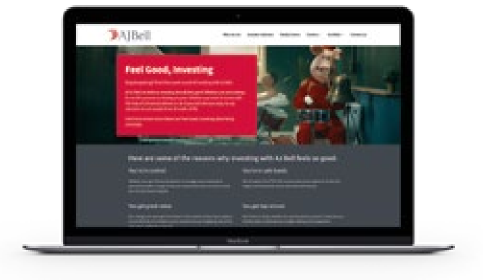
Growing **with purpose**

AJ Bell plc

Annual Report and Financial Statements 30 September 2023



Find out how we are helping people invest and more at
ajbell.co.uk

Growing **with purpose**

"At the heart of our business is a clear and succinct purpose which drives everything we do: **to help people invest.**

We want to make investing as easy as possible for our customers. Our dual-channel platform and our in-house range of low-cost investment solutions help people take control of their investments, whether they do that on their own or with the help of a financial adviser. Our offering, combined with high service standards and competitive charges, positions us well to continue attracting new customers and assets to our platform and further increase our market share."

Michael Summersgill
Chief Executive Officer

Our purpose

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

To help people 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.

Full-service and simplified platform propositions	Wide investment range supplemented by in-house investment solutions	First-class service model to support our digital propositions	Dual-channel platform operating at scale in both D2C and advised markets	Efficient operating model enables us to keep costs low for customers

Business model See **p20 and 21**

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

Principled	Knowledgeable	Straightforward	Personal	Ambitious
We act with integrity	We know our stuff	We simplify the complex	We put people first	We set high standards

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

Our strategy See **p22 to 25**

Sustainable growth	Easy-to-use platform propositions	Excellent service	High staff engagement

Creating sustainable value

Responsible propositions
Offering products and services that are aligned with our purpose.
See more **p36 to 38**

Responsible employer
Developing and supporting our people to help them achieve their potential.
See more **p39 to 43**

Supporting our local communities
Playing a positive and supporting role in our local communities.
See more **p44 and 45**

Environmental awareness
Minimising our impact on the environment.
See more **p46 to 54**

"The platform offers a very good user experience, it's simple, the login process is easy and then once you're in, it's easy to find my dashboard for a top-level view of how I'm doing and then take advantage of the premade investing solutions. I have a feeling of control and confidence that I didn't have beforehand. I feel like my money is safe and that I'm on a reliable platform."

Oonagh
AJ Bell customer

#FeelGoodInvesting

See more at **ajbell.co.uk/group/feel-good-investing**

Helping Oonagh invest for her financial independence

Age: 52 years old
Mission: To achieve financial independence

Oonagh, mother of three children, recently started investing and chose AJ Bell as her starting point. Attracted to the tax efficiencies on offer, she contributes to her ISA and SIPP each month. She wanted to be a role model for her children in being able to speak about investing, particularly for her two girls. To her, financial independence is being more confident that she will be able to cover any big bills that may arise in the future.

Oonagh chose AJ Bell for its ease of use and is now enjoying the rewards of investing with us.

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

Strategic report

We make **investing easier**

AJ Bell is one of the UK's largest and best-regarded investment platforms. Over 490,000 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. We strive to deliver a market-leading platform by combining low cost, ease of use and excellent customer service.

Trustpilot

Excellent 4.8/5

AJ Bell is rated as 'Excellent' on independent review site Trustpilot with a score of 4.8 out of 5.0 from over 4,000 reviews, demonstrating our continued strong customer service.

Our awards

Top 100 Best Large Company to Work for in the UK for 6 consecutive years

Money Marketing awards Provider of the Year award for 2 consecutive years

Which? Recommended Platform provider for 5 consecutive years

Citywire Growth shortlist winner: AJ Bell Asset Management for the VT AJ Bell Adventurous Fund

Our propositions

	Advised	D2C
Customers	159,256 +10% 2022: 145,371	317,276 +13% 2022: 280,281
AUA	£48.2bn +8% 2022: 44.8bn	£22.7bn +18% 2022: 19.3bn
Full-service Established platform propositions offering a wide range of investment choice and functionality.	AJ Bell Investcentre	AJ Bell
Simplified Digital-only platform propositions offering an easy-to-use, streamlined service in the advised and D2C markets.	TOUCH	AJ Bell Dodl
Investment solutions A range of in-house funds and MPS solutions which support our offerings in both the advised and D2C market segments.	AJ Bell Investments Provides simple, transparent, low-cost investment management solutions through advisers and direct to customers.	

