We make investing easier

AJ Bell plc

Annual Report and Financial Statements 30 September 2022

AJ Bell is one of the UK's largest and best-regarded investment platforms. Over 440,000 customers currently trust us with their investments, and by continuously striving to make investing easier, we aim to help even more people take control of their financial futures. From our offices in Manchester, London and Bristol, we offer an award-winning range of solutions that caters for everyone, from professional financial advisers, to DIY investors with little to no experience.

Find out how we make investing easier and more at ajbell.co.uk

Total customers
440,589
+15%

Assets under administration (AUA)[1]
£69.2bn
-5%

Revenue
£163.8m
+12%

Profit before tax (PBT)
£58.4m
+6%

"We are well placed to deliver long-term growth."

Michael Summersgill
Chief Executive Officer

A clear strategy

Our strategy remains focused on providing high-quality platform propositions to meet the evolving needs of investors, emphasising user experience, excellent service, and value for money.

For more see pages 10 to 15

People and culture

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.

For more see pages 39 to 43

Market overview

The long-term structural drivers of growth in the UK investment platform market remain strong with around £2 trillion of our estimated £3 trillion target addressable market not yet on a platform.

For more see pages 16 to 19

Supporting our communities

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

For more see pages 44 and 45

Diluted earnings per share
11.35p
+6%

Total ordinary dividend
7.37p
+6%

MSCI ESG rating
AA

Charitable donations
£299,000

Top 25 Best Companies to Work For 2022

THE UK'S TOP 25 BEST LARGE COMPANIES TO WORK FOR 2022

1. See pages 24 and 25 for definition of Alternative Performance Measures.

Our purpose

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

We help people to invest

We want to make investing as easy as possible for our customers to enable them to take control of their finances and realise their financial goals.

What we do

Serving the needs of our customers

AJ Bell is one of the UK's largest and best-regarded investment platforms. Whether through a financial adviser, or managing your investments yourself, we offer a range of products to help you achieve your financial goals.

D2C market: See page 16		Advised market: See page 16	
AJBell	Dodl	AJBell Investcentre	TOUCH

How we do it

We make investing easier

Our company is built on a set of guiding principles that define the way we do business.

Our guiding principles

Straightforward	Intelligent	Personal	Principled	Focused	Energetic
We make investing easy and accessible	We know our stuff	We are human. Not robots	We do the right thing	We give customers what they need. Not what they don't	We never stand still

We want to provide our customers with the easiest investment platform to enable them to take control of their finances and realise their financial goals.

Our strategic drivers: See pages 22 and 23

- Sustainable growth
- Excellent customer experience
- Scalable technology solutions
- Financial security and regulatory compliance
- Strong employer brand and culture

Creating sustainable value

Responsible propositions	Responsible employer	Supporting local communities	Environmental awareness
Offering products and services that are aligned with our purpose.	Developing and supporting our people to help them achieve their potential.	Playing a positive and supporting role in our local communities.	Minimising our impact on the environment.
See pages 36 to 38	See pages 39 to 43	See pages 44 to 45	See pages 46 to 53

Helping Gill invest for her retirement

Age: 56 years old

Mission: To enjoy a comfortable retirement

Gill, who has been self-employed for the last 31 years, has worked in many areas including London and Belgium. She has experience in investor relations so is familiar with financial services and holds a SIPP and ISA with AJ Bell. She holds a mixture of stocks and funds in her portfolio and prioritises simplicity when investing to make her journey as smooth and easy as possible.

How we help Gill to invest

High-quality service

Gill believes that our customer service sets us out from the rest, with our uncomplicated approach to helping customers navigate their investing journey. Gill loves that she is never kept waiting on the phone, and is always supported by one of our knowledgeable Customer Services Team to quickly resolve any queries she might have.

Investment ideas

We have helped Gill to start achieving her investing mission by providing informative content and investment ideas. Gill uses our favourite funds list; chosen by our investment specialists, which she believes have made her more confident in her own investing decisions. In addition, she looks forward to reading our weekly Shares magazine and enjoys listening to our Money & Markets podcasts, which provide her with information she finds accessible and thought provoking.

Through AJ Bell's easy-to-use platform, Gill has found her experience to be one of low cost, but high quality, and she trusts that we will continue to support her in her investing journey in the long term. Gill has even recommended us to her husband who now also holds his pension with AJ Bell!

Gill is a real AJ Bell customer sharing her honest opinions.

See more at ajbell.co.uk

We make investing easier

We are on a mission to make investing easier. As one of the UK's largest and best-regarded investment platforms, we help our customers to realise their financial goals, whether directly or with the help of a financial adviser.

Office locations

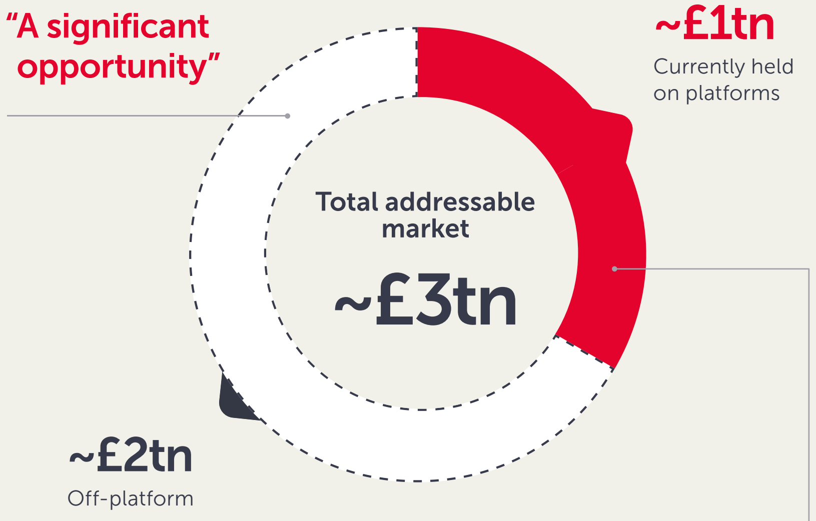
Listed company
FTSE 250

Customers
440,589

Assets under administration
£69.2bn

Employees
1,173

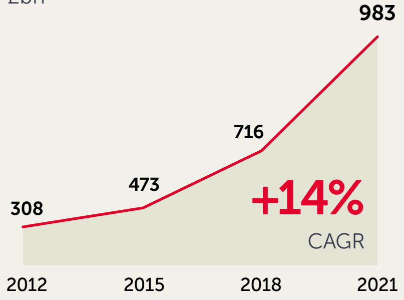
Our market



We operate in a fast-growing investment platform market. The long-term structural drivers of market growth are strong, with around two-thirds of our estimated £3 trillion target addressable market not yet on a platform.

See Market overview on pages 16 to 19

A fast-growing platform market
£bn



Our propositions

Advised

Total Advised Customers
145,371 +15%
2021: 126,920

AUA
£44.8bn -2%
2021: £45.8bn

Full service

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.

Simplified

TOUCH

Touch by AJ Bell is a streamlined, app-based investment platform proposition, offering advisers a digital service model that expands the range of clients they can service.

D2C

Total D2C Customers
280,281 +16%
2021: 241,045

AUA
£19.3bn -1%
2021: £19.5bn

AJBell

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

Dodl

Dodl by AJ Bell is an easy-to-use, no-nonsense investment app. The platform proposition has a streamlined range of investments available with a simplified charging structure.

Other products and services

AJ Bell Investments
Provides simple, transparent, low-cost investment management solutions through advisers and direct to customers.

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.

AJ Bell Securities
Provides flexible, low-cost, tailored wealth management solutions.

Our awards

A clear purpose

"I have long admired AJ Bell and its commitment to helping people to invest. At AJ Bell we are a purpose-driven organisation who put our customers at the heart of everything we do."

Baroness Helena Morrissey DBE
Chair

Total ordinary dividend

7.37p per share

(FY21: 6.96p per share)

Dear shareholder

I am pleased to be writing to you as Chair, having joined the business in July last year before taking over as Chair at the AGM in January.

I have spent a lot of time getting to know many people across the business, which has been wonderful. I have been greatly impressed by the calibre of our employees and the collegiate culture. I have also had the pleasure of engaging with some of our shareholders and other key stakeholders, discussing both AJ Bell's business and the wider platform market. It has been insightful to hear the feedback and to understand what each stakeholder group believes our priorities should be going forward.

During the year the Board's long-established succession plan came to fruition with Andy stepping down on 30 September 2022 and our Deputy CEO, Michael Summersgill, being appointed to the role. My priority as Chair has been to ensure a smooth transition of responsibilities and this has been achieved. As co-founder and CEO, Andy has been the heart and soul of AJ Bell for 27 years, shaping it into the successful listed business it is today. On behalf of the Board I would like to thank Andy for the incredible legacy he has created and strong culture that we shall build on going forward.

Uncertainties in the wider economy and the increasing pressures from the rising cost of living are bringing many challenges to our customers, our people and our wider stakeholders. As a Board we are particularly mindful of this and so our focus continues to be on the wellbeing of our staff, while maintaining a high-quality, value for money service to our customers and delivering positive outcomes for all our stakeholders.

Overview

I am pleased to report that we have delivered a strong financial performance during the year with PBT of £58.4 million. Over the past 12 months customer numbers increased by 57,835 to 440,589 and we delivered £3.8 billion of net inflows of AUA, ending the year with total AUA of £69.2 billion. This strong performance demonstrates the resilience of our business model during a turbulent year and continued uncertainties around the UK economy. The Financial Review contains further information on this year's performance on pages 54 to 57.

Our governance structure and cohesive culture provide a solid framework for achieving our long-term strategic goals and the Board remains focused on delivering AJ Bell's purpose which is simply to help people to invest.

Governance and culture

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

We welcomed the opportunity to engage with our staff and shareholders in person again this year as COVID restrictions lifted, providing invaluable insight into the operation and culture of our business, particularly for those Board members who joined us during 2021. I was delighted to be appointed as the nominated employee engagement director in January this year, which has given me an opportunity to refresh the Employee Voice Forum (EVF), increasing the frequency of our gatherings and making it more inclusive.

We have been particularly mindful of the impact of cost-of-living pressures on our people and the wider implications of a challenging labour market during 2022. With this in mind we have made a significant investment in pay and benefits from 1 October 2022 and believe that the needs of our workforce as a whole have been taken into account through a combination of higher pay rises, enhanced benefits, increased bonus pool and a free share scheme for all employees. To ensure we considered those areas most important to our staff for our benefits review, we sought feedback through a staff survey which highlighted that benefits associated with health and wellbeing, saving for the future and share ownership were considered most important.

Consideration of our wider stakeholders in some of our key decisions in the year are outlined in our Section 172 statement on pages 28 and 29.

Additional Board focus areas

Culture

AJ Bell has always prided itself on a strong collegiate culture; staff recruited over the pandemic have obviously not had as many opportunities to benefit from this. Particular efforts are being made to ensure that this is a focus for managers as well as the Board.

Diversity and inclusion

Having founded the 30% Club and now Chair of the Diversity Project, this is clearly something that matters greatly to me. I have seen so often the benefits yielded by improving diversity of thought and creating an inclusive workplace. So, it has been great to see us push diversity and inclusion higher onto the Board's agenda this year. We have established a framework within which we can improve the current situation to ensure our talent is consistent with AJ Bell's strategic ambitions. We are now also monitoring the data to enable us to measure progress. Our D&I framework encompasses both demographic and cognitive diversity; while the initial focus has been on senior management and the talent pipeline, the commitment is there to widen this to the broader workforce.

Money Matters – helping women invest

There is not a single good reason why women should have less money than men. Despite that, the fact remains that on average women have less than half the levels of savings and investments than men. That gender investment gap is one of the biggest challenges facing our society today. AJ Bell is determined to help solve this.

I am proud to be championing AJ Bell Money Matters, which 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. We have a range of articles on our website, a dedicated podcast series, a regular newsletter, webinars and in-person live events.

Consumer Duty

Over the long term, the Consumer Duty should improve trust in financial services, which in turn should lead to more people making better decisions about their short, medium and long-term savings and investments. AJ Bell already places good consumer outcomes at the heart of everything we do, with good value products, simple communications and strong processes to support customers front-and-centre. We recognise however, the step change that the FCA is expecting of firms to proactively evidence and review how they deliver good consumer outcomes.

As a Board we are actively engaged in the Consumer Duty and will be overseeing the delivery of the implementation plan ahead of the regulatory deadline of July 2023.

Chair succession

As announced on 27 September, I advised the Board that I will stand down from the Board once a suitable replacement as Chair is found. Work has already commenced on the formal recruitment process, which is being led by Evelyn Bourke, the Senior Independent Director. My focus will be to ensure an efficient handover of responsibilities to the successor in due course.

The Board continues to provide strong support and appropriate challenge to the executive team to ensure the Group's strategy is appropriate, achievable and ultimately delivered. During the year the Board worked closely with Michael Summersgill, who led a key project to replace the current Executive Management Board (EMB) structure with an enlarged Executive Committee (ExCo) and sub-committees. The new ExCo structure will provide additional executive level oversight and support the ongoing growth of the business.

Full details of the work of the Board, its Committees and the revised executive structures are set out in the Corporate Governance report from pages 78 to 85.

Responsible business

We have made good progress during the year to further embed our environmental, social and governance (ESG) framework into our wider business strategy. Our senior management team has been busy driving forward a number of key objectives around diversity and inclusion (D&I), a new charitable framework and our paperless ambition. In addition, we have also looked carefully at our own climate impact and have produced our first Task Force on Climate-Related Financial Disclosures (TCFD) report. Peter Birch became the lead Executive for ESG, following his appointment as Chief Financial Officer (CFO), taking the reins from Michael Summersgill.

Particular focus has been given to establishing a D&I framework this year, taking into account both demographic and cognitive diversity, which the Board approved in July. Our primary focus has been on senior management and the talent pipeline, although we are also looking more broadly at the wider workforce. I am confident that the work this year has formed a solid basis for the Group's continued development in this area.

I am also particularly pleased to report the formation of a Non-Executive Director forum during the year to provide further oversight and challenge of specific ESG initiatives. Our first meeting in July focused on a deep dive into the D&I framework, reflecting its importance to the Board.

Further details on our ESG-related activities can be found in our Responsible Business section on pages 32 to 53.

Board changes and succession

This has been a year of change for the Board, welcoming new Executive members and overseeing succession plans. I succeeded Les Platts as Chair at the 2022 AGM. Les provided excellent stewardship of the Group during his tenure and the Board wishes him well for the future.

Andy stepped down as CEO from 30 September 2022, succeeded by Michael Summersgill, our Deputy CEO. As a Board we would like to formally welcome Michael in his new role and look forward to supporting him in driving the growth of the business.

As a Board we were keen for Andy to remain involved in the business in a Non-Executive capacity to ensure the business continues to benefit from his deep experience of AJ Bell and the wider investment platform market. Although we were unable to agree our preferred role for Andy with the Financial Conduct Authority (FCA), we are delighted that he will continue to support the business in a consultancy role, focusing on building the AJ Bell brand and assisting AJ Bell's campaigning on behalf of retail investors and financial advisers.

Following the conclusion of our dialogue with the FCA, I decided with great regret that I should step down from the Board once a successor is found, so a new Chair can take the Board forward. I will continue to work with the business as a consultant, focusing on our Money Matters initiative to encourage more women to consider investing and to also further the Company's progress on diversity and inclusion.

Laura Carstensen also stepped down from the Board at the 2022 AGM and we thank her for her valuable contribution to the Group during her tenure. As part of the Board's succession plans, Evelyn Bourke was appointed Senior Independent Director (SID) and Margaret Hassall Chair of the Remuneration Committee.

As previously announced, we welcomed Roger Stott to the Board on 1 October 2021 as Chief Operating Officer (COO), and more recently, Peter Birch as CFO from 1 July 2022. The Board has overseen an orderly transition for the role of CFO from Michael Summersgill who was appointed Deputy CEO at the start of the year.

We continually monitor our Board composition and effectiveness through the work of the Nomination Committee to ensure we have the right skillset and breadth of experience with which to function as an effective Board. Following the commencement of the recruitment of a new Chair, the Board has agreed to pause the search for two new Non-Executive Directors until that process is completed. Both the Board and I are extremely mindful of the importance of having a diverse range of skills, experience and perspective around the Board table and this will be uppermost in our minds throughout the recruitment process.

Further details on Board changes can be found in the Nomination Committee report on pages 86 to 89.

Dividend

In line with our commitment to a progressive dividend policy, the Board is pleased to announce a final ordinary dividend of 4.59p per share, reflecting the financial strength of the business and strong capital position. The final ordinary dividend will be paid, subject to shareholder approval, at our AGM on 8 February 2023, to shareholders on the register at the close of business on 20 January 2023.

This brings the total ordinary dividend for the financial year to 7.37p per share, representing an increase (excluding the special dividend in the prior year) of 6% on the previous year.

Building on Andy's legacy as we look ahead

Andy's achievements in building AJ Bell cannot be overstated. From SIPP-only offering in 1995 to today's dual-channel FTSE 250 listed platform business, Andy has been the driving force. He has of course also created a great team to take the business forward, motivated by the same purpose; to help people to invest.

While the difficult economic outlook may lessen the immediate opportunity for growth, over the long term, it is clear that the fundamental drivers of an expanding addressable market remain firmly in place. With a focus on ease of use and value for money, and having also invested in our simplified propositions, Dodl and Touch, AJ Bell is well-positioned to both gain market share and to capitalise on an expanding universe of investors, both direct and advised.

AJ Bell is financially strong with a well-capitalised and highly cash-generative business model, and the Board remains confident in the long-term prospects of the business.

Baroness Helena Morrissey DBE
Chair

30 November 2022

A look back at Andy's key achievements

1995	Andy Bell and Nicholas Littlefair set up **AJ Bell**
2000	Launch of **Sippdeal** – the UK's first online SIPP for execution-only investors
2002	Launch of **Sippcentre** – a low-cost SIPP for financial advisers
2005	Onboarded first **institutional investor**
2007	Acquisition of Lawshare Limited, rebranded to **AJ Bell Securities**
2011	**ISA and Dealing accounts launched** on propositions, and **Custody Solutions service** for wealth managers
2012	Acquisition of MSM Media Limited, rebranded to **AJ Bell Media**
2013	Sippdeal and Sippcentre rebranded to **AJ Bell Youinvest** and **AJ Bell Investcentre**
2016	Acquisition of Mansard Capital LLP and Indexx Markets Limited, rebranded to **AJ Bell Investments**
2017	Launched **first range of Funds** and relocated to new head office at **Exchange Quay**
2018	Listed on the **London Stock Exchange**
2021	Acquisition of Adalpha, rebranded to **Touch**, developing a mobile focused proposition for advisers
2022	Launch of **Dodl**, a D2C app-only simplified investment proposition
	Named in the **UK's top 25 Best Large Companies to Work For**

Creating long-term value

"The foundations are firmly in place for us to deliver long-term growth in both the advised and D2C segments of the platform market. My focus is on continuing to evolve our platform products and service capabilities to meet the ever-changing needs of advisers and customers."

Michael Summersgill
CEO

Platform customers

425,652

16%

Overview

It is a huge privilege to take on the role of CEO from Andy, having worked alongside him on the Board since 2011. During that time, we have built the Company into one of the largest investment platforms in the UK, establishing a track record of sustained organic growth and high-quality service to our customers. Helena has covered Andy's many achievements in his time as CEO, so I will not repeat them here, but I will take the opportunity to put on record my thanks for the faith he has shown in me and the support he has given me over the years.

I believe we are well placed to maintain our long-term growth and capitalise on the opportunities in a fast-growing platform market. The addressable market is estimated at £3 trillion, with two-thirds currently held off-platform. Each year a significant proportion of our new business comes from assets already in the financial system, where customers transfer their assets from adjacent markets to access the increased flexibility, investment choice and value that a platform can offer. I expect this trend will continue and our dual-channel offering puts us in a unique position to take advantage, maximising our growth opportunity by serving both the advised and D2C segments of the market.

Our strategy remains focused on providing high-quality platform products to meet the evolving needs of investors, emphasising user experience, excellent service, and value for money. Our full-service D2C platform, now called AJ Bell (formerly Youinvest), and our full-service advised platform Investcentre, have been established for many years and continue to attract thousands of new customers every year. They are complemented by our simplified platform products, Dodl (which was brought to the market in April 2022), and Touch (which is scheduled to launch in 2023), furthering our growth potential by targeting a broader range of customers.

Integrated throughout our platform products is our range of in-house investment solutions. These low-cost funds and managed portfolios have delivered consistently strong performance and are well positioned to continue their strong growth.

In 2022, we achieved another year of strong customer growth in challenging market conditions. The macroeconomic outlook significantly changed during the year, with UK inflation at levels not seen for 40 years, interest rates rising to their highest level in 13 years and global asset values falling. In the short term this has reduced both the appetite, and funds available, for investing, however our dual-channel business model has a proven history of delivering growth under different macroeconomic conditions, as demonstrated again this year.

Our business model proved its strength

Our platform business delivered net AUA inflows of £5.8 billion over the year, once again demonstrating the strength of our dual-channel model, with both advised and D2C channels performing very well. Advised platform inflows were strong throughout the year as advisers helped their clients to navigate significant market volatility, whilst our D2C platform also delivered substantial inflows and remained resilient during the traditionally quieter summer months, with £0.3 billion of net inflows in the final quarter despite a slowdown in new contributions from customers impacted by the rising cost of living.

Platform AUA

£64.1 bn

-2%

Testament to our high-quality products, we achieved organic growth in platform customer numbers of 57,687, an increase of 16% in the year. Our excellent customer service levels also ensured our customer retention rates remained high, increasing to 95.5% (FY21: 95.0%).

Revenue margin on AUA climbed to 22.6bps (FY21: 22.2bps) as our diversified revenue streams once again ensured we are well placed to succeed in different macroeconomic environments. We delivered a 31% increase in recurring ad-valorem revenue due to higher average AUA in the year and the rise in the UK base rate leading to increased interest income, providing protection from inflationary pressures in our cost base. We continue to scale the business effectively, which in combination with increasing interest rates, enabled us to reduce our charges (representing annualised customer savings of approximately £5 million), and increase the interest rates we pay to customers on cash held on the platform.

Alongside delivering value for our customers, the operational efficiency of our business model means we also continue to deliver strong returns for shareholders, reflected in our record PBT of £58.4 million whilst also investing in our brand, technology, people and products to ensure we take advantage of the significant opportunities presented by the platform market.

Our strong financial performance is reflected in the 6% increase in basic earnings per share to 11.39p (FY21: 10.71p) with our well-capitalised, highly cash-generative business model meaning that the Board has yet again recommended an increased ordinary dividend for the 18th successive year.

Q&A with our new CEO

As incoming CEO, what is your focus on?

I believe that the foundations are firmly in place for us to deliver long-term growth in both the advised and D2C markets.
My focus is on continuing to develop our platform products and service capabilities to meet the ever-changing needs of advisers and customers, ensuring we deliver on the significant market opportunity.

In the short term, I have also focused on increasing our brand awareness and enhancing our employee offer at a time when the cost of living is rising.

How are you supporting staff through the cost-of-living squeeze?

We conducted a full review of our pay and benefits offering this year and I was pleased to reward our team for their ongoing commitment by introducing several changes with a focus on protecting them from the current inflationary environment, supporting their wellbeing and helping them to strengthen their long-term finances. These changes, effective from 1 October 2022, represent an annualised increase of over 10% in total employee costs. The element that was most important to me was the introduction of a new share award for all employees.

Why have you introduced a new free share award?

Employee share ownership is ingrained in our culture with over 50% of our workforce having share interests in the Company.
I am passionate about ensuring that all employees feel a sense of ownership and continue to share in the success of the business, so one of my first acts as CEO has been to implement an annual free share award worth £2,000 per year for all employees outside of the senior management team.

What changes are you making to the brand?

Following the year end, we retired the AJ Bell Youinvest sub-brand with our full-service D2C platform now rebranded to AJ Bell. This will improve the effectiveness of our direct marketing activity, by simplifying the journey for new customers leading to better conversion rates. In addition to this, we are evolving our brand strategy with a focus on communicating how we can help people to feel good investing.

Why are you making these changes?

When customers entering the market are choosing a platform to invest with, less than half research more than one provider. For most new customers, trust and brand awareness are key drivers of their decision.

With over 27 years of experience, we have built a trusted brand through our high-quality service and easy-to-use, award-winning platform products. We have strong brand affinity but relatively low brand awareness. Given the lifetime value of a customer and significant platform market opportunity, we are increasing investment in our brand to deliver long-term growth. These brand changes simplify our brand architecture and position us to maximise the returns on this investment, ensuring we capture more of the new customers coming into the market.

Business update

Advised

The advised market has remained resilient in the face of current market headwinds, and the strength of our Investcentre platform has delivered growth in customer numbers of 18,451 to 145,371 (FY21: 126,920), an increase of 15%. Strong net AUA inflows of £3.3 billion were offset by £4.3 billion of adverse market movements, resulting in closing AUA of £44.8 billion (FY21: £45.8 billion). During the year the FTSE All-Share Index fell by 7%, whilst the FTSE 250 Index fell by 25%, reflecting the weakened markets caused by high inflation and geopolitical uncertainty.

It was pleasing to be recognised as the 'Best Platform', 'Best Retirement Provider' and 'Provider of the Year' for the second consecutive year at the 2022 Money Marketing Awards. Judged by a panel of industry experts, these awards are further evidence of the high-quality service we provide to advisers and their clients.

We have continued to develop our Investcentre platform, making several enhancements with a focus on ease of use. We regularly review our charges to ensure they position us well to support advisers and their clients and were pleased to share the benefits of our scale with our customers by removing our frictional charges for establishing and transferring SIPPs on to our platform, where the process is initiated online, whilst also removing some of our dealing charges.

We continue to develop Touch ahead of its launch in 2023. Touch will further expand our offering for advisers, helping them to cater for clients looking for a digital service model.

As part of our high-quality customer service we have strong ongoing engagement with advisers, highlighting the value they see in us as a trusted partner. We host a range of events providing them with industry insights, contributing to their continuing professional development. In November 2022, we again hosted our flagship adviser conference, Investival, with over 300 finance professionals attending. We have also continued to deliver numerous other events including Luminary and our 'On the Road' seminars alongside monthly 'Off the Road' webinars due to strong demand.

D2C

Our D2C customer numbers grew by 39,236 in the year to 280,281 (FY21: 241,045), an increase of 16%. We delivered net AUA inflows of £2.5 billion, offset by adverse market movements of £2.7 billion resulting in closing AUA of £19.3 billion (FY21: £19.5 billion). We are pleased by the continued growth of our full-service D2C platform through challenging market conditions, with the strength of the product underpinned by an excellent 95.8% customer retention rate (FY21: 94.8%). In the final quarter, which is typically quieter, we experienced a slowdown in new contributions from customers as disposable incomes were squeezed across UK households by the rising cost of living.

Our full-service D2C platform is highly valued by customers, as evidenced by the multitude of industry awards it has won during the year, including being recognised as a Which? Recommended Investment Platform provider for the fourth consecutive year.

We rebranded AJ Bell Youinvest to AJ Bell in October 2022. We have continued to develop the AJ Bell platform during the year, rolling out multiple enhancements focused on ease of use. In July we started beta-testing a new pension finding service, simplifying the pension consolidation journey for our customers – by providing us with some basic information, we will find their previous pensions free of charge. During the coming year, we will continue to trial and develop this service, enabling customers to combine their pensions into their AJ Bell pension in just a few quick and simple steps. We also added new pay by bank functionality: this feature utilises open banking to direct customers to their online bank account before transferring funds via Faster Payments, arriving in their account almost instantly and in just a few clicks.

Our efficient operating model and robust cost control allow us to simplify and reduce charges for our customers to ensure we continue to provide excellent value for money. We reviewed our trading model following the higher levels of dealing activity experienced during the pandemic, in order to reduce the costs for customers. As a result, we were pleased to reduce our FX commission rates on 1 July, whilst also simplifying our dividend re-investment charge, reducing the cap on custody charges for funds and removing charges for in-specie transfers out.

Our low prices position us well at a time where customers are increasingly looking for value.

Dodl is a simplified investment app which we launched in April and sits alongside our existing D2C platform product. Together they provide great value investment platform options for retail investors, catering for all levels of experience and investment needs. Dodl offers ISAs, LISAs, pensions and GIAs with an annual charge of just 0.15% and no commission for buying or selling investments. The simplified investment range offers customers 30 funds catering for different themes and risk appetites. It also features 50 popular shares in UK-listed companies for those who like to invest in their favourite brands. Since its launch, we have added a selection of 30 US shares to its investment universe and launched transfer functionality, allowing customers to transfer cash and investments into Dodl's full range of accounts.

In the rising interest rate environment, our Cash savings hub is increasingly relevant for our customers, providing access to a range of competitive notice and fixed-term savings accounts from UK authorised banks.

Customer services and technology

We have provided an excellent service to our customers through a year of continued growth. This is reflected in our 4.6-star Trustpilot score, as rated by our retail customers, and our 95.5% platform customer retention rate.

Our secure and scalable platform has been designed to facilitate growth and drive operational gearing, utilising a hybrid technology model which allows us to build adaptable, easy-to-use interfaces. Our platform is integral to our business performance and we have consistently invested in its evolution to provide great customer service.

The increased spend on our technology in the year reflects the development of our new products, Dodl and Touch, alongside further enhancing our existing technology infrastructure. Our developer modernisation journey has increased our pace of change with improvements made across security, scale and resilience. These improvements enable us to deliver change initiatives more quickly to take advantage of our significant market opportunity. We also continued to invest in information security as part of our ongoing commitment to provide a safe, secure online experience for our customers.

We have embedded the FCA's new regulatory requirements for operational resilience, effective from 31 March 2022, into our operating framework and processes. These rules are designed to ensure regulated firms are better able to prevent, adapt to, respond to, recover from and learn from operational disruption.

Investments

Our investments business is delivering on its commitment to offer a choice of simple, transparent investment solutions at a low cost. This range of investment solutions continue to be a popular choice with investors, growing strongly in the year with underlying net inflows of over £1 billion across our multi-asset funds and managed portfolio service, excluding the impact of a £0.2 billion one-off outflow. Total AUM closed at £2.8 billion (FY21: £2.2 billion).

Our asset allocation approach has delivered for our customers, with all our multi-asset funds outperforming their Investment Association sector average over the last one, three and five years. It was particularly pleasing to see the resilient performance of our Cautious portfolio, protecting cautious investors through difficult market conditions.

Since launching our first AJ Bell multi-asset funds in 2017 we have shared the benefits of our increasing scale with customers, reducing the Ongoing Charges Figure (OCF), by nearly half from 0.50% to 0.31% during that time. In February we also implemented a new simplified pricing structure, setting a single OCF for all of our multi-asset growth funds, making it easier for customers and advisers to understand.

We are delighted to have won Best Medium Sized Company at the Citywire Wealth Manager Investment Performance Awards 2022, further reflecting the strength of our investment solutions and the progress that has been made since our first funds were launched five years ago.

People and culture

Andy instilled a positive culture in the business from day one. He kept a keen focus on it throughout his tenure as CEO, ensuring it remained a real strength as the business grew. I see it as one of my key challenges to repeat that achievement. As a management team, we will need to approach that challenge differently as the business continues to evolve and grow, but staying true to our Guiding Principles and maintaining high levels of staff engagement will continue to be crucial.

It was very pleasing to achieve our highest ever score, and a place in the top 25 of the '100 Best UK Large Companies to work for' in 2022, maintaining our status as a three-star company, which is the best standard of workplace engagement, for the fifth consecutive year.

To ensure we remain an attractive employer and reward our committed employees, we have strengthened our pay and benefits package for all employees effective from 1 October 2022. The changes focused on protecting our employees from the current inflationary environment, supporting their wellbeing and helping them to strengthen their long-term finances. There are additional details of the changes in our Responsible employer report on page 40, but the element that was most important to me was the new share award for all employees. For those outside of the senior management team, £2,000 worth of AJ Bell plc shares will be awarded every year from FY23. This will help to keep share ownership and the associated benefits at the heart of the business for years to come.

We are committed to being an inclusive workplace and ensuring the diversity of our workforce represents the society we serve. As Helena has noted in her Chair's statement, we have implemented a new D&I framework this year, considering both demographic and cognitive diversity, to measure and drive our development in this area.

We recently established our new charitable framework, the 'AJ Bell Futures Foundation', to develop more deep-rooted, long-term partnerships in our communities. We will work with charitable organisations to empower people to take control of their future and finances. We have committed to contribute 0.5% of our PBT each year, which will be distributed to chosen partner charities; we are delighted to have partnered with IntoUniversity and SmartWorks for FY23.

Market developments

In the short-term, the rising cost of living is likely to lead to lower investable income across the economy, with the UK household savings ratio falling back towards pre-pandemic levels. We see this having a bigger impact on the D2C market, as these customers typically have lower levels of accumulated wealth and investable income than advised customers. Our low-cost solutions in both segments of the platform market should be highly appealing to investors who are increasingly looking for value.

However, over the longer-term, the structural drivers of growth in the UK investment platform market remain strong, as detailed in our Market overview on page 17.

There are also a number of regulatory developments underway that will shape the market over time.

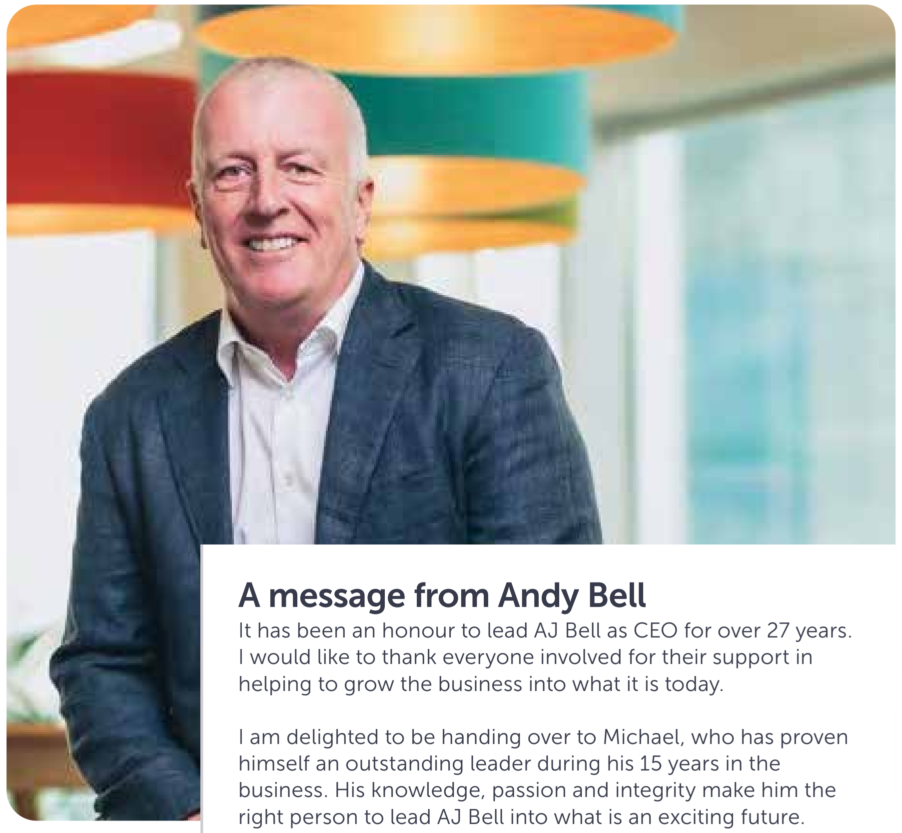
We support the focus on positive customer outcomes in the FCA's new Consumer Duty. Our ingrained customer focus, providing low-cost, easy-to-use products and accessible investment content, positions us well to operate successfully in the new regulatory environment but we are using it as an opportunity to review everything we do through the new Consumer Duty lens to ensure our products, communications and customer service functions continue to deliver good customer outcomes.

As part of the FCA's Consumer Investments Strategy, they have announced a review of the boundary between advice and guidance. We continue to push for a guidance framework which we believe could provide an opportunity for investment platforms to offer more personalised guidance to customers in the D2C channel and help to deliver good customer outcomes. We are not expecting imminent change in this area, but look forward to working with the FCA on this review.

The Pensions Dashboards proposal aims to enable people to see all of their pension savings in one place. We will comply with all requirements and are closely monitoring the initiative to assess what opportunities it may present.

"I remain a committed long-term shareholder. In my new role, my focus will be on helping to build the AJ Bell brand, whilst continuing to campaign on behalf of customers and financial advisers for increased simplicity and fairness in retail financial services."

Andy Bell BSc. FIA



A message from Andy Bell

It has been an honour to lead AJ Bell as CEO for over 27 years. I would like to thank everyone involved for their support in helping to grow the business into what it is today.

I am delighted to be handing over to Michael, who has proven himself an outstanding leader during his 15 years in the business. His knowledge, passion and integrity make him the right person to lead AJ Bell into what is an exciting future.

Outlook

Whilst there are undoubtedly some short-term headwinds, the long-term growth potential of the platform market is significant. We have put strong foundations in place that will enable us to continue to grow the business. The launch of Dodl during 2022 and Touch in 2023 reflects our aim to cater for more investors and in doing so, further penetrates the platform market with products that provide simplicity, ease of use and excellent service at a compelling price.

Our diversified revenue model ensures we are well equipped to operate in different macroeconomic conditions, as demonstrated by our track record of continued growth. Whilst no business is immune to inflationary pressures, the rise in UK base rates provides an opportunity to combat this, by rebuilding our revenue margins that suffered in an exceptionally low interest rate environment. Our PBT margins are expected to increase in FY23 as higher revenue margins and the operational gearing inherent in our business model outweigh the impact of inflationary pressures and our planned investment in our brand and products.

Finally, I would like to thank all of my AJ Bell colleagues; without their ongoing commitment and quality of work our continued success would not be possible. I am incredibly excited about the future of the business as we seek to deliver on the long-term growth opportunity in the platform market.

Michael Summersgill
Chief Executive Officer
30 November 2022

Why invest in AJ Bell?

Excellent market opportunities
£3tn
Total addressable market

A diversified mix of revenue types
£163.8m
2022 total revenue

Award-winning advised and D2C platform products
95.5%
Customer retention rate

Highly cash generative with a progressive dividend policy
18 years
Successive ordinary dividend growth

A growing base of loyal high-quality customers
57,835
New customers in 2022

Highly-engaged staff providing excellent service
Top 25
Best UK large company to work for

A scalable platform with long-term margin growth opportunities
35.6%
PBT margin

See our investment case at ajbell.co.uk/investor-relations/investment-case

Well-positioned to capture growth opportunities

Addressable market

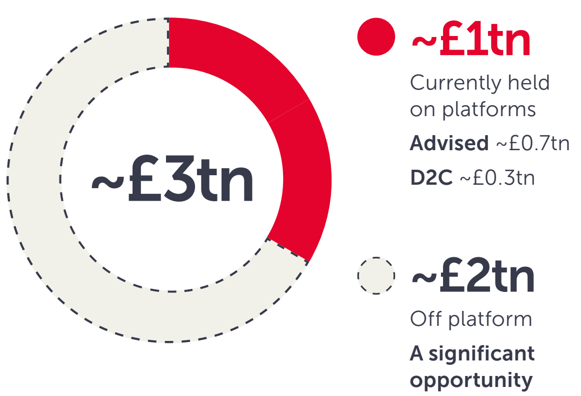
The UK investment platform market forms part of the broader UK savings and investment industry. Across the industry, trillions of pounds of assets are held by individuals in products such as pensions, ISAs, general investment accounts, bonds and cash savings.

