

Other non-recurring fees are recognised in the period to which the service is rendered.

Cash incentives paid to new retail customers are considered to be a reduction in revenue under IFRS 15. In line with IFRS 15, cash incentives to acquire new customers are offset against recurring ad valorem revenue and spread over a period of 12 months, i.e. the period over which the incentive is earned.

2.5 Share-based payments

The Group operates a number of share-based payment arrangements for its employees and non-employees. These generally involve an award of share options (equity-settled share-based payments) which are measured at the fair value of the equity instrument at the date of grant.

The share-based payment arrangements have conditions attached before the beneficiary becomes entitled to the award. These can be performance and/or service conditions.

The total cost is recognised, together with a corresponding increase in the equity reserves, over the period in which the performance and/or service conditions are fulfilled. Costs relating to the development of internally generated intangible assets are capitalised in accordance with IAS 38.
The cumulative cost recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and management's estimate of shares that will eventually vest. At the end of each reporting period, the entity revises its estimates of the number of share options expected to vest based on the non-market vesting conditions. It recognises any revision to original estimates in the income statement, with a corresponding adjustment to equity reserves.

No cost is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The cost of equity-settled awards is determined by the fair value at the date when the grant is made using an appropriate valuation model or the market value discounted to its net present value, further details of which are given in note 25. The expected life applied in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Following the listing of AJ Bell plc in December 2018, share price volatility has been estimated as the average volatility applying to a comparable group of listed companies.

2.6 Investment income

Investment income comprises the returns generated on corporate cash at banks and short-term highly-liquid investments. Investment income is recognised in the income statement as it accrues, using the effective interest rate method.

2.7 Finance costs

Finance costs comprise interest incurred on lease liabilities in relation to the right-of-use assets arising due to the leases of the Group accounted for under IFRS 16. Finance costs are recognised in the income statement using the effective interest rate method.

2.8 Taxation

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

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

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 is not recognised if the temporary difference arises from:

- the initial recognition of goodwill; or
- investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable they will not reverse in the foreseeable future; or
- the initial recognition of an asset and liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available in the future, against which deductible temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at each reporting date.

The principal temporary differences arise from accelerated capital allowances, provisions for share-based payments and unutilised losses.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.9 Dividends

Dividend distributions to the Company's shareholders are recognised in the period in which the dividends are declared and approved by the Company's shareholders at the Annual General Meeting.

2.10 Goodwill

Goodwill arising on consolidation represents the difference between the consideration transferred and the fair value of net assets acquired of the subsidiary at the date of acquisition. Goodwill is not amortised, but is reviewed at least annually for impairment. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

For the purposes of impairment testing goodwill acquired in a business combination is allocated to the cash generating unit (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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.11 Intangible assets (excluding goodwill)

Intangible assets comprise computer software and mobile applications, customer contracts and non-contractual customer relationships and the Group's Key Operating Systems (KOS). These are stated at cost less amortisation and any recognised impairment loss. Amortisation is provided on all intangible assets excluding goodwill and assets under construction 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 and mobile applications	3–4 years
KOS	15 years
KOS enhancements	Over the remaining life of the KOS
Customer contracts and non-contractual customer relationships	5–10 years

The assets' estimated useful lives, amortisation rates and residual values are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than the recoverable amount.

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.

Change in estimate

During the year, the useful life of the KOS was reviewed and subsequently extended from 13 years to 15 years reflecting the recent extension of contract with the host. The planned growth of the business can be supported by the KOS and the change in useful life has been applied prospectively from 1 October 2020, therefore the KOS will be amortised on a straight-line basis over the remaining useful life of the asset.

The effect of this change on the actual and expected future amortisation expense, included in administrative expenses, is as follows:

£000	2021	2022	2023	2024	2025	2026
(Decrease)/increase in amortisation expense	(281)	(281)	(281)	337	337	168

2.12 Internally-generated intangible assets

An internally-generated asset arising from work performed by the Group is recognised only when the following criteria can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the asset first meets the recognition criteria listed above. Development expenditure that does not meet the criteria is recognised as an expense in the period which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Assets under construction are not amortised until the asset is operational and available for use.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2.13 Property, plant and equipment

All property, plant and equipment is stated at cost, which includes directly attributable acquisition costs, less accumulated depreciation and any recognised impairment losses. Depreciation is provided on all property, plant and equipment, except assets under construction, 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	3–5 years

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than the recoverable amount.

Assets under construction relate to capital expenditure on assets not yet in use by the Group and are therefore not depreciated.

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.

2.14 Leased assets and lease liabilities

Leases

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the leases. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Depreciation is applied in accordance with IAS 16: Property, Plant and Equipment. Right-of-use assets are depreciated over the lease term.

Right-of-use assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the addition of

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

2.15 Impairment of intangible assets (excluding goodwill), property, plant and equipment and leased assets

At each reporting date the Group reviews the carrying amount of its intangible assets, property, plant and equipment and leased assets to determine whether there is any indication that those assets have suffered impairment. If such an indication exists then the recoverable amount of that particular asset is estimated.

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

The recoverable amount 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 pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

2.16 Retirement benefit costs

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

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

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

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation.

The amount recognised as a provision is the Directors' best estimate of the consideration required to settle that obligation at the reporting date and is discounted to present value where the effect is material.

2.18 Levies

The Group applies the guidance provided in IFRIC 21 to levies issued under the Financial Services Compensation Scheme. The interpretation clarifies that an entity should recognise a liability when it conducts the activity that triggers the payment of the levy under law or regulation.

2.19 Financial instruments

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

Financial assets

Financial assets are classified according to the business model within which the asset is held and the contractual cash-flow characteristics of the asset. All financial assets are classified as at amortised cost.

Financial assets at amortised cost

The Group's financial assets at amortised cost comprise trade receivables, loans, other receivables and cash and cash equivalents.

Financial assets at amortised cost are initially recognised at fair value including any directly attributable costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment. No interest income is recognised on financial assets measured at amortised cost, with the exception of cash and cash equivalents, as all financial assets at amortised cost are short-term receivables and the recognition of interest would be immaterial. Financial assets are derecognised when the contractual right to the cash flows from the asset expire.

Trade and other receivables

Trade and other receivables are initially recorded at the fair value of the amount receivable and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Other receivables also represent client money required to meet settlement obligations.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, on demand deposits with banks and other short-term highly-liquid investments with original maturities of three months or less, or those over which the Group has an immediate right of recall. Where appropriate, bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Impairment of financial assets

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and number of days past due. The Group considers a trade receivable to be in default when it is past due by more than 90 days, or when the value of a client's receivable balance exceeds the value of the assets they hold with AJ Bell.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September 2021 and the corresponding historical credit losses experienced within this period.

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

Financial liabilities

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

Lease liabilities

Lease liabilities consist of amounts payable by the Group measured at the present value of lease payments to be made over the lease term.

Other financial liabilities

The Group's other financial liabilities comprised borrowings and trade and other payables. Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently carried at amortised cost using the effective interest rate method. A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or they expire.

Trade and other payables

Trade and other payables consist of amounts payable to clients and other counterparties and obligations to pay suppliers for goods and services in the ordinary course of business, including amounts recognised as accruals. Trade and other payables are measured at amortised cost using the effective interest method.

2.20 Employee benefit trust

The Group has an employee benefit trust, the AJ Bell Employee Benefit Trust, used for the granting of shares to certain employees. AJ Bell plc is considered to be the sponsoring employer and so the assets and liabilities of the Trust are recognised as those of AJ Bell plc.

Shares of AJ Bell plc held by the Trust are treated as 'own shares' held and shown as a deduction from equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sales proceeds and original cost being taken to equity.

3 CRITICAL ACCOUNTING ADJUSTMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

There are no judgements made, in applying the accounting policies, about the future, or any other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 SEGMENTAL REPORTING

It is the view of the Directors that the Group has a single operating segment being investment services in the advised and D2C space administering investments in SIPP's, ISA's and General Investment/Dealing accounts. Details of the Group's revenue, results and assets and liabilities for the reportable segment are shown within the consolidated income statement and consolidated statement of financial position on pages 119 and 120 respectively.

The Group operates in one geographical segment, being the UK.

Due to the nature of its activities, the Group is not reliant on any one customer or group of customers for generation of revenues.

5 REVENUE

The analysis of the consolidated revenue is as follows:

	2021 £000	2020 £000
Recurring fixed	**28,598**	26,618
Recurring ad valorem	**77,955**	72,422
Transactional	**39,273**	27,709
	145,826	126,749

Recurring ad valorem fees include custody fees. These recurring charges are derived from the market value of retail customer assets, based on asset mix and portfolio size, and are therefore subject to market and economic risks. The rate charged is variable dependent on portfolio size and asset mix within the portfolio. The risks associated with this revenue stream in terms of its nature and uncertainty is discussed further within the Financial instruments and risk management note on pages 147 and 148.