Performance in 2023

Total assets under administration[1]
£76.1bn
+10%

Total customers[1]
491,402
+12%

Revenue
£218.2m
+33%

Profit before tax (PBT)
£87.7m
+50%

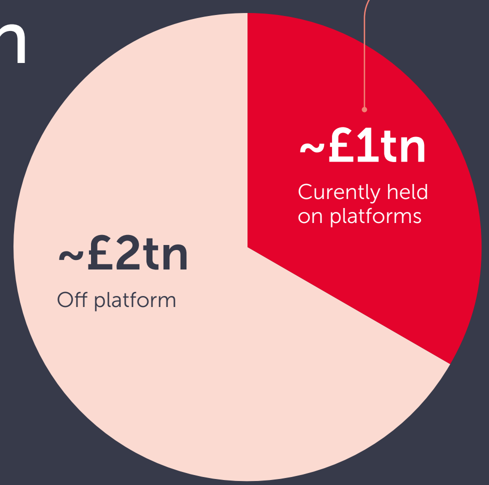
Highlights

- Invested in our brand through our new multi-channel advertising campaign and five-year partnership with the AJ Bell Great Run Series.
- Launched our pension finding service for new and existing customers.
- Delivered excellent customer service, with a high customer retention rate of 95%.
- Achieved significant growth in AJ Bell Investments with closing AUM of £4.7 billion, up 68% in the year.

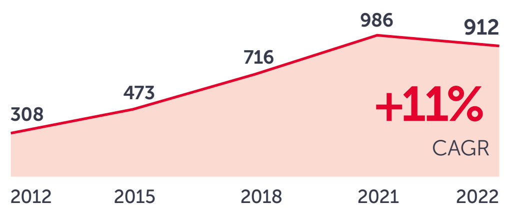
1. Total assets under administration (AUA) and customers include non-platform customers and AUA. See pages 26 and 27 for definitions of Alternative Performance Measures.

Market opportunity

Total addressable market
~£3tn



A fast-growing platform 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 p16

Maintaining **our focus**

> "AJ Bell is a great business with a justifiable reputation for innovation, customer focus and a commitment to delivering real value to customers and advisers."
>
> **Fiona Clutterbuck**
> Chair

Dear shareholder

I am delighted to present my first Annual Report as your new Chair.

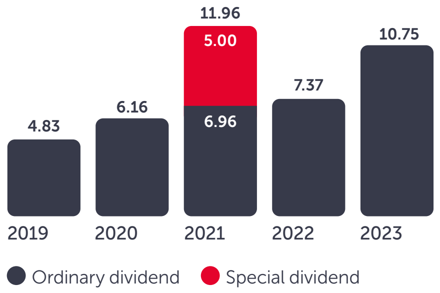
Since my appointment on 1 May 2023, I have spent time getting to know many people across the business, as well as having the pleasure of engaging with some of our shareholders and other key stakeholders, discussing both AJ Bell's business and the wider platform market. It has been a really interesting and informative period since joining, which has reaffirmed my initial very favourable impression of the people and the business. I am very excited to lead the Board and support the executive team in the goals we have set ourselves.

I am pleased to report that we have delivered a strong financial performance during the year with PBT of £87.7 million. Over the past 12 months customer numbers increased by 50,813 to 491,402 and we delivered £4.1 billion of net inflows, ending the year with total AUA of £76.1 billion. This strong performance demonstrates the resilience of our business model during a challenging year and continued uncertainties around the UK economy. The Financial review contains further information on this year's performance on pages 56 to 59.