Historically, most individuals in the UK held their savings and investments in products offered by banks, building societies, investment managers, pension schemes, stockbrokers and life insurance companies. A significant proportion of the overall market continues to be held off-platform.

Investment platforms are increasingly attracting assets previously held in legacy products, driven by the improved customer outcomes they can deliver such as the ability to manage investments easily in one place, increased flexibility and investment choice, and often lower charges. As a result, there is an established trend of non-platform assets gradually moving into the platform market. This trend is expected to continue.

The total addressable market for platforms is currently estimated to be worth approximately £3 trillion. With only one-third of this currently held on platforms there is a significant long-term growth opportunity for investment platforms.

Total addressable market



UK platform market

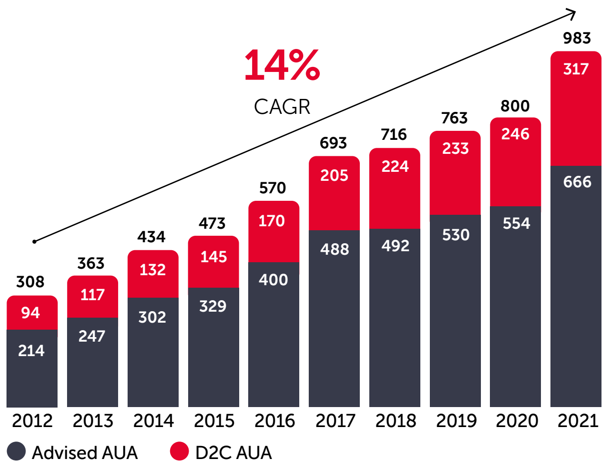
The platform market is currently worth £1 trillion, with around two-thirds held on adviser platforms and the remainder held on D2C platforms.

The market has grown significantly over the last decade, with total AUA having more than trebled from £0.3 trillion in 2012. The advised and D2C segments of the market have both grown at similar rates during that period, driven by long-term structural growth drivers and an overriding theme of individuals taking greater personal responsibility for their financial future.

AJ Bell is one of only a few platforms operating at scale in both the advised and D2C market segments. Our dual-channel business model ensures that we are positioned to capture assets from the whole addressable market, irrespective of whether they are self-managed or using the support of a financial adviser. This maximises our opportunity to capture an increasing share of the assets flowing into the platform market, driving further market share gains over the long term.

A fast-growing platform market

£bn



Long-term structural growth drivers

The long-term drivers that are shaping our industry and driving new growth opportunities.

Demographics

The UK's ageing population and increased life expectancy have led to an increase in state retirement age, causing people wishing to retire earlier to be increasingly reliant on their private pensions and savings. This is driving people to be more actively engaged with their savings and investments from an earlier age.

UK state pension age is due to reach 67 by 2028

Government policy

There is an increasing requirement for individuals to take greater personal responsibility for their retirement provision, evidenced by the UK Government's policies in relation to pension freedoms, auto-enrolment and tax-efficient savings and investments.

The workplace pension participation rate in the UK has increased from 47% to 79% since 2012

Technology

Technological innovation has made the investment platform market more accessible to a broader range of retail investors who are increasingly looking for simple, intuitive products to help them achieve their long-term financial goals.

Structural shift from non-platform providers to platforms

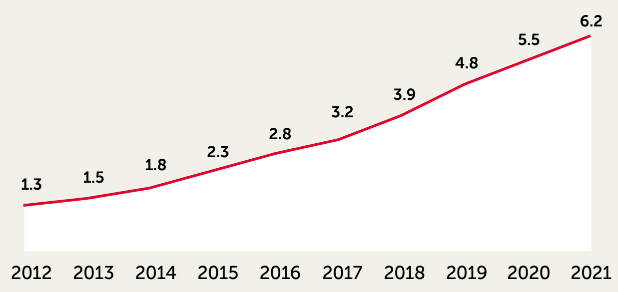
Financial

There is a growing awareness of the UK savings gap, being the difference between the level of current savings and that necessary to provide a reasonable standard of living in retirement, and the impact of the shift away from defined benefit to defined contribution pension schemes.

There are over 27 million members of private sector DC pensions in the UK

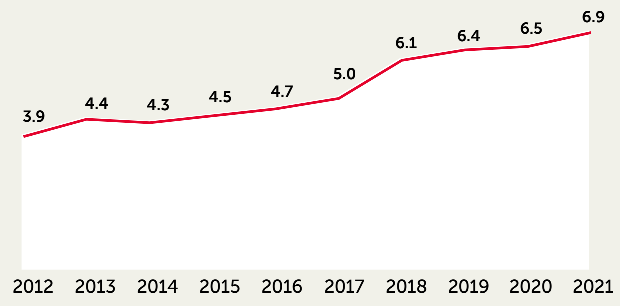
AJ Bell D2C market share by AUA

%



AJ Bell advised market share by AUA

%



Market trends that are likely to affect our business

We respond to market trends that impact our business, ensuring we remain well-positioned to continue capturing growth opportunities.

Key

- Strong employer brand and culture
- Excellent customer experience
- Scalable technology solutions
- Sustainable growth
- Financial security and regulatory compliance

1 Economic uncertainty, high inflation, rising cost of living

Key trends

During FY22 the macroeconomic environment has become increasingly uncertain, leading to rising interest rates and cost-of-living pressures on many households. This has been exacerbated by the ongoing conflict in Ukraine.

This is inevitably putting pressure on individuals, presenting a short-term headwind for inflows into the platform market as people prioritise essential expenditure over their longer-term investments.

Interest rates have risen quickly to counter rising inflation. As a result, asset values have been impacted as stock markets have fallen, whilst returns on cash have improved.

How we are responding

Advised customers tend to be wealthier than D2C customers, with our average advised customer portfolio being £308k compared to £69k in the D2C market. As a result, the pressure on household finances is likely to be felt more acutely by D2C customers, with the advised market already showing signs of being more resilient. Our dual-channel model ensures that we are well positioned to continue delivering net inflows across the platform, despite any short-term weakness in the D2C market.

Although there may be pressure on new contributions, consolidation of existing wealth continues to be a key driver of inflows to our platform. This has been a significant contributor to new business for many years as customers and advisers consolidate pensions and other investments held across multiple providers into one place. This activity is expected to continue driving strong inflows and is not dependent on new contributions, so is less impacted by the uncertain market backdrop.

With the inflationary environment driving higher interest rates, our diversified revenue model has benefited from improving revenue margins over the course of FY22. We are committed to sharing efficiency gains with our customers and earlier this year we made several reductions to our platform charges across both our advised and D2C propositions, delivering total annualised savings to our customers of around £5 million.

With our employees also facing rising living costs, we undertook a detailed review of pay and benefits over the summer. We have made several enhancements for FY23, focused on providing both short and long-term benefits to our people. Our investment in this area represents an annualised increase of over 10% in total staff costs, including an average pay increase of 7%, increased employer pension contributions, and the introduction of an annual free share award worth £2,000 for all employees outside of the senior management team, ensuring all our people share in our future success. More details can be found in our Responsible business report on page 40.

Relevance to strategy

Link to strategy

2 Evolving competitive landscape

Key trends

The platform market is an attractive market supported by long-term structural growth drivers. Leading platforms can attract and retain customers with high lifetime values, driving significant recurring revenues. Serving these customers via a scalable platform can deliver attractive profit margins, once sufficient scale is reached.

These characteristics have attracted significant capital into the market, driving a continual evolution in the competitive landscape. In recent years, several new competitors have emerged, particularly in the D2C market, all addressing the market differently with innovative new propositions.

This has resulted in differentiated approaches across the market to pricing models, service offering, functionality, customer experience, and the level of brand and marketing activity.

How we are responding

We continually monitor the competitive landscape to ensure we keep up with the pace of change and that our propositions remain at the forefront of the market.

We are a trusted provider offering an easy-to-use platform, which offers broad functionality and award-winning service at a highly competitive price. This combination has driven strong growth in customers and AUA over many years, and our scale ensures we have a profitable and sustainable business model.

The challenging market backdrop has made it far more difficult for newer entrants to achieve the scale necessary to achieve profitability, and business models are under pressure, evidenced by cutbacks in competitor recruitment and marketing activity.

By contrast, we have continued to perform very strongly and increased our market share in the year. From a position of financial strength, we are investing in our brand, our propositions and our people to support our long-term growth ambitions.

In April, we launched Dodl, a new commission-free investment app for retail investors. This simplified proposition sits alongside our full-service AJ Bell proposition and increases our footprint in the D2C market. We are also developing a simplified proposition for the advised market called Touch, which will similarly increase our footprint in the advised market alongside AJ Bell Investcentre.

We recently retired the Youinvest brand from our full-service D2C proposition and are investing in the AJ Bell brand to improve awareness with potential customers.

These ongoing investments strengthen our competitive position and support our ambition to continue capturing market share.

Relevance to strategy

Link to strategy

3 Changing customer expectations

Key trends

Over time investment platforms have evolved to meet the needs of a wider range of customers as technology has enabled greater accessibility to the financial markets.

There has been a significant increase in the number of first-time or inexperienced investors entering the market in recent years, driving different expectations of what platforms should offer.

Customer expectations continue to change, particularly as younger investors enter the market. The ability to manage accounts via a user-friendly smartphone app is increasingly important, whilst different cohorts of customers are attracted to specific pricing models such as commission-free or fixed price models.

How we are responding

We continue to enhance our platform to support all our customers on their investment journey. Alongside the full range of accounts offered on our platform, we provide help to customers by offering educational content, a favourite funds list, ready-made portfolios and AJ Bell investment solutions.

The breadth of our award-winning propositions ensures we cater for a wide range of customer requirements, from experienced investors through to first timers. In FY22 our platform attracted over 57,000 net new customers, £5.8 billion of net inflows, and had a customer retention rate in excess of 95%.

Our new simplified propositions, Dodl and Touch, will broaden our reach to a new generation of investors across both the D2C and advised segments. Dodl is aimed at younger, less experienced investors. It offers a simplified investment range and is amongst the best value investment platforms in the market. Touch is a digital custody platform launching in 2023 that lets advisers deliver a streamlined advice service entirely through their client's smartphone. Both new propositions utilise the latest smartphone technology and have been designed to meet the evolving needs of customers as we look ahead over the next few years.

Our heritage in the pensions market means that many customers choose to consolidate their pensions with AJ Bell. Historically, this process has been reliant on the customer to locate their old pensions and initiate the transfers from previous providers. Having identified an opportunity to make this process easier, we started beta-testing a new pension finding service in July, simplifying the pension consolidation journey for our customers.

Relevance to strategy

Link to strategy

Creating value for all

Resources and inputs

Brand and reputation

With over 27 years of experience, we have built a trusted brand through our high-quality service and platform propositions. We raise brand awareness through a combination of sponsorship, PR, social media and referrals.

A well-invested technology infrastructure

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 reduces the cost of regulatory compliance.

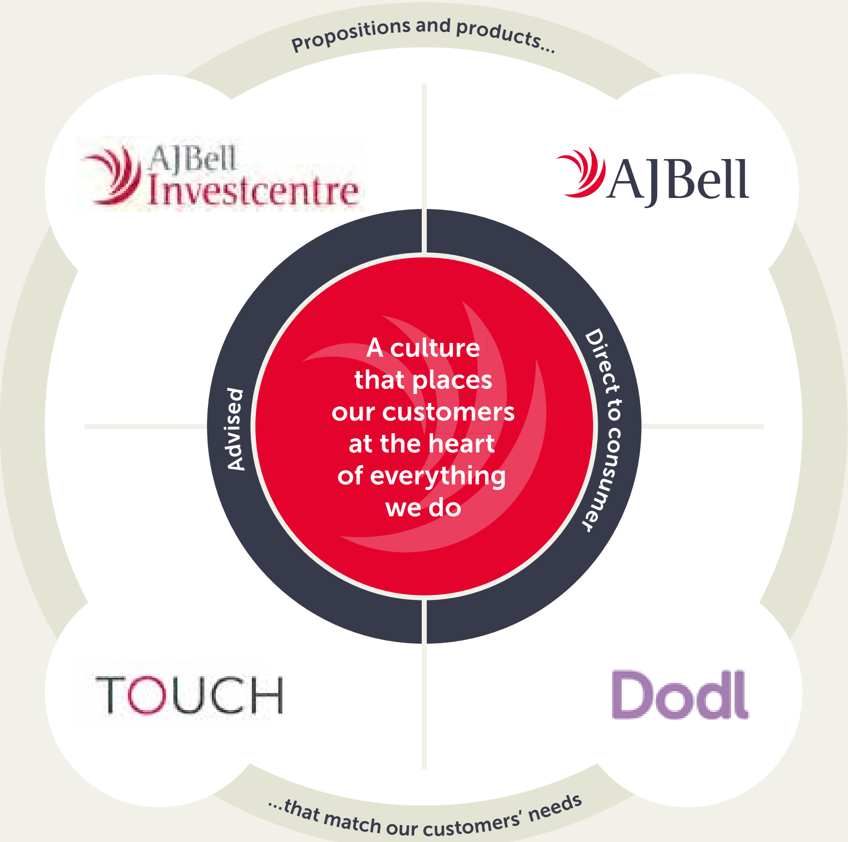
People and culture

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

Financial strength

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.

What we do



Serving the needs of our customers by making investing easier

We provide an award-winning platform operating in both the advised and D2C markets.

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

These are complemented by our new simplified propositions, Touch and Dodl.

Driven by our revenue model

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.

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 value we create / How we measure value creation...

...for 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, whether directly or with the help of a financial adviser.

£69.2bn
Assets under administration

95.5%
Customer retention rate

...for 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. We reward our staff through our competitive pay and benefits package.

3-star engagement
Best Companies survey accreditation

...for our shareholders

Our high customer retention rates and diversified revenue model combine to yield predictable and sustainable revenue streams from the business, which quickly convert into cash.

This supports our progressive dividend policy whilst enabling us to invest in future growth.

7.37p
Total ordinary dividend per share

...for our other stakeholders

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

£299,000
Charitable donations

Underpinned by factors that determine our long-term growth:

Market trends and opportunities
See page 16

Stakeholders
See page 26

Risk management
See page 58

Governance
See page 70

Leaders in our market

Key
1 Strategic risk 2 Operational risk 3 Financial risk

	Sustainable growth	Excellent customer experience	Scalable technology solutions	Financial security and regulatory compliance	Strong employer brand and culture
What this means	We will grow both customer numbers and AUA in a sustainable and cost-effective manner.	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.	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.	We will preserve our financial security, and our regulatory and reputational standing. We will treat all stakeholders fairly.	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.
Progress in 2022	• Strong organic growth in customer numbers (up 16%) across our advised and D2C platform propositions. • Delivered platform net AUA inflows of £5.8 billion. • AJ Bell Investments AUM increased by 27% to £2.8 billion. • Rebranded AJ Bell Youinvest to AJ Bell to improve the effectiveness of marketing activity.	• Excellent customer retention rate of 95.5%. • Reduced several charges across our Investcentre and AJ Bell propositions. • Launch of Dodl, our new low-cost investment app for the D2C market. • Development of Touch, expanding our offering for advisers.	• 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.	• Revenue increased by 12% to £163.8 million and PBT increased by 6% to £58.4 million. • Maintained a strong regulatory capital surplus throughout the year. • Continued our progressive dividend policy, with a total ordinary dividend for the year of 7.37p per share.	• Achieved a three-star accreditation in the Best Companies survey for the fifth consecutive year. • Strengthened our pay and benefits package for all employees effective from 1 October 2022, including the introduction of a new annual free share award scheme.
Future focus	• To grow the platform business by increasing brand awareness and implementing a cost-effective distribution strategy.	• To further improve the customer journey to ensure we are the easiest platform to use, considering the evolving needs of our customers. • To continue to develop our range of simple investment solutions.	• To 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.	• To 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.	• To continue to focus on staff engagement and development, promoting our culture whilst enhancing our employer brand.
Links	**Principal risks** 1 2 3 **KPIs** • AUA • Number of retail customers	**Principal risks** 1 2 **KPIs** • Customer retention rate	**Principal risks** 1 2 3 **KPIs** • PBT margin	**Principal risks** 1 2 3 **KPIs** • Revenue • Revenue per £AUA • PBT • Diluted EPS	**Principal risks** 1 2

Our new pension finding service

Most adults have jobs with multiple employers throughout their career, and subsequently accumulate a number of different pension pots. These can be difficult to manage and old pensions may be hard to trace.

We have completed the first phase of our pension finding service rollout. This service is aimed at simplifying the pension consolidation journey for our customers. We will find their previous pensions free of charge, enabling customers to combine their pensions into their AJ Bell pension in just a few quick and simple steps, meaning low costs and more control.

Launch of Dodl

It is estimated that 8.6 million adults in the UK hold more than £10,000 of investible assets in cash. Our research suggests that many of these people don't know where to start investing and are deterred by too much choice and complexity.

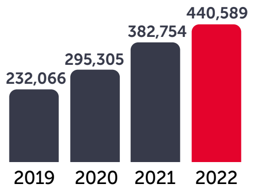
In April, we launched Dodl. Its ease of use, simplified investment range and low charges make it an ideal solution for this type of customer.

How we performed

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

These are the primary KPIs which we use to measure strategic progress. Our KPIs are reviewed annually in relation to the strategic objectives of the Company through our business planning process and have been linked to the relevant strategic drivers.

Number of retail customers



Link to strategy

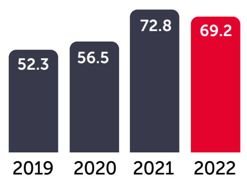
Movement
2021 to 2022

+15%

Why it is important
The number of retail customers is the number that have at least one funded account with an AJ Bell product at 30 September 2022.

The number of retail customers can be used as a measurement to determine the success of our propositions, customer service and marketing.

AUA[1]
£bn



Link to strategy

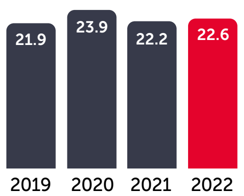
Movement
2021 to 2022

-5%

Why it is important
AUA is the value of assets for which AJ Bell provides either 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.

Revenue per £AUA[1]
bps



Link to strategy

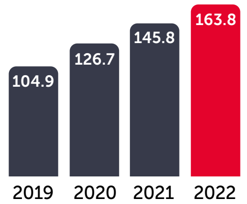
Movement
2021 to 2022

+0.4bps

Why it is important
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'.

Revenue
£m



Link to strategy

Movement
2021 to 2022

+12%

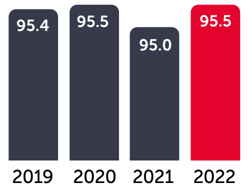
Why it is important
Our revenue is the total income generated by the Group's activities, comprising recurring ad valorem, recurring fixed and transactional revenue.

Revenue provides a measurement of the financial growth of the Group.

1. Our KPIs include alternative performance measures (APMs). 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 178.

Key
Strong employer brand and culture
Excellent customer experience
Scalable technology solutions
Sustainable growth
Financial security and regulatory compliance

Customer retention rate
%



Link to strategy

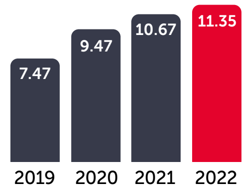
Movement
2021 to 2022

+0.5ppts

Why it is important
The customer retention rate is the average number of funded platform customers during the financial year that remain funded at 30 September 2022.

Customer retention is a measurement of customer satisfaction.

Diluted EPS
p



Link to strategy

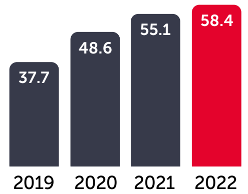
Movement
2021 to 2022

+6%

Why it is important
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.

PBT
£m



Link to strategy

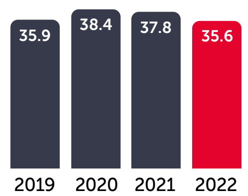
Movement
2021 to 2022

+6%

Why it is important
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.

PBT margin
%



Link to strategy

Movement
2021 to 2022

-2.2ppts

Why it is important
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.

Engaging with our stakeholders

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

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

Our Section 172 statement for the year ended 30 September 2022 is on pages 28 and 29 and demonstrates how our stakeholders influenced some of the principal decisions by the Board during FY22.

	Our customers and their advisers	Our people	Our shareholders	Other stakeholders
Why do we engage?	**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.**	**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.**	**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.**	**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?	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.	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.	Our shareholders want to invest in a business that: • delivers on its investment case; and • provides long-term sustainable returns.	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?	**Customer services and websites** Our advised and D2C 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 AJ Bell site assists customers at all stages of their investment cycle by 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.	**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, Helena Morrissey, who chairs our EVF. The forum meets every two months and has discussed a variety of themes raised by staff, including diversity and inclusion, culture, communication, career development, pay and benefits, the cost of living and charitable activity. **Company share scheme** We continue to encourage employee share ownership through our BAYE scheme (see page 160) to engage our workforce in the performance of the Company and to align employee and shareholder interests. We also launched a new annual free share scheme for all employees from FY23 onwards.	**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. We host a Q&A webinar for retail investors following the publication of our annual results and regularly meet with investors throughout the year. In October 2022, we hosted an investor site visit in which our CEO, MD of D2C and Investments and MD of Advised presented an update on our strategy and hosted a Q&A. It also gave investors and analysts a chance to see our Manchester head office and meet our management team. All members of the Board attend our AGM, which provides an opportunity for shareholders to ask questions and vote on resolutions. We consulted with over 85% of our institutional shareholders in relation to our new Remuneration Policy, giving our shareholders an opportunity to provide feedback on our proposals and engage with the development of the new Policy. **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.	**Engaging with our suppliers** We continue to maintain and develop our business relationships, inviting key suppliers to present to our Board and Executive Committee. 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 our views of the Consumer Duty and Pensions Dashboards. 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. 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	• Hosted a range of events for advisers including Investival and our 'On the Road' seminars. • Launched Dodl, our simplified D2C proposition. • Continued development of Touch. • Reduced several charges across our Investcentre and AJ Bell propositions.	• 3-star Best Companies survey accreditation. • Improved our staff pay and benefits package. • 22 new apprentices taken on this year. • Launched a new annual free share scheme for all employees from FY23 onwards.	• Reported quarterly on our performance. • 6% increase in ordinary dividends. • All resolutions passed at the AGM with a majority of more than 85%. • Hosted an investor site visit in October 2022. • Enhanced the post-employment shareholding guideline for Executive Directors.	• 30-day payment terms. • £299,000 of charitable donations. • Preparation for the launch of the AJ Bell Futures Foundation in FY23. • Published our first TCFD report.

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 some 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 78 to 85.

The Board seeks to understand and carefully consider each of our key stakeholders' 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 26 and 27.

Principal Board decisions

CEO succession

16 June 2022 announcement
On 16 June we announced the appointment of Michael Summersgill as successor to Andy Bell as CEO from 1 October 2022. This was the result of long-term succession planning over a number of years, during which Michael's role within the business was evolved and developed to enable him to gain the requisite knowledge and experience.

During the same succession planning process we considered whether Andy should remain with the business after stepping down as CEO and, if so, in what capacity. On 16 June we therefore announced Andy's intended future role as a non-independent Non-Executive Deputy Chair. In making these announcements the Board took account of:

Shareholders, Customers and People
We believe that these stakeholders benefit from the long-term succession planning process by having a new CEO with significant knowledge of our business and the market in which we operate.

We also believed these stakeholders would benefit from the Board having access to Andy's deep experience and knowledge of the wider investment platform market. They would also benefit from there being a Non-Executive Director who was a major shareholder and could provide a shareholder perspective on key issues. We were also mindful of the need to ensure equal treatment of shareholders.

Regulator
We believe that the appointment of a CEO with Michael's knowledge, experience and character aligns with the expectations of the FCA, which was subsequently confirmed through FCA approval of his SMF 1 application.

Whilst we considered at a high level the view of the FCA and included the FCA in our post-announcement communications plan, we did not engage with the FCA before the decision was made.

This was because as a Board we were not aware of the FCA's view about the risk to effective Board governance that would arise if a founder CEO with a significant shareholding remained on a board after stepping down as CEO. We also took account of the fact that the role did not require regulatory approval and of precedents of former CEOs remaining on a board in similar circumstances at other financial services businesses.

27 September 2022 announcement
We announced on 27 September that the Board accepted Andy's decision to step down from the Board, but that he would remain with the business in a consultancy role. In addition Andy would have the right to nominate a Non-Executive Director. In making this announcement, the Board took account of:

Shareholders, Customers and People
Again, we believed these stakeholders would benefit from the business still having access to Andy's deep experience and knowledge of the wider investment platform market via his consultancy role. In addition, that having a Non-Executive Director who was a representative of a major shareholder would provide a shareholder perspective on key issues. Again, we were also mindful of the need to ensure equal treatment of shareholders.

Regulator
On reflection the Board accepted that we should have engaged with the FCA before we made the original decision, as if we had done so we would have been aware of their views beforehand. Whilst ultimately it remained a decision for the Board to make, after taking account of the FCA's views, the Board considered that the change in approach was in the best interests of shareholders as a whole as well as stakeholders generally.

Response to macroeconomic conditions

The current economic headwinds had both positive and negative impacts on our business and our stakeholders during the year. In particular, the increase in interest earned on customer cash balances, although partially offset by lower levels of transactional revenues, resulted in increased revenue. As a consequence, the Board and wider group had to decide how the benefits of that increased revenue should be shared between shareholders and other stakeholder groups.

In making those decisions the following factors were considered:

Shareholders
The medium to longer-term benefit for shareholders of additional investment in the AJ Bell brand, and the expansion of our marketing activity, so we continue to benefit from the long-term structural drivers of growth in the UK investment platform market.

People
In order to support our people and address industrywide recruitment and retention issues, we reviewed and enhanced pay and benefits. This resulted in the doubling of our bonus pool for staff below management level, increased pension contributions and an award of free shares for all of our eligible people, in addition to an inflation-related salary increase.

Customers
We reviewed our charges generally, both direct and indirect, and implemented a number of targeted changes for the benefit of our customers, with a view to helping to maintain our competitive edge and ease the impact of current market conditions on customers.

Our community
We established our new charitable framework, the 'AJ Bell Futures Foundation', to establish more deep-rooted, long-term partnerships in our communities and committed to contribute 0.5% of our profits each year for distribution to chosen charitable partner organisations.

Environment, Social and Governance (ESG)

Although the nature of our business model is not such that it has a significant impact on the environment, the Board and wider group is mindful of the importance of businesses supporting the response to climate change and mitigating the harmful effects for society as a whole and creating a more sustainable economy. When considering our approach to ESG, the Board took account of:

Shareholders
The benefits of maintaining a strong reputation for being a socially responsible business and the potential efficiency gains from the adoption of more environmentally-friendly business practices.

People
That operating our business in a socially responsible way would enable us to attract and retain a diverse and engaged workforce that delivers a high quality of service to customers and advisers.

Customers
That facilitating ESG-related investments will not only be beneficial for society in terms of raising finance for ESG friendly initiatives, but will also help to attract and retain customers and meet changing customer needs.

Our Regulator
The need to meet the FCA's growing expectations of firms in the financial services sector in relation to ESG in order to help support the transition to a more sustainable future.

Our Community
The benefits of strengthening our links with local schools, universities and other educational establishments to help develop the next generation of talent, as well as supporting those in need in our local community.

Further information about the ESG initiatives undertaken during the year can be found on pages 32 to 53.

Helping *Cameron* invest – in the way he wants

Age: 27 years old

Mission: To pay for a mortgage

Cameron wants to invest enough money to pay for a mortgage whilst also achieving capital growth. He holds a Lifetime ISA, as well as a stocks and shares ISA, SIPP and Dealing Account with AJ Bell, with a range of investments held across each of these. When investing, Cameron puts an emphasis on an easy-to-use platform with low charges.

How we help Cameron to invest

Ease of use

Cameron finds our direct to consumer platform easy to use. He primarily uses our mobile app and finds it a useful space for consolidating his personal finances, being able to view and manage all of the accounts he holds with us in one place.

Investment choice

Cameron believes that we support him to achieve his goals by offering a wide range of investment options, including the ability to invest in US shares, whilst also ensuring that our platform charges remain low.

Initially attracted by our recognisable brand, Cameron moved his investments to AJ Bell and has developed trust in the excellent customer service that we provide, whilst helping him to realise his investment ambitions.

Cameron is a real AJ Bell customer sharing his honest opinions.

See more at ajbell.co.uk

Committed to responsibility

We are committed to conducting our business responsibly. Our purpose is underpinned by a set of guiding principles that define the way we do business. Our dedication to be 'principled' means we do the right thing, creating a culture where responsible decision making is at the heart of everything we do.

In this section

"Growing our business responsibly, and doing the right thing, are embedded in our culture and how we operate. I am proud to be leading our approach to ESG as we continue to make progress in the areas that matter most to our stakeholders, as evidenced by the retention of our AA MSCI ESG rating."

Peter Birch
CFO

We are driven by our purpose; we help people to invest, and 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.

We seek to understand the social and environmental factors which impact our stakeholders most and to respond in a way that creates long-term sustainable value for all our stakeholders. During the year we have made strong progress on embedding ESG into our business strategy and defined a set of metrics to measure performance against our four responsible business pillars: responsible propositions, responsible employer, supporting our local communities and environmental awareness. Delivering against these metrics will help to drive long-term sustainable returns for our shareholders.

Alongside embedding our approach to ESG, we have focused on several key initiatives in 2022:

- Rolled out a comprehensive new pay and benefits package for our people, ensuring we remain an attractive employer and support our committed workforce in a challenging economic environment.
- Introduced a new diversity and inclusion framework as part of our commitment to measure and drive improvements in the diversity of our workforce.
- Established the AJ Bell Futures Foundation, a new charitable framework aimed at developing more deep-rooted, long-term partnerships in our communities.
- Published our TCFD report, enabling us to better understand the climate-related risks and opportunities for our business.

We are pleased by the significant progress we have made in these areas but acknowledge the need for continuous improvement and have set several ESG-related objectives for the year ahead. The focus will be on the implementation of our new frameworks, as well as undertaking an operational net-zero target setting project.

MSCI ESG RATINGS AA

CCC	B	BB	BBB	A	AA	AAA

We administer £69 billion of assets for our customers' financial futures.

In the year our customers withdrew over £880 million of pension funds for their retirement and over 1,300 customers used their Lifetime ISAs towards purchasing a first home.

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.

The Board provides oversight and elected Peter Birch, Chief Financial Officer, as the Executive Director responsible for our approach to responsible business.

Individual objectives have been assigned to Executive Committee members and a cross-functional ESG working group exists for the coordination of day-to-day activities. This structure allows us to fully embed ESG across our existing business strategy. A new NED ESG forum enables the Board to provide more focused input into specific areas.

In 2022, the Board reviewed two bi-annual ESG updates. In addition, specific papers were presented to the Board regarding TCFD, our D&I Framework and the staff benefits review. Details of the oversight provided by the Board sub-committees is disclosed in the Governance section of this Annual Report.

How we govern our responsible business strategy

Board of AJ Bell plc

The Board is the decision-making body relating to ESG matters, taking ultimate responsibility and providing oversight of managements actions. The Board reviews a bi-annual update on our responsible business strategy.

Audit Committee

The Committee is responsible for reviewing ESG-related financial information and disclosures.

Risk & Compliance Committee

The Committee is responsible for ensuring ESG-related risks are effectively embedded in risk management frameworks and risk reporting.

Remuneration Committee

The Committee oversees that remuneration policy and practices are designed to support our strategy and promote long-term sustainable success.

ESG Forum

The NED forum performs reviews and deep dives into specific ESG topics and reviews ESG objectives for management. The forum provides recommendations to the Board.

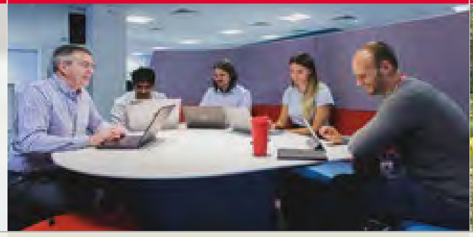
ESG working group

Our cross-functional ESG working group is responsible for the co-ordination of day-to-day activities, ensuring we deliver on our objectives, and for the consolidation of our responsible business approach. ESG-related information is reviewed by the working group before being presented to the Board, its sub-committees or the NED ESG Forum.

Executive responsibility

The CFO has the delegated authority from the Board to manage our responsible business strategy and is accountable for its delivery. Executive Committee members are allocated specific ESG-related objectives in their business areas, aligned to our strategy.

Our responsible business pillars:

	Responsible propositions	Responsible employer	Supporting our local communities	Environmental awareness
				
	Who it impacts Customers and their advisers, wider society, shareholders	**Who it impacts** Employees, shareholders	**Who it impacts** Local communities, shareholders	**Who it impacts** Customers and their advisers, wider society, shareholders
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.
Metrics	**Trustpilot score** 4.6-star	**Best Companies score** 3-star **Percentage of staff female** 39% **Percentage of staff ethnic minorities** 16% **Staff with AJ Bell share interests** 52%	**Charitable donations** £299,000 **Hours volunteered** 456 hours	**Operational emissions per FTE (Scope 1 and 2)** 0.34 tonnes **Operational emissions per customer (Scope 1, 2 and 3)** 0.024 tonnes **Total operational emissions (Scope 1, 2 and 3)** 10,476 tonnes
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.	We will develop and support our people 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.	We are active members of our local communities. We are committed to having a positive impact through engagement and participation whilst ensuring we operate in a fair and transparent manner.	We seek to minimise waste and our impact on the environment. We assess the impact that climate change could have on our business and respond to those risks and opportunities.
2022 highlights	• Developed our simplified propositions, Dodl and Touch, broadening the reach of our platform propositions. • Launched our Money Matters campaign, aiming to reduce the gender investment gap.	• Enhanced our pay and benefits package to reward our committed workforce. • Introduced a new framework to measure diversity and inclusion. • Achieved our highest ever Best Companies survey score.	• Established the AJ Bell Futures Foundation to develop more deep-rooted, long-term partnerships in our communities.	• Published our first TCFD report including the calculation of our Scope 3 emissions.
2023 priorities	• Launch of Touch, helping advisers to serve a wider range of clients.	• Embedment and further development of our D&I framework. • Talent development and succession planning. • Enhanced employer brand activity and recruitment.	• Launch and embed the AJ Bell Futures Foundation.	• Set operational net-zero targets. • Build on our first TCFD report to further comply with the recommended disclosures.

Underpinning our Group strategy

Our responsible business pillars are embedded in, and underpin, our Group strategic drivers.

- Sustainable growth
- Strong employer brand and culture
- Excellent customer experience
- Scalable technology solutions
- Financial security and regulatory compliance

Alignment to UN SDGs

There are 17 United Nations Sustainable Development Goals (UN SDGs) that form a shared global agenda to achieve a better and more sustainable future for all.

We support the intention of the UN SDGs and are undertaking a review to establish the goals on which our responsible business strategy has the greatest impact.

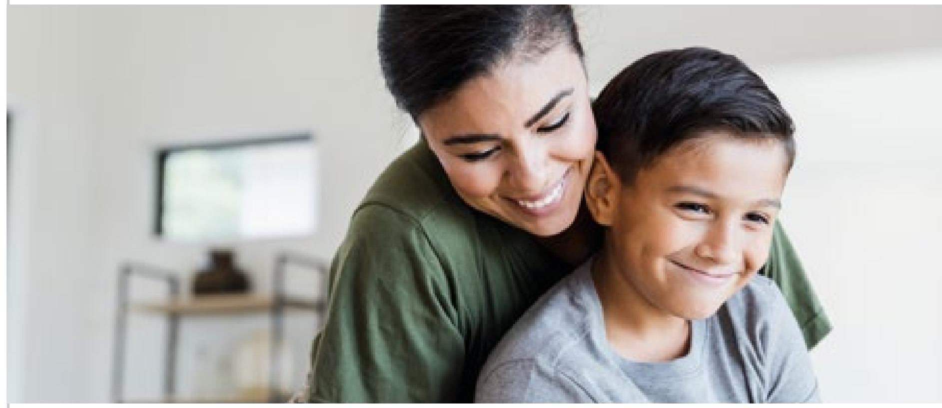
SUSTAINABLE DEVELOPMENT GOALS

3 Good health and well-being · 4 Quality education · 5 Gender equality · 8 Decent work and economic growth · 10 Reduced inequalities · 12 Responsible consumption and production · 13 Climate action

Responsible propositions

Our focus on helping people to invest guides our product philosophy; ensuring we offer accessible investing solutions designed to help our customers to achieve their long-term financial goals.

We report our approach to offering responsible propositions in three strands: accessibility, product offering, and customer security.



Accessible solutions

We believe in making investing accessible. Our low-cost, easy-to-use propositions cater for a broad range of investors. We produce content to educate more people about investing.

Product offering

Our high-quality propositions offer products with a long-term focus. We provide solutions to facilitate sustainable investing and are responsible stewards of the investments we manage on our customers' behalf.

Customer security

We protect our customers' data through robust information security control. We campaign on behalf of our customers where we see unfairness and overcomplexity in regulations.

Accessible solutions

Widening our reach

At AJ Bell, we believe in making investing accessible, whether investing directly or with the help of a financial adviser, irrespective of age, wealth and investment approach. Our aim is to broaden our customer reach and promote a better understanding and awareness of investment choices that ultimately deliver good outcomes for our customers. Our latest national TV advertising campaign 'investing for all' reflects this belief and we continue to invest in our brand as part of raising awareness of investing and how we can help people to invest.

Our new simplified propositions, Dodl and Touch will help to broaden our reach to a new generation of investors across both the D2C and advised segments.

Dodl is aimed at younger, less-experienced investors, offering a simplified investment range and are amongst the best-value investment platforms in the market. Touch, due to launch in 2023, is a mobile-focused platform service that will broaden our offering to financial advisers and help them serve a wider base of clients.

Our research shows that, on average, women in the UK have half the level of savings and investments than men do, a statistic that we want to help change. The launch of AJ Bell Money Matters in November 2021 has seen us roll out a range of initiatives focused on encouraging women to engage with investing, in order to help close the gender investment gap. This includes dedicated website content, a regular podcast, monthly newsletters, webinars, live events and social media interaction.

Products and services

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.

Facilitating responsible investment

The increased prevalence of ESG factors has elevated the level of interest and customer demand for responsible investment options. We have several features that support 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.