Recurring ad valorem fees also include retained interest income earned on the level of customer cash balances, which are based on customers' asset mix and portfolio size and are therefore subject to market and economic risks. The risks associated with this revenue stream in terms of its nature and uncertainty is discussed further within the Financial instruments and risk management note on pages 147 and 148.

The total revenue for the Group has been derived from its principal activities undertaken in the United Kingdom.

6 BUSINESS COMBINATIONS

On 18 March 2021, AJ Bell plc acquired the entire issued share capital of AJ Bell Touch Limited (formally 'Whiztec Limited') and its wholly-owned subsidiary Ad Alpha Solutions Limited. Ad Alpha Solutions Limited is an early-stage start-up business currently developing a simplified, mobile-focused platform proposition for advisers.

The acquisition will complement the Group's existing adviser platform business, AJ Bell Investcentre, and will broaden the offering to financial advisers and help them service a wider base of clients.

The consideration for the acquisition of AJ Bell Touch Limited was in the form of an earn-out arrangement, conditional upon completion of a number of operational and financial milestones. The maximum consideration payable is £16.5m and will be satisfied by the issue of shares in AJ Bell plc. This consideration is accounted for as post-combination remuneration in accordance with IFRS 3, for which further details are included within note 25.

AJ Bell Touch Limited acquired Ad Alpha Solutions Limited on the same day for consideration of £2.6m, comprising £2.6m cash together with a share-for-share exchange for the management team for nominal value shares in AJ Bell Touch Limited.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. The fair value of the identifiable assets and liabilities of Adalpha as at the date of acquisition was as follows:

	Book value £000	Fair value adjustments £000	Fair value on acquisition £000
Intangible assets	–	1,142	1,142
Deferred tax liability (arising on intangible assets)	–	(217)	(217)
	–	925	925
Property, plant and equipment	37	–	37
Trade and other receivables	12	–	12
Cash and cash equivalents	56	–	56
Total assets	105	925	1,030
Trade and other payables	(1,744)	–	(1,744)
Total liabilities	(1,744)	–	(1,744)
Total net liabilities acquired			**(714)**
Goodwill			3,331
Total cost of acquisition			**2,617**

Satisfied by:

	£000
Cash consideration	**2,617**

Cash outflow on acquisition:

	£000
Cash paid for the subsidiary	2,617
Less: cash acquired	(56)
Net cash outflow	**2,561**

Acquisition costs of £344,000 are recognised within administrative expenses in the consolidated income statement.

The goodwill is attributable to the skills and technical talent of the assembled workforce and synergies expected to arise following the acquisition. It has been allocated to the Group's single CGU.

In addition to the goodwill recognised, the development of the simplified platform proposition obtained through the acquisition met the requirements to be separately identifiable under IFRS 3. A deferred tax liability of £217,000 has been provided in relation to these fair value adjustments.

None of the acquired intangible assets or goodwill is expected to be deductible for tax purposes.

Adalpha has not yet started to trade and therefore has not contributed any revenue to the Group but has contributed a net loss of £3,400,000 for the period from acquisition to 30 September 2021, £2,800,000 of which is a share based payment expense relating to the earn-out arrangement.

If the acquisition had occurred on 1 October 2020, Group revenue and Group profit after tax for the year ended 30 September 2021 would have been an estimated £145,800,000 and £43,100,000 respectively.

7 OPERATING PROFIT

Profit for the financial year has been arrived at after charging:

	2021 £000	2020 £000
Amortisation of intangible assets	**862**	668
Depreciation of:		
– property, plant and equipment	**1,071**	1,112
– right-of-use assets	**1,690**	1,794
Loss/(profit) on the disposal of:		
– property, plant and equipment	**13**	1
– right-of-use assets	**(3)**	-
Auditor's remuneration (see below)	**368**	284
Staff costs (note 8)	**47,654**	40,183
CSR initiative (note 25)	**–**	1,595

During the year there was no expenditure in relation to research and development expensed to the income statement (2020: £nil).

Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2021 £000	2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**116**	95
Fees payable to the Company's auditor and its associates for other services to the Group:		
– Audit of the Company's subsidiaries' accounts, pursuant to legislation	**151**	90
– Audit-related assurance services	**62**	60
– Other assurance services	**39**	39
	368	284

Of the above, audit-related services for the year totalled £349,000 (2020: £284,000).

8 STAFF COSTS

The average monthly number of employees (including Executive Directors) of the Group was:

	2021 No.	2020 No.
Operational and support	**709**	625
Technology	**181**	167
Distribution	**99**	87
	989	879

Employee benefit expense for the Group during the year:

	2021 £000	2020 £000
Wages and salaries	**35,516**	32,305
Social security costs	**3,918**	3,557
Retirement benefit costs	**3,202**	2,542
Termination benefits	**66**	11
Share-based payments (note 25)	**4,952**	1,768
	47,654	40,183

In addition to the above £454,000 staff costs and £1,378,000 share-based payment expenses (2020: £nil) have been capitalised as an internally generated intangible asset (see note 15).

9 INVESTMENT INCOME

	2021 £000	2020 £000
Interest income on cash balances	**23**	123
Other income	**–**	39
	23	162

10 FINANCE COSTS

	2021 £000	2020 £000
Interest on lease liabilities	**789**	848
Interest on other financial liabilities	**1**	–
	790	848

11 TAXATION

Tax charged in the income statement:

	2021 £000	2020 £000
Current taxation		
UK Corporation Tax	**11,629**	9,830
Adjustment to current tax in respect of prior periods	**(11)**	21
	11,618	9,851
Deferred taxation		
Origination and reversal of temporary differences	**(328)**	(132)
Adjustment to deferred tax in respect of prior periods	**12**	23
Effect of changes in tax rates	**(40)**	(21)
	(356)	(130)
Total tax expense	**11,262**	9,721

Corporation Tax is calculated at 19% of the estimated assessable profit for the year to 30 September 2021 (2020: 19%).

11 TAXATION CONTINUED

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

	2021 £000	2020 £000
Deferred tax relating to share-based payments (note 19)	**202**	304
Current tax relief on exercise of share options	**(231)**	(811)
	(29)	(507)

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

	2021 £000	2020 £000
Profit before tax	**55,084**	48,550
UK Corporation Tax at 19% (2020: 19%)	**10,466**	9,225
Effects of:		
Expenses not deductible for tax purposes	**709**	448
Amounts not recognised	**126**	25
Effect of rate changes to deferred tax	**(40)**	(21)
Adjustments to current and deferred tax in respect of prior periods	**1**	44
	11,262	9,721
Effective tax rate	**20.4%**	20.0%

Following the enactment of the Finance Act 2021 the standard UK corporation tax rate will remain at 19% before increasing to 25% from 1 April 2023 on a tiered basis. Accordingly, the Group's profits for this accounting year are taxed at 19%.

Deferred tax has been recognised at either 19% or 25% depending on the rate expected to be in force at the time of the reversal of the temporary difference (2020: 19%). A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price at 30 September 2021.

12 DIVIDENDS

	2021 £000	2020 £000
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 30 September 2020 of 4.66p (2019: 3.33p) per share	**19,070**	13,601
Interim dividend for the year ended 30 September 2021 of 2.46p (2020: 1.50p) per share	**10,068**	6,132
Total dividends paid on equity shares	**29,138**	19,733
Proposed final dividend for the year ended 30 September 2021 of 4.50p (2020: 4.66p) per share	**18,471**	19,050
Proposed special dividend for the year ended 30 September 2021 of 5.00p (2020: Nil) per share	**20,523**	–

A final dividend declared of 4.50p per share is payable on 4 February 2022 to shareholders on the register on 7 January 2022. The ex-dividend date will be 6 January 2022. The final dividend is subject to approval by the shareholders at the Annual General Meeting on 26 January 2022 and has not been included as a liability within these financial statements.

A special dividend declared of 5.00p per share is payable on 4 February 2022 to shareholders on the register on 7 January 2022. The ex-dividend date will be 6 January 2022. The special dividend is subject to approval by the shareholders at the Annual General Meeting on 26 January 2022 and has not been included as a liability within these financial statements.

Dividends are payable on all ordinary shares as disclosed in note 24.

AJ Bell Employee Benefit Trust, which held 885,701 ordinary shares (2020: 1,369,428) in AJ Bell plc at 30 September 2021, has agreed to waive all dividends. This represented 0.2% (2020: 0.3%) of the Company's called-up share capital. The maximum amount held by the Trust during the year was 1,369,428.

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares, excluding own shares, in issue during the year.

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

The calculation of basic and diluted earnings per share is based on the following data:

	2021 £000	2020 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent company	**43,822**	38,829

	2021 No.	2020 No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the year	**409,249,186**	408,342,783
Effect of potentially dilutive share options	**1,643,911**	1,722,941
Weighted average number of ordinary shares for the purposes of fully diluted EPS	**410,893,097**	410,065,724

	2021	2020
Earnings per share (EPS)		
Basic (pence)	**10.71**	9.51
Diluted (pence)	**10.67**	9.47

14 GOODWILL

	2021 £000	2020 £000
Cost		
At 1 October	**3,772**	3,772
Acquired through business combinations (note 6)	**3,331**	–
At 30 September	**7,103**	3,772
Impairment		
At 1 October and 30 September	**(112)**	(112)
Carrying value at 30 September	**6,991**	3,660

Goodwill relates to acquisitions allocated to the Group's single cash generating unit CGU.