As the uncertainties in the wider economy continued into 2023, it created further challenges for our customers, our people and our wider stakeholders. As a Board we were particularly mindful of this and so our focus remained 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.

Dividend per share since IPO

Pence



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

Culture, purpose and stakeholder engagement

The Board plays a vital role in shaping and embedding a strong and healthy culture through promoting the core values and principles of the Group and this continued to be a focus throughout the year. We welcomed the opportunity to engage with our staff and shareholders in person again this year, providing invaluable insight into the operation and culture of our business. I was delighted to be appointed as the nominated Employee Engagement Director in May, which has given me an opportunity to refresh the Employee Voice Forum (EVF).

During the year we also reviewed the AJ Bell Way and our guiding principles; challenging ourselves on their continued alignment with our purpose and culture following significant growth of the business. It was encouraging to see the level of engagement from our people and our customers and advisers, affirming how well our core values resonate with our key stakeholders. Whilst the key elements of our guiding principles remain relevant, some refinements have been made to simplify them and reflect the feedback received to ensure they continue to be embraced by our people on a day-to-day basis.

Consideration of our wider stakeholders in some of our key decisions in the year are outlined in our Section 172 statement on pages 30 to 31.

We recognise the importance of an engaged workforce and it was pleasing to see that this year's staff survey showed positive progress with an overall response rate of 87%. Our people are at the heart of our continued growth and success and so how we motivate, reward and support them is a key priority for the Board. The introduction of the new free share award scheme for all employees has been very well received and we expect the level of share ownership to increase further for the coming year. Our pay and benefits package introduced at the start of FY23 has also seen further enhancements to base pay and pension contributions for the coming year.

We have made good progress embedding our Diversity and Inclusion framework. As reported last year our primary focus was on the senior management and talent pipeline where I am pleased to see we have already made positive steps on the recruitment at executive level. The Board will continue to monitor and challenge progress on our initiatives for the wider workforce where we expect to see further improvements in the coming year.

Further details on our ESG-related activities can be found in our Responsible Business section on pages 32 to 54.

Board changes and sucession

On 1 May 2023 I succeeded Baroness Helena Morrissey as Chair. On behalf of the Board, I would like to thank Helena for her significant contribution to AJ Bell as Chair and look forward to her continued involvement through her consultancy role where we are benefitting from her passion and commitment to diversity and inclusion.

As previously announced when Andy Bell stepped down from the Board in September 2022, it was agreed that he would have the right to nominate a Non-Executive Director to represent his interests on the Board whilst a significant shareholder. This agreement was formalised in July 2023 when we announced that Les Platts would join the Board as Andy's Representative Director. I would like to take this opportunity to formally welcome Les to the Board and very much look forward to working with him. Les' in-depth knowledge of the financial services sector and AJ Bell in particular, will further enhance the experience on the Board and help us drive the future growth of the Company.

During the year we resumed our search for two new independent Non-Executive Directors (NED), the first being a replacement for Simon Turner who has completed nine years' service and will step down from the Board once a successful handover is complete. The Board is extremely mindful of the importance of having a diverse range of skills, experience and perspective around the Board table and so this was at the forefront of our minds throughout the recruitment process. I am pleased to report that since the year end we have appointed Fiona Fry as an independent Non-Executive Director with effect from 7 December 2023. Fiona will succeed Simon Turner, as Chair of the Risk & Compliance Committee, subject to regulatory approval. Fiona is a highly experienced risk professional, having spent the majority of her career at KPMG where, as a partner she focused on financial services regulation. Fiona sat on the UK Board of KPMG for six years. She was previously Head of investigations at the Financial Services Authority (now the FCA). Fiona is currently Chair of the Risk Committee at Aviva Insurance Limited.

Our commitment to addressing both the Parker Review recommendations and the FCA diversity requirements remains a key consideration as we continue our search for a further independent NED to join the Board in the coming year. Whilst we are pleased with our progress, we acknowledge there is still more to be done to continue to drive greater diversity at both Board and executive level.

Further details on Board changes can be found in the Nomination Committee report on pages 88 to 91.