Favourite funds 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

We offer a well-diversified fund 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

This provides financial advisers with a highly competitive ESG solution for their clients. We offer six responsible portfolios, offering varying degrees of risk for clients who want to achieve long-term capital growth through ethical investing.

Integration of ESG into our investment management
We integrate stewardship 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. The investment policy statements for all of our discretionary mandates contain a dedicated section detailing how, and the extent to which, stewardship and ESG considerations should be factored into our investment management activities. This allows us to deliver for 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 wide range of norms and values-based screens and exclusions. This ensures that we target companies with higher ESG rankings to invest in, whilst seeking to minimise ESG controversy. A series of exclusions removes companies from certain industries, such as tobacco, controversial weapons, and adult entertainment. Then, a 'best-in-class' ranking system means that, for the remaining companies, ESG credentials are factored into relative index weights, alongside market capitalisation. This multi-layered approach ensures that customers can feel confident that ESG 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. It is important that consumers can trust sustainable investment products and we welcome regulation aimed at clamping down on unsubstantiated sustainability-related claims. We regularly review our product literature to ensure it is transparent and we are closely monitoring the FCA's proposals which include sustainable investment labels, new disclosure requirements and restrictions on the use of sustainability-related terms in product naming and marketing.

Customer security

Information security
We hold significant amounts of data relating to our customers, products, and business. We recognise that protecting this information is critical to the success of our business and the safeguarding of our customers. We adopt the principle of defence in depth to provide multiple layers of protection for critical information and systems; this ensures that there are multiple controls and processes ensuring protection is both robust and resilient. Our security processes are aligned with industry best practice including ISO 27001 and the US National Institute of Standards and Technology Cyber Security Framework.

Information and Cyber Security threats are continually evolving. To enable our security teams to stay up to date we leverage external threat intelligence to understand who might be targeting the Company and our customers. This capability assesses the techniques and tactics used by attackers and helps ensure our controls are appropriate. We combine this capability with regular collaboration and sharing with industry groups and regulators to understand the threats across the sector. To ensure our security teams' skills remain current with attacker techniques, we invest in regular training and development for staff working towards industry recognised qualifications.

We recognise that technology enabled crime can happen at any time of day and as such operates 24/7 monitoring provided by a Security Operations Centre. This capability monitors our systems and controls for any anomalies or alerts and ensures they are immediately investigated by security experts. Our products and platforms have security 'baked in' by virtue of a Secure Software Development Lifecycle. This ensures that security is considered as part of every stage of technology deployment, from design and procurement through to implementation and maintenance. Our systems are regularly tested by accredited third-party Ethical Hackers who undertake Penetration Testing exercises to ensure our systems are resistant to attack. This, combined with a process of continuous review and testing, ensures that our controls are always improving to enhance the security of our critical systems and data.

We recognise that our staff are our most valuable asset when it comes to protecting critical information and systems. All staff undergo security training, and we provide regular advice and guidance to staff via all staff 'town hall' talks and intranet blogs. Regular phishing testing is conducted to ensure our staff not only know how to identify an attack, but also respond in a timely and effective manner. A positive security control is encouraged from the top of the organisation, starting with the Board to every member of staff. We encourage open and active dialogue with security from all areas of the business to ensure our controls remain effective and enhance the safety of our customers and data.

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.

During the year we have consulted with the regulator on the FCA's new Consumer Duty and Pensions Dashboards; further information has been included in our CEO review on page 14.

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

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.

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.

We were delighted to make it into the top 25 of the 100 Best Companies list and maintain our position in the top five financial services companies in the UK, keeping our status as a three-star company, the highest star accreditation Best Companies award. This is our fifth consecutive year in the top 100 Best Companies to work for: a great achievement and testament to our ongoing commitment to invest in our people and to the positive culture we have built.

Our strong results were our best to date and showed improvements across all categories this year. We were particularly pleased to once again outperform the average three-star companies score with regards to employee wellbeing, highlighting the strength of support we provide for our staff.

We recognise the importance of a highly engaged workforce and look to continually evolve our approach.

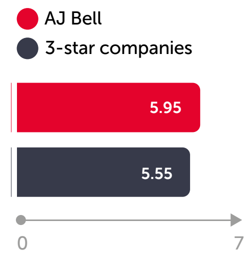
3-star accreditation for five consecutive years

Overall engagement

86%
response rate
(FY21: 91%)

Employee wellbeing

2022



(AJ Bell FY21: 5.79)

Strengthening our pay and benefits package
A full review of our pay and benefits offer was undertaken this year, against a backdrop of the rising cost of living and the external 'war for talent'. Staff were engaged in the process to understand what is most important to them, with the key themes that emerged relating to planning for their financial future alongside wellbeing and work-life balance.

We were pleased to introduce several enhancements to our package, effective from 1 October 2022:

1. We revised staff salaries, awarding an average pay increase of over 7%.
2. We introduced a new annual free share award for all employees through our Buy As You Earn scheme with awards worth up to £2,000 issued every year, vesting over a three-year period.
3. We increased our matched employer pension contribution levels.
4. We introduced a new health cash plan, supporting our people with everyday essential health-care costs.
5. A number of wellbeing initiatives including increased holiday entitlements and enhanced paternity pay.

These changes ensure we reward our committed workforce and remain an attractive employer in a competitive market. Employee share ownership is embedded in our culture with 52% of our workforce owning shares or share options as at 30 September 2022. We are pleased to be introducing a new permanent scheme which will mean our workforce continue to share in the long-term success of the Company.

Embedding hybrid working
On 1 January 2022 we introduced our new hybrid working policy for staff. The policy was shaped by our 'future of work' project which we set up to find the right post-pandemic operating model for our business, when working arrangements were no longer impacted by COVID-related restrictions.

The policy provides our staff with a blend of working at home and working in the office, in a way that balances the needs of the business, their teams and themselves, as well as ensuring we retain our unique AJ Bell culture.

Employee Voice Forum
As the business continues to grow it's important that the Board engages with colleagues regularly. Helena Morrissey was nominated as our director responsible for employee engagement with effect from the 2022 AGM and building on the success of the existing EVF, Helena relaunched the forum in 2022 to help open a more frequent dialogue between staff and the Board.

The forum meets every two months and has discussed a variety of themes raised by staff, including diversity and inclusion, culture, communication, career development, pay and benefits, the cost of living and charitable activity.

The forum provided input to the pay and benefits review and enhancements to the effectiveness of our staff intranet communications platform. 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. Following suggestions by the forum, staff can now personalise content they want to see.

Staff events
Social activities form an important part of our culture, so it was pleasing to return to our programme of social activities and our summer in-person events during the year to further enhance engagement. This included the return of monthly socials and our summer party to great success. Our leadership lunches have continued to be popular, providing an opportunity to learn more about our senior management team and their areas of the business. We also continued our 'town hall' talks hosted twice-yearly by our CEO.

Talent management

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 provides 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 every stage of their career. 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, Education Skills Fund Agency 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. We also run a Senior Management Talent Development Pathway which 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.

We understand the importance of having robust and diverse succession plans in place and have enhanced our activity in this area to ensure that we understand the wider potential of all our talent across the business. Our Senior Management Talent Development Pathway has proved successful in supporting the development and progression of a number of individuals across the business, with promotions to Head of Department or Director achieved.

We remain immensely proud of the talented people who work for us, and we are committed to developing and supporting them to achieve their potential. We were delighted therefore that 189 of our people were promoted internally last year, as well as 25 who secured internal secondments. We wish them all the best as they continue to grow and progress their career with us.

Internships
The six-week Investments internship is a great way for candidates to boost their career prospects after university, college or school. This year we welcomed six interns to the business and asked them to analyse investment portfolios in the context of adviser and customer behaviour.

They were tasked with understanding the dynamics of the Managed Portfolio market and how retail customers think about investing in retirement. Working as a team, they were required to source, collate, analyse and report on a series of data sources, providing a report and making a presentation to the Investments Team within AJ Bell.

Apprenticeships
We continue to strengthen our award-winning apprenticeships that offer staff the chance to gain valuable experience in a fast-growing company, whilst also working towards a professional or academic qualification. A total of 22 apprentices joined the business in 2022 – our largest ever intake. It means that since launch six years ago 74 new apprentices have taken part in AJ Bell's core Investment Operations Specialist and Digital Apprenticeship programmes.

With our Investment Operations Specialist apprenticeship programme learners gain a wide understanding of the business by rotating around teams in our Operations and Customer Services Departments over the course of their programme. They also study for the Chartered Institute of Securities & Investments' Investment Operations Certificate.

Our Digital Apprenticeship Programme sees learners working in Technology Services. Over the course of their four-year programme they also study at Manchester Metropolitan University for a Digital Technology Solutions BSc with Honours.

Employer brand: AJ Bell #techHub

Our Technology Services campaign was centred on the creation of our #techHub employer brand and ran from December 2021 to April 2022. It garnered 1.58 million impressions and the campaign has increased the awareness of AJ Bell as a tech employer. More people are now 'warm' to the brand which helps to make our roles more attractive in a competitive market.

Our technology reputation was further enhanced when our Chief Technology Officer presented at the international Atlassian Teams conference, sharing the technology journey AJ Bell has been on and giving our brand a truly global reach. Atlassian Teams is an annual tech forum attended by thousands of people from across 150 countries. To be asked to present at this event was recognition of the strength of our brand and helps put AJ Bell Tech on a global stage with some of the best and biggest Tech companies in the business.

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. With the support of our chair, Helena Morrissey, who brings with her a wealth of experience in campaigning for diversity, we have developed a new diversity and inclusion framework to better understand diversity in the context of our business and the wider industry.

	Demographic diversity	Cognitive diversity	Inclusive practices and policies	Inclusive leadership and behaviour
Objectives	Our workforce is diverse and represents the society it serves.	We recognise, encourage and acknowledge diverse views and perspectives.	Our people policies and practices ensure we are an inclusive employer that values and enables diversity.	

Our primary focus has been on senior management and the talent pipeline, although we are also looking more broadly at the wider workforce. The framework centres around four key components, with three overarching objectives.

We will measure and report progress against each of our objectives to ensure we have a suitably diverse workforce and truly inclusive culture.

Total number of employees[1]

1,173
(2021: 1,065)

Demographic diversity

Our framework aims to recognise and acknowledge demographic diversity to maximise the benefits of a demographically diverse workforce. We seek to achieve this by focusing on both gender and ethnic diversity in our senior management team and wider workforce, with the target that our workforce demographic is representative of the society in which we operate.

We have set a number of five-year desired outcomes and interim milestones to measure progress against this target.

The ethnic diversity of our wider workforce is representative of the society we operate in, and our percentage of employees from ethnic minorities is slightly higher than the UK average. We appreciate we have more progress to make with the diversity of our senior management population and are looking to address this through activities including targeted recruitment, talent programmes and succession planning.

Our most recent gender pay report, which we publish annually, details our approach to supporting a diverse and inclusive workplace.

We are pleased that our mean and median figures both improved in our most recent report, reflecting our continued commitment to gender-inclusive recruitment practices and our efforts to promote women into more senior roles and reward accordingly.

Our mean bonus figure also improved, indicating the progress we are making in addressing the gender profile of our workforce, which in common with most financial service companies has traditionally seen a higher number of men in senior roles than women.

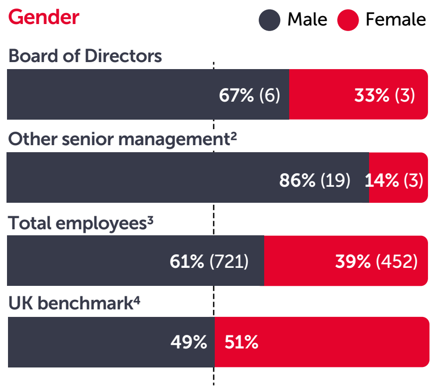
We remain confident that men and women are paid equally for doing equivalent jobs across our business and we are pleased to see the continued progress we are making.

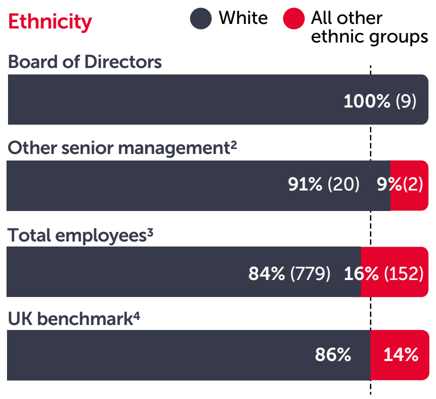
Our recruitment is actively seeking to address the traditional imbalance of men working in financial services as well as in technology roles with targeted campaigns for women, including the use of gender decoders in adverts, and we are proud to have recruited a growing number of female tech apprentices into the business.

The development of our AJ Bell Tech employer brand campaign helps to ensure we can appeal to a diverse external technology community, and to promote tech careers at AJ Bell to young people and under-represented communities.

These steps, together with other initiatives such as ensuring a balance of women and ethnically diverse participants on our internal development programmes for Team Leaders, Managers and Senior Managers, and providing opportunities for coaching and mentoring, mean we can be confident that we are continuing to build a strong diverse talent pipeline for more senior roles in the future.

Our workforce as at 30 September 2022





1. Additional employee data is provided within note 7 which shows the average position during the year.
2. Other senior management is defined as an employee who has responsibility for planning, direction or controlling the activities of the Group, or a strategically significant part of the Group, other than the Board of Directors.
3. Ethnicity data has not been disclosed by 21% of employees.
4. Gender benchmark data is as per the UK (2021) census. Ethnicity data is as per the UK (2011) census, as the 2021 ethnicity data has not yet been published by the ONS.

Cognitive diversity

The framework also focuses on cognitive diversity; diversity of thought, with the aim to maximise the benefits that a cognitively diverse leadership team brings. We believe that diversity of thought can increase team performance, bringing together different perspectives to improve the way that challenges and opportunities are addressed.

Our approach to cognitive diversity reflects external research which suggests two components that underpin the potential for and realisation of diversity of thought:

- Group composition: the inherent potential of individual group members to think differently from each other, which may be based on experiences, beliefs and the way they prefer to address problems.
- Group culture: the attitudes, practices and group dynamics that influence whether individual group members are open to unreservedly sharing their thoughts and whether they actively attend to the perspectives of others.

During the year, we provided all managers with training to raise awareness and understanding of cognitive diversity, utilising the DiSC assessment model. We are also working with external providers to develop a cognitive diversity assessment and measurement process that will be used to monitor future progress.

Inclusive practices and policies

We are committed to having fair policies and practices in place that value a diverse workforce and enable it to thrive.

We are focused on ensuring diversity is reflected on our talent programmes, succession plans and promotions, and where there are any gaps we will take proactive steps to address these. We also ensure that diversity and inclusion is embedded across our existing HR policies, including the Diversity and Inclusion Policy contained within our Employee Handbook.

To monitor the effectiveness and implementation of these policies, we review a range of data including external advocacy scores, employee engagement scores and feedback from our EVF.

Inclusive leadership and behaviours

We recognise the importance of demonstrating inclusive behaviours from the top down to strengthen our inclusive culture, ensuring that senior management are strong advocates of the framework. We achieve this by providing training to managers to ensure that they understand the benefits of having an inclusive culture where diversity is valued and enabled, as well as setting appropriate objectives for all managers, principally focused on driving positive behaviours.

Promoting health and wellbeing

We were delighted to be short-listed for a Best Companies Wellbeing Award this year, a reflection of our commitment to support our employees with their physical, mental and financial health and wellbeing. We place a great deal of importance on the health and wellbeing of our staff, investing in a wide range of support that we continually review.

We provide free flu jabs for staff and an on-site AJ Bell gym at our Manchester office with Personal Trainers who run daily group classes. Staff in our London and Bristol offices are provided with free local gym membership. Over 400 staff are registered on our gym app and we have doubled our active members in the year. In addition to daily classes, our on-site Personal Trainers provide a range of services including free private health checks for staff and numerous fitness-based initiatives throughout the year focused on providing nutritional and exercise-based education.

Olympic gold medallist Georgia Taylor-Brown visited our office in October 2021, giving staff the opportunity to hear first-hand about her experiences as an elite athlete as well as the chance to join her in our on-site gym for an exercise class. Our ongoing sponsorship of the AJ Bell World Triathlon Series Leeds and the AJ Bell Tour of Britain also gave our staff the chance to get involved in these events.

Our dedicated team of Wellbeing Ambassadors 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.

Following staff feedback, we also hosted events focused on financial wellbeing, including a budgeting and financial wellbeing webinar, delivered by Money Charity, providing an opportunity for staff to learn about financial planning. We also hosted several mortgage lunch and learn sessions.

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.

Supporting our local communities

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

Charitable donations

£299,000

(FY21: £272,000)

Volunteered hours

456

(FY21: 231 hours)

Established the

AJBell Futures Foundation

At AJ Bell we have a strong social conscience and encourage our staff to give something back through charitable and voluntary activities. We are proud of the great work they do to give back to our local communities and support them through both paid time off for volunteering and our matched fundraising programme.

In February, as part of our Money Matters campaign, we joined forces with Smart Works, a UK registered charity that exists to give women the confidence they need to secure employment and change the trajectory of their lives. Smart Works has helped over 20,000 women and our partnership has one goal, to help more women achieve financial security.

Staff took part in a 500-mile cycling challenge in March, coinciding with International Women's Day, to fundraise for Smart Works. 15 staff made up three teams to take on the challenge, cycling a total of 1,436 miles in just one week. Staff also got the opportunity to take part in volunteering at the charity's London and Manchester centres. This gave our people the chance to see the Smart Works service in action first-hand and help support those in need. In addition to Smart Works, our staff continued to use paid time off to volunteer at a range of local charities including Cash for Kids, FareShare and City of Trees, as well running internal events to raise funds to support a variety of charities.

In June, we celebrated Pride in AJ Bell, alongside Pride Month. We partnered with the LGBT Foundation to organise several events and educational sessions across a month-long campaign, 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.

AJ Bell Trust

This year, the Group made its final annual donation to the AJ Bell Trust of £298,000. From 1 October 2022, the AJ Bell Trust and its activities are distinct from the charitable and community work of AJ Bell. The AJ Bell Trust is a registered charity of which Andy Bell and his wife Tracey Bell are trustees, together with two further independent trustees. 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 its new partnership to support Stop.Breathe.Think. in the North West, which offers free and confidential mental health support to young people aged 21 or under across the UK.

A corporate social responsibility initiative was introduced in 2019 with the intention of giving an additional contribution to the Trust through the donation of share options should a number of stretching targets be met by the Group. As at the year end, the performance condition targets for the first tranche of the initiative were not met (see note 24 of the Financial Statements for further information). As previously reported, the maximum award in respect of the year ended 30 September 2022 was 831,256 share options with an exercise price of £4.20. At the time the scheme was set up, it was estimated that the maximum award over the three years would be worth circa £10 million. Andy made a commitment when the scheme was established that if the targets were not met, he would ensure the AJ Bell Trust did not lose out. As a result, Andy will make a charitable donation in the form of a transfer of AJ Bell shares for a value of circa one-third of the £10 million. This will have a huge impact on the charities which the Trust supports.

AJ Bell Futures Foundation

Building futures in our community

To develop more deep-rooted, long-term partnerships in our communities, we have established the AJ Bell Futures Foundation.

Mission

The core aim of the Foundation is to help people into a position where they can invest in their futures. Our activities will focus on supporting people who have faced significant life challenges to give them opportunities to improve their life chances and find a path to financial security.

We will work with charitable organisations to empower people to take control of their future, through initiatives focused on self-advancement.

This supports the growing societal need for individuals to take personal responsibility for their financial future and is aligned to our purpose: we help people to invest.

Our commitment

AJ Bell plc is committed to provide 0.5% of its PBT to the Foundation each year, to be distributed to selected charities and organisations that meet the objectives above.

Introducing our partner charities

To select our first principal partner charities, we evaluated a number of potential organisations against the objectives and mission of the Foundation and sought input from our staff on which ones we should support.

We are pleased to be building on our existing relationship with Smart Works through the Foundation, as well as supporting the fantastic IntoUniversity to help young people realise their ambitions.

IntoUniversity

IntoUniversity supports young people from the most persistently disadvantaged towns and cities in the UK, to build their capabilities and access the opportunities that can better their lives and help them contribute the fullness of their talents to wider society.

Each year, each IntoUniversity centre supports at least 1,000 students aged 7-18, to help achieve their full potential regardless of their background or circumstance.

SMART WORKS

Smart Works exists to give women the confidence they need to reach their full potential, secure employment, and change the trajectory of their lives. In the last year, Smart Works has helped over 5,000 women.

Each woman is dressed for interview during an appointment with a Smart Works stylist and put through a workshop to help enhance skills for interview. 93% of clients leave feeling more confident about succeeding in their interview and 72% go on to get the job.

University of Salford partnership

We continued to build 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 once again 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 Technology 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.

We have also been delighted to welcome a number of the university's students to AJ Bell as new employees this year.

Environmental awareness

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

This year, we have produced our first set of TCFD aligned disclosures which has helped us to better understand the risks and opportunities that climate change poses to our business, as well as a more in-depth understanding of the impact we have on the environment, including our Scope 3 emissions.

The impact of our operations on the environment is relatively small. We continued to seek to minimise waste and our impact on the environment as far as we can through sensible policies and initiatives and have committed to undertake a project to set operational net-zero aligned targets in 2023.

In relation to our execution-only platform, our role is restricted to making different investment options and information available to customers, with the ultimate decision on responsible investing being in the hands of the customer. In relation to our AJ Bell Funds and MPS portfolios our role is similarly to respond to customer appetite whilst providing the option for them to prioritise responsible investing.

Environmental 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.

We implemented our new hybrid working model in the year. This model has reduced our total CO2e emissions, as a result of reduced employee commuting and office capacity requirements, whilst also taking into account the emissions generated by employees working from home.

Throughout the business we recycle 100% of our confidential waste. In addition, none of the waste from our Manchester head office goes to landfill, with waste sorted off-site in a waste recovery facility to be recycled or used to create refuse-derived fuel.

We continue to make progress on our aim to reduce paper usage across our offices. 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. This year we completed our first paperless SIPP annual statement process, making statements more easily accessible to customers.

Our local environment

We ran several initiatives focused on improving our local environment, giving our staff the chance to make a difference to the communities in which they live.

This year we launched a new partnership with City of Trees, a charity that plants trees and restores woodlands in Greater Manchester. Our donation allowed for 500 trees to be planted by the charity and our staff were involved in multiple volunteering days which included a range of activities from tree planting to woodland management.

Throughout May, our staff took to the streets and joined the #BigBagChallenge with Keep Britain Tidy, collecting 35 bags of litter around our local area.

To help reduce electronic waste and support the education of local children, our Technology Team refurbish and donate many of our old laptops and desktops to local primary schools and community organisations.

Carbon offsetting

We 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 Scope 1 and 2 carbon emissions for 2021. 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 for the third consecutive year.

The Task Force on Climate-related Financial Disclosures (TCFD)

Our approach

Climate change is one of the most significant global challenges we face today. It is a critical issue impacting all our stakeholders and wider society. At AJ Bell we recognise the importance of societal action to reduce global emissions and are committed to playing our part in the transition to a lower-carbon economy.

We are pleased to present our first report on climate-related disclosures, aligned to the TCFD Recommendations and Recommended Disclosures. During the year, we have focused on embedding the recommendations into our internal governance, risk and reporting processes. We have increased our understanding of the climate-related risks and opportunities which could impact our business and stakeholders, as well as making significant progress in measuring our Scope 3 emissions to better understand the impact we have on the environment.

We recognise the need for continuous improvement: whilst we have made good progress in the year, we know more work is needed to build on what we have done so far to ensure we effectively integrate climate considerations into how we operate. We highlight in this report some areas where we want to make further progress, and where more work is required to fully comply with the TCFD Recommendations and Recommended Disclosures.

The report is structured around the four pillars of the TCFD framework: governance, strategy, risk management, and metrics and targets. Our disclosures have also been informed by the accompanying financial sector guidance as well as the TCFD's other relevant guidance materials.

Climate-related data and methodological challenges

We have used climate-related data to monitor our exposure to identified climate-related risks and measure the climate-related metrics included within this report. This data has been supplied by multiple third-party providers as detailed in the report, and we have placed reliance on the accuracy of the data provided.

We have experienced that there are currently gaps relating to the availability of data, and lack of industry alignment on scenario analysis and Scope 3 emission calculation methodologies, and expect future iterations of this report to build on our experience to strengthen metrics and methodologies.

TCFD compliance statement

As required by paragraph 8(a) of Listing Rule 9.8.6R, we set out in the table below our statement of compliance with the TCFD Recommendations and Recommended Disclosures.

Where disclosures have been partially or fully omitted, we have detailed the reasons for not including such disclosures, the steps we are taking in order to be able to make those disclosures in the future, and the timeframe within which we expect to be able to make those disclosures.

Key: Disclosure level

● Full ◐ Partial ○ Omitted

	TCFD recommendation		Status
Governance	**Disclose the organisation's governance around climate-related risks and opportunities.**		
	a) Describe the Board's oversight of climate-related risks and opportunities.	●	We have reported how the Board and its Committees oversee our climate-related risks and opportunities on page 49.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	●	We have reported management's roles and responsibilities in assessing and managing climate-related risks on page 49.
Strategy	**Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.**		
	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	●	We have disclosed the climate-related risks identified over the short, medium, and long term on pages 49 and 50.
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	●	We have detailed the financial impact and our strategic response for each risk identified on page 50.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	◐	We have performed initial scenario analysis over our identified risks, details of which have been disclosed on page 50. During our first year the focus has been on qualitative analysis, which we will further build on in future TCFD reports to include quantitative analysis.
Risk management	**Disclose how the organisation identifies, assesses, and manages climate-related risks.**		
	a) Describe the organisation's processes for identifying and assessing climate-related risks.	●	Our approach to the identification, assessment and management of climate-related risks is integrated into our Group Risk Management Framework, further details of which are disclosed in our Risk Management report on pages 58 to 61.
	b) Describe the organisation's processes for managing climate-related risks.	●	The Board agreed to the addition of an ESG risk appetite category and statement as disclosed on page 61. Climate-related risks, controls and Key Risk Indicators (KRIs) are mapped to the ESG risk appetite category and reviewed at the ESG working group, Risk Management Forum, Executive Risk Committee and Risk and Compliance Committee.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	●	We have recognised an ESG-related principal risk and uncertainty, which includes climate-related risks. Further information is provided on page 65.
Metrics and targets	**Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.**		
	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	●	We split our metrics by the impact of our operations and the impact of our investments. We have reported the metrics on pages 51 to 53.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	◐	We have disclosed our Operational Scope 1, 2 and 3 emissions on page 51. We have disclosed our AJ Bell Investments Scope 3 emissions for our Funds on page 53 and will seek to expand this to include our MPS portfolios in FY23 which has not been disclosed this year due to a lack of data availability.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	○	Our focus in FY22 has been on establishing our baseline Scope 3 emissions. In FY23, we will undertake a project to set operational net-zero aligned targets and expect to comply with the recommended disclosures in our second TCFD report.

Governance

Board oversight of climate-related risks and opportunities

The Board is responsible for the conduct of our business and the development of its strategy, as well as promoting the long-term sustainable success of the business, this includes our strategy relating to climate-related risks and opportunities.

The Board has delegated specific powers, duties and decision-making responsibilities to its five main committees as set out in our Corporate Governance Report on pages 82 and 83. The Risk and Compliance Committee and Audit Committee have oversight responsibility for aspects of our approach to managing climate-related risks and opportunities, as set out below.

Board Committee	Responsibility	Activity in FY22
AJ Bell plc Board	The Board is responsible for the conduct of our business and the development of its strategy, as well as promoting the long-term sustainable success of the business. This includes our strategy relating to climate-related risks and opportunities.	• Reviewed and approved the Group's approach to TCFD compliance. • Reviewed bi-annual management progress updates on our Responsible business strategy including TCFD.
Risk and Compliance Committee	The Committee is responsible for ensuring that climate risk is effectively embedded in risk management frameworks and risk reporting and understanding how climate change poses a threat to the organisation.	• Reviewed and approved the ESG risk appetite category. • Review of progress embedding TCFD requirements. • Review of climate-related risk assessments and scenario analysis.
Audit Committee	The Committee is responsible for scrutinising climate-related financial information and disclosures, applying the same process and quality assurance methods as for financial information.	• Reviewed the approach and methodology applied in the calculation of the Group's Scope 3 emissions. • Reviewed the Group's first TCFD disclosures.

Further information on the activities of the Board and its Committees during the year is provided in the Governance section of this report from pages 68 to 129.

Climate governance is captured in our Responsible Business governance framework, as detailed on page 33.

Management's role in assessing and managing climate-related risks and opportunities

The CFO has the delegated authority from the Board to manage our ESG strategy, including our climate-related risks and opportunities. The CFO is supported by our cross-functional ESG working group for the consolidation of our approach and co-ordination of day-to-day activities.

In addition to review from the ESG working group, the identified climate-related risks and opportunities were governed in line with our Risk Management Framework, which included review and challenge of climate-related risk assessments and scenario analysis by the Risk Management Forum and Executive Risk Committee ahead of being presented to the Risk and Compliance Committee.

Relevant processes and responsibilities are embedded into our Finance, Risk and Operational functions.

Strategy

Climate-related risks and opportunities

To ensure our strategy adequately responds to climate-related risks and opportunities, we have performed an assessment of our exposure to a range of climate-related risks and opportunities, including both the physical and transitional risks of climate change.

Physical risks are caused by changes in the climate and can be event driven (acute) through the increased frequency and severity of extreme weather events such as hurricanes or floods, or result from longer-term shifts in climate patterns (chronic) such as rising sea levels or chronic heat waves.

Transitional risks are caused by the adjustment towards a net-zero economy, which will involve significant changes to policy, technology, law and investor and consumer attitudes.

We assessed the risks and opportunities over the short term (five years), medium term (10 years) and long term (30 years).

To help inform the assessment of the identified climate-related risks and opportunities, we have considered their potential impacts under different transition pathways using climate scenario analysis. These scenarios are not predictions of climate-related outcomes but are used as hypothetical scenarios to aid our understanding of the impact that climate change could have on our business.

We selected three scenarios based on those constructed by the Network for Greening the Financial System (NGFS). Many central banks, including the Bank of England, carry out assessments based on NGFS scenarios. We have intentionally selected three contrasting scenarios; one representing a smooth and orderly transition, one involving heightened transition risks due to a disorderly transition, and a third which incorporates more extreme physical risks due to a lack of climate-related policy.

Our climate scenario analysis has been primarily qualitative in nature. We view this as an iterative process and will look to build on our assessment in future years so that it can further inform our strategy and risk assessment.

Scenario	Temperature rise	Description
Net Zero 2050	1.4°C	An ambitious scenario which limits global warming to 1.4°C. Climate policies are assumed to be introduced early on, gradually becoming more stringent.
Delayed Transition	1.6°C	This scenario assumes global emissions do not decrease until 2030. Climate policies are delayed leading to higher transition and physical risks than Net Zero 2050.
Current Policies	3°C+	A scenario of low ambition assuming only those climate policies currently implemented are made. Transition risks are not as high as a disorderly transition but there are severe physical risks.

We have summarised each of the climate-related risks identified below, including the potential impact of these risks and our strategic response.

Our responses to the risks identified also present opportunities for the business. For example, by offering responsible investment solutions to our customers, we can reduce the risk of falling asset values impacting our revenue whilst also providing an opportunity to capitalise on changing consumer demand for these solutions.

Key

Unlikely Possible Likely

Risk	Definition	Potential impact		Probability: Short term	Probability: Medium term	Probability: Long term	Strategic response
Reputational (Transition)	The risk that customers are unhappy with the level of responsible investment options available on our platform, or the accuracy and completeness of product information. The risk that customers or stakeholders perceive that our response to climate change is inadequate.	Customers direct capital to alternative platforms. We experience reduced customer demand for our responsible products and potential litigation action.	1.4°C	Possible	Possible	Unlikely	• We provide a wide range of sustainable investment options on our platform, including in our managed investment solutions. • We review our AJ Bell Investments responsible product literature to ensure it is accurate and transparent. • We are closely following regulatory developments regarding the FCA's Sustainability Disclosure Requirements. • We embedded the TCFD recommendations, published our first TCFD report and are undertaking an operational net-zero target setting project in 2023.
			1.6°C	Unlikely	Possible	Possible	
			3°C+	Unlikely	Unlikely	Possible	
Market (Transition and physical)	The risk that climate change or the transition to a lower-carbon economy negatively impacts the global economy, and therefore the value of assets on our platform and in our range of managed investment solutions.	Assets with exposure to climate-related risks could face reductions in value, impacting customer returns and our fee revenues.	1.4°C	Possible	Possible	Unlikely	• We offer a diverse range of investments on our open-architecture platform, allowing our customers to diversify and respond to changing climate-related risks. • We provide Morningstar's Sustainability Rating for funds available on our platform and continue to review how we can make climate-related information available. • AJ Bell Investments offers responsible investment solutions with an ESG specific mandate.
			1.6°C	Unlikely	Likely	Possible	
			3°C+	Unlikely	Possible	Likely	
Policy, legal and regulatory (Transition)	The risk that there is a need to comply with increasing legal, regulatory, and disclosure obligations.	Increased cost to the business to meet the requirements and/or restrictions to product offerings.	1.4°C	Likely	Likely	Unlikely	• Our Risk and Compliance function conducts regular horizon scanning and reviews regulatory publications on an ongoing basis. • We seek to comply with all climate-related regulatory requirements.
			1.6°C	Possible	Likely	Unlikely	
			3°C+	Unlikely	Unlikely	Unlikely	
Chronic (Physical)	The risk of longer-term changes in climate patterns such as flooding, extreme weather and higher temperatures impacting our operations.	Increased cost to the business due to risk of flooding at our offices or reduced employee productivity.	1.4°C	Unlikely	Unlikely	Unlikely	• Our hybrid working model provides operational resilience to the potential impact of flooding at our offices.
			1.6°C	Unlikely	Unlikely	Unlikely	
			3°C+	Unlikely	Possible	Likely	

Metrics and targets

Our climate-related metrics focus on the impact our business activities have on the environment. We measure and report our impact in two distinct categories:

1. **The impact of our operations:** this is the direct and indirect impact we have on the environment from our operations. We measure and report our key metrics being our Scope 1, 2 and 3 greenhouse gas emissions, excluding category 15 investments and our carbon intensity metrics per customer and employee.
2. **The impact of our investments:** this is the impact we have on the environment through our AJ Bell Investments discretionary managed investment solutions. We measure and report the carbon footprint and weighted average carbon intensity (WACI) of our discretionary AUM.

The impact of our operations

As a financial services business, our direct operational environmental impact is primarily from the emissions generated in running our three offices in Manchester, London and Bristol, and the indirect emissions generated in our supply chain.

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 have previously reported our Scope 1 and 2 emissions, being the direct emissions from the combustion of fuel in our office and the indirect emissions produced via the electricity we consume. This year, to gain a better understanding of our total impact on the environment we have also quantified our Scope 3 emissions, which include all other indirect emissions that occur in our value chain.

Our operational CO_2e emissions

Emissions	2022	2021
Scope 1 and 2	Tonnes of CO_2e	
Scope 1	237	286
Scope 2 (location based)	128	142
Total Scope 1 and 2	**365**	**428**
Scope 3	Tonnes of CO_2e	
1. Purchased good and services	8,722	Data not available for 2021
2. Capital goods	666	
3. Fuel and energy-related activities	74	
5. Waste generated in operations	2	
6. Business travel	100	
7. Employee commuting & working from home	547	
Total Scope 3	**10,111**	
Total Scope 1, 2 and 3	**10,476**	
Intensity per FTE (Scope 1 and 2)	0.34	0.40
Intensity per customer (Scope 1,2 and 3)	0.024	n/a
Energy usage	kWh	
Energy consumption in the UK	1,588,747	2,104,758

Methodology and boundary
The Greenhouse Gas (GHG) reporting period is aligned to the financial reporting year. The methodology used to calculate emissions is based on the financial consolidation approach, as defined in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

The Group's carbon footprint was calculated using an operational control approach. Under this approach, all entities and associated assets over which the Group has 100% operational control are included under the organisation's Scope 1 and 2 emission categories.

All other entities, over which the Group does not have 100% operational control, such as third-party processing sites and data centres, are included in the organisation's Scope 3 emissions along with all other indirect emissions associated with the organisation.

We have chosen to report our operational Scope 1 and 2 emissions per FTE as our intensity measure, in line with prior periods. In addition, we have reported our operational Scope 1, 2 and 3 emissions intensity per customer, we have used this measure as our purchased goods and services represent over 80% of our total emissions and are primarily driven by serving the needs of our customers.

We have calculated our footprint using primary energy use data, where available, and converted this using the official UK Government conversion factors. For Scope 3 purchased goods and services, and capital goods, an Environmentally Extended Input Output database methodology was used to calculate the GHG footprint across total spend in the year. For employee commuting and working from home, we collected data from staff on their home working and travel arrangements and have combined this with publicly available data to estimate the emissions. We expect the accuracy of our footprint will get better each year as we revisit and refine the methodology and underlying dataset.

Critical to good reporting is a well-defined reporting boundary which is consistently applied year on year. We have worked with environmental consultants, Avieco, to draw the boundary for our operational GHG emissions reporting.

We considered the following Scope 3 categories to be out of the boundary of our reporting:

- 4. Upstream transportation and distribution – included in category 1, purchased goods and services.
- 8. Upstream leased assets – our leases consist of our offices and some computer and office equipment. The emissions generated from the use of these assets are included within our Scope 1 and 2 emissions.
- 9 – 14. Downstream categories – we do not produce and distribute physical goods or operate any franchises.
- 15. Investments – we have reported the impact of our discretionary managed investment solutions in the impact of our investments.

Reviewing our impact
We were pleased to see a reduction in Scope 1 emissions in the year. Following a peak in gas consumption in FY21, we reviewed our energy consumption across our offices which enabled us to reduce the combustion of gas during off-peak office hours. We continually review electricity efficiency of appliances across the business and also saw a reduction in Scope 2 emissions.

The most significant driver of our Scope 3 emissions relates to the goods and services purchased in our supply chain. We are reviewing how we can seek to reduce these emissions in the future, relative to the number of customers we serve, through proactive engagement with our supply chain.

The impact of our investments

We utilise the WACI and Carbon footprint as the key metrics for measuring the impact of our AJ Bell Investments Funds on the environment. We use these metrics as they represent our portfolio's exposure to carbon-intensive companies.

WACI provides information on the level of Scope 1 and 2 emissions within our Funds per million $ of revenue that is generated by the underlying entities.

Carbon footprint represents the share of Scope 1 and 2 emissions generated by underlying holdings per million $ that is invested in our Funds.

Methodology and boundary
We have defined our methodology in line with the Partnership for Carbon Accounting Financials (PCAF), the global emissions standard for the financial industry as recommended by the TCFD supplemental guidance for asset managers.