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

The recoverable amount of the assets within the CGU is determined using value-in-use calculations. In assessing the value-in-use the estimated future cash flows of the CGU are discounted to their present value using a pre-tax discount rate. Cash flows are based upon the most recent forecasts, approved by the Board, covering a four-year period representing the remaining useful economic life of the asset.

The key assumptions for value-in-use calculations are those regarding discount rate, growth rates and expected changes to revenues and costs in the period, as follows:

- a compound rate of 17% (2020: 6%) has been used to assess the expected growth in revenue for the four-year forecast period. This is based on a combination of historical and expected future performance.
- economies of scale are expected to be gained in the medium to long-term, although there are not expected to be any significant changes to the nature of administrative expenses.
- modest ongoing maintenance expenditure is required on the assets within the CGU in order to generate the expected level of cash flows.

The Directors have made these assumptions based upon past experience and future expectations in the light of anticipated market conditions and the results of streamlining processes through implementation of the target operating model for customer services.

14 GOODWILL CONTINUED

Cash flows have been discounted using a pre-tax discount rate of 14.52% (2020: 11.35%).

The pre-tax discount rate has been calculated using an independent external source. The Directors have performed sensitivity analysis on their calculations, with key assumptions being revised adversely to reflect the potential for future performance being below expected levels. Changes to revenue are the most sensitive as they would have the greatest impact on future cash flows. However, even with nil growth in revenue, there would still be sufficient headroom to support the carrying value of the assets under the CGU.

Based upon the review above the estimated value-in-use of the CGU comfortably supports the carrying value of the assets held within it, and so the Directors are satisfied that for the period ended 30 September 2021 goodwill is not impaired.

15 OTHER INTANGIBLE ASSETS

	Key operating system £000	Contractual customer relationships £000	Computer software and mobile applications £000	Total £000
Cost				
At 1 October 2019	8,657	2,135	5,234	16,026
Additions	50	–	151	201
At 30 September 2020	8,707	2,135	5,385	16,227
Additions	1,832	–	1,916	3,748
Disposals	–	–	(832)	(832)
Arising on acquisition (note 6)	1,142	–	–	1,142
At 30 September 2021	**11,681**	**2,135**	**6,469**	**20,285**
Amortisation				
At 1 October 2019	6,240	2,135	5,198	13,573
Amortisation charge	614	–	54	668
At 30 September 2020	6,854	2,135	5,252	14,241
Amortisation charge	337	–	525	862
Eliminated on disposal	–	–	(832)	(832)
At 30 September 2021	**7,191**	**2,135**	**4,945**	**14,271**
Carrying amount				
At 30 September 2021	**4,490**	**–**	**1,524**	**6,014**
At 30 September 2020	1,853	–	133	1,986
At 30 September 2019	2,417	–	36	2,453
Average remaining amortisation period	4 years		2 years	

The amortisation charge above is included within administrative expenses in the income statement.

As part of the acquisition of Adalpha in the period, £1,142,000 of intangibles met the requirements to be separately identifiable under IFRS 3.

Additions include an amount of £2,289,000 relating to internally generated assets for the year ended 30 September 2021 (2020: £nil), of which £1,378,000 (2020: £nil) relates to capitalised share-based payment expenses (see note 25).

The net carrying amount of key operating systems, and computer software and mobile applications include £2,974,000 and £457,000 respectively, relating to assets in development which are currently not amortised.

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £000	Office equipment £000	Computer equipment £000	Total £000
Cost				
At 1 October 2019	1,942	950	4,240	7,132
Additions	202	70	584	856
Disposals	–	(78)	(115)	(193)
At 30 September 2020	2,144	942	4,709	7,795
Arising on acquisition (note 6)	–	11	52	63
Additions	48	27	1,099	1,174
Disposals	–	(26)	(643)	(669)
Transfers from right-of-use assets	–	–	393	393
At 30 September 2021	**2,192**	**954**	**5,610**	**8,756**
Depreciation				
At 1 October 2019	318	492	2,838	3,648
Charge for the year	153	231	728	1,112
Eliminated on disposal	–	(78)	(111)	(189)
At 30 September 2020	471	645	3,455	4,571
Arising on acquisition (note 6)	–	5	21	26
Charge for the year	184	169	718	1,071
Eliminated on disposal	–	(22)	(634)	(656)
Transfers from right-of-use assets	–	–	393	393
At 30 September 2021	**655**	**797**	**3,953**	**5,405**
Carrying amount				
At 30 September 2021	**1,537**	**157**	**1,657**	**3,351**
At 30 September 2020	1,673	297	1,254	3,224
At 30 September 2019	1,449	361	1,674	3,484

The depreciation charge above is included within administrative expenses in the income statement.

At the year end, the Group had no commitments (2020: £nil) to purchase any property, plant and equipment.

Computer equipment includes assets under construction of £71,000 (2020: £5,000) which are currently not depreciated.

17 LEASES

i) Right-of-use assets

	Property £000	Computer and office equipment £000	Total £000
Cost			
At 1 October 2019	15,735	575	16,310
Additions	–	9	9
Effect of modification to leases	–	(2)	(2)
Reduction in dilapidations provision	(1)	–	(1)
At 30 September 2020	15,734	582	16,316
Additions	424	36	460
Disposals	–	(15)	(15)
Effect of modification to leases	–	42	42
Transfer to property, plant and equipment	–	(393)	(393)
At 30 September 2021	**16,158**	**252**	**16,410**
Depreciation			
At 1 October 2019	–	–	–
Charge for the year	1,455	339	1,794
At 30 September 2020	1,455	339	1,794
Charge for the year	1,485	205	1,690
Eliminated on disposal	–	(6)	(6)
Transfer to property, plant and equipment	–	(393)	(393)
At 30 September 2021	**2,940**	**145**	**3,085**
Carrying amount			
At 30 September 2021	**13,218**	**107**	**13,325**
At 30 September 2020	14,279	243	14,522

The depreciation charge above is included within administrative expenses in the income statement.

The Group has entered into various leases in respect of property and computer and office equipment as a lessee. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Property leases typically run for a period of six to fifteen years and computer and office equipment for a period of one to six years.

Other than property and computer and office equipment there are no further classes of assets leased by the Group.

ii) Lease liabilities

	2021 £000	2020 £000
Current	**1,708**	1,323
Non-current	**13,886**	15,022
	15,594	16,345

The undiscounted maturity analysis of lease liabilities is shown below:

	2021 £000	2020 £000
Within one year	**2,450**	2,102
In the second to fifth years inclusive	**8,333**	8,317
After five years	**8,678**	10,500
Total minimum lease payments	**19,461**	20,919

The total lease interest expense for the year ended 30 September 2021 was £789,000 (2020: £848,000). Total cash outflow for leases accounted for under IFRS 16 for the year ended 30 September 2021 was £1,241,000 (2020: £1,708,000).

18 SUBSIDIARIES

The Group consists of a Parent Company, AJ Bell plc incorporated within the UK, and a number of subsidiaries held directly and indirectly by AJ Bell plc which operate and are incorporated in the UK. Note 6 to the Company's separate financial statements lists details of the interests in subsidiaries.

19 DEFERRED TAX ASSET

	2021 £000	2020 £000
Deferred tax asset	**1,139**	1,050
Deferred tax liability	**(199)**	(47)
	940	1,003

Deferred tax asset

The movement on the deferred tax account and movement between deferred tax assets and liabilities is as follows:

	Accelerated capital allowances £000	Share-based payments £000	Short-term timing differences £000	Losses £000	Total £000
At 1 October 2019	(52)	1,063	117	49	1,177
(Charge) / credit to the income statement	5	181	(15)	(41)	130
Charge to equity	–	(304)	–	–	(304)
At 30 September 2020	(47)	940	102	8	1,003
(Charge) / credit to the income statement	65	252	47	(8)	356
Charge to equity	–	(202)	–	–	(202)
Acquired through business combination (note 6)	(217)	–	–	–	(217)
At 30 September 2021	**(199)**	**990**	**149**	**–**	**940**

The current year deferred tax adjustment relating to share-based payments reflects the estimated total future tax relief associated with the cumulative share-based payment benefit arising in respect of share options granted but unexercised as at 30 September 2021.

Acquired deferred tax liabilities of £217,000 have been recognised in relation to the acquisition of Ad Alpha Solutions Limited for the value of intangible assets recognised under IFRS 3 Business Combinations. See note 6 for further details.

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered. As at 30 September 2021, deferred tax assets have not been recognised on trading losses of £2,809,000 (2020: £1,551,000).