Dividend

In line with our commitment to a progressive dividend, the Board is pleased to announce a final ordinary dividend of 7.25p 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 30 January 2024, to shareholders on the register at the close of business on 12 January 2024.

This brings the total ordinary dividend for the financial year to 10.75p per share, representing an increase of 46% on the previous year.

Board priorities

Performance and resilience

I am very proud of the strong performance that the business has delivered in 2023. However, I am acutely aware of the need to continue growing the business, whilst at the same time managing our cost base against a backdrop of significant macroeconomic uncertainty. These are two key priorities in the coming year. I am also keen that we continue to embrace the entrepreneurial culture which was so much a hallmark of the business under Andy Bell's leadership.

Performance such as that which the business has demonstrated this year is only achievable if the business is resilient; technology plays a very important role in embedding this resilience so this too will be a focus for FY24.

Culture

AJ Bell has always justifiably prided itself on a strong cohesive culture. In my first few months as Chair I have had the opportunity to experience this first hand. Interactions with my colleagues across the business have confirmed an open and transparent culture that permeates throughout the whole organisation. Our role as a Board is to monitor how we nurture this culture and ensure it remains a real strength as we continue to grow.

One of the most important facets of the AJ Bell purpose-led culture has been its extraordinary focus on doing the right thing for its customers. We place good customer outcomes at the heart of everything we do, with good value products, simple communications and strong processes to support our customers.

The initial implementation of the Consumer Duty has been a key area of focus for the Board and the business as a whole during the year, with Simon Turner, our Chair of the Risk & Compliance Committee being appointed as our designated Non-Executive Director Consumer Duty Champion. Although we believe our culture is aligned with the requirements of Consumer Duty, we are by no means complacent and the Board's focus during FY24 will be on maintaining oversight to ensure the business is delivering good outcomes for its customers which are consistent with the Duty.

Succession planning

The Board remains focused on maintaining good corporate governance and ensuring these principles are embedded into our culture. I strongly believe that diversity in all its forms leads to more productive and balanced Board discussions, and maintaining a diverse and inclusive Board is a key priority. This includes meeting our targets for gender and ethnic diversity, whilst at the same time ensuring that all Board appointments are made on merit.

As I have already mentioned, we are well progressed in our search for two new independent NEDs. It will be important to ensure that our new NEDs receive an appropriate induction, matched to their skills and experience, together with the right level of support from the Board in their first year. We will also be focusing on putting in place succession planning for the Committee Chair roles.

Looking ahead

I have really enjoyed my first seven months as AJ Bell's Chair. First impressions are of a committed, strong management team, collaborative Board and strong performance despite the wider economic backdrop. I truly believe this is a great business and I can see the growth potential. Our dual-channel business model is a real strength in the investment platform market and with a focus on ease of use and value for money, AJ Bell is well-positioned to continue to attract new customers and assets to the platform and further increase our market share.

I am very grateful to the Board and all those in the business who have helped me over the first few months as part of my induction and I am very much looking forward to continuing to work with them over the coming years.

AJ Bell is a financially strong business as evidenced by a profitable, well-capitalised and highly cash-generative business model, and the Board remains confident in the long-term prospects of the business. Whilst the macroeconomic environment remains challenging in the short term, it is clear that the fundamental growth drivers for the platform market remain firmly in place and I look forward to working with Michael, the executive team and the Board to ensure the business takes advantage of the growth opportunities that lie ahead.

Fiona Clutterbuck
Chair

6 December 2023

Chief Executive Officer's review

A scalable platform for **growth**

"We are in a great position to maintain our growth momentum and capitalise on the significant long-term opportunities in our market by providing investors with an easy-to-use, low-cost platform, supported by excellent customer service."

Michael Summersgill
Chief Executive Officer

Overview

We are pleased to report another strong set of results for 2023, delivering organic growth in customer numbers, AUA and AUM, across both the advised and D2C market segments. This growth, alongside a record financial performance, demonstrates the strength of our dual-channel platform and diversified revenue model to deliver in different market conditions.