Access to reliable climate-related data covering all underlying holdings is an industry-wide challenge. The fact that our AUM are invested in exchange-traded funds creates an additional layer of complexity. In calculating our footprint and WACI, we currently have some data gaps, such as relating to fixed income investments, and therefore have reported a coverage percentage which represents the proportion of total assets within our Funds for which we have sourced the required data, and which are therefore included within our calculation. We will seek to build on this first calculation in future years to increase this coverage percentage as we refine our methodology and access to data.

We have placed reliance on the accuracy of data provided by MSCI for the purposes of the calculation. MSCI collect reported Scope 1 and 2 emissions, and where not reported have methodologies in place to estimate those emissions. For our portfolio, 75% used reported emissions and 25% of holdings used MSCI estimates. Due to the volume of data, it is not practical to undertake an independent verification of this data.

Our investments' CO_2e emissions

Product	Carbon footprint	WACI	Coverage
	Tonnes of CO_2e per \$m AUM	Tonnes of CO_2e per \$m revenue	% Total AUM
AJ Bell Funds	114	194	68%

The calculation is based on our asset allocation as at 30 September 2022.

Our calculation has focused on our AJ Bell Funds, however AJ Bell Investments also offers discretionary portfolio management services through the Managed Portfolio Service proposition, which are not included in these calculations. The MPS consists of multi-asset portfolios which invest in products that collectively hold thousands of underlying holdings. This can present practical challenges in aggregating these underlying investments to portfolio level.

Some MPS ranges carry inherent differences to the AJ Bell Funds, such as a focus on actively researched or ethical investments, which may contribute to variations in WACI and carbon footprint metrics. However, the MPS portfolios are constructed using the same overarching strategic asset allocation framework used by the AJ Bell Funds. In future years we will seek to widen the scope of these downstream emission calculations.

Target setting: An update on our approach to net-zero
We are committed to playing our part in a transition to a net-zero economy, aligned to the UK Government's commitment to net-zero by 2050.

The impact of our operations
Our focus in FY22 has been on establishing our baseline Scope 3 emissions. In FY23, we will undertake a project to set operational net-zero aligned targets, developing a robust transition plan for our operations and associated short-term carbon reduction targets. We will look to align this to the Science Based Targets initiative where practical.

The impact of our investments
We will continue to monitor the development of net-zero standards for Financial Institutions, which currently lacks industry alignment.

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	46-53
Employees	• Employee Handbook • Health and Safety Policy • Diversity and Inclusion Policy • Recruitment and Selection Policy • Whistleblowing Policy • Safeguarding Policy	Responsible employer	39-43
Social	• Treating Customers Fairly • CSR Policy	Supporting our local communities	44-45
Human rights	• Human Rights Policy • Modern Slavery Statement	Human rights and modern slavery	43
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	43

Additional information	Where to read more in this report	Pages
Business model	Our business model	20-21
Principal risks and how they are managed	Principal risks and uncertainties	62-66
Non-Financial KPIs	Key performance indicators	24-25

Another year of growth

"The advantages of our dual-channel model and diversified revenue streams continue to help us deliver strong returns for shareholders whilst simultaneously investing to deliver on our significant growth opportunity.

In an uncertain market environment, we achieved another excellent set of financial results with revenue increasing by 12% to £163.8 million and PBT up 6% to £58.4 million."

Peter Birch
CFO

Revenue
£163.8m
+12%

PBT
£58.4m
+6%

Overview

During a year in which macroeconomic uncertainty impacted market values and investor confidence, our dual-channel business model and diversified revenue streams have combined to enable us to deliver another year of sustainable growth. At the same time, we have been able to position ourselves to take advantage of the future growth opportunity by reducing certain charges to customers, developing our simplified propositions, and investing in our brand.

Our platform business delivered strong net AUA inflows of £5.8 billion (FY21: £7.0 billion) and customer growth of 16% in a challenging operating environment. Our ability to continue to grow at a good rate in these circumstances is testament to the quality of our propositions.

We achieved another strong set of financial results with revenue increasing by 12% to £163.8 million (FY21: £145.8 million) and PBT up 6% to £58.4 million (FY21: 55.1 million). The nature of our business model means we continue to thrive in different macroeconomic conditions, enabling us to invest in delivering on our significant growth opportunity whilst providing strong returns for shareholders.

Business performance

Customers

Customer numbers increased by 57,835 during the year to a total of 440,589 (FY21: 382,754). This growth has been driven by our platform propositions, with our advised and D2C propositions delivering growth of 15% and 16% respectively. In addition, our platform customer retention rate remained high at 95.5% (FY21: 95.0%).

	Year ended 30 September 2022 No.	Year ended 30 September 2021 No.
Advised platform	145,371	126,920
D2C platform	280,281	241,045
Total platform	**425,652**	**367,965**
Non-platform	14,937	14,789
Total	**440,589**	**382,754**

Assets under administration

Year ended 30 September 2022

	Advised platform £bn	D2C platform £bn	Total platform £bn	Non-platform £bn	Total £bn
As at 1 October 2021	45.8	19.5	**65.3**	7.5	**72.8**
Inflows	6.2	3.9	**10.1**	0.2	**10.3**
Outflows	(2.9)	(1.4)	**(4.3)**	(2.2)	**(6.5)**
Net inflows/(outflows)	3.3	2.5	**5.8**	(2.0)	**3.8**
Market and other movements	(4.3)	(2.7)	**(7.0)**	(0.4)	**(7.4)**
As at 30 September 2022	44.8	19.3	**64.1**	5.1	**69.2**

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**
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**

We continued to see strong AUA inflows, driven by our platform propositions. Gross inflows in the year were £10.3 billion (FY21: £11.1 billion).

Total advised platform inflows were £6.2 billion (FY21: £6.3 billion). Our existing customer base continued to invest at a similar rate to the prior year, whilst average inflows from new customers were lower, impacted by a reduction in defined benefit pension inflows which are typically higher in value.

Total D2C platform inflows were £3.9 billion (FY21: £4.6 billion). Whilst the rate of new customer growth slowed in the face of market headwinds, we continued to attract good quality business with increased average inflows per new customer.

Outflows increased by £1.8 billion to £6.5 billion (FY21: £4.7 billion). Non-platform outflows of £2.2 billion reflect the final outflows in relation to the previously announced closure of our institutional stockbroking service. Outflows were also impacted by an exceptional bulk annuity purchase by an adviser firm which resulted in a one-off outflow of £0.2 billion from both advised platform AUA and AJ Bell Investments AUM.

The uncertainty across global markets driven by high inflation, geopolitical uncertainty and the rising cost-of-living contributed to a £7.4 billion adverse market movement on asset values. This compares to favourable market movements of £9.9 billion last year, resulting in AUA closing down 5% at £69.2 billion (FY21: £72.8 billion).

Assets under management
Our award-winning investment solutions continue to perform strongly and are highly valued by financial advisers, their clients and our retail customers. This is evidenced by strong underlying net inflows of £1.05 billion, an increase of 14% versus the prior year (FY21: £0.92 billion). Total AUM closed at £2.8 billion (FY21: £2.2 billion), representing a 27% increase in the year.

	Year ended 30 September 2022 £bn	Year ended 30 September 2021 £bn
Advised	1.7	1.3
D2C	1.0	0.8
Non-platform	0.1	0.1
Total	**2.8**	**2.2**

Financial performance

Revenue

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Recurring fixed	29,787	28,598
Recurring ad valorem	102,184	77,955
Transactional	31,876	39,273
Total	**163,847**	**145,826**

Revenue increased by 12% to £163.8 million (FY21: £145.8 million).

Revenue from recurring fixed fees increased by 4% to £29.8 million (FY21: £28.6 million), primarily due to higher pension administration revenue from our advised platform customers.

Recurring ad valorem revenue grew by 31% to £102.2 million (FY21: £78.0 million). The key drivers of this growth were higher average platform AUA compared to the prior year, and an increase in the average interest rate earned on customer cash balances, as the Bank of England base rate increased from 0.10% to 2.25% over the year.

Revenue from transactional fees decreased by 19% to £31.9 million (FY21: £39.3 million). This decrease was due to lower dealing activity levels in the current year, impacted by lower investor confidence, and compares to the significantly elevated levels of activity seen in the first half of the prior year.

Our overall revenue margin increased by 0.4bps to 22.6bps (FY21: 22.2bps), reflecting the higher average interest rate earned on cash, partially offset by the reduced dealing activity.

Administrative expenses

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Distribution	14,998	11,095
Technology	32,706	25,765
Operational and support	57,162	53,115
Total	**104,866**	**89,975**

Administrative expenses increased by 17% to £104.9 million (FY21: £90.0 million).

Distribution costs increased by 35% to £15.0 million (FY21: £11.1 million) as we continued to invest in our brand to help deliver long-term growth. We increased D2C marketing activity over a range of channels in the year, including for the launch of our new Dodl proposition. In February we launched a new national TV advertising campaign whilst once again sponsoring events such as the AJ Bell Tour of Britain and AJ Bell World Triathlon Leeds. The year-on-year increase is also partly reflective of lower than planned spend in the prior year when both advertising and sponsorship opportunities were impacted by COVID-19 restrictions.

Technology costs increased by 27% to £32.7 million (FY21: £25.8 million). This increase was driven by an increase in headcount and our investment in the scalability and resilience of our platform, to support our continued growth, alongside the development of our new propositions, Dodl and Touch.

Operational and support costs increased by 8% to £57.2 million (FY21: £53.1 million) as the business continued to scale efficiently. The higher costs were driven by an increase in the average number of employees to support our continued growth, as well the acceleration of share-based payment charges relating to Andy Bell and Charles Galbraith's Executive Incentive Plan (EIP) awards, following their departure from the business as good leavers at the end of September 2022. These increased costs were partially offset by expenses relating to the reduced customer dealing activity during the year.

Profitability and earnings
PBT increased by 6% to £58.4 million (FY21: £55.1 million) whilst PBT margin decreased to 35.6% (FY21: 37.8%). The lower margin versus the prior year reflects our planned investment in brand and technology to drive long-term growth.

The effective rate of tax for the year was 20.0% (FY21: 20.4%), slightly higher than the standard rate of UK Corporation Tax of 19.0%, as a result of disallowable charges relating to the Touch earn-out arrangement.

Basic earnings per share rose by 6% to 11.39p (FY21: 10.71p) in line with the increase to PBT. Diluted earnings per share (DEPS), which accounts for the dilutive impact of outstanding share awards, also increased by 6% to 11.35p (FY21: 10.67p).

Financial position

The Group's balance sheet remains strong, with net assets totalling £133.4 million (FY21: £130.7 million) as at 30 September 2022 and a return on assets of 35% (FY21: 34%).

Financial resources and regulatory capital position
Our financial resources are kept under continual review, incorporating comprehensive stress and scenario testing which is formally reviewed and agreed at least annually.

	Year ended 30 September 2022 £000	Year ended 30 September 2021 £000
Total shareholder funds	133,394	130,708
Less: unregulated business capital	(3,718)	(4,722)
Regulatory Group shareholder funds	**129,676**	**125,986**
Less: foreseeable dividends	(18,843)	(38,912)
Less: non-qualifying assets	(14,233)	(11,469)
Total qualifying capital resources	**96,600**	**75,605**
Less: capital requirement	(49,252)	(40,525)
Surplus capital	**47,348**	**35,080**
% of capital resource requirement held	196%	187%

We have continued to maintain a healthy surplus over our regulatory capital requirement throughout the year. The Investment Firm Prudential Regime (IFPR) came into effect on 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.

We held a significant surplus over our basic liquid asset requirement during the year. Our year-end balance sheet included cash balances of £84.0 million (FY21: £94.0 million), with the reduction reflecting the higher dividends returned to shareholders in the year following the declaration of a special dividend in 2021. We operate a highly cash-generative business, with a short working-capital cycle that ensures profits are quickly converted into cash. We generated cash from operations of £57.2 million in the year at a cash conversion rate of 97%.

Dividend

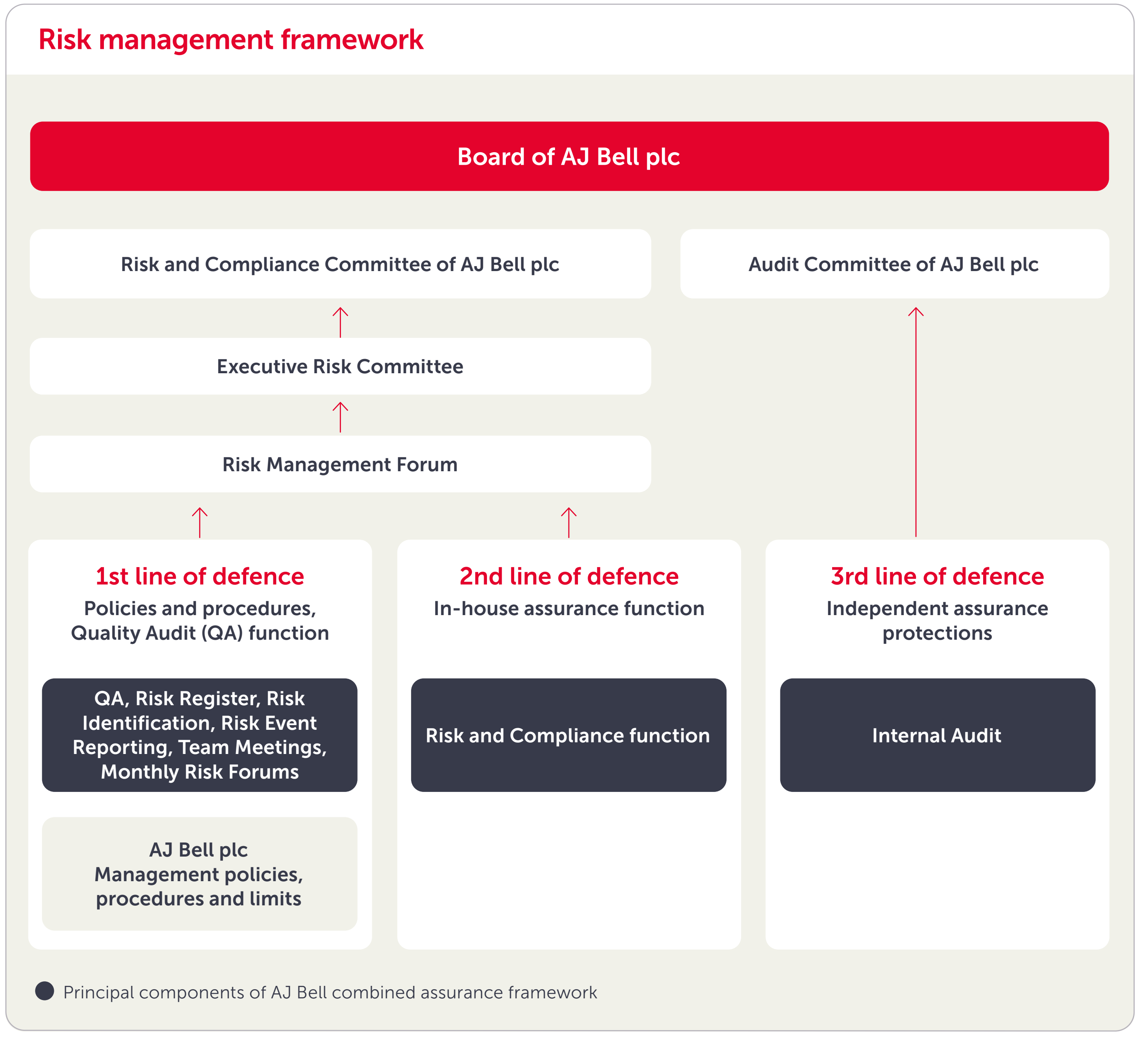
As noted in the CEO's review on page 11, we adopt a progressive dividend policy and the Board has recommended a final dividend of 4.59p per share (FY21: 4.50p per share), resulting in a total ordinary dividend of 7.37p (FY21: 6.96p) and equating to a dividend pay-out ratio of 65% of statutory profit after tax.

Peter Birch
Chief Financial Officer
30 November 2022

Managing risks effectively

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

The Group operates the following governance structure which incorporates a three lines of defence approach to managing risks across the Group.



Risk appetite

The Group defines its risk appetite as representing the amount and type of risk it is prepared to take in the context of its business model and in the course of achieving its strategic objectives.

The Group takes a measured and balanced approach to determining where to pursue risk in return for value, in accordance with the Group's capability and capacity to identify, report and manage risks.

The Group expresses its risk appetite using the definitions below:

Appetite	Definition
Open Risk Appetite	Willing to undertake activities which may contribute to a higher degree of residual risk, where the Group has the capability and capacity to manage the risk, in pursuit of a high degree of reward and value for money aligned with strategic and commercial objectives.
Cautious Risk Appetite	A degree of risk is tolerated in selecting which activities to undertake to achieve key deliverables or initiatives, however only where the inherent risk is deemed measurable and controllable to a large extent.
Averse Risk Appetite	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is paramount, or activities undertaken will only be those considered to carry a very low level of residual risk.

The objective of the Group's risk appetite framework is to ensure that the Board 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.

Risk appetite is integrated into the business via the Group's business planning, capital planning and the risk management framework. 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:

Risk appetite categories and risk appetite statements

The Group's risk management framework 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	Appetite	Risk Appetite Statement
Strategic, Business or Market	Open (Strategic and Business)/ Cautious (Market)	The Group is Open to strategic and business risk within agreed tolerances in the pursuit of its strategic goals. The Group monitors and responds to any changes in the regulatory environment that may impact its strategy. The Group adopts a Cautious and controlled approach to managing its market risk.
Financial	Averse	The Group has an Averse risk appetite for financial loss caused by an ineffective internal financial control environment.
Capital	Cautious	The Group adopts a Cautious and controlled approach to managing its capital risk. The Group's risk appetite is to maintain its capital resources in excess of the Group's capital resource requirement.
Credit	Cautious	The Group adopts a Cautious and controlled approach to take credit risk in the pursuit of revenue or profit.
Liquidity	Cautious	The Group adopts a Cautious and controlled approach to managing its liquidity risk. The Group's liquidity risk appetite is to maintain its liquidity resources in excess of its liquidity resource requirement.
Operational Risk (Overall)	Cautious	The Group adopts a Cautious approach to operational risks in the pursuit of its strategic goals, in order to minimise service disruption within agreed and measurable limits, deliver fair outcomes for customers and protect the brand's reputation.
Regulatory, Compliance & Legal	Averse	The Group has an Averse risk appetite for material breaches of regulations or law. It seeks to remain compliant with relevant regulatory and legislative requirements, to maintain an open and transparent regulatory relationship and to avoid adverse impact on its reputation.
Conduct/Consumer Outcomes	Averse	The Group has an Averse risk appetite for poor customer outcomes and seeks to act at all times in the customer's interests.
Third-Party Management	Cautious	The Group has a Cautious risk appetite for third-party management. The Group seeks to prevent customer harm as a result of poor service from third-party suppliers or as a result of poorly managed third-party contracts.
Change	Cautious	The Group has a Cautious risk appetite relating to the timing of the delivery of Group improvement change.
Technology	Open (Improvements) /Averse (Incidents)	The Group has an Open risk appetite for improving its technology capabilities but has robust measures in place to prevent customer-visible technology incidents or incidents which cause delays for customers, breach our own internal standards or cause complaints. The Group has an Averse risk appetite for ageing technology that is unreliable, not secure, is resource-intensive to maintain and does not perform efficiently.
Financial Crime	Averse	The Group has an Averse risk appetite for financial crime activities. The Group is committed to fulfilling the legal and regulatory obligations with respect of financial crime risk through a risk-based approach to deter, detect, prevent and report: money laundering; terrorist financing; bribery; corruption; fraud; the facilitation of tax evasion; modern slavery; and human trafficking.
Process	Cautious	The Group has a Cautious risk appetite relating to manual processes whilst looking to minimise these through deploying appropriate controls and by further automation.
People	Averse	The Group has an Averse risk appetite for non-compliance with any of its people policies and procedures.
Operational Resilience	Averse	The Group has an Averse risk appetite for operational resilience disruptions which cause intolerable harm to customers by ensuring that services are stable and resilient and operate to high levels of performance.
Environmental, Social, Governance (ESG)	Cautious	The Group has a Cautious risk appetite for ESG risks as an outcome of its chosen business activities and strategy. The Group aims to manage ESG risks effectively and to promote the success of the Company for the benefit of its members as a whole.
Information Security & Data	Averse	The Group has an Averse risk appetite for causing customer detriment as a result of information security incidents. The Group has an Averse risk appetite for data breaches which are likely to result in a high risk of adversely affecting individuals' rights and freedoms.

Monitoring of risk appetite

The Group adopts both a quantitative and qualitative approach to measuring risks against its risk appetite. 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. In order to monitor whether the risk appetite categories remain within risk appetite, KRIs are mapped to the risk appetite categories with tolerances aligned to risk appetite. The Risk Team collates the underlying KRIs mapped to the risk appetite categories and highlights any breaches of tolerances to the CRO and through onwards reporting to RMF, ERC, R&CC, ExCo and Board.

Amendments to risk appetite statements

The risk appetite statements are reviewed by RMF, ERC and R&CC and approved by the Board on an annual basis in line with the Internal Capital Adequacy and Risk Assessment (ICARA) and the Group Business Planning Process (BPP). 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 ExCo and the Board have identified the Principal Risks & Uncertainties (PR&U) that could impact the ability of the business to meet its strategic objectives, and these are reviewed, along with the Group's risk appetite statements and supporting KRIs on an annual basis by the Risk governance committees and Board. Any amendments to risk appetite categories, PR&U, and underlying KRIs and tolerances outside of the annual review cycle, require approval by the R&CC. In addition, the Group maintains the Group risk register of bottom-up risks.

Risk reporting

High-level risk reporting is included in the Group's CRO report which is circulated to ERC and R&CC. This includes details of underlying KRIs mapped to the risk appetite categories and the PR&U, a summary of all the Group's risks and controls, breaches, risk events and emerging risks. Similar, lower-level risk reporting is produced and reviewed at RMF and the relevant lower-level risk forums.

The Board is committed to a continual process of improving and embedding 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 reviewed the impact of the war on Ukraine and concluded that whilst the level of inherent risk for some of the Group's principal risks and uncertainties has increased, e.g., information security/cyber-attacks, the Group's controls continue to mitigate this increase in risk. The Group will continue to monitor and respond to any new developments from the war in Ukraine that may impact the Group.

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 and 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
2. Operational risk continued		
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 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. • 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 conducts onboarding due diligence and monitors 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
2. Operational risk continued		
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 to, respond to, recover from 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 has developed a comprehensive operational resilience framework, under the direction of the Operational Resilience Forum, a sub-committee of the Operational Committee. The Group implemented the operational resilience regulatory requirements set out in the FCA policy statement (PS) 21/3 in March 2022, 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.
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 losses 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
2. Operational risk continued		
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. • 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. The business is currently implementing the requirements of the FCA's new Consumer Duty, which further evidences how customers are at the centre of the business.
ESG risk The risk that environmental, social and governance factors could negatively impact the Group, its customers, investors and the wider community.	• Environmental, physical and transition risks resulting from climate change, which may impact the Group and our customers' assets. • Social risks, including employee wellbeing and diversity and inclusion. • Governance risks, including the risks related to the Group's governance structures being ineffective, which could manifest in governance-related reputational and conduct risks.	The Group has established an ESG Working Group to manage all ESG-related matters, including people and social-related matters, as well as the Group's Task Force for Climate-related Financial Disclosures (TCFD). ESG-related strategic objectives are incorporated in the Group's BPP process. The Group is committed to creating an inclusive workplace and prioritising employee wellbeing, to establish an environment where all employees feel valued and supported. The Group has reviewed and strengthened its governance framework during FY22, with a refreshed governance framework.
People risk The risk that the Group fails to attract, retain, develop and motivate employees who are aligned to the Group's Guiding Principles.	• Difficulties in recruiting the right people to work for the Group. • Existing employees who aren't motivated, don't perform well and may leave the Group. • Talented employees who are not appropriately developed and/or have limited opportunities to progress are likely to leave the Group.	The Group has improved its recruitment processes to attract the best people possible to join the Group. The Group undertakes a staff engagement survey at least annually and uses this feedback to address any areas for improvement to ensure staff engagement remains high. The Group conducts regular reviews of its employee benefits package to ensure it is competitive. The Group operates a talent development programme.
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 the independent 2nd line of defence Investment 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.

Principal risks and uncertainties

Risk	Potential impact	Mitigations
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 25 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.
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 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 25 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 maintains sufficient cash alongside 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 2026. 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 62 to 66. 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, as part of its Internal Capital and Risk Assessment (ICARA) the Group is required to use stress testing of the business model and strategy to identify whether it holds sufficient own funds and liquid assets. Forward-looking hypothetical stress testing scenarios have been determined by considering potential macroeconomic and idiosyncratic events that would have a significant adverse impact on the Group's ability to generate profits, and therefore maintain the existing levels of own funds and liquid assets, over the business planning 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. Further Bank of England base rate interest rises are expected to combat the high levels of inflation in the UK, during the period of the financial forecasts it is assumed that the Bank of England base interest rate continues to increase and peaks during FY23, before falling back to 2.50% in FY25. 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, based on the 2008-09 global financial crisis. Asset values fall by 40% in year 1, recovering to 20% 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 to 0.50% throughout the assessment period, leading to a lower interest rate retained on customer cash balances.
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 2022 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 2022. 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 2026.

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

Michael Summersgill
Chief Executive Officer
30 November 2022

Governance

"This has been a year of challenge and change as we continue to build out our corporate governance structure to support the ongoing growth of the business."

Baroness Helena Morrissey DBE
Chair

Dear shareholder

I am pleased to introduce our Corporate Governance report, which gives an overview of the governance structure and the oversight maintained by the Board during the financial year which ended on 30 September 2022.

Board, Committee and ExCo changes

The main change at Board level during the year was the announcement that Andy Bell, our CEO and a co-founder of the business, would step down as CEO and be replaced by Michael Summersgill, our Deputy CEO, with effect from 1 October 2022. I would like to take this opportunity to congratulate Michael, who has been a leading member of the executive team for a number of years, on his appointment. As a Board we believe him to be ideally placed to lead the executive team as they continue to drive the growth of the business.

The Board was keen for Andy to remain involved after he stepped down as CEO, so the business and its stakeholders could continue to benefit from his extensive knowledge and experience of the platform market. As initially announced, our preferred option was for Andy to remain on the Board in a non-executive role. However, after subsequent discussions with the FCA about the need for a clear distinction between the executive and non-executive roles in a regulated firm and the perceived risk to effective Board governance if a founder CEO with a significant shareholding remained on the Board after stepping down as CEO, Andy decided to also step down as a Director. During those discussions, the FCA indicated that their stance was no reflection on the fitness and propriety of the Company or Andy. We are pleased that Andy is still remaining with the business in a consultancy role, under which he will focus on helping to build the AJ Bell brand and continue to support AJ Bell's campaigning efforts on behalf of retail investors and financial advisers.

The Board also agreed with Andy that he will have the right to nominate a Non-Executive Director to represent his interests whilst he remains a significant shareholder.

As a consequence of the Board not being able to agree our preferred role for Andy with the FCA, I considered it the right thing for me to step aside once a successor has been found, so a new Chair can take the Board forward. I did so with great regret, as I was looking forward to continuing to work with Michael and the wider AJ Bell team in the role of Chair. I will remain with the business in a consultancy role after I step down, when I will be focusing on Money Matters, AJ Bell's initiative to encourage more women to think about investing, and also advising the Company on its diversity and inclusion strategy.

In addition, we were also pleased to announce the external recruitment of Peter Birch as our new CFO, who joined the Board with effect from 1 July. Peter brings with him a wealth of experience from his time at Deloitte LLP, where he was a financial services audit and assurance partner. I would like to take this opportunity to formally welcome Peter to the Board.

Following those changes, the Board comprised myself as Chair, four independent Non-Executive Directors and three Executive Directors, so we still have a clear majority of independent Directors. This also means that we have 37.5% female representation on the Board (33% at 30 September 2022), which remains in line with the Hampton-Alexander Review recommendation. We are mindful that it is below the FCA requirement for at least 40% of the Board to be women, which applies to us for the first time during the current financial period. As a Board we also remain conscious of the benefits that wider diversity brings and that we 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. Further details of the action being taken to address those issues are set out in the Nomination Committee report on pages 86 to 89.

During 2021 we made a number of changes to our governance structure at Board level with a view to ensuring that the right level of work was delegated to each Committee, so the Board could focus on key strategic issues. Following my appointment as Chair, I have built on those changes by making a number of further refinements, the purpose of which was to put more daylight between the responsibilities of the Board and executive management, and this included streamlining our annual business planning process. At executive level, led by the incoming CEO, Michael Summersgill, we have made a number of changes to our corporate governance structure. They included the replacement of our EMB, which had been enlarged the previous year, with an Executive Committee, and the establishment of a number of new sub-committees. The intention is to further strengthen our corporate governance framework by introducing an additional level of challenge and oversight at executive level. Further details of those changes are set out on pages 82 and 83.

At executive level, we were also pleased to announce the internal promotion of Kevin Doran to the role of Managing Director of our D2C proposition with effect from 1 October 2022 in succession to Charles Galbraith, who stepped down at the end of September 2022. Kevin, who has been with us for five years as the Managing Director of our Investments proposition, has in-depth knowledge of our D2C proposition, so was ideally placed to take on that role. I would like to take this opportunity to thank Charles for the major contribution which he made during his time with the business and to congratulate Kevin on his promotion.

Our people

Following the lifting of the COVID restrictions, we were able to engage with our people once more during the year. This has provided us, and in particular the new Board members who joined during 2021, with invaluable insights into the operation and culture of the business.

As part of that process, we reinvigorated our Employee Voice Forum in order to reinforce our positive culture and make it more inclusive. This included, with effect from May, increasing the number of meetings to six a year, inviting individuals to put themselves forward as participants, expanding the number of participants to 20, each of whom will serve an initial 12 months' term, and the forum selecting future discussion topics. I chair the Employee Voice Forum meetings in my capacity as our nominated employee engagement director, and am supported by two other Non-Executive Directors, Margaret Hassall and Simon Turner, who also attend meetings. Topics discussed during the year included diversity and inclusion, pay and benefits, improving communications in the hybrid working environment, charitable initiatives to support those in our community who have been hardest hit by the cost of living crisis and learning and development. Following the meetings feedback was provided to the Board and ExCo. Details of any actions agreed to address the matters discussed are relayed to attendees at the next meeting of the forum, as well as to our wider workforce via our staff intranet.

The members of the Board and senior management team also attended two Talent Management networking events during the year at which a number of our people presented details of their roles in the business.

Mindful of the impact of the cost of living pressures on our people and the increase in the level of staff turnover in the current labour market on our business, we initiated a full pay and benefits review during the year with a view to addressing both issues. This required us to consider the impact of our staff pay and benefits strategy on each of our different stakeholders. Further details of our considerations are set out on page 29.

I am also pleased to be able to report that we retained our 3-star Best Companies rating.

Further details of all of the above are set out on pages 39 to 43.

Our customers

We made a number of targeted pricing changes across our platform propositions during the year, to reduce the cost to our customers and maintain our competitive position. Further details of how we did that are set out on pages 12 and 13.

We also expanded our product range with the successful launch of Dodl, our new app-only, simplified, low-cost investment proposition for D2C customers. This forms a key part of our ongoing growth strategy and is aimed at attracting the next generation of D2C customers, as well as current investors who are looking for simpler investment options. This reflected our focus on meeting the changing needs of one of our key stakeholders.

Risk management and controls

Following a review of our internal audit function, we concluded that we were reaching the point where the size of the business was such that a fully outsourced service would no longer be appropriate. As a consequence, we approved the move to a co-sourced internal audit model during FY23 and have since recruited a Head of Internal Audit, who joined the business on 21 November 2022. Further details are set out in the Audit Committee report on pages 90 to 95.

Cyber security was also a key area of focus during the year with both the Board and Risk and Compliance Committee receiving updates on information security and cyber risk and consideration of how the business would respond to a cyber-attack. Further details are set out in the Risk and Compliance Committee report on pages 96 to 99.

Environmental, social and governance (ESG)

Another key area of focus during the year was the further embedment of ESG into our wider business strategy, with ESG at Board level now being led by our new CFO, Peter Birch. For the first time during 2022 we set ESG objectives for our senior management team and established both an ESG working group and Non-Executive Director ESG forum. The role of the former being to ensure our ESG-related strategic objectives are delivered and that ESG was fully embedded in our 2023 business planning process, and that of the latter being to facilitate more hands on Non-Executive Director oversight.

The ESG working group has considered our approach to setting net-zero aligned targets, with a view to developing a plan for transitioning our operations and setting associated short-term carbon reduction targets during FY23.

Other activities in this area during the year included the establishment of new Charity and Diversity and Inclusion frameworks. We are, however, conscious of the need for us to do more in regards to diversity, including the cognitive aspects, so this will be an area of focus during the current financial year.

For details on the outcome of the above work, and the ESG activities that we undertook during the year, please refer to pages 32 to 53 of the Strategic Report.

Conclusion

I would like to thank all of our people for their hard work and the contribution they have made during the year, which has enabled us to continue to provide a high level of service to our customers and their advisers for the benefit of all of our stakeholders in what have been challenging macroeconomic times.

I would also like to take this opportunity to thank Andy for the immense contribution he has made during his 27 years with the business and look forward to his ongoing contribution in his new role as a consultant.

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

Baroness Helena Morrissey DBE
Chair
30 November 2022

Leading by example

Board changes in 2022

With effect from the 2022 AGM, Baroness Helena Morrissey was appointed Chair of the Board, Evelyn Bourke as Senior Independent Director, and Margaret Hassall as Chair of the Remuneration Committee. In addition, Les Platts and Laura Carstensen stepped down from their roles on the Board at the AGM.

On 1 October 2021, Michael Summersgill was appointed Deputy Chief Executive Officer and Chief Financial Officer, and Roger Stott was appointed Chief Operating Officer. We were also delighted to welcome Peter Birch as Chief Financial Officer on 1 July 2022, joining us from Deloitte LLP.

Michael was subsequently appointed as Chief Executive Officer on 1 October 2022, following Andy Bell stepping down on 30 September 2022. Andy will continue to work with the business in a consultancy role.

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

N C

Baroness Helena Morrissey DBE

Chair
Appointed: July 2021

Skills and expertise:
Helena is 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.

In her non-executive career to date Helena was previously Lead Non-Executive Director for the Foreign, Commonwealth and Development Office, reporting to the Foreign Secretary and a Non-Executive Director at St James's Place plc.

Previously Helena during her executive career 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:
- Member of the House of Lords
- Chair of Diversity Project (IM) CIC
- McKinsey Investment Office
- Eton College Fellow and Chair of the investment committee
- The Lady Garden charity Trustee

D

Michael Summersgill

Chief Executive Officer
Appointed: October 2022

Skills and expertise:
Michael has played an integral role in AJ Bell's successful growth since joining the Board in 2011. He brings clear strategic leadership and has a deep understanding of the Company's business model and operations.

Michael joined AJ Bell in 2007 and was appointed as CFO in 2011. His role broadened from 2014 onwards, when he began to take on responsibility for the Group's operational functions. In his time as CFO Michael led a number of key change initiatives, helping to develop AJ Bell into one of the UK's leading investment platform businesses. Michael became Deputy CEO in 2021, a role in which he focused on developing the Group's strategy and organisational structure. He was appointed as CEO in October 2022.

Michael studied Economics at the University of Sheffield, completed the Transition to General Management programme at INSEAD and is a Fellow of the Association of Chartered Certified Accountants.

D

Peter Birch

Chief Financial Officer
Appointed: July 2022

Skills and expertise:
As Chief Financial Officer, Peter has responsibility for the financial management of the business and for leading engagement with the Group's key shareholders.

Peter joined AJ Bell in July 2022 from Deloitte LLP ("Deloitte") where he was a financial services audit and assurance partner. Peter joined Deloitte in 1999 and qualified as a chartered accountant in 2002. He became a partner in 2011 and was the lead audit partner for several large listed financial services organisations. He also led Deloitte's financial services audit and assurance practice in the regions from 2017 to 2021.

Peter studied History at the University of Durham and is a Fellow of the Institute of Chartered Accountants of England and Wales.

Roger Stott

Chief Operating Officer
Appointed: October 2021

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 20 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 resilience 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 financial and operational activities of the business and its risk management and related governance practices.

A C N

Evelyn Bourke

Non-Executive Director and Senior Independent Director
Appointed: July 2021

Skills and expertise:
Evelyn is a Fellow of the Institute and Faculty of Actuaries and has an 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, and Chair of the Audit Committee
- 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

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

A D R N

Eamonn Flanagan

Non-Executive Director
Appointed: March 2018

Skills and expertise:
Eamonn is a Fellow of the Institute and Faculty 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 role as Non-Executive Director of AJ Bell, since he joined the Board in March 2018, and in his roles as Chair of both the Audit Committee and the Disclosure Committee.

Other appointments:
- Non-Executive Director of Randall & Quilter Insurance Holdings Ltd
- Non-Executive Director of Chesnara plc, Movestic Livforsakring AB and Non-Executive Chair of Movestic Kapital AB

A N R

Margaret Hassall

Non-Executive Director
Appointed: 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 Phoenix life companies

R C

Simon Turner

Non-Executive Director
Appointed: 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

Andy Bell

Consultant
Chief Executive Officer until 30 September 2022

Skills and expertise:
Andy co-founded AJ Bell in 1995, after spending 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.

Andy stepped down as Chief Executive Officer on 30 September 2022 and has moved into the role of Consultant. In his new role he will continue to be actively involved in evaluating future market developments, lobbying and promoting the AJ Bell brand.

A defining feature of Andy's tenure as Chief Executive Officer was a focus on ensuring that AJ Bell's primary purpose, vision and culture were 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.

Executive Committee

The management expertise and experience of each of the members of the Executive Committee, other than the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, is set out below:

Billy Mackay

Managing Director, Advised

Billy worked for another major platform provider before joining AJ Bell in June 2008. He has been involved in financial services for over 35 years in a variety of marketing and distribution roles. Billy is responsible for AJ Bell Investcentre's development roadmap, marketing, distribution, and adviser service proposition and for the development and distribution of AJ Bell Custody Solutions. He is also responsible for AJ Bell's Platinum SIPP and SSAS products.

A great believer in lifelong learning he is always looking for new ways to challenge our strategy and approach to the distribution of our advised propositions. He has also led the development and evolution of our industry leading adviser conference and seminar framework.

With more than 25 years' of investment platform experience, he brings a deep understanding of the UK advised platform market and plays a key hands-on role in developing and maintaining key adviser relationships.

Kevin Doran

Managing Director, Direct to Consumer and AJ Bell Investments

With over 20 years' experience in the investment industry, Kevin has spent the majority of his career in the private banking and asset management sectors, undertaking roles in fund management and product development before being appointed as Chief Investment Officer at a large UK private bank and then Head of Strategy & Research for a major European investment bank.

Joining AJ Bell in 2017, Kevin took on the role as Managing Director at AJ Bell Investments, leading the team responsible for the asset management proposition and working closely with both of the Group's platform propositions in the process, including as project sponsor for the launch of Dodl.