20 TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Trade receivables	**2,321**	2,001
Prepayments	**5,379**	2,904
Accrued income	**14,699**	21,132
Other receivables	**12,009**	4,524
	34,408	30,561

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Other receivables represent client money required to meet settlement obligations and are payable on demand.

Included within accrued income is £978,000 (2020: £919,000) relating to contract assets, a movement of £59,000 (2020: £17,000) during the year due to increased revenues.

The ageing profile of trade receivables was as follows:

	2021 £000	2020 £000
Current – not past due	**882**	928
Past due:		
0 to 30 days	**798**	452
31 to 60 days	**159**	95
61 to 90 days	**125**	82
91 days and over	**881**	859
	2,845	2,416
Provision for impairment	**(524)**	(415)
	2,321	2,001

The movement in the provision for impairment of trade receivables is as follows:

	2021 £000	2020 £000
Opening loss allowance as at 1 October	**415**	303
Loss allowance recognised	**196**	137
Receivables written off during the year as uncollectable	**(58)**	(8)
Amounts recovered during the year	**–**	(4)
Unused amount reversed	**(29)**	(13)
Balance at end of year	**524**	415

In determining the recoverability of trade receivables, the Directors considered any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

21 CASH AND CASH EQUIVALENTS

	2021 £000	2020 £000
Group cash and cash equivalent balances	**97,062**	86,384

Cash and cash equivalents at 30 September 2021 and 30 September 2020 are considered to be holdings of less than one month, or those over which the Group has an immediate right of recall.

22 TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Trade payables	**580**	918
Social security and other taxes	**2,111**	1,586
Other payables	**582**	554
Accruals	**7,473**	7,514
Deferred income	**2,019**	1,796
	12,765	12,368

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

Deferred income in the current and prior year relates to contract liabilities. Of the deferred income recognised as at 30 September 2020, £1,788,000 has been recognised as revenue in this financial year. The current year balance all relates to cash received in the current period. Total deferred income as at 30 September 2021 is expected to be recognised as revenue in the coming year.

23 PROVISIONS

	Office dilapidations £000	Other provisions £000	Total £000
At 1 October 2020	1,549	1,595	3,144
Additional provisions	–	15	15
Provisions used	–	(47)	(47)
Unused provision reversed	–	(37)	(37)
At 30 September 2021	1,549	1,526	3,075
Included in current liabilities	–	1,526	1,526
Included in non-current liabilities	1,549	–	1,549

Office dilapidations:

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

Other provisions:

The other provisions relate to the settlement of an operational tax dispute and the costs associated with defending a legal case. There is some uncertainty regarding the amount and timing of the outflows required to settle the obligations; therefore a best estimate has been made by assessing a number of different outcomes considering the potential areas and time periods at risk and any associated interest. The timings of the outflows are uncertain but the Group expects that settlement will be within the next 12 months.

24 SHARE CAPITAL

Issued, fully-called and paid:	2021 Number	2020 Number	2021 £	2020 £
Ordinary shares of 0.0125p each	**410,491,708**	410,168,330	**51,311**	51,271

All ordinary shares have full voting and dividend rights.

The following transactions have taken place during the year:

Transaction type	Share class	Number of shares	Share premium £000
Exercise of CSOP options	Ordinary shares of 0.0125p each	323,378	199

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. They are entitled to share in the proceeds on the return of capital, or upon the winding up of the Company in proportion to the number of and amounts paid on shares held. The shares are non-redeemable.

Own shares

The Group has an employee benefit trust in order to acquire own shares in the Company to satisfy future share incentive plans. Shares held by the Trust are held at £740,000 (2020: £1,147,000) being the price paid to repurchase, and the carrying value is shown as a reduction within shareholders' equity.

During the year, 130,695 EIP options were exercised and issued from the AJ Bell Employee Benefit Trust, and 353,032 shares were issued in the period relating to the earn-out arrangement upon the completion of operational milestones.

The costs of operating the Trust are borne by the Group but are not material. The Trust waived the right to receive dividends on these shares.

25 SHARE-BASED PAYMENTS

Company Share Option Plan (CSOP)

The CSOP is a HMRC approved scheme in which the Board, at their discretion, grant options to employees to purchase ordinary shares. Each participating employee can be granted options up to the value of £30,000. Options granted under the CSOP can be exercised between the third and tenth anniversary after the date of grant and are usually forfeited if the employee leaves the Group before the option expires. The expense for share-based payments under the CSOP is recognised over the respective vesting period of these options.

Option To Buy Scheme (OTB) – Growth shares

The OTB scheme is a historical award scheme whereby the Board at its discretion granted growth shares to employees. Growth shares entitled the holder to participate in the growth value of the Group above a certain threshold level, set above the current market value of the Group at the time the shares were issued. Growth shares granted under the OTB scheme had different vesting conditions. The vesting condition attached to all growth shares granted is that the threshold level needs to be met and an exit event needs to have occurred. As part of the AJ Bell listing process all awards were converted into ordinary shares and those awards granted with an additional employment condition of four or six years after the date of grant, continue to be recognised as a share-based payment. Awards that were issued subject to employment conditions are subject to buy back options under which the Group can buy back the shares for their issue price if the employee leaves the Group before the expiry of the employment condition period.

Buy As You Earn plan (BAYE)

The BAYE plan is an all-employee share plan under which shares can be issued to employees as either free shares or partnership shares.

The Company may grant free shares up to a maximum of £3,600 per employee in a tax year. During the year, no free shares have been issued (2020: nil).

Employees have been offered the opportunity to participate in the partnership plan to enable such employees to use part of their pre-tax salary to acquire shares. The limit to the pre-tax salary deduction is £1,800 or, if lower, 10% of salary each year. The initial plan was an accumulation plan where employees were required to save an amount of their gross salary for a 12 month period. The accumulation plan ended on 6 December 2019 and employees still in the plan at that date, were entitled to purchase shares using the funds saved based on the IPO price of £1.60.

From January 2020, the plan entitles employees to use this deduction to buy shares in the Company on a monthly basis at the current market value. Employees are able to withdraw their shares from the plan at any time but may be subject to income tax and national insurance charges if withdrawn within three years of purchasing the shares. Therefore the monthly partnership plan does not give rise to a share-based payment charge.

Executive Incentive Plan (EIP)

The EIP is a performance share plan that involves the award of nominal cost options to participants conditional on the achievement of specified performance targets and continuous employment over a certain period of time. Individual grants will be dependent on the assessment of performance against a range of financial and non-financial targets set at the beginning of the financial year.

CSR initiative

A CSR initiative was introduced in December 2019 with the intention of giving an additional contribution to charity through the donation of share options should a number of stretching targets be met by the Group. The awards made are equity-settled awards and involved the grant of market value options to the AJ Bell Trust conditional on the achievement of DEPS targets for the financial years 2022, 2023 and 2024 ('Performance Period').

The exercise of each tranche will be conditional upon the DEPS having increased in relation to the 7.47 pence DEPS for the year ended 30 September 2019, by more than:

- 90% for September 2022;
- 115% for September 2023; and
- 140% for 30 September 2024.

These are considered to be the lower DEPS targets. The upper DEPS target for each performance period is 10% above the lower DEPS target.

The percentage of shares granted that will vest in each performance period is determined as follows:

- If actual DEPS is below the lower DEPS target, the vesting percentage is equal to zero;
- If actual DEPS is above the upper DEPS target, the vesting percentage is equal to 100%; and
- If actual DEPS is between the lower and upper target, then the vesting percentage is determined by linear interpolation on a straight-line basis and rounded down to the nearest 10%.

As no service is being provided by the AJ Bell Trust, all conditions involved in the arrangement are considered to be non-vesting conditions. Non-vesting conditions should be taken into account when estimating the fair value of the equity instrument granted. The fair value has been estimated using the Monte Carlo simulation model. The full charge of £1,595,000 for the CSR initiative was recognised in the prior year, no further charge has been recognised in the period.

Earn-out arrangement

The acquisition of Adalpha during the period has given rise to an earn-out arrangement whereby share awards will be made should a number of operational and financial milestones, relating to AUA targets and the development of a simplified proposition for financial advisers, be met. The awards will be equity-settled and will vest in several tranches in line with the agreed milestones, expiring on 30 September 2026.

Under the terms of the acquisition agreement, shares will be awarded to eligible employees conditional upon the successful completion of certain performance milestones and their continued employment with the Group during the vesting period. There is no exercise price attached to the share award.

25 SHARE-BASED PAYMENTS CONTINUED

Movements during the year

The tables below summarise the outstanding options for each share-based payment scheme.