In the five years since our IPO in December 2018 we have delivered the significant growth that was expected, increasing our share of the fast-growing platform market each year, whilst also paying an increasing ordinary dividend to shareholders. Our focus on providing great value through our high-quality products has led to nearly half a million platform customers now trusting us with their investments.

The investment platform market continues to grow. Whilst we are winning new business from our competitors within the platform market, crucially we are still growing the platform market by attracting assets held off-platform in legacy products, as investors seek the flexibility and control that platforms offer. This growth is set to continue with approximately two-thirds of the estimated £3 trillion addressable market currently held off-platform.

Our dual-channel model, serving both the advised and D2C segments of the market, enables us to capture assets across the whole addressable market, whilst the benefits of our scale, coupled with our efficient operating model, enable us to keep costs low for customers and invest in our platform with a focus on ease of use. Together with our market-leading customer service levels, these factors have been key to our success to date and ensure we are positioned at the forefront of the platform market to capitalise on the significant long-term growth opportunities.

"Our platform provides customers with the flexibility to choose from a broad range of investment options, enabling them to respond to changing market dynamics."

The current macroeconomic environment has presented challenges for investors and advisers, with high inflation leading to higher interest rates. These conditions have impacted consumer confidence and led to stronger demand for cash savings products. We expect these conditions to persist in the short term, however the versatility of our open-architecture platform enables us to continue to grow across a range of market conditions, as demonstrated in recent years.

Our platform provides customers with the flexibility to choose from a broad range of investment options, enabling them to respond to changing market dynamics. In the higher interest rate environment, we have seen increased demand for government bonds and money market funds. Separately, our Cash savings hub has provided a convenient option for customers seeking higher returns on their cash savings.

Platform customers
476,532
+12%

Platform AUA
£70.9bn
+11%

Q&A
with Michael Summersgill

Q It has now been five years since AJ Bell's IPO. How do you reflect on this time?

We have achieved significant organic growth in customers and AUA, in line with the strategy set out to investors at the time of the IPO. Over this period, platform AUA has increased by 84% to £70.9 billion and platform customers have risen by 160% to 476,532. This growth has been organic and hasn't required shareholder capital, in fact we have paid £147.5 million in dividends since the IPO.

Key to this growth has been investing in our platform propositions whilst consistently delivering excellent service to our customers, as reflected by our recognition as the Which? Recommended Investment Platform provider for five consecutive years and our market-leading Trustpilot score of 4.8-stars.

This service would not be possible without the dedication of our people. Culture and employee engagement have always been key strengths of the business, and we have maintained this as we continued to grow, achieving a 3-star accreditation in the Best Companies to Work For survey every year since we listed.

Looking ahead to the next five years, I am confident we will deliver on the significant growth opportunities our market continues to present.

Q How will your platform products drive growth?

I expect AJ Bell and Investcentre, our well-established full-service platform propositions, to continue to be the core drivers of growth. Alongside this, our new simplified products represent a key area of our growth strategy. Dodl, our simplified D2C platform proposition, is aimed at less-experienced investors. Given the success we have seen on our D2C brand work in 2023, we have decided to revitalise Dodl in FY24, so that it is brought much closer to our core AJ Bell branding and delivers an optimised marketing approach. We are confident in the high-quality customer outcomes the product delivers and this change will help to maximise future growth.

We continue to develop Touch, our simplified advised product. This will expand our offering for advisers, helping them to cater for clients looking for a digital service model. We completed a closed beta launch in the year and plan to deliver the initial proposition to market during 2024.

Q How will you maintain a strong culture?

Maintaining a strong, purpose-led culture is key for me. Our guiding principles are an important tool in fostering the right culture, having been first established around 10 years ago. We have revisited them this year to ensure they continue to reflect who we are as a business. This involved stakeholder engagement which highlighted how deep-rooted our guiding principles are. We have made some changes which are a refinement of the existing framework that has served us well, rather than a fundamental change. These refreshed guiding principles have been embraced by our people who continue to apply them in their roles each day.