In 2022, Kevin was appointed Managing Director of the D2C operations at AJ Bell, including AJ Bell Media. Citing access to capital markets as the greatest source of social mobility after education, he has a passion and desire to help people invest.

Mo Tagari

Chief Technology Officer

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.

Executive Committee changes in 2022

Billy Mackay, Liz Carrington and Kevin Doran were all appointed to the Executive Committee on 1 October 2021.

Charles Galbraith stepped down from his role as Managing Director, Direct to Consumer on 30 September 2022. Kevin Doran subsequently became Managing Director, Direct to Consumer and AJ Bell Investments on 1 October 2022.

Karen Goodman

Chief Risk Officer

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 five 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 is focused on engaging and influencing key stakeholders, to maintain a customer centric outlook which provides the best outcomes for both customers and the business

Christopher Bruce Robinson

Group Legal Services Director and Company Secretary

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 10 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.

Liz Carrington

HR Director

Liz is a senior HR professional with over 20 years of generalist HR experience working within the financial services sector.

Liz is responsible for the development and delivery of the HR strategy covering the full employee lifecycle including recruitment and selection, performance and management, pay and benefits, employee engagement and retention and employer brand and culture.

Liz supports the Remuneration Committee in ensuring that wider workforce remuneration and related policies are aligned with our culture and that these are taken into account when determining executive remuneration.

Having worked at AJ Bell for over 20 years within HR, Liz has been instrumental in the development and implementation of all HR policies and practices. These have evolved over time to support the Company's culture and to help strengthen levels of staff engagement whilst also ensuring compliance with current employment law and governance requirements.

Liz has been the internal HR lead for a number of significant business projects, including supporting with the Company's IPO project and the development of a new remuneration policy for executives, in compliance with the Corporate Governance Code.

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 'UK Code'), the Board is satisfied that we have complied with the UK Code throughout the financial period which ended on 30 September 2022, except as a consequence of my predecessor, Les Platts, having remained in office for more than nine years from the date of first appointment to the Board until he stepped down at the 2022 AGM. Since that time, we have been fully compliant.

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

Board leadership and Company purpose

Information on the Company's Board and Senior Leadership Team, an overview of the work undertaken to promote the long-term success of the Company and how the Board has considered stakeholders' interests.

For more see pages 78 to 81

Division of responsibilities

Information on the governance framework of the Group.

For more see pages 82 to 83

Composition, succession and evaluation

Overview of the composition of the Board and evaluation process together with the report from the Nomination Committee on its work during the year on Board and Senior Executive composition and succession planning.

For more see page 84

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.

For more see page 85

Remuneration

Report from the Remuneration Committee on overseeing the Group's remuneration policies and practices, performance outcomes and Annual Report on Remuneration.

For more see page 85

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: sustainable growth, excellent customer experience, scalable technology solutions, financial security and regulatory compliance, and strong employer brand and culture. 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. This year we made a number of changes to our business planning process to delineate more clearly between the roles of the Board and the executive management team, which resulted in a more focused but streamlined process. During the course of the business planning process, the Board reviewed our purpose and guiding principles in order to satisfy itself that they remain aligned with our culture and our stakeholders to ensure they remained current and relevant to our business. The conclusion reached was that no material changes should be made this year.

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 further refined during the year. This included the incorporation of metrics for monitoring the impact on our culture of hybrid working, Trustpilot scores and feedback from customers, additional assurance measures and changing the comparators for our employer advocacy metric to competitors in the local recruitment market.

The Board oversees the setting of objectives for the members of the ExCo 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. This year for the first time we set ESG-related objectives.

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 **ajbell.co.uk**, are reviewed each year by the Board. No changes were made to the reserved powers this year.

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 industry experts are also invited to attend Board meetings to present items of business and provide insights into strategic issues and relationships. This also affords the Board the opportunity to both give and receive stakeholder feedback directly.

The Board had nine scheduled meetings this year, plus two dedicated business planning meetings. The Board arranges additional meetings as and when required, which resulted in seven more meetings being held this year to consider additional business, including CEO succession. For further details, of the role of the Board in the approval of the CEO succession planning process, please refer to pages 86 and 87.

This year we made a number of changes to the way in which the Board operates in order to delineate more clearly between the roles of the Board and the executive management team. This included the reallocation of certain activities between the Board and the ExCo and a corresponding reduction in the number of scheduled Board meetings to six for the current financial period.

This year, following the end of COVID-related restrictions, the Chair and the Non-Executive Directors could again spend time on-site meeting with management and other employees. This included the reinvigoration of our Employee Voice Forum, attending two knowledge sharing/networking events, our annual managers' day, lunchtime briefings and other staff social events and sitting in on some day-to-day business meetings. These activities provide the Board with valuable insights 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.

Member	Role	Eligible meetings	Attended meetings
Helena Morrissey	Chair	16	16
Evelyn Bourke	Senior Independent Director	16	16
Eamonn Flanagan	Non-Executive Director	16	15
Margaret Hassall	Non-Executive Director	16	16
Simon Turner	Non-Executive Director	16	15
Andy Bell	Chief Executive Officer	16	15
Michael Summersgill	Deputy Chief Executive Officer	16	16
Roger Stott	Chief Operating Officer	16	16
Peter Birch[1]	Chief Financial Officer	6	6
Les Platts[2]	Chair	6	5
Laura Carstensen[2]	Senior Independent Director	6	6

1. Peter Birch joined the Board on 1 July 2022.
2. Les Platts and Laura Carstensen both stepped down from the Board at the conclusion of the 2022 AGM on 26 January 2022.

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. Any additional external appointments require prior approval. During the year the Nomination Committee approved new external non-executive appointments for Eamonn Flanagan (one), Evelyn Bourke (one) and Helena Morrissey (two) none of which were considered to be significant in terms of commitment or shareholding. Helena Morrissey also stepped down from one other role during the year.

Except as stated in note 28 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, with the Chair of the committee, Simon Turner, being our designated whistleblowing director. Details of the related oversight arrangements are set out in the Committee's report on page 98. The Group's anti-bribery and corruption and modern slavery policies were both reviewed during the year.

Key Board activities

Strategy
- Oversight of annual business planning process.
- Approval of the strategy for FY23.
- 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 and oversight of the launch of Dodl.

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 in order to place greater emphasis on the information required by the Board.
- 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 ICARA.
- Receipt and review of CASS reports.
- Training provided by external firms on corporate governance, the macroeconomic outlook, cybersecurity and takeover code compliance.
- Oversight of compliance with the FCA's new operational resilience requirements by 31 March 2022.
- Initial consideration of the new Consumer Duty.

Culture and Governance
- CEO succession.
- Delegation of additional responsibilities to the Board's Committees and embedment of the changes made in their membership in 2021.
- Oversight of the implementation of the actions from the 2021 external Board evaluation.
- Internal 2022 evaluation of the Board and its Committees.
- Engagement with staff via our Employee Voice Forum and employee survey.
- 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.

Our stakeholder groups

The Board has identified four key stakeholder groups:

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 business endeavours to engage so the Board is aware of their views and can take them into account as part of its decision-making processes.

The Board recognises the importance and benefits of engaging with shareholders and other stakeholders and has a strong history of doing so. This year, following the ending of COVID-related restrictions, the Board has once again been able to engage with its stakeholders in more traditional 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 Strategic report on pages 26 to 27.

Workforce engagement
We reinvigorated our Employee Voice Forum during the year in order to reinforce our positive culture and make it more inclusive. The forum, which is chaired by our Chair, Helena Morrissey, in her capacity as our nominated employee engagement director, now meets six times a year, with 20 participants and the forum selecting the discussion topics. Topics discussed during the year included diversity and inclusion, pay and benefits, improving communications in the hybrid working environment, charitable initiatives to support those in our community who have been hardest hit by the cost-of-living crisis and learning and development.

Following the meetings feedback was provided to the Board and ExCo. Details of any action agreed to be taken to address the matters discussed being relayed to attendees at the next meeting of the forum, as well as regular updates to our wider workforce via our staff intranet.

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

Whistleblowing arrangements are in place to enable our staff to raise concerns in confidence. As reported on page 79, the Risk and Compliance Committee monitors the operation 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.

Relations with shareholders
The Board is committed to proactive and constructive engagement with the Company's investors and is keen to ensure that the views of shareholders are understood. The Board was pleased this year to once again be able to welcome shareholders in person to the 2022 AGM, as the AGM provides the Board with an opportunity to communicate directly with, and answer questions from, both retail and institutional shareholders.

In addition to announcing regular trading updates to the market, the Company has a comprehensive investor relations programme which is focused on ensuring that the market, including sell-side analysts, investors and proxy voting advisers, understand the Company's investment case, strategy and performance.

The CEO and Deputy CEO, supported by the Investor Relations Director, met with analysts and investors throughout the year, both in person and virtually, and presentations and recorded videos were made available via our 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. 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). This provides the Board with 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.

An overview of our investor relations programme is detailed below. As noted, in addition to the formal IR 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 FY22

Q1
- Full-year trading update announced.
- Chair and Chair Designate meeting with key institutional shareholders.
- Annual results announced.
- CEO and Deputy CEO annual results Q&A video on website.
- Investor roadshow and analyst presentations, both in-person and virtually.
- Annual Report published.

Q2
- Q1 trading update announced.
- Engagement with shareholders and proxy advisers prior to AGM.
- Physical AGM with shareholders attending in person and being able to ask questions remotely in advance and directly during the meeting.
- Post-AGM engagement with institutional shareholders.

Q3
- Q2 trading update announced.
- Interim results announced.
- Investor roadshow and analyst presentations, both in-person and virtually.
- CEO and Deputy CEO interim results Q&A video on website.
- Shareholder engagement following the announcement.

Q4
- Q3 trading update announced.
- Consultation with shareholders about proposed amendments to the director's remuneration policy.

Division of responsibilities

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

At the year end, after Andy Bell had stepped down, the Board comprised the Chair, three Executive Directors and four Non-Executive Directors. A formal review of the independence of the four 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 UK Code. The outcome of the review was that they were all considered to be independent in character and judgement. As a consequence, the Board continued to satisfy the requirement for at least half of the members, excluding the Chair, to be Non-Executive Directors whom the Board considers to be independent.

As discussed within the Nomination Committee report, the succession plans for the CEO came to fruition during the year with the appointment of an internal candidate, Michael Summersgill, the Deputy CEO, as the successor to Andy Bell with effect from 1 October 2022.

Further details of the related decisions regarding Andy's future role within the business are discussed within the Chair's introduction on page 70 and our section 172 statement on pages 28 and 29.

The Board believes the structure of the Board was appropriate before the aforementioned changes and remains so after them 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 the Chair and each of 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 **ajbell.co.uk.**

In addition, the Board established a Non-Executive Directors' ESG forum during the year. The role of the forum is to provide insights and make recommendations to the Board on ESG strategy generally and to the Audit Committee on ESG-related risks and opportunities, including climate change, and also to undertake periodic deep dives on ESG issues.

Details of the roles and responsibilities of the Committees, other than the Disclosure Committee, are set out in the sections following this report. The responsibilities of the Disclosure Committee include 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 ExCo, which he chairs. The day-to-day management of operations is delegated to the ExCo. The CEO and the ExCo 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.

Peter Birch became a member of the ExCo when he joined the business on 1 July 2022 and Andy Bell stepped down from ExCo with effect from 30 September 2022 when Michael Summersgill succeeded him as CEO. In addition, Charles Galbraith, our D2C Managing Director, also stepped down from his role with effect from 30 September 2022. Charles' successor is an internal candidate, Kevin Doran, AJ Bell Investments Managing Director. Kevin has retained responsibility for that part of the business.

Board Committees framework

In his role as Deputy CEO, Michael Summersgill undertook a review of the management structure of the business at executive level during the year. This resulted in the Board approving the implementation of a new Executive Committee structure with effect from 1 September 2022. We consider this new executive structure will enable the executive team to continue to operate in a dynamic, efficient and effective way as the business continues to grow, without it having any negative impact on the quality of decision-making or reducing the level of challenge at executive level.

Following those changes, ExCo sub-delegates certain authorities to the:

- Executive Risk Committee (ERC), which has oversight responsibility for all the assurance functions within the Group, including regulatory compliance and risk management, but excluding external and internal audit;
- Proposition Committee, which has oversight responsibility for the management and distribution of our D2C, advised and investment products;
- Operational Committee, which has oversight responsibility for operations and people, including service quality, resilience, efficiency, staff engagement, talent management, employer brand and culture;
- Finance & Treasury Committee, which has oversight responsibility for financial management, forecasting, market disclosures, capital and corporate liquidity management, financial controls and the management of cash funds held on behalf of customers.

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. As reported above, we made a number of changes to the way in which the Board operates this year in order to delineate more clearly between the roles of the Board and the executive management team. This resulted in a detailed review of the scope of the worklist and the reallocation of certain activities between the Board and the ExCo, including primary responsibility for engagement with suppliers, a key part of one of our stakeholder groups. 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. The Chair met regularly with the SID and Non-Executive Directors and separately with the CEO outside of formal meetings during the year.

Role of Executive Directors

The CEO, Andy Bell, was 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. As reported elsewhere, Andy was succeeded as CEO by the Deputy CEO, Michael Summersgill, with effect from 1 October 2022. The role of the other Executive Directors who were members of the Board during the year, the Deputy CEO, Michael Summersgill, the CFO, Peter Birch, and COO, Roger Stott, was to add commercial and internal perspectives 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.

Role of the Senior Independent Director

The Senior Independent Director, Evelyn Bourke, provides a sounding board for the Chair and, if necessary, acts as an intermediary for the other Non-Executive Directors. The SID is also available for communication with shareholders where normal lines of communication via the Chair, CEO, CFO or Investor Relations Director are not successful or where it is considered more appropriate. The SID also leads the annual appraisal of the Chair by the Non-Executive Directors. Evelyn supported the Chair during the discussions which took place with the FCA in the summer about our CEO succession process, which are reported on page 70.

Role of Non-Executive Directors

The Non-Executive Directors, Evelyn Bourke, Eamonn Flanagan, Margaret Hassall and Simon Turner help to set the strategy for the business, offer specialist advice, constructively challenge the Executive Directors and scrutinise the performance of the ExCo in relation to the delivery of that strategy and the personal objectives which are set for the individual members of the ExCo, 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 is available to advise 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.

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 86 to 89.

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 CEO succession process and planned future Board changes. Further details of the work of the Committee in that regard are set out on pages 86 and 87.

Length of service of the Chair and Non-Executive Directors
Under the provisions of the UK 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. Prior to the appointment of Helena Morrissey as Chair with effect from the end of the 2022 AGM, and for the succession-related reasons explained in previous reports, the Group had not been compliant with that provision, but is now compliant.

As explained in the Nomination Committee report on page 87, Simon Turner, the Chair of our Risk and Compliance Committee, will complete nine years in office on 1 July 2023, which is the maximum permitted under the UK Code. Notwithstanding that, the Board has asked Simon Turner to remain in office up until the 2024 AGM in order to support the succession process and handover of his role as chair of the Risk and Compliance Committee. Simon has indicated his willingness to do so, if he is re-elected by the shareholders at the 2023 AGM. This means that the Group will not be compliant with the UK Code during that extended period.

Evaluation of the performance of the Board and Directors
Following the externally facilitated review of the performance of the Board which was undertaken last year, the Chair considered having a further externally facilitated Board evaluation undertaken. However, following discussions with other members of the Board, the Chair concluded that it would not be appropriate for one to be undertaken this year as the recent changes in the composition of the Board and its Committees had not yet had time to become embedded.

As a consequence, an internally led review of the Board and each of its Committees was undertaken this year. This involved the members and, where appropriate, other key individuals involved in its workings, providing feedback to the chair of the relevant governance body, either directly or online. The chair then collated the feedback provided and presented their findings to the relevant body and, where applicable, details of any approved recommendations were shared with the Board. Following discussion of the findings and recommendations, a number of actions were agreed, the implementation of which will be overseen by the chair of the relevant governance body. Further details of the Board evaluation are set out in the Nomination Committee report on page 89.

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

Overall, the outcome of the reviews of the Board's performance and its Committees, with the exception of the Nomination Committee, 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. In regard to the Nomination Committee, details of the reason for it not having been considered to have operated effectively and of the remedial action which had already been taken are set out in the Nomination Committee report on pages 86 to 89.

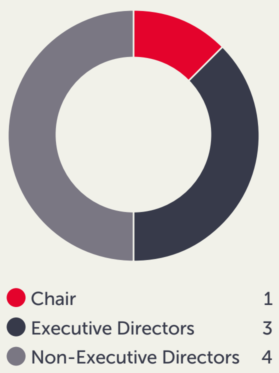
Board induction, training and development
All Directors undertake a comprehensive formal induction programme when they are appointed to the Board, which involves meetings with the Chair, Executive Directors and other members of the senior management team, the provision of background reading and access to our electronic meeting system in respect of certain past Board and Committee meetings. The Nomination Committee report on pages 86 to 89 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 corporate governance, the macroeconomic outlook, cybersecurity, and takeover code compliance.

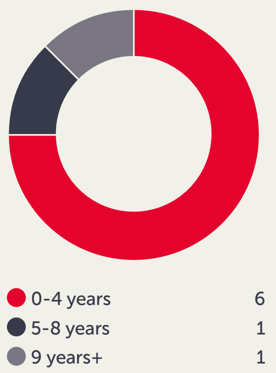
As part of their annual appraisal process, the personal and professional development needs of the Executive Directors are considered and agreed. During the annual appraisal process for the Non-Executive Directors, the Chair reviews and agrees their training and personal development requirements. Non-Executive 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 intend to submit themselves for re-election at the 2023 AGM.

Board composition



Board tenure



N.B. the above details include Board changes after the 30 September 2022, up to the date of signing.

Audit, risk and internal control

The statement of Directors' responsibility for preparing the Annual Report and Financial Statements is set out on page 129. 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 90 to 95.

With the support of the Audit Committee, the Board has reviewed the 2022 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 2022 Annual Report and Financial Statements on pages 92 and 93 and;
- the description of the business model and strategy for delivering the objectives of the Group on pages 20 to 23.

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 67.

Risk management and internal controls
In accordance with the UK 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 58 to 66, 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 96 to 99.

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 UK Code, the Board has also considered the Group's longer-term viability, which can be found within the viability statement on page 67.

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 93.

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, other Executive Directors, members of the senior management team, individuals who are classed as being material risk takers and certain risk and compliance staff. 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 100 to 105 and page 115.

Remuneration policy
The executive remuneration policy is due to be put to a binding shareholder vote at the Company's next AGM in early 2023. A summary of the policy and details of the remuneration packages of individual Directors are set out on pages 106 to 114. During the year no individual Director was involved in deciding their own remuneration.

Annual General Meeting

The AGM will be held on 8 February 2023 at 12 noon at AJ Bell, 4 Exchange Quay, Salford Quays, Manchester M5 3EE. We are planning to hold the 2023 AGM as an open meeting with all shareholders being invited to attend in person or by proxy. Further details about how shareholders can attend the AGM, ask questions and vote by proxy will be set out in the notice of the 2023 AGM.

As an additional means of engagement with our shareholders, a video covering the key points from our 2022 annual results will be published on our website at ajbell.co.uk/group/investor-relations on 1 December 2022. In the video Chief Executive Officer, Michael Summersgill, and Chief Financial Officer, Peter Birch, discuss our business performance and financial results for the year ended 30 September 2022, as well as the outlook for 2023.

Baroness Helena Morrissey DBE
Chair

30 November 2022

Baroness Helena Morrissey DBE
Chair of the Nomination Committee

Roles 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's Committees, ExCo and the chairmanship of the Board's Committees. The Committee is responsible for keeping the structure, size and composition of the Board and those other governance bodies under regular review, and for making recommendations to the Board about any changes that are necessary, considering the skills and expertise required to deliver the Group's strategy. The Committee is also responsible for overseeing the development of a diverse pipeline for succession.

The Committee considers the current balance of skills, knowledge and experience on the Board and ExCo and the diversity needed 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 Chair of the Board and CEO, are considered by the 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 **ajbell.co.uk**.

Committee attendance

The Committee meets at least twice 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
Helena Morrissey	Chair from 26 January 2022	10	10
Evelyn Bourke[1]	Senior Independent Director	5	5
Eamonn Flanagan[2]	Non-Executive Director	1	1
Margaret Hassall[2]	Non-Executive Director	1	1
Les Platts[3]	Chair up until 26 January 2022	5	5
Laura Carstensen[3]	Non-Executive Director	5	5

1. Appointed to the Committee on 1 February 2022.
2. Appointed to the Committee on 1 September 2022.
3. Stepped down from the Committee following the AGM on 26 January 2022.

Dear shareholder

As Chair of the Nomination Committee, I am pleased to present the Committee's report for the year ended 30 September 2022.

It has been a particularly busy year for the Committee, primarily in relation to the Board and ExCo succession planning.

Not least, with the appointment of our Deputy CEO, Michael Summersgill, as CEO in succession to Andy Bell, who stepped down from the role and as a member of the Board on 30 September 2022. This being in addition to the appointment of Peter Birch as CFO with effect from 1 July 2022, which was reported on prospectively in last year's report.

We also expanded the membership of the Committee with the appointments of Eamonn Flanagan and Margaret Hassall with effect from 1 September 2022 and reviewed our executive governance structure below Board level.

Further information about 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 Committee. They 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.

At year end the Committee comprised four independent Directors, Helena Morrissey, the Chair, Evelyn Bourke, who became Senior Independent Director on 1 February 2022 in succession to Laura Carstensen, Eamonn Flanagan and Margaret Hassall, both of whom are Non-Executive Directors.

The Company Secretary acts as secretary to the Committee. The CEO, other members of the senior management team and external advisers are invited to attend the Committee's meetings by the Chair, as and when considered appropriate.

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

Main activities during the financial year

CEO succession

Michael's appointment as CEO was in line with the Board's long-established succession plan, with him first having been identified as a potential successor to Andy Bell several years ago. He has held a range of executive responsibilities across the business since joining the Board in 2011. During his time with the business, he has contributed significantly to the successful delivery of the Company's growth strategy, including playing a key role in the Company's successful listing on the LSE's Main Market in December 2018 and its life as a public company since that time.

A formal CEO succession plan for Michael was initiated by the Committee in December 2020, and since that time he has worked very closely with Andy, who supported him in his development to ensure that he was ready to be considered as a suitable successor at the appropriate time. This led to his appointment as Deputy CEO last year as a precursor to his appointment as CEO with effect from 1 October 2022.

The Committee met 10 times during the year and a summary of the work undertaken is presented below.

Activity	Oct	Nov*	Dec*	Mar	May	Jun	Jul	Sept
Board recruitment	●	●	●	●	●	●	●	●
Executive recruitment	●	●	●	●		●		
Board and ExCo succession planning	●		●	●		●		
Committee evaluation							●	
Committee structures			●	●			●	

*Two meetings were held in both November and December.

The Committee considered Michael to be uniquely qualified for the role due to the combination of him having all of the essential skillsets required and extensive knowledge of the business and financial services sector from being a leading member of an executive team that has successfully grown and diversified the business. The members of the Committee also had the benefit of seeing him perform certain aspects of the CEO role under delegated authority from Andy whilst acting as Deputy CEO.

The Committee also considered the future role of Andy and this concluded with a recommendation to the Board that he be appointed as Non-Executive Deputy Chair.

Board recruitment

Chair

As a result of my decision to step down as Chair, we began the recruitment process for my successor during September 2022. That process is being led by Evelyn Bourke, our SID, 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.

Non-Executive Director recruitment process

As we reported was the intention last year, we sought to address the Parker Review recommendation for all FTSE 250 companies to have a member who is ethnically diverse by the end of 2024 by recruiting an additional Non-Executive Director during the year. Unfortunately that process did not bear fruit, so having taken account of the lessons learned from it, we began a further formal recruitment process in July. This time for two new Non-Executive Directors, one with relevant technology and the other risk and compliance experience. The intention being for the latter to replace Simon Turner, the Chair of our Risk and Compliance Committee, who will complete nine years in office on 1 July 2023. The process is being led internally by Helena Morrissey, with the support of Warren Partners.

As a consequence of the commencement of the recruitment process for a new Chair, the Committee, on the advice of Warren Partners, subsequently decided to pause the recruitment process for the new Non-Executive Directors until such time as the new Chair has been appointed. This was because the Committee concluded that the Company would be better placed to attract candidates for the roles at that time. In light of this, and notwithstanding that it will not be in compliance with the UK Code, the Board has asked Simon Turner to remain in office up until the 2024 AGM in order to support the succession process and handover of his role as Chair of the Risk and Compliance Committee. Simon has indicated his willingness to do so, if he is re-elected by the shareholders at the 2023 AGM.

Chief Financial Officer

With the appointment of Michael Summersgill as Deputy CEO last year, who was the existing CFO, the Committee began an external recruitment process for a new CFO 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. This culminated with the appointment of Peter Birch with effect from 1 July 2022. The Committee had hoped that the recruitment process would afford it an opportunity to improve diversity at both Board and executive management level, but that did not turn out to be the case. That was because ultimately all recruitments are made on merit and Peter was considered to be far and away the best candidate for the role.

Peter has extensive knowledge of the UK financial services sector, including the investment platform market, and joined AJ Bell from Deloitte LLP (Deloitte) where he was a financial services audit and assurance partner. Peter joined Deloitte in 1999 and qualified as a chartered accountant in 2002. He became a partner in 2011 and was the lead partner for Deloitte's financial services audit and assurance practice in the regions from 2017 to 2021. He has significant experience of leading the audits of large listed financial services organisations and had been the partner on Deloitte's assurance engagements with AJ Bell since 2015. Appropriate arrangements have been put in place to govern any potential conflicts of interest with Deloitte in their capacity as our internal auditors.

ExCo succession planning

The Committee approved a new recruitment process for the appointment of executives below Board level in December 2021. That process involves the executive team initially considering the suitability and readiness of any potential internal candidates under the current succession plan for the role. If the outcome is that it is a role which is considered to be more suited to an external appointment, the executive team then consider whether external consultancy support is required, before making recommendations to the Committee.

That recruitment process was followed in relation to the appointment of the successor for Charles Galbraith as the D2C Managing Director, who retired from the role on 30 September 2022, after 15 years with the business. It resulted in a recommendation, which the Committee accepted, for an internal candidate to be appointed, because for a role of its nature it was considered preferable for the individual appointed to have specific AJ Bell product and business knowledge. Two high calibre internal candidates were identified and following a competitive process it was recommended to the Board that Kevin Doran, the current Managing Director of AJ Bell Investments, be appointed with effect from 1 October 2022. Kevin will also continue to perform his AJ Bell Investments role.

Composition of Board Committees and ExCo
Other than the changes which took place as a consequence of Les Platts and Laura Carstensen stepping down from the Board at the 2022 AGM, including the appointment of Evelyn Bourke as SID and a member of the Committee and Margaret Hassall as the Chair of the Remuneration Committee, the only other changes which were made during the year were those in the membership of the Committee that are referenced on page 86. They were recommended for the purposes of providing more breadth of experience and facilitating better communications between the Committee and the other members of the Board.

One of the actions agreed by the Board in response to the externally facilitated evaluation of the Board which was carried out in 2021, involved changes in the structure of the ExCo, which included the creation of a new sub-committee structure to better support the ongoing growth of the business. During the course of the year the Committee reviewed the details of the new structure proposed by the then Deputy CEO, Michael Summersgill, and recommended its approval by the Board. The Committee considered the new structure would further strengthen the existing governance structure by adding an additional layer of executive challenge and oversight in certain areas. Further details of the new structure are set out on pages 82 and 83.

Diversity
The Board believes it is important that both the Board and ExCo are diverse in multiple dimensions. The Committee leads the Board's diversity and inclusion agenda and sets measurable objectives for the Board and ExCo with the aim of continuously improving diversity of thought and in turn, the quality of debate and decision-making.

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 requires to be effective. Selection processes take into account the wider elements of diversity, with a view to ensuring the composition of the Board and other governance bodies is appropriately balanced to support the strategic direction of the Group. As explained above, although diversity was a key consideration in the CFO recruitment process, it was not ultimately the determining factor.

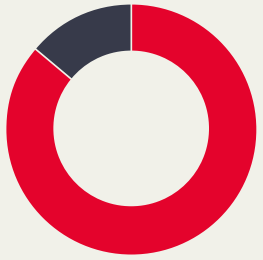
The Board is fully committed to implementing the Parker Review recommendation for all FTSE 250 companies to have at least one Board member who is ethnically diverse in advance of the 2024 deadline and the FCA requirement for at least 40% of the Board to be women. These have been, and will continue to be, important factors which the Committee considers during the recruitment process for the new Non-Executive Directors, and also that for the new Chair.

Our increased focus on diversity and inclusion across the business has resulted in the development of a new D&I framework, further details of which are set out on pages 42 and 43. This framework covers a range of desired outcomes for supporting diversity and maintaining an inclusive culture. The Committee was particularly interested in the focus under the framework on ensuring there is a strong and diverse talent pipeline for executive succession.

Board gender diversity

Male	5
Female	3

Other senior management gender diversity



Male	19
Female	3

The Committee also reviewed and updated our existing Diversity and Inclusion policy in order to ensure that it still reflected the changing needs of the business. The changes which were made extended the scope of the policy to make it more inclusive, incorporate the wider business, and more clearly identify what the business is doing to continue to improve diversity. It also resulted in Michael Summersgill, who is now the CEO, being designated as the Executive Director with responsibility for diversity, which reflects the significance that the Board attaches to the matter. The revised policy more clearly allocates responsibilities for diversity, with the Committee having delegated responsibility from the Board to lead the diversity agenda and set objectives, and Michael having responsibility at executive level. Information on the gender balance of those in senior management and their direct reports is set out in the strategic report on page 42.

Re-election of Directors

The independence of all Non-Executive Directors is reviewed by the Committee annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement. Having regard to all such considerations, the Board is of the view that they each remain independent.

In regard to Simon Turner, who will have served on the Board for nine years on 1 July 2023, which is the maximum term of office permitted for a Non-Executive Director under the UK Code, for the reasons explained previously the intention is for him to remain in office up until the 2024 AGM.

Prior to recommending the reappointment of the serving Directors to the Board, the Committee also considered the time commitment required and whether each reappointment would be in the best interests of the Company. Detailed consideration was given to each Director's contribution to the Board and, where applicable, its Committees, together with the overall balance of knowledge, skills, experience and diversity.

Following that review, the Committee was satisfied that the Board continued to be effective and has therefore recommended the re-election at the 2023 AGM of all of the members of the Board.

Board and Committee evaluations

As an externally facilitated evaluation of the Board was carried out last year in accordance with the UK Code requirement for a FTSE 350 company to have one at least every three years, the Board evaluation process this year was internally led. This involved the completion of a questionnaire agreed between the Chair and the Company Secretary, which built upon the previous year's evaluation, focused on the core responsibilities of the Board and sought feedback on recent changes. A summary of the feedback was then presented to the Board and an action plan agreed.

This year's Board evaluation also included a review of the process for CEO succession and determining the future role of the former CEO. This resulted in a number of initial actions being identified and implemented, one of which was for a detailed review to be undertaken in order to establish the lessons to be learned for the future. That review is, upon the recommendation of the Committee, being led by one of the members of the Committee, Margaret Hassall. A summary of the feedback will be presented to the Board with a view to an implementation plan being put in place for any further actions which are considered necessary.

In regard to the main recommendations identified in the externally facilitated review of the Board which was carried out last year, the Board has directly overseen the implementation of the related actions and the Audit Committee engaged Deloitte to monitor and report on their implementation. This identified that 30 out of the 31 actions agreed by the Board had been satisfactorily implemented by the year end, and that the remaining action had not yet fallen due.

The performance of the Chair was reviewed by the Board led by the SID. The SID took input from the members of the Board on the performance of the Chair and shared the feedback received with the Chair. The SID was able to confirm that the Chair remained effective and continued to demonstrate the right level of commitment, and it was appropriate for her to serve as Chair until her successor is appointed.

As the Committee only had two members at the time the evaluation of its own performance was carried out, it was not considered appropriate for a formal questionnaire approach to be taken. It was instead agreed that the members would exchange views on the performance of the Committee and the Chair would record their findings. This process concluded that the Committee had not operated effectively, primarily because the membership had been too narrow. This matter was addressed during the year by the appointments of Eamonn Flanagan and Margaret Hassall with effect from 1 September 2022.

Nomination Committee priorities for 2022/23

Our key priorities for next year will include the appointment of the new Chair, two new independent Non-Executive Directors and overseeing the successful embedment of the recent changes in the composition of the Board and our Executive Committee structure. This will be in addition to the regular cycle of matters that the Committee considers each year and the continuing focus at senior management level on the development of a diverse talent pipeline.

The actions which were implemented during the year included:

1
horizon scanning being scheduled as a standing agenda item at Board meetings in relation to both risk and non-risk related matters in order to provide an opportunity for Board members to raise potential issues and concerns;

2
reviews being undertaken of the annual Board calendar and work planner, which resulted in a reduction in the number of main Board meetings and the reallocation of certain responsibilities to free up Board time for strategic and other key issues. This included the delegation of responsibility for ordinary course engagement with key suppliers to the ExCo;

3
as the COVID-related restrictions fell away, the recommencement of the engagement of the Board with our people via a programme of events outside of formal meetings, including social events, staff presentations and office visits, including the reinvigoration of our Employee Voice Forum;

4
the delegation of additional responsibilities to the Board's Committees, including the responsibilities of the Remuneration Committee being expanded to cover wider employee-related issues, including diversity below senior management level, and initial consideration of culture, diversity and inclusion, and those of the Committee being expanded to include leading the diversity agenda and setting related objectives;

5
the restructuring of the ExCo in order to put in place an executive management structure which would support the ongoing growth of the business;

6
a review of the existing outsourcing arrangements for the internal audit function, which resulted in the decision to move to a co-sourced arrangement, which is reported on page 94;

7
the arrangement of regular informal Non-Executive Director only meetings; and

8
as the COVID-related restrictions fell away, the recommencement of the engagement with other stakeholders, including key institutional shareholders, in order to obtain insights on their view of our governance and the way the business operates.

Signed on behalf of the Nomination Committee:

Baroness Helena Morrissey DBE
Chair of the Nomination Committee
30 November 2022

Eamonn Flanagan
Chair of the Audit Committee

Roles 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: **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	6	6
Evelyn Bourke	Senior Independent Director	6	6
Margaret Hassall	Non-Executive Director	6	5
Laura Carstensen[1]	Senior Independent Director	2	2

1. Laura Carstensen stepped down from the Committee following the AGM on 26 January 2022.

Dear shareholder

As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 30 September 2022.

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 2022 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.

Over the past few years, the Group has increased in scale and complexity. With this in mind, in 2022 the Committee, with the approval of the Board, decided to move to a co-sourced internal audit model. This entails developing an in-house internal audit function whilst still retaining the services of Deloitte.

By having a co-sourced function we will benefit from our own internal audit team with business knowledge, whilst continuing to leverage the wide expertise and depth of resource that we currently receive from Deloitte. This decision reflects our focus on continual improvement of the quality of our audit functions and we anticipate further evolution of this approach in the coming years.

To this end, I am pleased to announce the appointment of Paul Sleney to the newly established role of Head of Internal Audit. Paul brings a wealth of experience from across financial services and enhances the diversity of thought and opinions available to the Committee. Following her retirement from the Board in 2022, I would also like to thank Laura Carstensen for her insightful contributions to the Committee over the years.

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 72 to 75.

The Company Secretary is secretary to the Committee. The Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, Finance Director and other senior members of the Finance Team and Legal Counsel are routinely invited to attend Committee meetings. The external auditor and internal auditor attended all meetings during the year.

The Chair has regular meetings with the Chief Financial Officer, 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 six times during the year. The list below summarises the key items considered by the Committee during the year ended 30 September 2022.

November

Financial reporting
- 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
- 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
- Draft internal audit plan for 2022
- 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 without Executive Directors
- Recommendation to Board on external auditor reappointment
- Review of Committee annual agenda

December

Financial reporting
- Review of the limited assurance and reasonable assurance reports in relation to CASS

External auditor
- CASS findings report and opinion

Internal audit and controls
- Approval of internal audit plan for 2022

March*

Financial reporting
- Review of reporting timeline for 2022
- Consideration of regulatory developments

External auditor
- Review 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 2021
- Internal audit update
- Proposal and approval for introduction of a co-sourcing internal audit function from FY23

May

Financial reporting
- Review and approval of interim report
- 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
- Co-sourcing internal audit function update

September

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

External auditor
- Approval of terms of engagement and audit fee
- External audit update
- FRC review update
- Confirmation of external auditor independence

Internal audit and controls
- Annual assessment of internal controls
- Evaluation of internal auditor effectiveness
- Alignment of internal audit reporting year

Governance
- Annual Committee evaluation
- Annual review of Committee terms of reference
- Annual review of non-audit services policy
- Review of FRC Quality Inspection Report 21/22

*Two meetings were held in March.

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 results 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 Cash Generating Units (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 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 13 of the Financial Statements. The Committee was comfortable with the assumptions and judgements made, concluding that the carrying 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 for Touch. 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.
TCFD climate risk reporting	The Committee reviewed management's methodology and boundary setting for the Scope 3 emissions calculation and were comfortable that the assumptions and judgements made were appropriate. The Committee reviewed the Group's first TCFD climate risk disclosure responsibilities as part of its review of the Annual Report process for FY22. This review ensured that the reporting met the key statutory and regulatory obligations with clear 'comply or explain' disclosure.

These areas have been discussed with the external auditor to ensure that 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 2022 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 market values, a reduction in interest income and an idiosyncratic stress relating to a scenario whereby prolonged IT issues cause a reduction in customer numbers. 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 2022 and that based on current information they could make the viability statement on page 67.

Fair, balanced and understandable assessment

At the request of the Board, the Committee considered whether the 2022 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 129.

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; and
- 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 COVID-19 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 85.

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.

From FY23 the internal audit reporting cycle will be aligned to that of the Group's financial year following consideration and approval by the Committee.

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, four reviews were undertaken by internal audit in line with the approved audit plan. These covered areas such as Financial Crime, Vulnerable Customers, Investment Risk Oversight and Operational Resilience framework and Governance.

The Committee met with Deloitte without management present and with management without Deloitte present. There were no significant issues raised during these meetings.

Last year we confirmed our intention to review the provision of internal audit services. Following a rigorous review process the Committee approved the proposed move to a co-sourced internal audit function during FY23 and a formal recruitment process commenced in May 2022 for a Head of Internal Audit. I am pleased to report that we successfully completed this process and have appointed a new Head of Internal Audit, Paul Sleney, who joined us during November.

The Committee will oversee the transition to a co-sourced internal audit model, ensuring that all planned audits are delivered effectively with minimal disruption to the business.

External audit

Tenure

This is BDO's third 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 third 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 2022. 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's 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.