CSOP

	2021 Number	2021 Weighted average exercise price £	2020 Number	2020 Weighted average exercise price £
Outstanding at beginning of the year	**1,003,968**	**1.90**	1,484,709	0.65
Granted during the year	**392,371**	**4.34**	364,365	3.94
Forfeited during the year	**(57,198)**	**2.23**	(30,171)	2.49
Exercised during the year	**(323,378)**	**0.61**	(814,935)	0.52
Outstanding at the end of the year	**1,015,763**	**3.23**	1,003,968	1.90
Exercisable at the end of the year	**10,000**	**0.52**	84,807	0.48

The lowest exercise price for share options outstanding at the end of the period was 52p (2020: 36p) and the highest exercise price was 434p (2020: 394p). The weighted average remaining contractual life of share options outstanding at the end of the period was 8.3 years (2020: 7.7 years).

OTB – Growth shares

	2021 Number	2021 Weighted average exercise price £	2020 Number	2020 Weighted average exercise price £
Outstanding at beginning of the year	**3,212,675**	**0.63**	3,387,627	0.63
Forfeited during the year	**–**	**–**	(20,407)	0.63
Call option expired	**–**	**–**	(154,545)	0.63
Exercised during the year	**(20,407)**	**0.63**	–	–
Outstanding at the end of the year	**3,192,268**	**0.63**	3,212,675	0.63
Exercisable at the end of the year	**–**	**–**	–	–

Upon listing to the London Stock Exchange, all growth shares were converted to ordinary shares and therefore no exercise price exists for growth shares outstanding at the end of the period. The weighted average remaining contractual life of growth shares converted to ordinary shares under a call option agreement at the end of the period was 0.9 years (2020: 1.9 years).

BAYE – Free shares

	2021 Number	2020 Number
Outstanding at beginning of the year	**263,106**	286,038
Forfeited during the year	**(22,994)**	(22,932)
Outstanding during the year	**240,112**	263,106
Exercisable at the end of the year	**–**	–

Free shares are issued to employees for free and therefore do not have an exercise price. The weighted average remaining contractual life of free shares outstanding at the end of the period was 0.2 years (2020: 1.2 years).

EIP

	2021 Number	2021 Weighted average exercise price £	2020 Number	2020 Weighted average exercise price £
Outstanding at beginning of the year	**1,208,693**	**0.000125**	1,454,424	0.000125
Granted during the year	**580,146**	**0.000125**	703,235	0.000125
Exercised during the year	**(130,695)**	**0.000125**	(432,949)	0.000125
Cancelled during the year	**(145,632)**	**0.000125**	(516,017)	0.000125
Forfeited during the year	**(25,199)**	**0.000125**	–	–
Outstanding during the year	**1,487,313**	**0.000125**	1,208,693	0.000125
Exercisable at the end of the year	**191,509**	**0.000125**	31,272	0.000125

The weighted average remaining contractual life of EIP shares outstanding at the end of the period was 8.2 years (2020: 8.8 years).

CSR initiative

	2021 Number	2021 Weighted average exercise price £	2020 Number	2020 Weighted average exercise price £
Outstanding at beginning of the year	**2,493,766**	**4.01**	–	–
Granted during the year	**–**	**–**	2,493,766	4.01
Outstanding during the year	**2,493,766**	**4.01**	2,493,766	4.01
Exercisable at the end of the year	**–**	**–**	–	–

The weighted average remaining contractual life of CSR options outstanding at the end of the period was 8.2 years (2020: 9.2 years).

Weighted average share price of options exercised

The weighted average share price of all options exercised during the year was £4.32 (2020: £3.89).

Earn-out arrangement

	2021 Number	2021 Weighted average share price £
Shares granted during the year	**353,032**	**4.25**

The weighted average remaining contractual life outstanding at the end of the period was 5 years.

25 SHARE-BASED PAYMENTS CONTINUED

Measurement

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

The inputs into the Black-Scholes model and assumptions used in the calculations are as follows:

Grant date	EIP 12/12/2020	EIP 12/12/2020	EIP 12/12/2020	CSOP 10/12/2020
Number of shares under option	290,873	117,632	171,641	392,371
Fair value of share option from generally accepted business model (£)	4.24	4.12	4.06	1.60
Weighted average share price (£)	4.30	4.30	4.30	4.30
Weighted average exercise price of an option (£)	0.000125	0.000125	0.000125	4.34
Expected volatility	65.53%	61.26%	62.89%	61.26%
Expected dividend yield	1.43%	1.43%	1.43%	1.43%
Risk-free interest rate	(0.01%)	(0.07%)	(0.06%)	(0.07%)
Expected option life to exercise (months)	12	36	48	36

Prior to 12 December 2018, the Company's shares were not listed on a stock exchange and therefore, no readily available market price existed for the shares. Options granted prior to 12 December 2018, share value was calculated using dividend and earnings-based models to determine a range of valuations. The average price indicated by these valuations was assumed to be the approximate market value at the date of grant. This was discounted to represent the minority value of one share and was agreed with HMRC prior to granting of the options.

The expected life of the options is based on the minimum period between the grant of the option, the earliest possible exercise date and an analysis of the historical exercise data that 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.

Earn-out arrangement

The fair value of the earn-out arrangement is estimated as at the date of grant calculated by reference to the quantum of the earn-out payment for each performance milestone and an estimated time to proposition completion, discounted to net present value. The performance condition included within the arrangement is not considered a market condition and therefore the expected vesting will be reviewed at each reporting date.

During the year, the Group recognised a share-based payment expense of £4,952,000 (2020: £3,364,000), £2,764,000 of which relates to the earn-out arrangement.

The Group capitalised share-based payment costs of £1,378,000 (2020: £nil).

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities expose it to a variety of financial instrument risks; market risk (including interest rate and foreign exchange), credit risk and liquidity risk. Information is presented below regarding the exposure to each of these risks, including the procedures for measuring and managing them.

Financial instruments include both financial assets and financial liabilities. Financial assets principally comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables, accruals and obligations under leases. The Group does not have any derivative financial instruments.

Risk management objectives

The Group has identified the financial, business and operational risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. The Board of Directors has overall responsibility for establishing and overseeing the Group's RMF and risk appetite.

The Group's financial risk management policies are intended to ensure that risks are identified, evaluated and subject to ongoing monitoring and mitigation (where appropriate). These policies also serve to set the appropriate control framework and promote a robust risk culture within the business. The Group regularly reviews its financial risk management policies and systems to reflect changes in the business, counterparties, markets and range of financial instruments that it uses.

The Group's Treasury Committee has principal responsibility for monitoring exposure to the risks associated with cash and cash equivalents. Policies and procedures are in place to ensure the management and monitoring of each type of risk. The primary objective of the Group's treasury policy is to manage short-term liquidity requirements whilst maintaining an appropriate level of exposure to other financial risks in accordance with the Group's risk appetite.

Significant accounting policies

Details of the significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset and financial liability, are disclosed within note 2 to the financial statements.

Categories of financial instrument

The financial assets and liabilities of the Group are detailed below:

	2021			2020		
	Amortised cost £000	**Financial liabilities £000**	**Carrying value £000**	Amortised cost £000	Financial liabilities £000	Carrying value £000
Financial assets						
Trade receivables	**2,321**	**–**	**2,321**	2,001	–	2,001
Accrued income	**14,699**	**–**	**14,699**	21,132	–	21,132
Other receivables	**12,009**	**–**	**12,009**	4,524	–	4,524
Cash and cash equivalents	**97,062**	**–**	**97,062**	86,384	–	86,384
	126,091	**–**	**126,091**	114,041	–	114,041
Financial liabilities						
Trade and other payables	**–**	**8,095**	**8,095**	–	8,469	8,469
Lease liabilities	**–**	**15,594**	**15,594**	–	16,345	16,345
	–	**23,689**	**23,689**	–	24,814	24,814

The carrying amount of all financial assets and liabilities is approximate to their fair value due to their short-term nature.

Market risk

Interest rate risk

The Group holds interest bearing assets in the form of cash and cash deposits. Cash at bank earns interest at floating rates based on daily bank deposit rates. Term deposits can also be made for varying periods depending on the immediate cash requirements of the Group, and interest is earned at the respective fixed-term rate. Based on the cash balances shown in the Group's statement of financial position at the reporting date, if interest rates were to move by 25bps it would change profit before tax by approximately:

	2021 £000	2020 £000
+ 25bps (0.25%)	**246**	245
- 25bps (0.25%)	**(23)**	(151)

As at the year end the Group had no borrowings, and therefore was not exposed to a material interest rate risk related to debt as the interest rate is fixed at the inception of the lease.

The Group retains a proportion of the interest income generated from the pooling of customer cash balances and as a result, the Group has an indirect exposure to interest rate risk. The cash balances are held with a variety of banks and are placed in a range of fixed-term, notice and call deposit accounts with due regard for counterparty credit risk, capacity risk, concentration risk and liquidity risk requirements. The spread of rate retained by the Group is variable dependent on rates received by banks (disclosed to customers at between 0.10% below and 0.60% above the prevailing base rate) and amounts paid away to customers.

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

The impact of a 25bps increase or decrease in UK base interest rates on the Group's revenue has been calculated and shown below. This has been modelled on a historical basis for each year separately assuming that the UK base rate was 25bps higher or lower than the actual position at the time. We assume a minimum rate of return on call cash of 0bps.

	2021 £000	2020 £000
+ 25bps (0.25%)	**5,324**	6,341
- 25bps (0.25%)	**(4,901)**	(4,744)

Customer cash balances are not a financial asset of the Group and so are not included in the statement of financial position.

Market movement sensitivity

The Group's custody fees are derived from the market value of the underlying assets held by the retail customer in their account, based on mix and portfolio size, charged on an ad valorem basis. As a result, the Group has an indirect exposure to market risks, as the value of the underlying customers' assets may rise or fall. The impact of a 10% increase or reduction in the value of the customers underlying assets subject to the custody fees on the Group's revenue has been calculated and shown below. This has been modelled on a historical basis for each year separately assuming that the value of the customers' assets were 10% higher or lower than the actual position at the time.

	2021 £000	2020 £000
+ 10% higher	**4,850**	3,409
- 10% lower	**(4,850)**	(3,409)

Foreign exchange risk

The Group is not exposed to significant foreign exchange translation or transaction risk as the Group's activities are primarily within the UK. Foreign exchange risk is therefore not considered material.

Credit risk

The Group's exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, arises principally from its cash balances held with banks and trade and other receivables.

Trade receivables are presented net of expected credit losses within the statement of financial position. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and number of days past due. Details of those trade receivables that are past due are shown within note 20.

The Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken. This minimises credit risk in this area.

The credit and concentration risk on liquid funds, cash and cash equivalents is limited as deposits are held across a number of major banks. The Directors continue to monitor the strength of the banks used by the Group. The principal banks currently used by the Group are Bank of Scotland plc, Barclays Bank plc, Lloyds Bank plc, Lloyds Bank Corporate Markets plc, HSBC Bank plc, HSBC Global Asset Management, Santander UK plc, MUFG Bank Ltd, Clearstream Banking SA and Qatar National Bank (Q.P.S.C). Bank of Scotland plc, the Group's principal banker, is substantial and is 100% owned by Lloyds Banking Group plc. All these banks currently have long-term credit ratings of at least A- (Fitch). Where the services of other banks are used, the Group follows a rigorous due diligence process prior to selection. This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its customers.

The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date. In relation to dealing services, the Group operates as agent on behalf of its underlying customers and in accordance with London Stock Exchange Rules.

Any settlement risk during the period between trade date and the ultimate settlement date is substantially mitigated as a result of the Group's agency status, its settlement terms and the delivery versus payment mechanism whereby if a counterparty fails to make payment, the securities would not be delivered to the counterparty. Therefore any risk exposure is to an adverse movement in market prices between the time of trade and settlement. Conversely, if a counterparty fails to deliver securities, no payment would be made.

There has been no material change to the Group's exposure to credit risk during the year.

Liquidity risk

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

There has been no change to the Group's exposure to liquidity risk or the manner in which it manages and measures the risk during the year.

The following table shows the undiscounted cash flows relating to non-derivative financial liabilities of the Group based upon the remaining period to the contractual maturity date at the end of the reporting period.

	Due within 1 year £000	1 to 5 years £000	After 5 years £000	Total £000
2021				
Trade and other payables	**8,095**	**–**	**–**	**8,095**
Lease liabilities	**2,450**	**8,333**	**8,678**	**19,461**
	10,545	**8,333**	**8,678**	**27,556**
2020				
Trade and other payables	8,469	–	–	8,469
Lease liabilities	2,102	8,317	10,500	20,919
	10,571	8,317	10,500	29,388

Capital management

The Group's objectives in managing capital are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders, security for our customers and benefits for other stakeholders;
- maintain a strong capital base to support the development of its business; and
- comply with regulatory requirements at all times.

The capital structure of the Group consists of share capital, share premium and retained earnings. As at the reporting date the Group had capital of £130,708,000 (2020: £109,466,000).

Capital generated from the business is both reinvested in the business to generate future growth and returned to shareholders principally in the form of dividends. The capital adequacy of the business is monitored on an ongoing basis and as part of the business planning process by the Board. It is also reviewed before any distributions are made to shareholders to ensure it does not fall below the agreed surplus as outlined in the Group's capital management policy. The liquidity of the business is monitored by management on a daily basis to ensure sufficient funding exists to meet the Group's liabilities as they fall due. The Group is highly cash-generative and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

The Group conducts an ICAAP, as required by the FCA to assess the appropriate amount of regulatory capital to be held by the Group. Regulatory capital resources for ICAAP are calculated in accordance with published rules.

The ICAAP compares the Group's financial resources against regulatory capital requirements as specified by the relevant regulatory authorities. Our current financial resources and regulatory capital requirements can be found on page 46.

The Group maintained a surplus of regulatory capital throughout the year. Information under Part Eight (Pillar 3) Disclosure of the Capital Requirements Regulation is available on the Group's website at www.ajbell.co.uk.

27 INTERESTS IN UNCONSOLIDATED STRUCTURE ENTITIES

The Group manages a number of investment funds (open ended investments) acting as agent of the Authorised Corporate Director. The dominant factor in deciding who controls these entities is the contractual arrangement in place between the Authorised Corporate Director and the Group, rather than voting or similar rights. As the Group directs the investing activities through its investment management agreement with the Authorised Corporate Director, the investment funds are deemed to be structured entities. The investment funds are not consolidated into the Group's financial statements as the Group is judged to act as an agent rather than having control under IFRS 10.

The purpose of the investment funds is to invest capital received from investors in a portfolio of assets in order to generate a return in the form of capital appreciation, income from the assets, or both. The Group's interest in the investment funds is in the form of management fees received for its role as investment manager. These fees are variable depending on the value of the assets under management.

The funds do not have any debt or borrowings and are financed through the issue of units to investors.

The following table shows the details of unconsolidated structured entities in which the Group has an interest at the reporting date:

Year	Type	Number of funds	Net AUM of funds £m	Annual management charge £ 000	Management charge receivable at 30 September £000
2021	OEIC	**9**	**1,073.2**	**1,138**	**266**
2020	OEIC	8	493.1	418	48

The annual management charge is included within recurring ad valorem fees within revenue in the consolidated income statement.

The annual management charge receivable is included within accrued income and trade receivables in the consolidated statement of financial position.

The maximum exposure to loss relates to a reduction in future management fees should the market value of the investment funds decrease.

28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 October 2020 £000	Cash flows £000	Change in lease liability £000	Additions £000	Disposal £000	30 September 2021 £000
2021						
Lease liabilities	**16,345**	**(1,241)**	**42**	**460**	**(12)**	**15,594**
Total liabilities from financing activities	**16,345**	**(1,241)**	**42**	**460**	**(12)**	**15,594**

	1 October 2019 £000	Cash flows £000	Change in lease liability £000	30 September 2020 £000
2020				
Lease liabilities	18,047	(1,708)	6	16,345
Total liabilities from financing activities	18,047	(1,708)	6	16,345

29 RELATED PARTY TRANSACTIONS

Transactions between the Parent Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Transactions with key management personnel:

Key management personnel is represented by the Board of Directors as shown on pages 60 to 63 and the EMB as shown on pages 64 and 65.

The remuneration expense of key management personnel is as follows:

	2021 £000	2020 £000
Short-term employee benefits (excluding NI)	**2,108**	2,069
Retirement benefits	**35**	29
Share-based payment	**1,256**	1,066
	3,399	3,164

During the year there were no material transactions or balances between the Group and its key management personnel or members of their close families, other than noted below.

Transactions with directors:

The remuneration of individual directors is provided in the Directors' remuneration report on pages 94 to 98.

Dividends totalling £6,766,000 (2020: £4,888,000) were paid in the year in respect of ordinary shares held by the Company's directors.

No aggregate gains were made by the Directors on the exercise of share options during the year (2020: £547,000).

During the year Directors and their families received beneficial staff rates in relation to personal portfolios. The discount is not material to the Directors or to AJ Bell.

Other related party transactions:

Charitable donations

During the year the Group made donations of £272,000 (2020: £239,000) to the AJ Bell Trust, a registered charity of which Mr A J Bell is a trustee.

EQ Property Services Limited

The Group is party to three leases with EQ Property Services Limited for rental of the Head Office premises, 4 Exchange Quay, Salford Quays, Manchester, M5 3EE. Mr A J Bell and Mr M T Summersgill are directors and shareholders of both AJ Bell plc and EQ Property Services Limited. Mr C Galbraith, Mr R Stott and Mr F Lyons are members of key management personnel and shareholders of AJ Bell plc and are directors and shareholders of EQ Property Services Limited. The leases for the rental of the building were entered into on 17 August 2016 for terms which expire on 30 September 2031, at an aggregate market rent of £1,825,000 (2020: £1,825,000) per annum.

At the reporting date, there is no payable outstanding (2020: £nil) with EQ Property Services Limited.

Any amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties.