During the year the FRC Audit Quality Review (AQR) team have been undertaking a review of the audit performed by BDO LLP of the Group's financial statements for the year ended 30 September 2021. The aim of the reviews is to promote continuous improvement in audit quality and identify key issues for firms to improve audit quality. Although the review is not yet finalised, and bearing in mind the timing of the current year's audit, BDO have kept the Audit Committee informed of areas where enhancements and/or changes to the audit approach would improve the quality of the FY22 audit. Having considered the areas identified and changes made to the audit strategy and approach, the Audit Committee concluded that it was satisfied with the response from the external auditor, the audit was effective and that none of the matters raised brought into question the integrity of the prior year financial statements. Once the final report has been received from the AQR, the Audit Committee will discuss any further actions with BDO.

Following the above review and the annual 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 recognise 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 2022, 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 £137,000 (2021: £100,000). Analysis of the fees paid to BDO during the current and prior year can be found in note 6 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

The Committee monitored the implementation of the recommendations made following the external evaluation of the Board and its Committees in the prior year, details of which can be found on page 89. The Committee also conducted its own annual effectiveness review in September 2022, which confirmed the Committee is operating effectively.

Audit Committee priorities for 2022/23

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

- embedding the new co-sourced Internal Audit function during FY23 and induction of responsibilities to the Head of Internal Audit;
- overseeing the alignment of the Internal Audit reporting cycle to that of the Group's financial year;
- evolution of the disclosures and targets for the Group's ESG strategy, including TCFD targets;
- considering the impact and timing of the BEIS Audit Reform and any other regulatory changes or implications, including any future reporting of the effectiveness of internal controls; and
- overseeing the development of an Audit and Assurance policy.

Signed on behalf of the Audit Committee:

Eamonn Flanagan
Chair of the Audit Committee

30 November 2022

Simon Turner
Chair of the Risk and Compliance Committee

Roles 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 financial crime.

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 **ajbell.co.uk**.

More detail on the Group's approach to managing risk is detailed in the risk management framework section of the Strategic 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
Helena Morrissey	Non-Executive Director (Chair)	5	5
Evelyn Bourke	Senior Independent Director	5	5
Les Platts[1]	Non-Executive Director (Chair up until 26 January 2022)	1	1

1. Stepped down from the Committee following the AGM on 26 January 2022.

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 2022.

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 the implementation of regulatory operational resilience requirements and the Group's resilience to cyber attacks;
- overseeing the effectiveness of the Group's Risk Management Policy, including the Group's risk appetite categories, principal risks and uncertainties (PR&U) and key risk indicators (KRIs) and tolerances;
- risk assessments on the impact of the Russian invasion of Ukraine and any potential impact on the Group and the potential risks arising from hybrid working, post the COVID pandemic;
- Internal Capital and Risk Assessment (ICARA) and the potential impacts of severe economic scenarios on the Group's business model and strategy;
- progress with embedding the Group's environmental, social and governance (ESG) and Task Force for Climate-related Financial Disclosures (TCFD) frameworks;
- conduct and customer outcomes, including reviewing an implementation plan for the new Consumer Duty;
- whistleblowing across the Group;
- financial crime prevention, including overseeing the effectiveness of anti-money laundering controls; and
- regulatory horizon scanning for matters impacting the platform sector and asset management sector.

The Committee receives regular training from subject matter experts; this year it has received cyber security, ICARA and Consumer Duty training, in order to ensure its knowledge of these areas is appropriate.

The Committee concluded that the Group continues to have strong discipline in the management of both emerging and existing risks. The Committee's work continues to help support the Group in reviewing the amount and type of risk it is prepared to take or hold in the context of its business model and in the course of achieving its strategic objectives.

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 Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, 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 2022.

November

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

Operational resilience
- Operational resilience update

Risk reporting
- Review of the CRO report
- Review and approval of the KRIs linked to risk appetite categories and PR&U
- Review of conduct risk reporting
- Review of information security reporting
- Review of financial crime reporting

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

Cyber security
- Cyber security deep dive, including threat testing from third-party cyber security company

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

Regulatory items
- Review of risk sections in Annual Report

March

Operational resilience
- Operational resilience update, including review of self-assessment for implementation of operational resilience regulatory requirements set out in the FCA policy statement (PS) 21/3

Risk reporting
- Review of the CRO report
- Review of conduct risk reporting
- Review of information security reporting

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

Risk assessment
- Review of risk assessment on the impact of the Russian invasion of Ukraine and any potential impact on the Group

ESG and TCFD
- Review of progress with embedding the Group's ESG and TCFD frameworks

Money laundering
- Review of annual report by the Money Laundering Reporting Officer

Data protection
- Review of annual report by the Data Protection Officer

ICARA
- Review of process and timetable for the ICARA

May

Risk management framework
- Review and approval of Group Risk Management Policy
- Review and approval of risk and compliance target operating model

Operational resilience
- Operational resilience update

Risk reporting
- Review of the CRO report
- Review of KRIs linked to risk appetite categories and PR&U
- 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

ICARA
- Training on ICARA

Regulatory items
- Review of risk sections in half-year report
- Review of training on the new Consumer Duty

July

ICARA
- Review and challenge of material harms and stress testing

Regulatory items
- Regulatory horizon scanning

September

Risk management framework
- Review and approval of the annual risk and compliance plan

Operational resilience
- Operational resilience progress update
- Disaster recovery update

Risk reporting
- Review of the CRO report
- Review of KRIs linked to risk appetite categories and PR&U
- 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

Risk assessment
- Review of the updated risk assessment on the impact of the Russian invasion of Ukraine and any potential impact on the Group
- Review of people risk and the impact of hybrid working

ESG and TCFD
- Review of climate risk stress testing

ICARA
- Review and approval of material harms and stress testing

Regulatory items
- Review of risk sections in Annual Report
- Review of the new Consumer Duty implementation plan
- Regulatory horizon scanning

Review risks inherent in executive strategic objectives
- Review of risks inherent in executive objectives and in the criteria for executive variable remuneration

Committee evaluation
- Review of committee evaluation

Key areas of focus

Risk management framework
The Chief Risk Officer (CRO) provided her annual assessment of risk and compliance in September 2022 and confirmed good progress had been made with the delivery of both the risk and compliance plans over the previous financial year. The Committee approved the annual risk and compliance plans in September 2022. The Committee reviewed and approved the target operating model for the Risk and Compliance Teams to ensure they are suitably equipped to deliver on current and future priorities. The Committee conducted its annual review of the Group Risk Management Policy in May 2022 and approved the Policy with minor amendments.

The risk appetite categories and the PR&U are reviewed annually after the Board strategy and budget have been approved and the appropriate KRIs and tolerances are then set. The associated KRIs and tolerances are monitored at each Committee meeting.

Operational resilience
The Group implemented the operational resilience requirements set out in FCA policy statement 21/3 (building operational resilience) in March 2022 and the Committee tracked progress in meeting these requirements, as well as initiatives to further improve the Group's operational resilience.

Risk reporting
Risk reporting is included in the Group's quarterly CRO report. This includes details of underlying KRIs mapped to the risk appetite categories and the PR&U, a summary of all the Group's risks and controls, breaches, risk events and emerging risks.

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 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. The annual risk and compliance plans are reviewed and approved taking into consideration the findings from the CAM.

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.

Risk assessment
The Committee has reviewed risk assessments on the impact of the Russian invasion of Ukraine and any potential impact on the Group. The Group has not been materially impacted (UK-centric business model serving primarily UK customers, with no commercial interests in either Russia or Ukraine). The Committee has also reviewed a risk assessment on people risk and the impact of hybrid working, post the COVID pandemic.

ESG and TCFD
The Committee has reviewed progress with embedding the Group's ESG and TCFD frameworks, with a particular focus on the impact of climate-related risks on the Group.

Money laundering
The Committee received and reviewed its annual report from the Money Laundering Reporting Officer (MLRO) in March 2022 which confirmed the Group's anti-money laundering and fraud controls are adequate. The Group is devoting 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.

Data protection
The Committee received and reviewed the annual report from the Data Protection Officer (DPO) in March 2022. A Data Steering Forum has been established to oversee the ongoing maturity of the data protection and privacy framework.

ICAAP/ICARA
The Committee reviewed the ICAAP (under the old prudential regime for investment firms) in November 2021 and has also reviewed the ICARA (new prudential regime for investment firms). The Group has conducted ICARA scenario workshops with subject matter experts from across the Group to assess the material harms that the Group and its customers 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 also reviewed stress testing, recovery planning and wind-down planning assessments.

Regulatory items
The Committee has reviewed key regulatory initiatives, such as the new Consumer Duty and the FCA Business Plan to ensure that the FCA's key priorities are aligned with the Group's key priorities.

Risks inherent in the executive's strategic objectives
Having reviewed the risks inherent in executive objectives and in the criteria for executive variable remuneration, the Committee concluded that the executive strategic objectives were not designed to encourage excessive risk taking.

Committee evaluation

The Committee conducted its own annual effectiveness review in September 2022, which confirmed the Committee is operating effectively.

Risk and Compliance Committee priorities for 2022/23

The Committee will continue to focus on any emerging risks that may materialise. Areas of focus over the next financial year are likely to be the implementation of the Consumer Duty and further embedding of TCFD requirements.

Signed on behalf of the Risk and Compliance Committee:

Simon Turner
Chair of the Risk and Compliance Committee

30 November 2022

Directors' Remuneration report
Annual statement by the Chair of the Remuneration Committee

Margaret Hassall
Remuneration Committee Chair

Committee attendance

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. No Director was present during the meeting where their own remuneration was discussed.

Member	Position	Eligible meetings	Attended meetings
Margaret Hassall[1]	Chair	4	4
Eamonn Flanagan	Non-Executive Director	4	4
Simon Turner	Non-Executive Director	4	4
Laura Carstensen[2]	Chair	1	1

1. Margaret Hassall was appointed Chair of the committee on 26 January 2022.
2. Laura Carstensen stepped down from the committee on 26 January 2022.

Dear shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2022; my first report as Chair of the Remuneration Committee. I would like to take this opportunity to thank Laura Carstensen for her dedicated contribution and service as the previous Chair of the Committee.

The report is divided into two sections; the Directors' Remuneration Policy, followed by the Annual Report on Remuneration. The Policy sets out our forward-looking policy for Directors' remuneration and is a replacement for the Policy approved at the 2020 AGM. The Annual Report on Remuneration provides details of the amounts earned in respect of the 2022 financial year and how the new Policy, if approved by shareholders, will be implemented in the 2023 financial year.

The new Policy and the Directors' Remuneration Report will be subject to a binding vote and advisory vote respectively, at the 2023 AGM. Shareholder approval is also being sought for amendments to the EIP to reflect the proposed changes to the Policy and for a new Senior Manager Incentive Plan (SMIP) as described on page 105.

We have again delivered a strong financial performance, despite a challenging market; this is in part due to increased customer numbers and growth of AUA whilst investing in our brand, technology and propositions.

Review of Remuneration Policy and Reward Principles

When our current Policy was established at IPO (with c. 97% votes in favour at the 2020 AGM), the majority of AJ Bell's executive team had significant shareholdings in the Company together with average tenure of more than 11 years at the Company. The positioning of executive pays at or below the lower end of the market range, in part, reflected this context and the value of the equity held at IPO by the executive team. Since then, the business has grown significantly and there have been various changes in the composition and membership of both our Board and executive management team. This has highlighted that the positioning of the packages for our Executive Directors have fallen behind the market. In a competitive talent market, talent attraction and retention in key areas of the business, ensuring that our remuneration and benefits offering remains competitive, and that we are seen as an employer of choice, have continued to be core priorities.

Against this backdrop, we have undertaken a comprehensive review of our reward principles which we apply throughout the Company. The proposed changes to the Policy are aligned with these refreshed reward principles and ensure that the remuneration framework:

- is aligned to our culture and promotes sustainable long-term value creation;
- is more market competitive and supports the retention and attraction of our leadership talent; and
- delivers greater reward for more stretching performance aligned with our growth ambition.

We have also taken into account best practice developments, regulatory changes including the impact of the IFPR, and the wider stakeholder context.

Business and remuneration context
Since our IPO in December 2018, we have operated a single incentive plan, the EIP, which was considered to be appropriate given the nature of our business model where a high proportion of operating profit is converted into cash in the year that it is generated.

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.

Performance is assessed over a single financial period but with the deferral of the vesting of a significant proportion of the awards (60% in the case of Executive Directors). The balanced scorecard and deferred awards promote and reward long-term sustainable Group performance. The intrinsic nature of the metrics included in the balanced scorecard promotes behaviours supportive of long-term goals and a sustainable, successful business. Furthermore, deferred awards are also subject to a robust performance underpin which is linked to the underlying performance of the Group, risk management, conduct and compliance which is assessed over the three-year deferral period.

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.

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 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 to achieve objectives.

Performance graph and historical Chief Executive Officer Remuneration outcomes on page 123 demonstrate that the EIP has been successful in rewarding long-term sustainable Company performance. The Committee considers that it is appropriate to retain the EIP structure for the Executive Directors and executive management team. However, we are proposing to increase the EIP opportunities on a phased basis as set out below. The proposed increases reflect the increase in the size and complexity of the business since IPO and the changes in our Board composition over the last year.

- Since our IPO, our market capitalisation has increased from c. £650 million to c. £1.2 billion (based on three months' average market capitalisation to 30 September 2022).
- Our continued organic growth since December 2018 has seen our customer numbers increase by 111% to 440,589, assets under administration increase by 55% to £69.2 billion, and assets under management increase by 10x to reach £2.8 billion.

AJ Bell is a high-performing business, and we believe that increasing the remuneration packages of our Executives to deliver greater reward for more stretching performance is necessary to help us retain our leadership talent. We are proposing to move the Executive remuneration packages to a more competitive level in a balanced and prudent way which is consistent with the refreshed reward principles set out above.

Board and senior management changes

As announced on 16 June 2022, Michael Summersgill will succeed Andy Bell as CEO. The FCA has approved Michael Summersgill under the Senior Managers & Certification Regime (SMCR) to take on the role of CEO with effect from 1 October 2022.

Michael's appointment as CEO is in line with the Board's long-established succession plan, having been identified as a potential successor to Andy several years ago. Since his appointment as Deputy CEO last year, Michael has worked very closely with Andy to ensure a smooth transition when he assumes the role of CEO. His proposed remuneration package, with effect from 1 October 2022 is set out on page 104.

Our new CFO, Peter Birch, joined the business on 1 July 2022. We are delighted to have secured someone of Peter's talent and experience. He has extensive knowledge of the UK financial services sector, including the investment platform market. His remuneration package on appointment is outlined the following table. Details of his remuneration package with effect from 1 October 2022 are set out on page 104. Although we did not seek to match the quantum of his previous package, his package was determined by the need to attract the right calibre of external candidate and took into account market benchmarks based on companies of a similar size and complexity to AJ Bell.

Base salary	£310,000 (Note: no increase proposed with effect from 1 October 2022). Although higher than Michael Summersgill's FY21 salary of £225,500 when he held the position of CFO, as part of the CFO recruitment process during 2021, it was determined that the base salary level previously paid to Michael was insufficient to attract a candidate of Peter's experience and calibre, and would have been a significant pay cut for Peter. Peter's base salary is positioned at the lower end of the market range.
Pension/cash in lieu	For FY22: In line with auto-enrolment requirements
EIP	For FY22 (pro-rated to reflect proportion of FY22 since Peter joined the business): Target opportunity: 125% of salary Maximum opportunity: 187.5% of salary Given Peter Birch joined the business on 1 July 2022, the pro-rated FY22 EIP award, to reflect the three months Peter was employed during FY22, will be added to the FY23 EIP award. This award will be granted as part of the FY23 EIP award. Further details are set out below.

As announced on 27 September 2022, Andy Bell stepped down from the Board with effect from 30 September 2022 but will continue to work with the business in a consultancy role. AJ Bell Business Solutions Limited, a wholly owned subsidiary of AJ Bell plc, entered into a consultancy agreement with Blythe Business Services Ltd (BBSL), a company associated with Andy, on 1 October 2022. Under the terms of the Consultancy Agreement, BBSL will be paid an annual fee of £150,000 for procuring the services of Andy for not less than 48 full days a year. The term of the Consultancy Agreement began on 1 October 2022 and can be terminated by either party on not less than one month's notice expiring at any time after 30 September 2023.

Andy will retain his deferred awards under the EIP which will continue to be released following the end of a deferral period subject to the satisfaction of the performance underpin. The holding period and post-employment shareholding guidelines will also continue to apply.

Proposed changes to the Remuneration Policy
To achieve our strategic growth ambitions, we will need to continue to attract and retain the appropriate calibre of Executives and ensure their strong alignment with the interests of our shareholders. In this context, and taking into account the current lower quartile positioning of the base salary and total remuneration of our Executive Directors, the Committee proposes the following changes to the EIP. These changes are aligned to long-term value creation and reflect the increase in the size and complexity of the business since IPO.

To deliver greater reward for more stretching performance aligned with our growth ambition and having regard to the competitiveness of our current scheme, we are proposing to increase the EIP opportunities on a phased basis as set out overleaf. The modest increases proposed for FY23 only apply to the CEO and COO and are within the current Policy limits. The Remuneration Committee strongly believe in maintaining an appropriate differential between the EIP opportunity for the CEO and other Executive Directors to appropriately recognise the scope of the responsibilities of the role.

Directors' Remuneration report
Annual statement by the Chair of the Remuneration Committee

	FY22 - Current	FY23 – within current policy limits	FY24
CEO	Target: 125% of salary Max: 187.5% of salary	Target: 133% of salary Max: 200% of salary	Target: 135% of salary Max: 270% of salary
Deputy CEO	Target: 100% of salary Max: 150% of salary	N/A	N/A
CFO	Target: 125% of salary Max: 187.5% of salary	Target: No change Max: No change	Target: No change Max: 250% of salary
COO	Target: 100% of salary Max: 150% of salary	Target: 125% of salary Max: 187.5% of salary	Target: No change Max: 250% of salary
Notes		In line with current Policy, up to 67% of the maximum award granted may vest for delivering appropriately stretching on-target performance. Proportion of the EIP award deferred: 60% of the award in line with the current Policy.	An increase in the stretch of targets at maximum, to ensure we are only paying more for delivery of more stretching performance. A reduction in the on-target opportunity from 67% of maximum to 50% of maximum in line with best practice and ISS guidelines. Proportion of the EIP award deferred 60% of the award in line with the current policy. This will continue to provide a further safeguard against the increased maximum opportunity encouraging risk taking outside the Company's risk appetite.

Other minor changes to the Policy will address developments since the current Policy was approved. These include:

- additional flexibility within the Policy to allow at least 50% of the EIP opportunity from FY23 onwards to be based on financial and/or growth measures and/or a relative performance measure;
- the ability to pay dividend equivalents on deferred shares will be introduced on EIP deferred awards granted from FY24; this change reflects market and best practice. Earning dividend equivalents over the deferral period aligns the link to continued returns to shareholders. Dividend equivalents will only accrue on deferred shares over the deferral period and will normally be settled in shares, with cash settlement only to be applied where the circumstances make that appropriate – for example where there is a regulatory restriction on the delivery of shares, or in respect of the tax liability arising in relation to the award; and
- taking into account the fact the shareholding guideline (350% for the CEO and 300% for other Executive Directors) is at the upper end of market practice, additional flexibility will be included in the new Policy to allow vested awards which have not been released to count towards the guideline. We have enhanced the post-employment shareholding guideline such that Executive Directors will be required to retain shares of value equal to the shareholder guideline (or value of their shareholding at cessation if lower) for 24 months post cessation of employment.

As set out overleaf the Committee has also worked with the Executives to develop policies to increase share ownership throughout the organisation given long-term value creation is central to our strategic business model.

Impact of changes on total compensation

The Committee is mindful of the impact of the proposed increases on the value of the total remuneration package. The changes outlined above are still considered to be modest considering maximum compensation levels relative to the market.

Compared to FTSE 250 companies with a market capitalisation of £800 million to £2,500 million the total remuneration for our Executive Directors is positioned at or below lower quartile. The Committee intends to keep this under review in future years to ensure we can continue to attract and retain the calibre and experience of individuals needed to deliver the Group's growth ambitions.

The reduction in the on-target vesting level from 67% to 50% of maximum from FY24 broadly maintains the current on-target value of the annual and deferred award as a percentage of salary. The increase from FY24 is therefore being delivered for above on-target performance. As noted above we also recognise that increasing the level of competitiveness in the Executive Directors' remuneration packages will require the continued delivery of AJ Bell's strategic objectives, coupled with stretching targets for EIP awards.

The Committee believe that the above changes are consistent with our aim to reward appropriately strong long-term performance and are, therefore, in the best interest of the Company's shareholders. AJ Bell is a high-performing business and we believe that increasing the remuneration packages of our top Executives is necessary to help us retain our leadership talent.

EIP outcomes for FY22

Our financial results for the year ended 30 September 2022 demonstrate strong growth over the past 12 months. This growth has been driven by strong net AUA inflows and a 15% increase in customer numbers in the year.

We achieved strong growth in revenue during the year, up 12% to £163.8 million, and we are pleased to report an increase in PBT to £58.4 million, representing a 6% year-on-year 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; Andy Bell's awards as CEO vested at 67%, Michael Summersgill's awards as Deputy CEO at 72% and Roger Stott's awards as COO at 72%. The Committee did not apply any discretion to the formulaic outcomes. Further details of the outcomes can be found on pages 118 to 120 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.

Alignment with wider workforce

The Committee reviews information on wider workforce remuneration, provided by the Human Resources team, who are responsible for completing the annual pay review and a performance review 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. During the year 97% of the wider workforce below Board and ExCo level received a bonus award.

We conducted a wide-ranging staff benefits review alongside our annual pay review process, which started much earlier in the year than previously in recognition of the challenging external labour market conditions experienced from early 2022. For our pay review process, early base pay awards were made in April 2022 to over 30% of staff, primarily where we had increased our benchmark levels for some of our administrative and technology roles. A further year end process was completed capturing all eligible staff for pay awards effective from 1 October 2022. The outcome of our combined pay and benefits review was an incremental spend of just over 10% of total staff costs.

To ensure we targeted those areas most important to our staff for our benefits review, we sought their feedback from the outset through a staff benefits questionnaire. The feedback highlighted that benefits associated with health and wellbeing, and saving for the future were most valued. Share ownership in particular was also rated highly as a benefit. Consequently, we will be making a number of significant enhancements to our benefits offering for FY23 which include an increase in pension contribution levels, annual free shares awards up to £2,000 to all staff through our HMRC approved Buy As You Earn (BAYE) share plan and the introduction of a Health Cash Plan to further support staff wellbeing.

We have operated a BAYE scheme for all staff since our IPO in 2018 (at which point a free share award to all staff was made). All staff have since been able to participate in the scheme, under which they can, within HMRC approved limits, buy shares in the company out of pre-income tax and national insurance pay. During the year 52% of our workforce participated in the plan. In addition, from October 2022, we will be introducing an annual free share award for all staff, based on company performance. This further supports our reward principle to enable the wider workforce to share the growth in value of the Company through equity participation, aids staff retention and helps align the interests of our wider workforce with those of our shareholders.

Helena Morrissey was nominated as our employee engagement director with effect from the 2022 AGM and building on the success of the existing Employee Voice Forum (EVF), Helena relaunched the EVF in 2022 to help open a more frequent dialogue between staff and the Board.

The forum meets every two months and has discussed a variety of themes raised by staff, including diversity and inclusion, culture, communication, career development, charitable activity and pay and benefits.

We also continue to survey staff through the Best Companies engagement survey. This covers a number of key areas including pay and benefits. As staff are able to give anonymous feedback through the survey this ensures that it is as open and honest as possible. This feedback has been used to support the decisions made in respect of pay and benefits, and in addition, we also surveyed staff separately this year in relation to our FY23 pay and benefits review to ensure that we were targeting those areas which were considered most important to our staff.

Gender pay

Our pay data that we were required to publish in 2022 dates back to April 2021. This shows slight improvements in both our mean and median pay gap compared to the previous year, with our median at 11.7%. Since then we have continued to make progress in supporting a diverse and inclusive workplace. For example, we are actively seeking to address the traditional imbalance of men working in tech roles with targeted recruitment campaigns for women, including the use of gender decoders in adverts, and we are proud to have recruited a growing number of female tech apprentices. We recognise the value diversity brings to our business and have developed a new diversity and inclusion framework to help drive our ambitions and enables us to track progress. We are confident that these steps, together with other initiatives such as ensuring a balance of female participants on our internal development programmes for Team Leaders, Managers and Senior Managers, and providing opportunities for coaching and mentoring of female staff, means that we are continuing to build a strong female talent pipeline for more senior roles in the future.

The Group's gender pay gap report can be found at **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 37:1 respectively and further details can be found on page 124 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 2022/23

Base salaries: The average base salary increase for the wider workforce for 2022/23 is just over 7%. As outlined above, in addition to the annual pay review process, we also conducted a wide-ranging staff benefits review which resulted in an incremental spend of just over 10% for 2023. Proportionately lower increases have been awarded for our Executive Directors as set out below:

	Base salary effective 1 October 2022	% Change	Market positioning compared to FTSE 250 companies with a market capitalisation of £800m to £2.5bn
Michael Summersgill (CEO)	£500,000	0.28% (compared to former CEO)	Lower quartile
Peter Birch (CFO)	£310,000	N/A	Below lower quartile
Roger Stott (COO)	£291,500	6%	Below lower quartile

Pension: Pension / cash in lieu of pension may be provided for Executive Directors up to the rate available to the wider workforce. (currently 5%).

EIP: As set out below, the modest increases proposed for FY23 only apply to the CEO and COO and are within the current Policy limits.

Given Peter Birch joined the business on 1 July 2022 the pro-rated FY22 EIP award, to reflect the three months Peter was employed during FY22, will be added to the FY23 EIP award. This award will be granted as part of the FY23 EIP award and will be subject to the same performance targets as the FY23 EIP award. Further details are set out below.

To recognise Roger's strong performance in his role during FY22 he has received a 6% increase in base salary, although still below the average increase for the wider workforce.

	FY23 – within current policy limits
Michael Summersgill (CEO)	Target: 133% of salary Max: 200% of salary
Peter Birch (CFO)	Target: 125% of salary Max: 187.5% of salary
Roger Stott (COO)	Target: 125% of salary Max: 187.5% of salary

As part of the implementation of the new Policy for FY23, we have reviewed the inclusion of environmental, social and governance (ESG) related metrics in the EIP. In setting the performance measures and targets for FY23 we have also been mindful of the Consumer Duty rules and need to ensure our reward policies and practices appropriately reflect our focus on ensuring good customer outcomes. Further details are set out below.

Both the annual and deferred awards will be 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 2023 as set out below:

Finance and Assurance	Growth	Our customers	Our technology	Our people	Individual measures
Revenue PBT Diluted EPS	Total customers Total AUA Brand awareness	Customer retention rates	PBT margin	Staff engagement	Including but not limited to Consmer Duty, culture, diversity and inclusion, progressing our ESG agenda
Weighting: CEO: 35% CFO: 35% COO: 35%	Weighting: CEO: 25% CFO: 25% COO: 15%	Weighting: CEO: 15% CFO: 15% COO: 25%	Weighting: CEO: 5% CFO: 5% COO: 0%	Weighting: CEO: 5% CFO: 5% COO: 10%	Weighting: CEO: 15% CFO: 15% COO: 15%

Our primary focus for next year is also on attracting and retaining diverse talent in key areas of the business, ensuring that our remuneration and benefits offering remain competitive and that we are an employer of choice. We will also continue to monitor remuneration developments, particularly in light of the IFPR.

Chair and Non-Executive Directors

We have reviewed our Board Chair fee level which was previously set at £180,000. This fee has been increased to £190,800 with effect from 1 October 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 Chair have reviewed fees for the other Non-Executive Directors. The outcome was that Non-Executive Directors' fees were increased from £50,000 to £53,000 with the additional fee in respect of acting as a Committee Chair and for the Senior Independent Director remaining at £10,000. The primary reason for the review of Non-Executive Director fees is in relation to the recruitment of new Non-Executive Directors to the Board, taking into account the complexity and time commitment expected of their role.

As announced on 27 September, Helena Morrissey informed the Board of her intention to step down from the Board once a suitable replacement as Chair has been found (see page 8). We have started our search for a new Chair following this announcement and are also looking for additional Non-Executive Directors to further strengthen the Board this year, particularly as Simon Turner will have served on the Board for nine years in July 2023.

We are aware that our current fee levels are at the lower end of the market range, particularly considering the regulated environment in which we operate. We have also received feedback from our independent recruitment consultancy firm that our current fee levels may not be competitive enough to attract the right calibre of candidate. As a result, we will be conducting a further review of these in the coming months.

Share Plan proposals at the AGM

As referred to above, at the 2023 AGM shareholders will also be asked to approve amendments to the EIP and the introduction of a new SMIP.

The proposed amendments to the EIP are to reflect the new Policy (for example reflecting the higher EIP opportunity which will apply from FY24, and the ability to award dividend equivalents) and the intended operation of the EIP. The Notice of AGM will include a summary of the proposed changes.

The SMIP is a new share plan designed for Senior Managers below Executive level under which both cash bonus and share-based awards may be made, with the share aspects substantially based on the EIP. Awards will not be granted under the SMIP to Executive Directors. The principal terms of the SMIP will be summarised in the Notice of AGM.

Shareholder views

The Committee is grateful to shareholders for their high level of support for our Directors' Remuneration Report for the years ended 30 September 2020 and 30 September 2021, with over 99% and 91% of votes in favour respectively. These high levels of support reflect our responsible approach to Executive pay, an approach that will be continued under the proposed new Policy.

I would also like to thank shareholders and investor bodies for their constructive input and engagement in relation to developing the new Policy. As we considered our proposals for the new Policy, the Committee had the opportunity to consult with institutional shareholders representing more than 85% of the shares in the Company. We have tried to incorporate as much investor feedback as possible whilst balancing different stakeholder views. In particular, as noted above, the Committee has decided to enhance the post-employment shareholding guideline such that Executive Directors will be required to retain shares of value equal to the shareholder guideline (or value of their shareholding at cessation if lower) for 24 months post cessation of employment.

We believe that the current Policy operated as intended and consider that the remuneration received by the Executive Directors in respect of the 2022 financial year was appropriate, taking into account Group and personal performance, and the experience of shareholders and employees. I welcome feedback at any point in time from our entire shareholder base regarding our Policy and its application, and I hope that we will earn your support at the forthcoming AGM.

Yours sincerely

Margaret Hassall
Chair of the Remuneration Committee
30 November 2022

Introduction

The Group's proposed new Directors' Remuneration Policy (the Policy) is set out on pages 106 to 114.

The Policy has been determined by the Company's Remuneration Committee (the Committee). The Policy is aligned with our refreshed reward principles, set out below, which apply throughout the Group.

Alignment with our culture and growth strategy	• Aligned with our purpose, principles and strategy promoting our culture and long-term sustainable value creation. • Executives and wider workforce to share the growth in value of the Company through equity participation.
Supporting talent attraction and retention	• Market competitive base salaries and benefits which reflect the size and complexity of the business and the calibre and experience of individuals in each role. • To recognise and reward strong performance and individual contribution, with an appropriate proportion of package linked to financial and non-financial performance.
Simple and transparent	• Approach to reward that is well understood. • A single incentive plan (EIP) for Executive Directors and Executive Committee which is designed to promote long-term sustainable value creation.
Good governance and risk management	• Following good corporate governance and regulatory requirements. • In line with the Company's risk appetite and risk management framework.

The approach taken by the Committee to the determination of the new Policy and the differences between the new Policy and the policy approved by shareholders at the 2020 AGM (the 2020 Policy) are described in the statement from the Remuneration Committee Chair on pages 100 to 105.

Alignment with the UK Corporate Governance Code

In determining our 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 and 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 to take account of 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.

The Policy

This part of the Directors' Remuneration Report sets out the Group's Directors' Remuneration Policy (the Policy), which, subject to shareholder approval at the 2023 AGM, will take binding effect from the close of that meeting.

Policy for Executive Directors

Component	Purpose and link to strategy	Operation	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 not normally exceed the range of salary increases awarded (in percentage of salary terms) to other employees of the Group. However, higher increases may be awarded in appropriate circumstances, such as: • on promotion or in the event of an increase in scope of the individual's role or responsibilities; • where an individual has been appointed to the Board at a lower than typical market salary to allow for growth in the role, in which case larger increases may be awarded to move salary positioning to a typical market level as the individual gains experience; • change in size and/or complexity of the Group; and/or • significant market movement. Increases may be implemented over such time period as the Committee deems appropriate.	While no performance conditions apply to fixed remuneration, an individual's performance in 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. Other benefits may be provided based on individual circumstances, which may include company car or allowance, relocation costs or allowances, travel and accommodation expenses. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.	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.

Policy for Executive Directors continued

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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 the rate available to the majority of the wider workforce. In addition, Executive Directors may be permitted to sacrifice other elements of remuneration and receive an equivalent contribution to a pension scheme.	Not applicable.
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.	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. Awards may be settled, in whole or in part, in cash or granted as a right to receive a cash amount calculated by reference to a number of notional shares, although, for Executive Directors, the Committee would only do so where the particular circumstances made this the appropriate course of action (for example where a regulatory reason prevented the delivery of shares).	For the 2023 financial year, there is no change to the maximum opportunity from the 2020 Policy. An Executive Director will not normally be granted Awards under the EIP in respect of this financial year over shares with a market value in excess of 200% of base salary. In exceptional circumstances this may be increased to 250% of base salary. For the 2024 financial year onwards, an Executive Director would not normally be granted Awards under the EIP in respect of any financial year over shares with a market value in excess of 270% of base salary. The market value of shares subject to an Award will normally be based on the five-day average share price immediately preceding the date of grant, unless the Committee determines otherwise.	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 and/or growth measures and/or a relative performance measure. Vesting will be determined between 0% and 100% depending upon the Committee's assessment of the extent to which the measure has been achieved.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
EIP cont.	Delivery in shares with a performance underpin and the ability to apply malus adjustments and clawback further supports longer-term alignment with shareholders' interests.	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. 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 in the fifth year after the start of the performance period. During the holding period, the participant may not normally deal with shares acquired pursuant to the award other than to satisfy a tax liability relating to the award or with the permission of the Board. 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.	The number of shares subject to an annual award (i.e. not including the deferred award element) granted to an Executive Director in any financial year may not exceed 40% of the aggregate number of shares over which they are granted Awards in respect of that financial year.	For the 2023 financial year, there is no change to the on-target opportunity from the 2020 Policy. Up to 67% of the maximum award granted may vest at the end of the performance period for delivering appropriately stretching on-target performance. For the 2024 financial year onwards, up to 50% 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. The limit on participation and other relevant terms of any other all-employee share plan would be determined in accordance with the plan rules (and, where relevant, applicable legislation) and would be the same for the Executive Directors as for other relevant employees.	Not subject to performance conditions in line with typical market practice.

Dividend equivalents

For deferred awards granted in respect of the 2024 financial year onwards, additional shares may be delivered in respect of shares subject to deferred awards to reflect the value of dividends paid during the deferral period. This payment may assume that dividends had been reinvested in shares on a cumulative basis.

Recovery provisions (malus and clawback)

Malus and clawback provisions may be applied in the event of:

- participation in or responsibility for conduct resulting in significant loss to a Group company;
- failure to meet appropriate standards of fairness and propriety including fraud, material dishonesty or material wrongdoing;
- bringing the Company into material disrepute;
- breaches of the employment contract that give potentially fair reason for dismissal;
- discovery of an event, post-cessation of employment, that would have prevented the release or grant of an award had the Company been aware of the event;
- error in determining an award or assessing the performance condition;
- material misstatement in financial information that was taken into account when determining an award or assessing the performance condition; and
- material failure of risk management.

In the case of annual awards, malus and clawback provisions may be applied up to the fourth anniversary of the end of the performance period and in the case of deferred awards up to the end of the holding period. If the relevant award has been released or exercised, the clawed back amount may be recovered from the recipient.

Explanation of performance metrics

Performance is measured against a balanced scorecard to support the Company's strategy.

The targets are set by reference to long-term strategic objectives.

Deferred awards are subject to performance underpins that are designed to protect shareholder value and which are aligned to appropriate long-term behaviours including risk management, conduct and compliance. The Committee will consider the underlying performance of the Group over the deferral period (which may be on a relative and/or absolute basis).

The Committee may vary or substitute any performance measure or underpin if an event occurs which causes it to determine that it would be appropriate to do so (including taking account of acquisitions or divestments, a change in strategy or a change in prevailing market conditions), provided that any such variation or substitution is fair and reasonable and (at the discretion of the Committee) the change would not make the measure less demanding than the original measure would have been but for the event in question. If the Committee were to make such a variation, an explanation would be given in the next Directors' Remuneration Report.

Operation of share plans

The Committee may amend the terms of awards and options under the Company's share plans in accordance with the plan rules in the event of a variation of the Company's share capital or a demerger, special dividend or other similar event or otherwise in accordance with the rules of those plans. The Committee may operate any such plan in accordance with its rules.

Shareholding guidelines

To align the interests of the Executive Directors with those of shareholders, the Committee has adopted formal shareholding guidelines. Executive Directors are expected to retain all shares acquired through the EIP deferred awards (after sales to cover tax and any exercise price) until such time as their holding has a value equal to 350% of salary in the case of the CEO and 300% of salary in the case of other Executive Directors. Shares subject to EIP awards which have vested but have not been released (that is which are in a deferral period) or which have been released but have not been exercised count towards the guidelines on a net of assumed tax basis.

The Committee has also adopted a formal post-cessation shareholding requirement. This requires that for 24 months following cessation, an Executive Director must retain such of their 'relevant' shares as have a value (as at cessation) equal to their shareholding guideline. If the Executive Director holds less than the required number of 'relevant' shares at any time they must retain the 'relevant' shares they hold.

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. The Committee retains the discretion to vary the post-cessation shareholder requirement in appropriate circumstances and will continue to review the requirement in light of developing market practice.

Policy for Non-Executive Directors

Purpose and link to strategy	Operation	Opportunity
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 are not eligible to participate in any of the Company's share schemes, incentive schemes or pension schemes. 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. Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement. The Chair and Non-Executive Directors may also be eligible to receive benefits such as the use of secretarial support, assistance with the preparation of tax returns, or other benefits that may be appropriate in performance of their duties.	Fees are set taking into account the responsibilities of the role and expected time commitment. Non-Executive Directors are paid a basic fee with additional fees paid for the chairing of Committees. An additional fee is also paid for the role of Senior Independent Director and may be paid for other responsibilities or time commitments. Basic fees are subject to the aggregate limit set in accordance with the Company's Articles of Association. Where benefits are provided to Non-Executive Directors they will be provided at a level considered to be appropriate taking into account the individual circumstances.