30 SUBSEQUENT EVENTS

There have been no material events occurring between the reporting date and the date of approval of these consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Investments	6	**22,447**	15,205
Current assets			
Trade and other receivables – due within one year	7	**2,477**	336
Trade and other receivables – due after one year	7	**5,241**	2,391
Current tax asset		**480**	1,067
Cash and cash equivalents		**27,929**	24,465
		36,127	28,259
Total assets		**58,574**	43,464
Liabilities			
Current liabilities			
Trade and other payables	8	**(477)**	(361)
Total liabilities		**(477)**	(361)
Net assets		**58,097**	43,103
Equity			
Share capital	10	**51**	51
Share premium		**8,658**	8,459
Own shares		**(740)**	(1,147)
Retained earnings		**50,128**	35,740
Total equity		**58,097**	43,103

The financial statements were approved by the Board of Directors and authorised for issue on 1 December 2021 and signed on its behalf by:

Michael Summersgill
Deputy Chief Executive Officer and Chief Financial Officer

AJ Bell plc
Company registered number: 04503206

The notes on pages 154 to 159 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 SEPTEMBER 2021

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2020	**51**	**8,459**	**35,740**	**(1,147)**	**43,103**
Total comprehensive income for the year:					
Profit for the financial year	**–**	**–**	**37,574**	**–**	**37,574**
Transactions with owners, recorded directly in equity:					
Issue of shares	**–**	**199**	**–**	**–**	**199**
Dividends paid	**–**	**–**	**(29,138)**	**–**	**(29,138)**
Equity settled share-based payment transactions	**–**	**–**	**6,330**	**–**	**6,330**
Deferred tax effect of share-based payment transactions	**–**	**–**	**(202)**	**–**	**(202)**
Tax relief on exercise of share options	**–**	**–**	**231**	**–**	**231**
Share transfer relating to EIP	**–**	**–**	**(110)**	**110**	**–**
Share transfer relating to earn-out arrangement	**–**	**–**	**(297)**	**297**	**–**
Total transactions with owners	**–**	**199**	**(23,186)**	**407**	**(22,580)**
Balance at 30 September 2021	**51**	**8,658**	**50,128**	**(740)**	**58,097**

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2019	51	7,667	29,787	(1,147)	36,358
Total comprehensive income for the year:					
Profit for the financial year	–	–	21,815	–	21,815
Transactions with owners, recorded directly in equity:					
Issue of shares	–	792	–	–	792
Dividends paid	–	–	(19,733)	–	(19,733)
Equity settled share-based payment transactions	–	–	3,364	–	3,364
Deferred tax effect of share-based payment transactions	–	–	(304)	–	(304)
Tax relief on exercise of share options	–	–	811	–	811
Total transactions with owners	–	792	(15,862)	–	(15,070)
Balance at 30 September 2020	51	8,459	35,740	(1,147)	43,103

The notes on pages 154 to 159 form an integral part of these financial statements.

1 GENERAL INFORMATION

The principal activity of AJ Bell plc (the 'Company') is that of a holding company.

The Company is a public limited company which is listed on the London Stock Exchange and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company's number is 04503206 and its registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the historical cost basis and a going concern basis in accordance with the Companies Act 2006. These financial statements are presented in sterling, which is the currency of the primary economic environment in which the Company operates, rounded to the nearest thousand.

The financial statements are prepared in accordance with Financial Reporting Standard FRS 101 Reduced Disclosure Framework (FRS 101).

The Company has set out below where advantage of the FRS 101 disclosure exemptions have been taken. Shareholders were notified of, and did not object to, the use of the disclosure exemptions.

Disclosure exemptions

The Company is included within the consolidated financial statements of AJ Bell plc, a company incorporated in the United Kingdom, whose consolidated financial statements are publically available. Consequently, the Company has, in compliance with FRS 101, taken advantage of the exemption from preparing the following disclosures that would otherwise have been required under IFRS:

- IAS 7 Presentation of a cash flow statement;
- IAS 8 Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 Disclosure of key management personnel compensation and the disclosure of transactions with group companies;
- IFRS 7 Disclosure in respect of financial instruments, provided that the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- IFRS 13 Fair Value Measurement paragraphs 91 to 99, provided that equivalent disclosures are included within the consolidated financial statements of the group for which the entity is consolidated; and
- IFRS 2 Share-Based Payment paragraphs 45 and 46 to 52 provided that equivalent disclosures are included within the consolidated financial statements of the group for which the entity is consolidated.

The accounting policies have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

Investments

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

Taxation

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

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

Deferred tax 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 from:

- the initial recognition of goodwill; or
- the initial recognition of an asset and liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

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

Financial instruments

The Company follows the accounting policy of the Group for financial instruments. In addition the Company has balances with other group companies. Amounts owed by group companies are financial assets and are recognised at amortised cost. Amounts owed to group companies are financial liabilities.

Loans issued to group companies at below-market rates of interest are initially recognised at fair value, measured as the present value of loan repayments, with the below-market element recognised as an investment in subsidiary.

Employee benefit trust

The Group has an employee benefit trust, the AJ Bell Employee Benefit Trust, used for the granting of shares to certain employees. AJ Bell plc is considered to be the sponsoring employer and so the assets and liabilities of the Trust are recognised as those of AJ Bell plc.

Shares of AJ Bell plc held by the Trust are treated as 'own shares' held and shown as a deduction from equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sales proceeds and original cost being taken to equity.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2 of the consolidated financial statements, 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 Company'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.

The following judgements have been made by the Directors in applying the Company's policies:

Investment in subsidiaries

At each reporting date, the Company assesses whether there are any indicators of impairment in its investment in subsidiaries. If any such indicators exist, the investments recoverable amount is estimated. There are a number of estimates that management use to forecast the expected future cash flows of the investments. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting trading conditions and cash flows used in the budgets.

Key judgements and estimates in relation to the estimated recoverable amount of this investment include:

- cash flow forecasts based on anticipated future demand for the investments products and services;
- budgeted future costs attributable to the supply of the investments products and services; and
- the level of ongoing maintenance expenditure required by the Company's assets in order to generate the expected level of cash flows.

Any share transactions undertaken in the past 12 months are considered when assessing the fair value of the investment.

Management has not identified any impairment indicators for its investment in subsidiaries at the reporting date.

4 PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The Company reported a profit of £37,574,000 for the year ended 30 September 2021 (2020: £21,815,000). This profit was generated from the Company's principal activity which is that of a holding company.

The auditor's remuneration for the audit and other services is disclosed in note 7 of the consolidated financial statements.

5 DIVIDENDS

Details of dividends paid during the year are disclosed in note 12 of the consolidated financial statements.

6 INVESTMENTS

	2021 £000	2020 £ 000
Cost		
At 1 October	**19,005**	17,180
Additions	**–**	500
Share-based payments	**6,312**	1,729
Disposal	**–**	(404)
Below-market element of loans to subsidiaries	**930**	–
At 30 September	**26,247**	19,005
Accumulated impairment losses		
At 1 October	**(3,800)**	(4,202)
Disposal	**–**	402
Accumulated impairment losses at 30 September	**(3,800)**	(3,800)
Carrying value at 30 September	**22,447**	15,205

On 18 March 2021, AJ Bell plc acquired the entire issued share capital of AJ Bell Touch Limited (formally 'Whiztec Limited') and its wholly-owned subsidiary Ad Alpha Solutions Limited. Ad Alpha Solutions Limited is an early-stage start-up business currently developing a simplified, mobile-focused platform proposition for advisers.

The consideration for the acquisition of AJ Bell Touch Limited was in the form of an earn-out arrangement, conditional upon a number of operational and financial milestones. The maximum consideration payable is £16.5m, of which £4.1m has been recognised in FY21 (2020: £nil), and will be satisfied by the issue of shares in AJ Bell plc. This consideration is accounted for as post-combination remuneration in accordance with IFRS 3. See note 6 of the consolidated financial statements for further details.

The Company has investments in the ordinary share capital of the following subsidiaries at 30 September 2021:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2021	2020
AJ Bell Business Solutions Limited*	Investment / Group administration	England and Wales	**100%**	100%
AJ Bell Management Limited*	Investment administration	England and Wales	**100%**	100%
AJ Bell Securities Limited*	Dealing and custody	England and Wales	**100%**	100%
AJ Bell Media Limited*	Media	England and Wales	**100%**	100%
AJ Bell Asset Management Limited*	Investment management services	England and Wales	**100%**	100%
AJ Bell Touch Limited*	Intermediate holding company	England and Wales	**100%**	0%
Ad Alpha Solutions Limited	Technology company	England and Wales	**100%**	0%
AJ Bell EBT Limited*	Dormant	England and Wales	**100%**	100%
AJ Bell Digital Savings Limited*	Dormant	England and Wales	**100%**	100%
AJ Bell Platinum Limited*	Dormant	England and Wales	**100%**	100%
AJ Bell Trustees Limited	Dormant	England and Wales	**100%**	100%
AJ Bell (PP) Trustees Limited	Dormant	England and Wales	**100%**	100%
Ashby London Trustees Limited	Dormant	England and Wales	**100%**	100%
Ashby London (PP) Trustees Limited	Dormant	England and Wales	**100%**	100%
Lawshare Nominees Limited	Dormant	England and Wales	**100%**	100%
Sippdeal Limited	Dormant	England and Wales	**100%**	100%
Sippdeal Trustees Limited	Dormant	England and Wales	**100%**	100%
Whitehead Trustees Limited	Dormant	England and Wales	**100%**	100%
Adalpha Investments Limited	Dormant	England and Wales	**100%**	0%
Adalpha Limited	Dormant	England and Wales	**100%**	0%
Adalpha Nominees Limited	Dormant	England and Wales	**100%**	0%
Adalpha Trustees Limited	Dormant	England and Wales	**100%**	0%

* Indicates direct investment of AJ Bell plc

The financial statements for the year ended 30 September 2021 of AJ Bell EBT Limited have been exempted from audit under s479C of the Companies Act 2006 by way of parent guarantee from AJ Bell plc.