Policy for the remuneration of employees more generally

In line with our reward principles which apply throughout the Group we aim to:

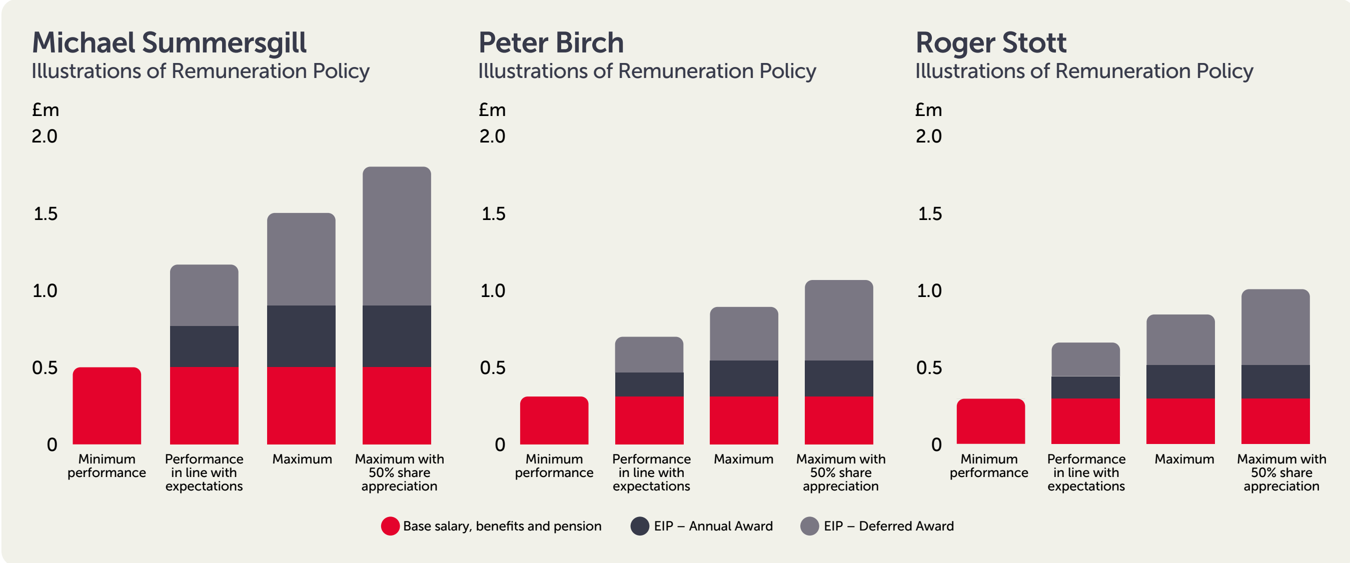
- provide market competitive base salaries and benefits which reflect the size and complexity of the business and the calibre and experience of individuals in each role;
- provide a remuneration package that is competitive and which is appropriate to promote the long-term success of the Company;
- recognise and reward strong performance and individual contribution, with an appropriate proportion of package linked to financial and non-financial performance; and
- enable Executives and the wider workforce to share the growth in value of the Company through equity participation.

We have also committed to paying all our employees no less than the Real Living Wage.

In respect of the Executive Directors, a greater proportion of the remuneration package is 'at risk' and determined by reference to performance conditions.

Illustrations of application of the Remuneration Policy

The following charts provide an illustration, for each of the Executive Directors, of the application of the Policy in the year ending in September 2023. The charts show the split of remuneration between fixed pay (that is base salary, benefits, employer pension contributions/salary supplement), EIP pay on the basis of minimum remuneration, remuneration receivable for performance in line with AJ Bell's expectations and maximum remuneration.



In illustrating the potential reward, the following assumptions have been made.

Fixed pay
Base salary (being the latest known salary as at 1 October 2022) and benefits disclosed in the single figure table on page 116 for the 2022 financial year. For our CFO, Peter Birch, the benefits figure disclosed on page 116 for the 2022 financial year has been annualised.

Executive Incentive Plan

Minimum performance	No payout
Performance in line with expectations	On-target vesting of the annual and deferred elements of the EIP based on an on-target EIP award of 133% of salary for the CEO and 125% of salary for the CFO and COO
Maximum performance	Maximum vesting of the annual and deferred elements of the EIP based on a maximum EIP award of 200% of salary for the CEO and 187.5% of salary for the CFO and COO
Maximum performance with share price appreciation of 50%	Maximum vesting of the EIP with additional 50% share price growth appreciation on the deferred award.

Recruitment remuneration policy

When recruiting a new Executive Director, the Committee will typically align the remuneration package with the above Policy.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate. However, this discretion is capped and is subject to the limits referred to below.

Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate. Pension will be provided in line with the above Policy.

The Committee will not offer non-performance related incentive payments (such as a 'guaranteed sign-on bonus', for example).

Other elements may be included in the following circumstances:

- an interim appointment being made to fill an Executive Director role on a short-term basis;
- if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis;
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide an incentive for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis;
- if a Director is required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.

The Committee may also alter the performance measures, performance period, vesting period and holding period of the EIP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' Remuneration Report.

The maximum level of variable remuneration which may be granted (excluding 'buyout' awards as referred to below) is 270% of salary.

The Committee may make payments or awards in respect of hiring an employee to 'buyout' remuneration arrangements forfeited in connection with leaving a previous employer. In doing so, the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure 'buyout' awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. 'Buyout' awards will ordinarily be granted on the basis that they are subject to forfeiture or 'clawback' in the event of departure within 12 months of joining AJ Bell, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under the EIP. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under the Listing Rules which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the policy in place at the time of the appointment.

Policy on service contracts

Details of the Executive Directors' service contracts and Non-Executive Directors' letters of appointments are set out on pages 122 and 123.

The Company's policy is for service agreements with Executive Directors to be capable of termination by either the Company or the Executive Director by the giving of six months' notice.

Policy on payments for loss of office

The following table summarises the Company's policy on the determination of payments for loss of office by Executive Directors.

Provision	Treatment
Fixed remuneration	Salary/fees, benefits and any pension will be paid to the date of termination.
Payments in lieu of notice	Where a payment in lieu of notice is made, this will include salary, benefits and any pension (or a cash equivalent) until the end of the notice period that would otherwise have applied. Alternatively, the Company may continue to provide the relevant benefits. Unless the Committee determines otherwise, amounts will be paid in equal monthly instalments. Mitigation will usually apply.
Executive Incentive Plan	If an Executive Director leaves during the first six months of the performance period, that Award will lapse. If an Executive Director leaves more than six months after the start of the performance period but before the end of the performance period: • as a consequence of death, ill health, injury, disability or for any other reason at the Committee's discretion (a 'Good Leaver'), annual awards and deferred awards made in respect of that period will be apportioned on a time basis and will usually be released at the normal release date to the extent that the performance conditions and underpin conditions are satisfied. The Committee may reduce or increase the extent to which an award is released to take account of the underlying financial performance of the Company and other factors the Committee considers relevant. • other than as a Good Leaver, the award will lapse. If an Executive Director leaves after the end of the performance period but before the normal release date: • as a Good Leaver, annual awards and deferred awards will usually be released at the normal release date to the extent that the performance conditions and underpin conditions are satisfied. The Committee may reduce or increase the extent to which an award is released to take account of the underlying financial performance of the Company and other factors the Committee considers relevant. • other than as a Good Leaver, awards will only be released at the normal release date to the extent that the performance conditions and underpin conditions are satisfied and only in respect of such shares as determined by the Committee in its absolute discretion.
Other payments	The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. Payments may include, but are not limited to, the amount of any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office or employment and payments in respect of accrued but untaken holiday. Where a 'buyout' or other award is made in connection with recruitment, the leaver provisions would be determined at the time of the award. Payments may be made under the Company's all employee share plans which are governed by HMRC tax-advantaged plan rules and which cover certain leaver provisions. There is no discretionary treatment of leavers under these plans.
Change of control	In the event of a change of control during the performance period applying to an EIP award, the number of shares which will be capable of release will be calculated by reference to the proportion of the performance period that has elapsed and the extent to which the performance condition has been met or is expected to be met. The Committee has the discretion to reduce or increase the extent to which an award is released to take account of the underlying financial performance of the Company and any other factors the Committee considers relevant. In the event of a change of control after the end of the performance period, awards will become capable of release (in respect of the number of shares determined by reference to the satisfaction of the performance condition). Alternatively, the Committee may permit awards to be exchanged for an award of shares in a different company (including the acquiring company). Awards under the Company's all employee share plans which are governed by HMRC tax-advantaged plan rules may vest in the event of a change of controls. There is no discretionary treatment of leavers under these plans.

Non-Executive Directors are not entitled to compensation for termination of their appointment.

Consideration of employment conditions elsewhere in the Group

The Committee is updated on a regular basis on the structure and quantum of the all-employee remuneration framework as well as throughout the year being informed about the context, challenges and opportunities relating to the remuneration of the wider workforce to enable the Committee to consider the broader employee context when making Executive remuneration decisions.

The Chief Executive Officer determines the salary increases and bonuses for all employees, other than the Executive Directors, the Executive Committee, Company Secretary and Material Risk Takers whom are subject to the approval of the Committee. The Group is committed to offering a market competitive reward package for all employees. The Chief Executive Officer discusses the increase in payroll cost and the total amount to be paid in bonuses with the Committee before implementing the salary increases and bonuses.

The Committee spent considerable time in the second half of the 2022 financial year formulating this Policy. The Committee considers the pay and employment conditions of all other employees when setting and implementing the Policy and the level of salary increase for the wider workforce is taken into account when determining any salary increase for Executive Directors. Through our Employee Voice Forum, we have engaged with staff on topics such as diversity & inclusion, culture and pay and benefits. The Committee intends to engage further with the workforce on this once the new Policy has been approved by shareholders.

Consideration of shareholder views

The Remuneration Committee greatly values the continued dialogue with shareholders and regularly engages with shareholders and representative bodies to take their views into account when setting and implementing the Company's remuneration policies. The Company engaged with shareholders and their proxy advisers on the proposed new Policy. More detail on the engagement with shareholders in 2022 can be found in the Remuneration Committee Chair's letter on page 105.

Legacy remuneration arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed:

- before the policy came into effect (provided that, in the case of any payment agreed after the Company's 2020 AGM, they are in line with the policy in place at the time the terms were agreed or were otherwise approved by shareholders); or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company; and to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

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 2022 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.

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 2022.

November	**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 FY21 wider workforce bonuses • Review of CSOP discretionary awards **Directors' Remuneration Report** • Review of FY21 Directors' Remuneration Report	**Governance** • Update on shareholdings against guidelines • Market developments update
April	**Assessment of remuneration performance** • EIP interim performance assessment **Remuneration schemes** • Update on share schemes	**Remuneration Policy** • Remuneration Policy review • Internal audit on implementation of Remuneration Policy	**Governance** • Appointment of Remuneration Committee consultants • Review of approach to Material Risk Takers regulation
July	**Specific remuneration arrangements** • Review of Board executive pay structure **Remuneration Policy** • Remuneration Policy review	**Wider workforce** • FY23 pay review • Staff benefits review • Gender pay gap review	
September	**Directors' Remuneration Report** • Review of draft FY22 Directors' Remuneration Report **Remuneration Policy** • Review of FY23 Remuneration Policy	**Assessment of remuneration performance** • Update on FY22 financial and non-financial performance • Review of proposed objectives for FY23	**Governance** • Annual Committee evaluation • Annual review of Committee terms of reference • Annual review of Committee meeting cycle

For more information on the Committee's Terms of Reference visit **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 Chair, Chief Executive Officer, Chief Financial Officer, HR Director and Company Secretary; and
- Deloitte LLP (Deloitte).

Deloitte is retained to provide independent and objective 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 £38,000 for the year ended 30 September 2022. 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

As indicated within the Corporate Governance report, the Remuneration Committee assessed its own effectiveness during the year. This identified a small number of improvements which will be implemented during the forthcoming year. Overall, the Committee was satisfied that it continues to operate effectively.

Implementation of the Remuneration Policy for 2021/22

The following table sets out total remuneration for each Director in respect of the year ending 30 September 2022.

Total single figure remuneration (Audited)

	Year	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 Director									
Andy Bell	2022	499	18	237	356	—	1,110	517	593
	2021	482	18	277	414	—	1,191	500	691
Michael Summersgill	2022	313	1	128	193	—	635	314	321
	2021	226	1	102	152	—	481	227	254
Roger Stott (From 1 October 2021)	2022	275	2	113	169	—	559	277	282
	2021	—	—	—	—	—	—	—	—
Peter Birch (From 1 July 2022)	2022	78	—	—	—	—	78	78	—
	2021	—	—	—	—	—	—	—	—
Non-Executive Directors									
Helena Morrissey (From 1 July 2021)	2022	150	—	—	—	—	150	150	—
	2021	23	—	—	—	—	23	23	—
Evelyn Bourke (From 1 July 2021)	2022	57	—	—	—	—	57	57	—
	2021	13	—	—	—	—	13	13	—
Eamonn Flanagan	2022	60	—	—	—	—	60	60	—
	2021	53	—	—	—	—	53	53	—
Margaret Hassall (From 1 September 2021)	2022	57	—	—	—	—	57	57	—
	2021	4	—	—	—	—	4	4	—
Simon Turner	2022	60	—	—	—	—	60	60	—
	2021	53	—	—	—	—	53	53	—
Les Platts (Stepped down 26 January 2022)	2022	43	—	—	—	—	43	43	—
	2021	130	—	—	—	—	130	130	—
Laura Carstensen (Stepped down 26 January 2022)	2022	20	—	—	—	—	20	20	—
	2021	53	—	—	—	—	53	53	—

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 375.6p to 354.8p and is therefore attributable to a c. 6% reduction in the award values.

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 FY22: the value of the annual award earned in respect of the financial year is based on the share price at vesting of 354.8p. A description of performance against the measures which applied for the financial year is provided on pages 118 and 119. Deferred award for FY22: the value of the deferred award earned in respect of the financial year is based on the share price at initial vesting of 354.8p. A description of performance against the measures which applied for the financial year is provided on pages 118 and 119. 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 FY22 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 375.6p to 354.8p and is therefore attributable to a c. 6% reduction in the award values. The values for the FY21 annual and deferred awards were based on the share price at vesting of 422.2p.
(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 2022. 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 2022	Base salary as at 1 October 2021	% Change
Andy Bell	n/a	£498,613	n/a
Michael Summersgill	£500,000	£312,752	See below
Roger Stott	£291,500	£275,000	6%
Peter Birch	£310,000	n/a	n/a

Salaries for FY23

As set out on page 8 Michael Summersgill succeeded Andy Bell as CEO on 1 October 2022 in line with the Board's long-established succession plan, and his salary on appointment was increased to £500,000 as a result. This is an increase of 0.28% compared to the former CEO and, as set out on page 104 is positioned around lower quartile compared to the market data.

There is no base salary increase for Peter Birch as his base salary was agreed at £310,000 on his appointment in July 2022.

The COO's salary increase was lower than the average 7% base salary increase for the wider workforce for 2022/23.

Details of Chair and Non-Executive Directors' fees are detailed below.

	Base fee as at 1 October 2022	Base fee as at 1 October 2021
Helena Morrissey (Chair)	£190,800	£90,000
Evelyn Bourke	£53,000	£50,000
Eamonn Flanagan	£53,000	£50,000
Margaret Hassall	£53,000	£50,000
Simon Turner	£53,000	£50,000
Les Platts[1]	N/A	£130,000
Laura Carstensen[1]	N/A	£50,000

1. Les Platts and Laura Carstensen stepped down from the Board on 26 January 2022.

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.

Helena Morrissey's fee of £90,000 as at 1 October 2021 increased to £180,000 when appointed as Chair of the Board on 26 January 2022.

Executive Incentive Plan (EIP) (Audited)

For the financial year ended 30 September 2022, the maximum EIP awards granted to Andy Bell as CEO equated to 187.5% of base salary, and 150% of base salary for Michael Summersgill as Deputy CEO and Roger Stott as COO.

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	99,722 Annual 149,584 Deferred	£373,958 £560,940	Financial year ended 30 September 2022
Michael Summersgill	150% of salary	100% of salary	50,040 Annual 75,060 Deferred	£187,650 £281,475	Financial year ended 30 September 2022
Roger Stott	150% of salary	100% of salary	44,000 Annual 66,000 Deferred	£165,000 £247,500	Financial year ended 30 September 2022

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 375p, the five-day average share price prior to grant date.
2. Each award was subject to performance conditions assessed over the financial year ended 30 September 2022 (as described further below). Deferred awards are also subject to a performance underpin for a further three years (to 30 September 2025).

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 2022 as set out below:

Finance and Assurance	Growth	Our customers	Our technology	Our people
Revenue PBT Diluted EPS	Total customers Total AUA	Customer retention rates	PBT margin	Staff engagement
Weighting: CEO: 50% Deputy CEO: 50% COO: 50%	**Weighting:** CEO: 17.5% Deputy CEO: 12.5% COO: 12.5%	**Weighting:** CEO: 17.5% Deputy CEO: 15% COO: 22.5%	**Weighting:** CEO: 7.5% Deputy CEO: 15% COO: 5%	**Weighting:** CEO: 7.5% Deputy CEO: 7.5% COO: 10%

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	£141.1m	£156.8m	£172.5m	£163.8m
Profit before tax	£46.2m	£51.3m	£56.5m	£58.4m
Diluted EPS	9.09p	10.10p	11.11p	11.35p

Commentary on achievements
The Committee noted strong revenue performance despite a challenging market, outperforming target by 4.5% due to increased customer numbers and an increase in the average interest rate earned on customer cash balance. PBT and DEPS outperformed stretch targets, primarily driven by the increase in revenue and strong profit margin performance.

Payout (as a % of the maximum): 91%

Growth

	Threshold	Target	Stretch	Actual
Total customers	465,923	517,692	569,461	440,589
Total AUA	£73.7bn	£81.8bn	£90.0bn	£69.2bn

Commentary on achievements
Target growth was set at 35% for total customers. Despite customer numbers increasing by 57,835 during the year, total customers for the year fell short of the threshold target due to a challenging operating environment.

The committee noted that we continued to see strong underlying AUA inflows across both our advised and D2C platform propositions, however the uncertainty across global markets contributed to a £7.4 billion adverse market movement on asset values, resulting in a 5% reduction to total AUA in the year.

Payout (as a % of the maximum): 0%

Our customers

	Threshold	Target	Stretch	Actual
Combined AJBIC/AJ Bell customer % retention rate	84.6%	94.0%	100.0%	95.5%

Commentary on achievements
The customer retention rate of platform customers remained very high, exceeding target by 1.5%.

Payout (as a % of the maximum): 67%

Our technology

	Threshold	Target	Stretch	Actual
Profit margin	29.4%	32.7%	36.0%	35.6%

Commentary on achievements
The Committee noted above target performance with profit margin outperforming target 2.9ppts, due to increasing revenues whilst also investing in our brand, technology and propositions to support the long-term growth of the business.

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, Deputy CEO's and COO's awards vested at 67%, 72% and 72% respectively, as regards both the annual and deferred awards. Further detail is included in the table below. The Committee considers that the level of payout is reflective of the overall performance of the Group in the year and is appropriate.

		Granted	Vested and released	Initially vested and deferred	Forfeited
CEO	Annual awards	99,722	66,813	—	32,909
	Deferred awards	149,584	—	100,221	49,363
Deputy CEO	Annual awards	50,040	36,195	—	13,845
	Deferred awards	75,060	—	54,293	20,767
COO	Annual awards	44,000	31,826	—	12,174
	Deferred awards	66,000	—	47,740	18,260

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.

EIP for FY23
In line with our policy limits, the maximum EIP awards granted as a percentage of base salary will be increased as follows:

	FY22	FY23 – within current policy limits
CEO	Target: 125% of salary Max: 187.5% of salary	Target: 133% of salary Max: 200% of salary
CFO	Target: 125% of salary Max: 187.5% of salary	Target: No change Max: No change
COO	Target: 100% of salary Max: 150% of salary	Target: 125% of salary Max: 187.5% of salary

Given Peter Birch joined the business on 1 July 2022 the pro-rated FY22 EIP award, to reflect the three months Peter was employed during FY22, will be added to the FY23 EIP award. This award will be granted as part of the FY23 EIP award and will be subject to the same performance targets as the FY23 EIP award.

As part of the implementation of the new Policy for FY23, we reviewed the inclusion of ESG related metrics in the EIP. In setting the performance measures and targets for FY23 we have also been mindful of the Consumer Duty rules and need to ensure our reward policies and practices appropriately reflect our focus on ensuring good customer outcomes.

Actual targets for FY23 have not been disclosed due to commercial sensitivity. However, the Committee intends to disclose the performance targets and performance against them retrospectively in the 2023 Directors' Remuneration Report, with the proposed measures and respective weightings set out on page 104.

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 2022 (or date of cessation) and 30 September 2021 were as follows:

	30 September 2022	30 September 2021
Executive Directors		
Andy Bell	93,870,739	93,471,016
Michael Summersgill	1,195,812	1,145,054
Roger Stott	210,872	198,567
Peter Birch	19,000	—
Non-Executive Directors		
Helena Morrissey	2,490	—
Evelyn Bourke	85,297	33,000
Eamonn Flanagan	151,090	151,090
Margaret Hassall	—	—
Simon Turner	185,953	185,953
Les Platts	310,517[1]	310,517
Laura Carstensen	—[1]	—

1. Les Platts and Laura Carstensen stepped down from the Board on 26 January 2022. Their shareholdings are shown at this date.

Since 30 September 2022 Roger Stott has acquired an interest in an additional 91 shares under the Company's BAYE plan, via awards of partnership shares which were made in accordance with the terms of an agreement which was put in place before the year-end. There have been no other subsequent change in Directors' shareholdings and share interests.

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 other Executive Directors as further described in the Directors' Remuneration Policy. Both Andy Bell and Michael Summersgill have significantly exceeded this guideline at 30 September 2022, based on the share price at the end of the financial year. Roger Stott and Peter Birch were appointed as Executive Directors during the year and have built up a shareholding of 219% and 16% respectively. As set out in the Remuneration Policy, Executive Directors are expected to retain half of all shares acquired through the EIP until the shareholding guideline is met.

As part of the new policy, the Committee is updating a post-cessation shareholder requirement to reflect best practice. This will require Executive Directors to retain shares of value equal to the shareholder guideline (or value of their shareholding at cessation if lower) for two years. 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 2021	Granted during the year	Forfeited during the year	Exercised during the year	As at 30 September 2022	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 exercised
	Deferred award	12 Dec 19	106,772	–	–	–	106,772	Subject to performance underpins
	Annual award	10 Dec 20	65,491	–	–	65,491	–	Vested and exercised
	Deferred award	10 Dec 20	98,237	–	–	–	98,237	Subject to performance underpins
	Annual award	9 Dec 21	–	99,722	32,909	–	66,813	Vested and exercised
	Deferred award	9 Dec 21	–	149,584	49,363	–	100,221	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	–	–	26,665	–	Vested and exercised
	Deferred award	12 Dec 19	39,983	–	–	–	39,983	Subject to performance underpins
	Annual award	10 Dec 20	24,109	–	–	24,109	–	Vested and exercised
	Deferred award	10 Dec 20	36,163	–	–	–	36,163	Subject to performance underpins
	Annual award	9 Dec 21	–	50,040	13,845	–	36,195	Vested and exercised
	Deferred award	9 Dec 21	–	75,060	20,767	–	54,293	Subject to performance underpins
Roger Stott	Annual award	9 Dec 21	–	44,000	12,174	–	31,826	Vested and exercised
	Deferred award	9 Dec 21	–	66,000	18,260	–	47,740	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
Roger Stott	1 November 2019
Peter Birch	1 July 2022

As announced on 27 September 2022, Andy Bell stepped down from the Board with effect from 30 September 2022 but will continue to work with the business in a consultancy role. AJ Bell Business Solutions Limited, a wholly owned subsidiary of AJ Bell plc, entered into a consultancy agreement with Blythe Business Services Ltd (BBSL), a company associated with Andy, on 1 October 2022. Under the terms of the Consultancy Agreement, BBSL will be paid an annual fee of £150,000 for procuring the services of Andy for not less than 48 full days a year. The term of the Consultancy Agreement began on 1 October 2022 and can be terminated by either party on not less than one month's notice expiring at any time after 30 September 2023.

Andy will retain his deferred awards under the EIP which will continue to be released following the end of a deferral period subject to the satisfaction of the performance underpin. The holding period and post-employment shareholding guidelines will also continue to apply.

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:

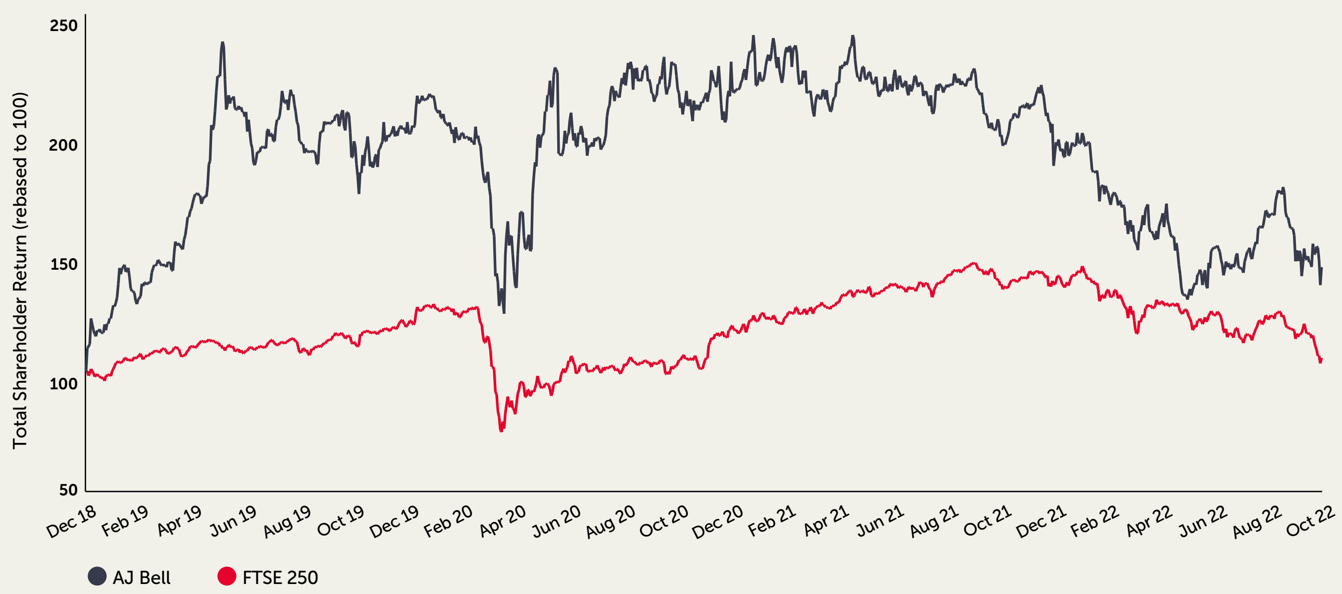
	Contract date
Helena Morrissey	1 July 2021
Evelyn Bourke	1 July 2021
Eamonn Flanagan	22 March 2018
Margaret Hassall	1 September 2021
Simon Turner	1 July 2014
Les Platts[1]	15 September 2008
Laura Carstensen[1]	29 March 2018

1. Les Platts and Laura Carstensen stepped down from the Board on 26 January 2022.

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 2022. 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 2022, 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



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)
2022	1,110	67%	67%
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, 2021 and 2022. The annual change in salary is based on the salary of employees (on a full-time-equivalent basis) as at 30 September 2022, 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. Roger Stott and Peter Birch were appointed during the year 30 September 2022, and accordingly, have been excluded from the table below. Laura Carstensen and Les Platts stepped down from the Board on 26 January 2022 and have therefore also been excluded from the table below.

	2022			2021			2020		
	Salary/Fees	Benefits	Annual bonus	Salary/Fees	Benefits	Annual bonus	Salary/Fees	Benefits	Annual bonus
Andy Bell	3.4%	5.2%	(16.6%)[2]	0.0%	12.0%	(15.7%)[2]	2.5%	(16.7%)	(43.6%)
Michael Summersgill	27.9%	(3.5%)	20.9%	0.0%	13.4%	(17.7%)[2]	2.5%	(87.5%)	(44.4%)
Helena Morrissey[1]	40.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Evelyn Bourke[1]	11.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Eamonn Flanagan	11.7%	n/a	n/a	13.2%	n/a	n/a	2.2%	n/a	n/a
Margaret Hassall[1]	11.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Simon Turner	11.7%	n/a	n/a	13.2%	n/a	n/a	2.2%	n/a	n/a
Wider workforce	9.9%	6.9%	13.5%	3.3%	28.0%	11.1%	4.9%	(56.0%)	(8.3%)

1. Helena Morrissey, Evelyn Bourke and Margaret Hassall's fees have been annualised for comparative purposes.
2. The reduction in the annual bonus for the CEO is based on the awards granted under the EIP which are subject to share price movements. For the FY22 awards, the share price decreased from 375.6p to 354.8p 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)
2022	Salary	Option A	22:1	19:1	11:1
	Total remuneration	Option A	46:1	37:1	21:1
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)
2022	Salary	£498,613	£22,171	£26,449	£44,964
	Total remuneration	£1,109,710	£24,331	£30,052	£51,731
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 2022 and 2021 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 page 116. 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 believes 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:

	2022 £'000	2021 £'000	% change
Total remuneration for all employees[1]	54,887	47,654	15%
Dividends and share buybacks[2]	50,383	29,138	73%

1. Total remuneration for all employees represents the underlying staff cost for the Group.
2. Dividend and share buybacks represent the interim and final dividend paid on ordinary shares and shares repurchased from employees during the year.

Statement of voting at the AGM

Votes cast by proxy and at the meeting at the AGM held on 26 January 2022 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	305,141,189	91.35	28,902,262	8.65	334,043,451	1,635,419	335,678,870
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 30 November 2022 and signed on its behalf by:

Margaret Hassall
Chair of the Remuneration Committee
30 November 2022

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 2022.

Additional disclosures

The Strategic report is a requirement of the UK Companies Act 2006 and can be found on pages 1 to 67 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	15
Financial instruments	Note 25 to the consolidated financial statements
Research and development	56
Greenhouse gas emissions	46 to 53
Non-financial reporting	53

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 pages 108 and 109 and note 24 to the consolidated financial statements
(12) Current year dividend waiver agreements	Note 11 to the consolidated financial statements provides information on employee benefit trusts that have waived dividends
(13) Future dividend waiver agreements	Note 11 to the consolidated financial statements provides information on employee benefit trusts that have waived dividends
14) Information regarding controlling shareholder	A statement regarding the substantial shareholdings is on page 127 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 1 to 67. This incorporates the Chair'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 24 and 25.

Dividends

The Board recommends a final dividend of 4.59p per ordinary share for the year ended 30 September 2022. This, together with the interim dividend of 2.78p per ordinary share paid on 1 July 2022, makes a total dividend in respect of the financial year ended 30 September 2022 of 7.37p per ordinary share. The final dividend proposed by the Directors will be subject to approval at the AGM on 8 February 2023. If approved, the Company will pay a final dividend on 17 February 2023 to shareholders on the register at 20 January 2023. The ex-dividend date will be 19 January 2023.

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 11 to the financial statements.

Corporate governance

The Corporate Governance report is set out on pages 78 to 85. 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 70.

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 72 to 75.

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 ExCo 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 121.

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 23 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, 318,601 EIP options were exercised and issued from the Trust as discussed within note 23.

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 2022 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 2022 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 2023.

Substantial shareholdings

As at 30 September 2022, the Company had been notified in accordance with the DTR 5 of the following shareholdings.

Interested party	Number	% of ordinary shares
Andy Bell	93,870,739	22.83
Liontrust Investment Partners LLP	20,577,810	5.01
Fergus Lyons	13,762,236	3.35

Between 30 September 2022 and 30 November 2022 (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 Liontrust Investment Partners LLP, on 28 November 2022, informed the Company that it had increased its holding to 10.377% of the Company's issued share capital.

Capital management

The Investment Firms Prudential Regime (IFPR), a new prudential regime for UK firms authorised under the Markets in Financial Instruments Directive (MIFID), came into effect on 1 January 2022. The Group is subject to the rules introduced by the Financial Conduct Authority (FCA) through the publication of the Prudential Sourcebook for MIFID Investment Firms (MIFIDPRU), which replaces the CRD.

The Group 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 MIFIDPRU Part Eight disclosures, which can be found on the Group's website at **ajbell.co.uk**. The Group continues to hold a significant amount of capital above its regulatory capital requirement.

Financial instruments and risk management

The risk management objectives and policies of the Group are set out within note 25 of the financial statements.

Political and charitable contributions

During the year the Group made charitable donations of £299,000 (2021: £272,000). No political contributions were made by the Group during the year (2021: £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 46 to 53 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 which is chaired by Helena Morrissey. 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 39 to 43 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 26 and 27 of the Strategic 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 67.

Events after reporting date

Details of significant events since the reporting date are contained in note 29 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 8 February 2023.

Annual General Meeting

The AGM will be held at 12 noon on 8 February 2023 and will be held as a physical meeting as detailed in the Corporate Governance report on page 85. 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 **ajbell.co.uk/group/investor-relations/agm**.

Approved by the Board on 30 November 2022 and signed on its behalf by:

Christopher Bruce Robinson
Company Secretary

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with UK-adopted international accounting standards 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 UK-adopted international accounting standards and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law 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 as adopted by the UK.

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 UK-adopted international accounting standards, 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.

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 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 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 30 November 2022 and signed on its behalf by:

Christopher Bruce Robinson
Company Secretary

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Financial statements

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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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.

We have audited the financial statements of AJ Bell Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022 which comprise the consolidated income statement, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the notes to the consolidated financial statements, the company statement of financial position, the company statement of changes in equity and notes to the company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. 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 Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom 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 three years, covering the years ending 30 September 2020 to 30 September 2022. 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 prior year forecasts prepared by management compared to current year actuals and consider the reason for variations;
- review of the current year forecasts prepared by management and challenge of the key inputs and assumptions such as customer growth rate and retention included therein based on our knowledge of the business and understanding of the risks arising from the current economic environment; and
- understanding and review of the Group's stress testing of liquidity and regulatory capital, including challenging the rationale behind the severity of the stress scenarios that were used based on our understanding of the wider economic environment in which the business is operating.

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	*100% (2021: 100%) of Group profit before tax* *100% (2021: 100%) of Group revenue* *100% (2021: 100%) of Group total assets*

		2022	2021
Key audit matters	Existence and accuracy of revenue	Y	Y
	Acquisition accounting – consideration amount and allocation of consideration across the assets acquired	N	Y
	Share based payments – post-acquisition earn-out	Y	Y
	Acquisition accounting – consideration amount and allocation of consideration across the assets acquired is no longer considered to be a key audit matter as there have been no acquisitions during 2022		
Materiality	*Group financial statements as a whole* £2.9m (2021: £2.7m) based on 5% (2021: 5%) of profit before tax.		

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 a full scope 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 risk 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 and a key audit matter. 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 and a key audit matter. 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 administration fees; • "recurring ad valorem", which includes custody fees, interest income and investment management fees; and • "transactional", which includes dealing fees, FX fees and non recurring administration fees.	For Dealing, Custody and FX fees, where revenue is calculated based on transactions with and assets of customers, we gained an understanding of the processes and controls, including IT controls around the end-to-end payment process and evaluated the design effectiveness of key controls. This included an assessment of the appropriateness of the configuration rules within the system that were designed to ensure funds are appropriately allocated and tagged to each individual customer and testing to check the configuration is working appropriately. Based on this assessment we used a combination of detailed testing and controls based testing to gain assurance around the integrity of the system configuration rules to check that fees were calculated accurately and in line with agreements. The key aspects of this testing are set out below: • We tested the accuracy of revenue by performing a recalculation in total of key income streams on a client-by-client basis, including dealing income, FX income and custody income. This was then compared against the amounts calculated by the system and recorded 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; • We agreed a sample of client money and custody asset transactions in the year to third party documentation to gain assurance over the allocation of assets and transactions at an individual client level; • We utilised IT procedures on the system's audit log for the full year to gain comfort that no inappropriate changes were made by privileged users to assets or trades, by reviewing any instances of asset or trade amendments made by privileged users and corroborating these to supporting evidence to confirm they were appropriate changes being made; • For a sample of Custody Solutions and Institutional customers, we checked 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 administration 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; • For a sample of the non-recurring administration fees, we agreed a sample to customer instructions and checked that the associated fee was in line with AJ Bell's documented fee structure; and • Performed a reconciliation of the pension administration fees recorded in the client system to the banking reports for the 12 month period.

Key audit matter		How the scope of our audit addressed the key audit matter
Existence and accuracy of revenue cont. *Please refer to accounting policies in note 2.4 and revenue breakdown in note 5*		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; • Tested the controls around the external client money reconciliations; and • Tested the controls around the external Self-Invested Personal Pension (SIPP) money reconciliations and agreed client money and SIPP money balances to external bank confirmations. Tests of detail included: • Agreed 100% 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 consider the existence and accuracy of revenue has been appropriately addressed.
Share-based payments – post-acquisition earn-out *Please refer to accounting policy 2.5 and note 24*	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 which occurred in the prior year and are satisfied that it has been calculated appropriately under IFRS 2 Share-based payments. We have challenged management on the assumptions applied around the number of shares that will vest through assessment of progress and development made against the associated milestones. We are satisfied that the assumptions are reasonable in the context of the progress made against the associated milestones since acquisition. We also performed a sensitivity analysis to assess the maximum impact associated with any potential changes in the milestones. 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 challenged the appropriateness of the capitalisation of these amounts through agreement to underlying source documentation such as payroll records and monthly employee capitalisation worksheets. ***Key observations:*** The judgements involved in the calculation of the overall share-based payment charge appear 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	
	2022 £m	2021 £m	2022 £k	2021 £k
Materiality	2.9	2.7	810	870
Basis for determining materiality	5% of profit before tax on ordinary activities before taxation.	5% of profit before tax 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	2.175	2.0	607	653
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 75% 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 75% 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 dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was set at £2.175m (2021: £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 £58K (2021: £54K). 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 and 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; 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, components and the industry in which it operates, and considered the risk of acts by the Group and the components which were contrary to applicable laws and regulations, including fraud through inquiries with management, review of the Board and other committee minutes and our knowledge brought forward from previous audits. These included but were not limited to compliance with Companies Act 2006, the 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 that required capital levels 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 and Those Charged With Governance relating to the existence of any fraud, contingent liabilities and non-compliance with laws and regulations;
- review of correspondence with the regulator;
- review of minutes of board meetings and other committee meetings throughout the period until the date of our audit report for discussions around potential irregularities throughout the period and for instances of non-compliance with laws and regulations and fraud; and
- obtaining an understanding 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;
- 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 tests included, but were not limited to:

- The procedures set out in the Key Audit Matters section above;
- In respect of the risk of management override of internal controls, testing a sample of journals which met defined fraud risk criteria by agreeing those journals to supporting documentation and evaluating whether there was evidence of bias by 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

30 November 2022

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 2022

	Note	2022 £000	2021 £000
Revenue	5	**163,847**	145,826
Administrative expenses		**(104,866)**	(89,975)
Operating profit	6	**58,981**	55,851
Investment income	8	**198**	23
Finance costs	9	**(768)**	(790)
Profit before tax		**58,411**	55,084
Tax expense	10	**(11,672)**	(11,262)
Profit for the financial year attributable to:			
Equity holders of the Parent Company		**46,739**	43,822
Earnings per share:			
Basic (pence)	12	**11.39**	10.71
Diluted (pence)	12	**11.35**	10.67

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 143 to 168 form an integral part of these financial statements.