Adalpha Investments Limited, Adalpha Limited, Adalpha Nominees Limited and Adalpha Trustees Limited, which are dormant entities, are in the process of being struck off the register at Companies House.

The registered office of all subsidiaries is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

7 TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Amounts due within one year:		
Amounts owed by Group undertakings	**2,451**	17
Prepayments	**26**	14
Accrued income	**–**	305
	2,477	336

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

The loan was classified as non-current in the prior year.

	2021 £000	2020 £000
Amounts due after one year:		
Deferred tax asset relating to share-based payments	**990**	941
Amounts owed by Group undertakings	**4,251**	1,450
	5,241	2,391

Amounts owed by Group undertakings relate to loans issued to AJ Bell Touch Limited and Ad Alpha Solutions Limited by the Company. The loan to AJ Bell Touch Limited was issued to facilitate the acquisition of Ad Alpha Solutions Limited. The loan to Ad Alpha Solutions Limited is a working capital arrangement issued in relation to the costs of developing the simplified mobile-focused platform proposition for financial advisers.

8 TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Current liabilities		
Trade payables	**467**	354
Amounts owed to Group undertakings	**10**	7
	477	361

9 RELATED PARTY TRANSACTIONS

Transactions with key management personnel:

The key management personnel of the Group and the Company are the same. The related party disclosure is given in note 29 of the consolidated financial statements.

Transactions with group companies:

During the year the Company entered into the following transactions with its subsidiaries:

	2021		2020	
	Receivable £000	**Payable £000**	Receivable £000	Payable £000
Recharges	**–**	**202**	–	183
Dividends received	**38,500**	**–**	24,100	–
	38,500	**202**	24,100	183

No capital contribution was made by the company to AJ Bell Asset Management Limited during the year (2020: £500,000).

The Company's balances with fellow group companies at the reporting date are set out in notes 7 and 8 of the Company financial statements.

All transactions with fellow group companies are provided on an arm's length basis and are to be settled in cash. None of the balances are secured and no provisions have been made for doubtful debts for any amounts due from fellow group companies.

Other related party transactions:

Charitable donations:

During the year the Company made donations of £272,000 (2020: £239,000) to the AJ Bell Trust, a registered charity of which Mr A J Bell is a trustee.

10 CALLED-UP SHARE CAPITAL

The Company's share capital is disclosed in note 24 of the consolidated financial statements.

11 SUBSEQUENT EVENTS

Events after the reporting period are shown in note 30 of the consolidated financial statements.

CONSOLIDATED UNAUDITED FIVE-YEAR SUMMARY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	IFRS				
	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Results					
Revenue	**145,826**	126,749	104,902	89,691	75,576
Profit from operations	**55,851**	49,236	37,409	28,256	21,776
Profit before tax	**55,084**	48,550	37,695	28,359	21,697
Profits attributable to equity holders of AJ Bell plc	**43,822**	38,829	30,353	22,646	17,571
Assets employed					
Non-current assets	**30,621**	24,395[1]	11,269	11,589	11,722
Current assets	**131,521**	116,945[1]	92,021	69,770	64,310
Current liabilities	**(15,999)**	(15,303)[1]	(14,202)	(15,511)	(13,634)
Non-current liabilities	**(13,886)**	(15,022)[1]	(1,475)	(1,034)	(246)
Long-term provisions	**(1,549)**	(1,549)	(1,550)	(778)	(790)
Net assets	**130,708**	109,466	86,063	64,036	61,362
Financed by					
Equity	**130,708**	109,466	86,063	64,036	61,362
Key statistics					
Earnings per share (pence)	**10.71**	9.51	7.51	5.76[2]	4.46[2]
Fully diluted earnings per share (pence)	**10.67**	9.47	7.47	5.63[2]	4.44[2]
Dividend per share paid in year (pence)	**7.12**	4.83	3.74	5.10[2,3]	2.68[2]
Dividend per share declared with respect to profits generated in year (pence)	**11.96**[4]	6.16	4.83	5.73[2,3]	2.94[2]

1 Reflects the impact of IFRS 16 in 2020
2 Restated to reflect the share reorganisation in 2019
3 Includes a special dividend of 2.03p in 2018
4 Includes a special dividend of 5.00p in 2021

GLOSSARY

Adalpha	Acquisition of AJ Bell Touch Limited (Formally Whiztec Limited) and its wholly-owned subsidiaries
AGM	Annual General Meeting
AJBIC	AJ Bell Investcentre
AJBYI	AJ Bell Youinvest
Android	Mobile Operating System
Board, Directors	The Board of Directors of AJ Bell plc
BPS	Basis points
CASS	Client Assets Sourcebook
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
CRD V	The Capital Requirements Directive V
CRR	Capital Requirement Regulation
CSOP	Company Share Option Plan
CSR	Corporate Social Responsibility
DEPS	Diluted Earnings Per Share
DTR	Disclosure Guidance and Transparency Rules
D2C	Direct to Consumer
DWP	Department for Work and Pensions
EMB	Executive Management Board
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FRS	Financial Reporting Standards
FTSE	The Financial Times Stock Exchange
GIA	General Investing Account
HMRC	Her Majesty's Revenue and Customs
HR	Human Resources
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process
ICO	Information Commissioner's Office
IFA	Independent Financial Adviser
IFRIC	International Financial Reporting Interpretations Committee
IFPR	Investment Firm Prudential Regime
IFRS	International Financial Reporting Standards
iOS	Mobile Operating System developed by Apple Inc.
IPO	Initial Public Offering
ISA	Individual Savings Account
IT	Information Technology
KOS	Key Operating System
KPI	Key Performance Indicator
KYC	Know Your Customer
LISA	Lifetime ISA
MiFID II	Markets in Financial Instruments Directive II
MPS	Managed Portfolio Service
OCF	Ongoing Charges Figure
OEIC	Open-Ended Investment Company
OTB	Option To Buy
PBT	Profit Before Tax
PLC	Public Limited Company
SIPP	Self-Invested Personal Pension
SREP	Supervisory Review and Evaluation Process
SSAS	Small Self-Administered Scheme
TPDFM	Third-Party Discretionary Fund Managers
TPR	The Pensions Regulator

DEFINITIONS

Ad valorem
According to value

AUA
Assets Under Administration

AUM
Assets Under Management

Customer retention rate
Relates to platform customers

Fintech
Refers to a business that uses technology to enhance or automate financial services and processes

Lang Cat
An insight, marketing and communications consultancy business specialising in Financial Services

Listing rules
Regulations subject to the oversight of the FCA applicable to companies listed on a UK stock exchange

Own shares
Shares held by the Group to satisfy future incentive plans

Platforum
The advisory and research business specialising in investment platforms

Recurring ad valorem revenue
Includes custody fees, retained interest income and investment management fees

Recurring fixed revenue
Includes recurring pension administration fees and media revenue

Revenue per £ AUA
Represents revenue as a percentage of the average AUA in the year. Average AUA is calculated as the average of the opening and closing AUA in each quarter averaged for the year

Transactional revenue
Includes dealing fees and pension scheme activity fees

UK Corporate Governance Code
A code which sets out standards for best boardroom practice with a focus on Board leadership and effectiveness, remuneration, accountability and relations with shareholders

COMPANY INFORMATION

COMPANY NUMBER
04503206

COMPANY SECRETARY
Mr Christopher Bruce Robinson

REGISTERED OFFICE
4 Exchange Quay
Salford Quays
Manchester
M5 3EE

AUDITOR
BDO LLP
55 Baker Street
London
W1U 7EU

BANKER
Bank of Scotland plc
1 Lochrin Square
92 – 98 Fountainbridge
Edinburgh
EH3 9QA

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www.luminous.co.uk

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CtrlPrint

AJ Bell plc
4 Exchange Quay,
Salford Quays,
Manchester
M5 3EE
T: 0345 40 89 100

www.ajbell.co.uk

Company registration number 04503206