Consolidated statement of financial position
as at 30 September 2022

	Note	2022 £000	2021 (Restated)[1] £000
Assets			
Non-current assets			
Goodwill	13	**6,991**	6,991
Other intangible assets	14	**8,779**	6,014
Property, plant and equipment	15	**3,325**	3,351
Right-of-use assets	16	**12,273**	13,325
Deferred tax asset	18	**610**	940
		31,978	30,621
Current assets			
Trade and other receivables	19	**49,436**	37,462
Current tax receivable		**38**	51
Cash and cash equivalents	20	**84,030**	94,008
		133,504	131,521
Total assets		**165,482**	162,142
Liabilities			
Current liabilities			
Trade and other payables	21	**(15,604)**	(12,765)
Lease liabilities	16	**(1,566)**	(1,708)
Provisions	22	**(519)**	(1,526)
		(17,689)	(15,999)
Non-current liabilities			
Lease liabilities	16	**(12,395)**	(13,886)
Provisions	22	**(2,004)**	(1,549)
		(14,399)	(15,435)
Total liabilities		**(32,088)**	(31,434)
Net assets		**133,394**	130,708
Equity			
Share capital	23	**51**	51
Share premium		**8,930**	8,658
Own shares		**(473)**	(740)
Retained earnings		**124,886**	122,739
Total equity		**133,394**	130,708

1. See note 2 for details of a change in accounting policy and the resulting restatement of prior year.

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2022 and signed on its behalf by:

Peter Birch
Chief Financial Officer
AJ Bell plc

Company registered number: 04503206

The notes on pages 143 to 168 form an integral part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 September 2022

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2021	**51**	**8,658**	**122,739**	**(740)**	**130,708**
Total comprehensive income for the year:					
Profit for the year	**–**	**–**	**46,739**	**–**	**46,739**
Transactions with owners, recorded directly in equity:					
Issue of shares	**–**	**272**	**–**	**–**	**272**
Dividends paid	**–**	**–**	**(50,383)**	**–**	**(50,383)**
Equity settled share-based payment transactions	**–**	**–**	**6,162**	**–**	**6,162**
Deferred tax effect of share-based payment transactions	**–**	**–**	**(275)**	**–**	**(275)**
Tax relief on exercise of share options	**–**	**–**	**171**	**–**	**171**
Share transfer relating to EIP (note 23)	**–**	**–**	**(267)**	**267**	**–**
Total transactions with owners	**–**	**272**	**(44,592)**	**267**	**(44,053)**
Balance at 30 September 2022	**51**	**8,930**	**124,886**	**(473)**	**133,394**

	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	–	–	(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	122,739	(740)	130,708

The notes on pages 143 to 168 form an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 30 September 2022

	Note	2022 £000	2021 (Restated)[1] £000
Cash flows from operating activities			
Profit for the financial year		**46,739**	43,822
Adjustments for:			
Investment income		**(198)**	(23)
Finance costs		**768**	790
Income tax expense		**11,672**	11,262
Depreciation and amortisation		**3,643**	3,623
Share-based payment expense	24	**4,728**	4,952
Decrease in provisions and other payables		**(1,007)**	(69)
Loss on disposal of property, plant and equipment		**21**	13
Profit on disposal of right-of-use assets		**–**	(3)
Increase in trade and other receivables		**(11,974)**	(6,889)
Increase / (decrease) in trade and other payables		**2,839**	(1,347)
Cash generated from operations		**57,231**	56,131
Income tax paid		**(11,433)**	(11,455)
Interest expense paid		**–**	(1)
Net cash flows from operating activities		**45,798**	44,675
Cash flows from investing activities			
Purchase of other intangible assets	14	**(2,365)**	(2,370)
Purchase of property, plant and equipment	15	**(1,014)**	(1,174)
Acquisition of subsidiary, net of cash acquired		**–**	(2,561)
Interest received		**198**	23
Net cash flows used in investing activities		**(3,181)**	(6,082)
Cash flows from financing activities			
Payments of principal in relation to lease liabilities	16	**(1,716)**	(1,241)
Payments of interest on lease liabilities	16	**(768)**	(789)
Proceeds from issue of share capital	23	**272**	199
Dividends paid	11	**(50,383)**	(29,138)
Net cash flows used in financing activities		**(52,595)**	(30,969)
Net (decrease) / increase in cash and cash equivalents		**(9,978)**	7,624
Cash and cash equivalents at beginning of year	20	**94,008**	86,384
Total cash and cash equivalents at end of year	20	**84,030**	94,008

1. See note 2 for details of a change in accounting policy and the resulting restatement of prior year.

The notes on pages 143 to 168 form an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 30 September 2022

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 30 November 2022.

2 Significant accounting policies

Basis of accounting

The consolidated financial statements of AJ Bell plc have been prepared in accordance with UK-adopted International Financial Reporting Standards.

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.

Change in accounting policy

Due to a change in the Group's accounting policy to recognise electronic payments at the settlement date, rather than when they are initiated, to more appropriately reflect the nature of these transactions, the comparative amounts have been restated.

The impact on the 30 September 2021 balance sheet is an increase to trade and other receivables of £3.1m and a decrease to cash and cash equivalents of £3.1m. Net cash outflow from operating activities in 2021 has decreased by £3.1m. There is no impact on the income statement, earnings per share or net assets.

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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 (Amendments)	1 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	1 April 2021

Interpretations and standards in issue but not yet effective

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 1 to 67 and the Directors' report on pages 126 to 128. Note 25 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, a fall in the Bank of England base interest rate leading to a lower interest rate retained on customer cash balances, and 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 67. These scenarios 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.

Customer incentives
Customer incentives paid to new retail customers are considered to be a reduction in revenue under IFRS 15. In line with IFRS 15, customer incentives to acquire new customers are offset against recurring ad valorem revenue and spread over the period which the customer is required to remain a customer in order to be eligible for the incentive. Customer incentives comprise cash.

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 24. 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.

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 recognised under IFRS 16. Finance costs are recognised in the income statement using the effective interest rate method.

2 Significant accounting policies continued

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.

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 paid. The final dividend is 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, and the Group's Key Operating Systems (KOS). These are stated at cost less amortisation and any recognised impairment loss. Amortisation is charged on all intangible assets excluding goodwill and assets under construction at rates 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

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.

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 charged on all property, plant and equipment, except assets under construction, at rates 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 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 Significant accounting policies continued

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.

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 2022 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 SIPPs, ISAs 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 139 and 140 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:

	2022 £000	2021 £000
Recurring fixed	**29,787**	28,598
Recurring ad valorem	**102,184**	77,955
Transactional	**31,876**	39,273
	163,847	145,826

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 the product, 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 page 165.

Recurring ad valorem fees also include retained interest income earned on the level of customer cash balances, which are based on product type, 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 164 and 165.

The total revenue for the Group has been derived from its principal activities undertaken in the United Kingdom.

6 Operating profit

Profit for the financial year has been arrived at after charging:

	2022 £000	2021 £000
Amortisation of intangible assets	**1,034**	862
Depreciation of property, plant and equipment	**1,019**	1,071
Depreciation of right-of-use assets	**1,590**	1,690
Loss on the disposal of property, plant and equipment	**21**	13
Profit on the disposal of right-of-use assets	**–**	(3)
Auditor's remuneration (see below)	**496**	368
Staff costs (note 7)	**54,887**	47,654

During the year there was no expenditure in relation to research and development expensed to the income statement (2021: £nil).

Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**155**	116
Fees payable to the Company's auditor for the audit of the Company's subsidiaries' accounts, pursuant to legislation	**204**	151
Audit-related assurance services	**89**	62
Other assurance services	**48**	39
	496	368

Of the above, audit-related services for the year totalled £473,000 (2021: £349,000).

7 Staff costs

The average monthly number of employees (including Executive Directors) of the Group was:

	2022 No.	2021 No.
Operational and support	**761**	709
Technology	**225**	181
Distribution	**109**	99
	1,095	989

Employee benefit expense for the Group during the year:

	2022 £000	2021 £000
Wages and salaries	**41,427**	35,516
Social security costs	**4,808**	3,918
Retirement benefit costs	**3,857**	3,202
Termination benefits	**67**	66
Share-based payments (note 24)	**4,728**	4,952
	54,887	47,654

In addition to the above, £1,315,000 staff costs and £1,434,000 share-based payment expenses (2021: £454,000 staff costs and £1,378,000 share-based payment expenses) have been capitalised as an internally generated intangible asset (see note 14).

8 Investment income

	2022 £000	2021 £000
Interest income on cash balances	**198**	23

9 Finance costs

	2022 £000	2021 £000
Interest on lease liabilities	**768**	789
Interest on other financial liabilities	**–**	1
	768	790

10 Taxation

Tax charged in the income statement:

	2022 £000	2021 £000
Current taxation		
UK Corporation Tax	**11,855**	11,629
Adjustment to current tax in respect of prior periods	**(238)**	(11)
	11,617	11,618
Deferred taxation		
Origination and reversal of temporary differences	**62**	(328)
Adjustment to deferred tax in respect of prior periods	**45**	12
Effect of changes in tax rates	**(52)**	(40)
	55	(356)
Total tax expense	**11,672**	11,262

Corporation Tax is calculated at 19% of the estimated assessable profit for the year to 30 September 2022 (2021: 19%).

10 Taxation continued

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

	2022 £000	2021 £000
Deferred tax relating to share-based payments (note 18)	**275**	202
Current tax relief on exercise of share options	**(171)**	(231)
	104	(29)

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

	2022 £000	2021 £000
Profit before tax	**58,411**	55,084
UK Corporation Tax at 19% (2021: 19%)	**11,098**	10,466
Effects of:		
Expenses not deductible for tax purposes	**669**	709
Income not taxable in determining taxable profit	**(86)**	–
Amounts not recognised	**236**	126
Effect of rate changes to deferred tax	**(52)**	(40)
Adjustments to current and deferred tax in respect of prior periods	**(193)**	1
	11,672	11,262
Effective tax rate	**20.0%**	20.4%

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. Accordingly, the Group's profits for this accounting year are taxed at 19%.

Deferred tax has been recognised at either 19% or 25% being the rate expected to be in force at the time of the reversal of the temporary difference (2021: 19% or 25%). A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price at 30 September 2022.

11 Dividends

	2022 £000	2021 £000
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 30 September 2021 of 4.50p (2020: 4.66p) per share	**18,460**	19,070
Special dividend for the year ended 30 September 2021 of 5.00p (2020: nil) per share	**20,511**	–
Interim dividend for the year ended 30 September 2022 of 2.78p (2021: 2.46p) per share	**11,412**	10,068
Total dividends paid on equity shares	**50,383**	29,138
Proposed final dividend for the year ended 30 September 2022 of 4.59p (2021: 4.50p) per share	**18,843**	18,471
Proposed special dividend for the year ended 30 September 2022 of nil (2021: 5.00p) per share	**–**	20,523

A final dividend declared of 4.59p per share is payable on 17 February 2023 to shareholders on the register on 20 January 2023. The ex-dividend date will be 19 January 2023. The final dividend is subject to approval by the shareholders at the Annual General Meeting on 8 February 2023 and has not been included as a liability within these financial statements.

Dividends are payable on all ordinary shares as disclosed in note 23.

AJ Bell Employee Benefit Trust, which held 567,100 ordinary shares (2021: 885,701) in AJ Bell plc at 30 September 2022, has agreed to waive all dividends. This represented 0.1% (2021: 0.2%) of the Company's called-up share capital. The maximum amount held by the Trust during the year was 885,701.

12 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:

	2022 £000	2021 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the Parent Company	**46,739**	43,822

	2022 No.	2021 No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the year	**410,248,095**	409,249,186
Effect of potentially dilutive share options	**1,485,721**	1,643,911
Weighted average number of ordinary shares for the purposes of fully diluted EPS	**411,733,816**	410,893,097

	2022	2021
Earnings per share (EPS)		
Basic (pence)	**11.39**	10.71
Diluted (pence)	**11.35**	10.67

13 Goodwill

	2022 £000	2021 £000
Cost		
At 1 October	**7,103**	3,772
Acquired through business combinations	**–**	3,331
At 30 September	**7,103**	7,103
Impairment		
At 1 October and 30 September	**(112)**	(112)
Carrying value at 30 September	**6,991**	6,991

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 three-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 20% (2021: 17%) has been used to assess the expected growth in revenue for the three-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; and
- 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.

Cash flows have been discounted using a pre-tax discount rate of 8.1% (2021: 14.52%).

13 Goodwill continued

The pre-tax discount rate has been calculated using an independent external source, and decreased during the year due to a change in methodology in the calculation of the Group's weighted average cost of capital (WACC). 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 2022 goodwill is not impaired.

14 Other intangible assets

	Key operating system £000	Contractual customer relationships £000	Computer software and mobile applications £000	Total £000
Cost				
At 1 October 2020	8,707	2,135	5,385	16,227
Additions	1,832	–	1,916	3,748
Disposals	–	–	(832)	(832)
Arising on acquisition	1,142	–	–	1,142
At 30 September 2021	11,681	2,135	6,469	20,285
Additions	2,749	–	1,050	3,799
Disposals	–	(2,135)	(483)	(2,618)
At 30 September 2022	**14,430**	**–**	**7,036**	**21,466**
Amortisation				
At 1 October 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
Amortisation charge	337	–	697	1,034
Eliminated on disposal	–	(2,135)	(483)	(2,618)
At 30 September 2022	**7,528**	**–**	**5,159**	**12,687**
Carrying amount				
At 30 September 2022	**6,902**	**–**	**1,877**	**8,779**
At 30 September 2021	4,490	–	1,524	6,014
At 30 September 2020	1,853	–	133	1,986
Average remaining amortisation period	3 years		1 year	

The amortisation charge above is included within administrative expenses in the income statement.

Additions include an amount of £3,556,000 relating to internally generated assets for the year ended 30 September 2022 (2021: £2,289,000), of which £1,434,000 (2021: £1,378,000) relates to capitalised share-based payment expenses (see note 24).

The net carrying amount of key operating systems, and computer software and mobile applications include £5,724,000 and £nil respectively (2021: £2,974,000 and £457,000), relating to assets in development which are currently not amortised.

At the year end, the Group had entered into contractual commitments for the acquisition of computer software amounting to £103,000 (2021: £nil).

The disposal of contractual customer relationships held at nil net book value relates to customer relationships acquired in 2007 and 2012 that no longer exist.

15 Property, plant and equipment

	Leasehold improvements £000	Office equipment £000	Computer equipment £000	Total £000
Cost				
At 1 October 2020	2,144	942	4,709	7,795
Arising on acquisition	–	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
Additions	9	22	983	1,014
Disposals	–	(1)	(324)	(325)
At 30 September 2022	**2,201**	**975**	**6,269**	**9,445**
Depreciation				
At 1 October 2020	471	645	3,455	4,571
Arising on acquisition	–	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
Charge for the year	167	72	780	1,019
Eliminated on disposal	–	(1)	(303)	(304)
At 30 September 2022	**822**	**868**	**4,430**	**6,120**
Carrying amount				
At 30 September 2022	**1,379**	**107**	**1,839**	**3,325**
At 30 September 2021	1,537	157	1,657	3,351
At 30 September 2020	1,673	297	1,254	3,224

The depreciation charge above is included within administrative expenses in the income statement.

At the year end, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £471,000 (2021: £nil).

Computer equipment includes assets under construction of £37,000 (2021: £71,000) which are currently not depreciated.

16 Leases

i) Right-of-use assets

	Property £000	Computer and office equipment £000	Total £000
Cost			
At 1 October 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
Additions	538	–	538
At 30 September 2022	**16,696**	**252**	**16,948**
Depreciation			
At 1 October 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
Charge for the year	1,541	49	1,590
At 30 September 2022	**4,481**	**194**	**4,675**
Carrying amount			
At 30 September 2022	**12,215**	**58**	**12,273**
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.

Additions include £455,000 relating to the increase in the Group's dilapidation provision (2021: £nil) (see note 22).

Other than property and computer and office equipment there are no further classes of assets leased by the Group.

ii) Lease liabilities

	2022 £000	2021 £000
Current	**1,566**	1,708
Non-current	**12,395**	13,886
	13,961	15,594

The undiscounted maturity analysis of lease liabilities is shown below:

	2022 £000	2021 £000
Within one year	**2,517**	2,450
In the second to fifth years inclusive	**8,579**	8,333
After five years	**7,533**	8,678
Total minimum lease payments	**18,629**	19,461

The total lease interest expense for the year ended 30 September 2022 was £768,000 (2021: £789,000). Principal cash outflow for leases accounted for under IFRS 16 for the year ended 30 September 2022 was £1,716,000 (2021: £1,241,000).

17 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.

18 Deferred tax asset

	2022 £000	2021 £000
Deferred tax asset	**906**	1,139
Deferred tax liability	**(296)**	(199)
	610	940

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 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	(217)	–	–	–	(217)
At 30 September 2021	(199)	990	149	–	940
(Charge) / credit to the income statement	(97)	31	11	–	(55)
Charge to equity	–	(275)	–	–	(275)
At 30 September 2022	**(296)**	**746**	**160**	**–**	**610**

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 2022.

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 2022, deferred tax assets have not been recognised on trading losses of £4,051,000 (2021: £2,809,000).

19 Trade and other receivables

	2022 £000	2021 (Restated)[1] £000
Trade receivables	**2,207**	2,321
Prepayments	**6,824**	5,379
Accrued income	**21,960**	14,699
Other receivables	**18,445**	15,063
	49,436	37,462

1. See note 2 for details of a change in accounting policy and the resulting restatement of prior year.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Included within other receivables is client money required to meet settlement obligations and are payable on demand.

Included within accrued income is £984,000 (2021: £978,000) relating to contract assets, a movement of £6,000 (2021: £59,000) during the year due to increased revenues.

19 Trade and other receivables continued

The ageing profile of trade receivables was as follows:

	2022 £000	2021 £000
Current – not past due	**747**	882
Past due:		
0 to 30 days	**886**	798
31 to 60 days	**116**	159
61 to 90 days	**39**	125
91 days and over	**1,024**	881
	2,812	2,845
Provision for impairment	**(605)**	(524)
	2,207	2,321

The movement in the provision for impairment of trade receivables is as follows:

	2022 £000	2021 £000
Opening loss allowance as at 1 October	**524**	415
Loss allowance recognised	**174**	196
Receivables written off during the year as uncollectable	**(21)**	(58)
Unused amount reversed	**(72)**	(29)
Balance at end of year	**605**	524

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.

20 Cash and cash equivalents

	2022 £000	2021 (Restated)[1] £000
Group cash and cash equivalent balances	**84,030**	94,008

1. See note 2 for details of a change in accounting policy and the resulting restatement of prior year.

Cash and cash equivalents at 30 September 2022 and 30 September 2021 are considered to be holdings of less than one month, or those over which the Group has an immediate right of recall.

21 Trade and other payables

	2022 £000	2021 £000
Trade payables	**138**	580
Social security and other taxes	**2,151**	2,111
Other payables	**678**	582
Accruals	**10,428**	7,473
Deferred income	**2,209**	2,019
	15,604	12,765

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. The prior year deferred revenue balance has now all been recognised as revenue and the current year balance all relates to cash received in the current period. Total deferred income as at 30 September 2022 is expected to be recognised as revenue in the coming year.

22 Provisions

	Office dilapidations £000	Other provisions £000	Total £000
At 1 October 2021	1,549	1,526	3,075
Additional provisions	455	–	455
Provisions used	–	(257)	(257)
Unused provision reversed	–	(750)	(750)
At 30 September 2022	**2,004**	**519**	**2,523**
Included in current liabilities	–	519	519
Included in non-current liabilities	2,004	–	2,004

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. During the year, management reviewed the Group's dilapidation provision and the assumptions on which the provision is based. The estimate is based upon property location, size of property and an estimate of the charge per square foot. A further charge of £455,000 has been recognised in relation to an increase in the estimated charge per square foot. The office dilapidations provision represents management's best estimate of the 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. The provision relating to the operational tax dispute has been updated at 30 September 2022 to reflect the ongoing discussions with HMRC, with full settlement of payments expected to be completed within the next 12 months.

23 Share capital

Issued, fully-called and paid:	2022 Number	2021 Number	2022 £	2021 £
Ordinary shares of 0.0125p each	**411,091,634**	410,491,708	**51,386**	51,311

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	267,003	272
Exercise of EIP options	Ordinary shares of 0.0125p each	176,949	–
Earn-out issue	Ordinary shares of 0.0125p each	155,974	–
		599,926	**272**

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 £473,000 (2021: £740,000) being the price paid to repurchase, and the carrying value is shown as a reduction within shareholders' equity.

During the year, 318,601 EIP options were exercised and issued from the AJ Bell Employee Benefit Trust.

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.

24 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 (2021: 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 diluted earnings per share (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.

Earn-out arrangement

The acquisition of Adalpha in the previous year gave 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.

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.

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.

Movements during the year
The tables below summarise the outstanding options for each share-based payment scheme.

CSOP

	2022 Number	2022 Weighted average exercise price £	2021 Number	2021 Weighted average exercise price £
Outstanding at beginning of the year	**1,015,763**	**3.23**	1,003,968	1.90
Granted during the year	**461,744**	**3.73**	392,371	4.34
Forfeited during the year	**(108,611)**	**4.05**	(57,198)	2.23
Exercised during the year	**(267,003)**	**1.02**	(323,378)	0.61
Outstanding at the end of the year	**1,101,893**	**3.90**	1,015,763	3.23
Exercisable at the end of the year	**31,462**	**1.04**	10,000	0.52

The lowest exercise price for share options outstanding at the end of the period was 104p (2021: 52p) and the highest exercise price was 434p (2021: 434p). The weighted average remaining contractual life of share options outstanding at the end of the period was 8.3 years (2021: 8.3 years).

OTB – Growth shares

	2022 Number	2022 Weighted average exercise price £	2021 Number	2021 Weighted average exercise price £
Outstanding at beginning of the year	**3,192,268**	**0.63**	3,212,675	0.63
Vested	**(2,026,137)**	**0.63**	(20,407)	0.63
Outstanding at the end of the year	**1,166,131**	**0.63**	3,192,268	0.63

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. During the year 2,026,137 ordinary shares under a call option agreement vested and were released. 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 1.2 years (2021: 0.9 years).

BAYE – Free shares

	2022 Number	2021 Number
Outstanding at beginning of the year	**240,112**	263,106
Forfeited during the year	**(4,680)**	(22,994)
Vested	**(235,432)**	–
Outstanding at the end of the year	**–**	240,112

Free shares are issued to employees for free and therefore do not have an exercise price. During the year 235,432 free shares vested and were released. There are no free shares outstanding at the end of the period.

24 Share-based payments continued

EIP

	2022 Number	2022 Weighted average exercise price £	2021 Number	2021 Weighted average exercise price £
Outstanding at beginning of the year	**1,487,313**	**0.000125**	1,208,693	0.000125
Granted during the year	**736,015**	**0.000125**	580,146	0.000125
Exercised during the year	**(495,550)**	**0.000125**	(130,695)	0.000125
Lapsed during the year	**(111,910)**	**0.000125**	(145,632)	0.000125
Forfeited during the year	**–**	**–**	(25,199)	0.000125
Outstanding during the year	**1,615,868**	**0.000125**	1,487,313	0.000125
Exercisable at the end of the year	**565,636**	**0.000125**	191,509	0.000125

The weighted average remaining contractual life of EIP shares outstanding at the end of the period was 8 years (2021: 8.2 years).

CSR initiative

	2022 Number	2022 Weighted average exercise price £	2021 Number	2021 Weighted average exercise price £
Outstanding at beginning of the year	**2,493,766**	**4.01**	2,493,766	4.01
Granted during the year	**–**	**–**	–	–
Forfeited during the year	**(831,256)**	**4.01**	–	–
Outstanding during the year	**1,662,510**	**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 7.2 years (2021: 8.2 years).

The first tranche of options were forfeited due to the DEPS for the year, 11.31, being below the lower DEPS target of 14.19 pence at the end of the performance period.

Weighted average share price of options exercised
The weighted average share price of all options exercised during the year was £3.67 (2021: £4.32).

Earn-out arrangement

	2022 Number	2022 Weighted average share price £	2021 Number	2021 Weighted average share price £
Shares granted during the year	**155,974**	**3.15**	353,032	4.25

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:

EIP

Grant date	09/12/2021	09/12/2021	09/12/2021
Number of shares under option	344,727	100,644	290,644
Fair value of share option from generally accepted business model (£)	3.76	3.62	3.56
Share price (£)	3.83	3.83	3.83
Exercise price of an option (£)	0.000125	0.000125	0.000125
Expected volatility	27.60%	31.01%	31.01%
Expected dividend yield	1.82%	1.82%	1.82%
Risk-free interest rate	0.24%	0.50%	0.47%
Expected option life to exercise (months)	12	36	48

CSOP

Grant date	09/12/2021	10/01/2022	20/04/2022
Number of shares under option	443,766	7,936	10,042
Fair value of share option from generally accepted business model (£)	0.74	0.58	0.49
Share price (£)	3.83	3.68	2.91
Exercise price of an option (£)	3.75	3.78	2.98
Expected volatility	31.01%	27.65%	29.29%
Expected dividend yield	1.82%	1.89%	2.39%
Risk-free interest rate	0.50%	0.92%	1.62%
Expected option life to exercise (months)	36	36	36

Expected volatility is estimated by considering historic average share price volatility at the grant date.

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.

During the year, the Group recognised a share-based payment expense of £4,728,000 (2021: £4,952,000), £1,840,000 (2021: £2,764,000) of which relates to the earn-out arrangement.

The Group capitalised share-based payment costs of £1,434,000 (2021: £1,378,000).

25 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 risk management framework 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.

25 Financial instruments and risk management continued

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:

	2022			2021 (Restated)[1]		
	Amortised cost £000	Financial liabilities £000	Carrying value £000	Amortised cost £000	Financial liabilities £000	Carrying value £000
Financial assets						
Trade receivables	**2,207**	**–**	**2,207**	2,321	–	2,321
Accrued income	**21,960**	**–**	**21,960**	14,699	–	14,699
Other receivables	**18,445**	**–**	**18,445**	15,063	–	15,063
Cash and cash equivalents	**84,030**	**–**	**84,030**	94,008	–	94,008
	126,642	**–**	**126,642**	126,091	–	126,091
Financial liabilities						
Trade and other payables	**–**	**10,598**	**10,598**	–	8,095	8,095
Lease liabilities	**–**	**13,961**	**13,961**	–	15,594	15,594
	–	**24,559**	**24,559**	–	23,689	23,689

1. See note 2 for details of a change in accounting policy and the resulting restatement of prior year.

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:

	2022 £000	2021 £000
+ 25bps (0.25%)	**191**	246
- 25bps (0.25%)	**(154)**	(23)

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 revenue 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.

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.

	2022 £000	2021 £000
+ 25bps (0.25%)	**6,654**	5,324
- 25bps (0.25%)	**(6,823)**	(4,901)

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 product type, mix and portfolio size which are 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.

	2022 £000	2021 £000
+ 10% higher	**5,846**	4,850
- 10% lower	**(5,846)**	(4,850)

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 19.

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, NatWest Markets plc, Santander UK plc, Santander Financial Services plc, 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.

25 Financial instruments and risk management continued

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
2022				
Trade and other payables	**10,598**	**–**	**–**	**10,598**
Lease liabilities	**2,517**	**8,579**	**7,533**	**18,629**
	13,115	**8,579**	**7,533**	**29,227**
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

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 £133,394,000 (2021: £130,708,000).

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 ICARA, as required by the FCA to assess the appropriate amount of regulatory capital and liquid resources to be held by the Group. Regulatory capital and liquid resources for ICARA are calculated in accordance with published rules.

The ICARA compares the Group's financial resources against regulatory capital and liquidity requirements as specified by the relevant regulatory authorities. Our current financial resources, regulatory capital and liquidity requirements can be found on page 57.

The Group maintained a surplus of regulatory capital and liquid resources throughout the year. The disclosures required under MIFIDPRU 8 of the Investment Firms Prudential Regime are available on the Group's website at **ajbell.co.uk.**

26 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
2022	OEIC	**9**	**1,465.5**	**1,816**	**369**
2021	OEIC	9	1,073.2	1,138	266

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.

27 Reconciliation of liabilities arising from financing activities

2022	1 October 2021 £000	Cash flows £000	Change in lease liability £000	30 September 2022 £000
Lease liabilities	**15,594**	**(1,716)**	**83**	**13,961**
Total liabilities from financing activities	**15,594**	**(1,716)**	**83**	**13,961**

2021	1 October 2020 £000	Cash flows £000	Change in lease liability £000	Additions £000	Disposal £000	30 September 2021 £000
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

28 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 73 to 75 and the ExCo (previously EMB) as shown on pages 76 and 77.

The remuneration expense of key management personnel is as follows:

	2022 £000	2021 £000
Short-term employee benefits (excluding NI)	**2,779**	2,108
Retirement benefits	**114**	35
Share-based payment	**2,389**	1,256
	5,282	3,399

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 116 to 120.

Dividends totalling £11,743,000 (2021: £6,766,000) were paid in the year in respect of ordinary shares held by the Company's directors.

The aggregate gains made by the Directors on the exercise of share options during the year were £772,000 (2021: £nil).

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 £298,000 (2021: £272,000) 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, Mr M T Summersgill and Mr R Stott are directors and shareholders of both AJ Bell plc and EQ Property Services Limited. Mr C Galbraith was a member of key management personnel in the year and shareholder of AJ Bell plc, and is a director and shareholder 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 £1,826,000 (2021: £1,825,000) per annum.

At the reporting date, there is no payable outstanding (2021: £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.

29 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 2022

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Investments	6	**28,983**	22,447
Current assets			
Trade and other receivables – due within one year	7	**2,804**	2,477
Trade and other receivables – due after one year	7	**7,027**	5,241
Current tax asset		**805**	480
Cash and cash equivalents		**15,502**	27,929
		26,138	36,127
Total assets		**55,121**	58,574
Liabilities			
Current liabilities			
Trade and other payables	8	**(1,278)**	(477)
Total liabilities		**(1,278)**	(477)
Net assets		**53,843**	58,097
Equity			
Share capital	10	**51**	51
Share premium		**8,930**	8,658
Own shares		**(473)**	(740)
Retained earnings		**45,335**	50,128
Total equity		**53,843**	58,097

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2022 and signed on its behalf by:

Peter Birch
Chief Financial Officer
AJ Bell plc
Company registered number: 04503206

The notes on pages 171 to 175 form an integral part of these financial statements.

Company statement of changes in equity

for the year ended 30 September 2022

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2021	**51**	**8,658**	**50,128**	**(740)**	**58,097**
Total comprehensive income for the year:					
Profit for the financial year	**–**	**–**	**39,799**	**–**	**39,799**
Transactions with owners, recorded directly in equity:					
Issue of shares	**–**	**272**	**–**	**–**	**272**
Dividends paid	**–**	**–**	**(50,383)**	**–**	**(50,383)**
Equity settled share-based payment transactions	**–**	**–**	**6,162**	**–**	**6,162**
Deferred tax effect of share-based payment transactions	**–**	**–**	**(275)**	**–**	**(275)**
Tax relief on exercise of share options	**–**	**–**	**171**	**–**	**171**
Share transfer relating to EIP	**–**	**–**	**(267)**	**267**	**–**
Total transactions with owners	**–**	**272**	**(44,592)**	**267**	**(44,053)**
Balance at 30 September 2022	**51**	**8,930**	**45,335**	**(473)**	**53,843**

	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

The notes on pages 171 to 175 form an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 30 September 2022

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 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 publicly 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 UK-adopted international accounting standards:

- 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 adopted are the same as those set out in note 2 of the Group financial statements, which have been applied consistently apart from the following:

Investments

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

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.

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 investment's products and services;
- budgeted future costs attributable to the supply of the investment's 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 £39,799,000 for the year ended 30 September 2022 (2021: £37,574,000). 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 6 of the consolidated financial statements.

5 Dividends

Details of dividends paid during the year are disclosed in note 11 of the consolidated financial statements.

6 Investments

	2022 £000	2021 £000
Cost		
At 1 October	**26,247**	19,005
Share-based payments	**6,093**	6,312
Below-market element of loans to subsidiaries	**443**	930
At 30 September	**32,783**	26,247
Accumulated impairment losses		
At 1 October	**(3,800)**	(3,800)
Accumulated impairment losses at 30 September	**(3,800)**	(3,800)
Carrying value at 30 September	**28,983**	22,447

The Company has investments in the ordinary share capital of the following subsidiaries at 30 September 2022:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2022	2021
AJ Bell Business Solutions Limited[1]	Investment / Group administration	England and Wales	**100%**	100%
AJ Bell Management Limited[1]	Investment administration	England and Wales	**100%**	100%
AJ Bell Securities Limited[1]	Dealing and custody	England and Wales	**100%**	100%
AJ Bell Media Limited[1]	Media	England and Wales	**100%**	100%
AJ Bell Asset Management Limited[1]	Investment management services	England and Wales	**100%**	100%
AJ Bell Touch Limited[1]	Intermediate holding company	England and Wales	**100%**	100%
Ad Alpha Solutions Limited	Technology company	England and Wales	**100%**	100%
AJ Bell EBT Limited[1]	Dormant	England and Wales	**100%**	100%
AJ Bell Digital Savings Limited[1]	Dormant	England and Wales	**100%**	100%
AJ Bell Platinum Limited[1]	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%

1. Indicates direct investment of AJ Bell plc.

The financial statements for the year ended 30 September 2022 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.

The registered office of all subsidiaries is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

Adalpha Investments Limited, Adalpha Limited, Adalpha Nominees Limited and Adalpha Trustees Limited, which were dormant entities, have been struck off the register at Companies House in the year.

7 Trade and other receivables

	2022 £000	2021 £000
Amounts due within one year:		
Amounts owed by Group undertakings	2,768	2,451
Prepayments	36	26
	2,804	2,477

Included within amounts owed by Group undertakings is £2,451,000 (2021: £2,451,000) relating to a loan 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.

	2022 £000	2021 £000
Amounts due after one year:		
Deferred tax asset relating to share-based payments	748	990
Amounts owed by Group undertakings	6,279	4,251
	7,027	5,241

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

	2022 £000	2021 £000
Current liabilities		
Accruals	296	467
Amounts owed to Group undertakings	982	10
	1,278	477

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 28 of the consolidated financial statements.

Transactions with Group companies

During the year the Company entered into the following transactions with its subsidiaries:

	2022		2021	
	Receivable £000	Payable £000	Receivable £000	Payable £000
Recharges	–	372	–	202
Dividends received	40,600	–	38,500	–
	40,600	372	38,500	202

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 £298,000 (2021: £272,000) 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 23 of the consolidated financial statements.

11 Subsequent events

Events after the reporting period are shown in note 29 of the consolidated financial statements.

Consolidated unaudited five-year summary

for the year ended 30 September 2022

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Results					
Revenue	**163,847**	145,826	126,749	104,902	89,691
Profit from operations	**58,981**	55,851	49,236	37,409	28,256
Profit before tax	**58,411**	55,084	48,550	37,695	28,359
Profits attributable to equity holders of AJ Bell plc	**46,739**	43,822	38,829	30,353	22,646
Assets employed					
Non-current assets	**31,978**	30,621	24,395[1]	11,269	11,589
Current assets	**133,504**	131,521	116,945[1]	92,021	69,770
Current liabilities	**(17,689)**	(15,999)	(15,303)[1]	(14,202)	(15,511)
Non-current liabilities	**(14,399)**	(15,435)	(16,571)[1]	(3,025)	(1,812)
Net assets	**133,394**	**130,708**	**109,466**	**86,063**	**64,036**
Financed by					
Equity	**133,394**	130,708	109,466	86,063	64,036
Key statistics					
Earnings per share (pence)	**11.39**	10.71	9.51	7.51	5.76[2]
Fully diluted earnings per share (pence)	**11.35**	10.67	9.47	7.47	5.63[2]
Ordinary dividend per share paid in year (pence)	**7.28**	7.12	4.83	3.74	3.07[2]
Special dividend per share paid in year (pence)	**5.00**	—	—	—	2.03
Ordinary dividend per share declared with respect to profits generated in year (pence)	**4.59**	6.96	6.16	4.83	3.70[2]
Special dividend per share declared with respect to profits generated in year (pence)	**—**	5.00	—	—	2.03

1. Reflects the impact of IFRS 16 in 2020.
2. Restated to reflect the share reorganisation in 2019.

Glossary

Adalpha	AJ Bell Touch Limited and its wholly-owned subsidiaries
AGM	Annual General Meeting
AJBIC	AJ Bell Investcentre
BAYE	Buy as you earn
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
CSOP	Company Share Option Plan
CSR	Corporate Social Responsibility
D&I	Diversity and Inclusion
DEPS	Diluted Earnings Per Share
DTR	Disclosure Guidance and Transparency Rules
DWP	Department for Work and Pensions
D2C	Direct to Consumer
EIP	Executive Incentive Plan
EMB	Executive Management Board
ERC	Executive Risk Committee
ESG	Environmental, Social and Governance
EVF	Employee Voice Forum
ExCo	Executive Committee (formerly EMB)
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FRS	Financial Reporting Standards
FTSE	The Financial Times Stock Exchange
FX	Foreign Exchange
GHG	Greenhouse gas
GIA	General Investment Account
HMRC	His Majesty's Revenue and Customs
HR	Human Resources
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process
ICARA	Internal Capital and Risk Assessment
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
IPO	Initial Public Offering
ISA	Individual Savings Account
IT	Information Technology
KOS	Key Operating System
KPI	Key Performance Indicator
KRI	Key Risk 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
PR&U	Principal Risks and Uncertainties
R&CC	Risk and Compliance Committee
RMF	Risk Management Framework
SID	Senior Independent Director
SIPP	Self-Invested Personal Pension
SMIP	Senior Management Incentive Plan
SREP	Supervisory Review and Evaluation Process
SSAS	Small Self Administered Scheme
TCFD	Task Force on Climate-related Financial Disclosures
TPDFM	Third-Party Discretionary Fund Managers
TPR	The Pensions Regulator
WACI	Weighted Average Carbon Intensity

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
Lifetime Value	The total amount of revenue a business expects to generate over the lifetime of a customer
Listing rules	Regulations subject to the oversight of the FCA applicable to companies listed on a UK stock exchange
MSCI ESG rating	MSCI's assessment of a Company's resilience to long-term, industry material ESG risks and how well they manage those risks relative to peers
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

The Mound
Edinburgh
EH1 1YZ

Notes

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AJ Bell plc
4 Exchange Quay
Salford Quays
Manchester M5 3EE
T: 0345 40 89 100
ajbell.co.uk

Company registration number 04503206