Employee share ownership is ingrained in our culture, ensuring staff share in the success of the business. The introduction of our annual all-employee free share scheme will facilitate a continuation of this culture, with the first awards having been made in January 2023.

Strong performance

Our platform delivered growth of over 50,000 customers in the year, increasing total platform customers by 12% to 476,532 (FY22: 425,652). Our low-cost products position us well at a time when customers are increasingly looking for value. Demand has been strong from D2C customers, supported by the investments in our brand and improved mobile app functionality. We maintained our excellent service levels throughout this period, as evidenced by our high customer retention rate of 95.2% (FY22: 95.5%).

The strength of our open-architecture platform, offering customers a wide range of investment options, was demonstrated as we delivered over £4 billion of net inflows. This contributed to an 11% increase in platform AUA which ended the year at £70.9 billion (FY22: £64.1 billion). Our investments business achieved another year of significant growth, with total AUM increasing by 68% to £4.7 billion (FY22: £2.8 billion).

The strong demand has been fuelled by our excellent long-term investment performance, with all six of our multi-asset growth funds being placed in the top quartile of returns when compared to their Investment Association peers over the last five years.

Our diversified revenue model has enabled us to deliver a record financial performance whilst also investing in long-term initiatives to support future growth. Revenue increased by 33% to £218.2 million (FY22: £163.8 million), largely driven by growth in platform AUA and higher rates of interest generated on cash balances held on the platform.

We have been mindful of the need to share the benefits of higher revenue margins across all our stakeholders. For customers we have kept our prices low, paid a competitive interest rate on their cash balances and invested in our propositions; for our people we have improved our pay and benefits package in response to the rising cost of living; and for our shareholders our investments in brand and propositions position us to continue to increase our market share, whilst once again increasing our ordinary dividend.

Business update

Advised

Advised customers

159,256 +10%

Advised AUA

£48.2bn +8%

Our advised business has performed resiliently during a challenging period for the market, delivering a 13,885 increase in customer numbers and £3.4 billion increase in AUA. This increase was driven by net AUA inflows of £1.9 billion (FY22: £3.3 billion) and £1.5 billion of favourable market movements (FY22: £4.3 billion of adverse market movements). Net AUA inflows were 42% lower than prior year as a result of a moderation in transfer activity as advisers and their clients exercised more caution in the face of ongoing uncertainty in the macroeconomic environment.

We have continued to develop our full-service advised proposition, Investcentre, with a focus on ease of use. This included new dealing functionality which allows advisers to make one-off investments using their customers' model portfolio asset allocation, helping to avoid any unnecessary friction when adding money to portfolios. We have also made significant progress on enhancements to the onboarding journey, due to be rolled out in the first half of FY24, delivering an improved interface mapped to the advice process which streamlines the new business process for advisers.

In the higher interest environment a number of customers are looking for cash-like returns, whilst maintaining the benefits of remaining in their existing tax wrappers and having the flexibility to easily invest in other assets again at a time of their choosing. To support advisers in servicing those customers, we launched the AJ Bell Investments Money Market MPS in November. This product is at a market-leading low-price with no management fees and an ongoing charges figure (OCF) of just 10bps.

We engage with advisers through a range of events and technical support every year. We continued our 'on and off the road' seminars, and hosted our flagship Investival conference in November, which was attended by over 400 financial professionals. This regular communication with advisers allows us to forge strong relationships and earn their trust as a platform provider.

D2C

D2C customers

317,276 +13%

D2C AUA

£22.7bn +18%

Our D2C business has delivered a strong performance, with a 36,995 increase in customer numbers and a £3.4 billion increase in AUA. This increase was driven by net inflows of £2.3 billion (FY22: £2.5 billion), with over 95% of these net inflows into tax-wrappers and dealing accounts, and £1.1 billion of favourable market movements (FY22: £2.7 billion of adverse market movements).

At the start of the year we retired the Youinvest sub-brand, renaming our full-service D2C platform as AJ Bell. This change has helped to drive the strong growth in the year by simplifying the journey for new customers, and improving the effectiveness of our direct marketing activity.

We have continued to focus on making the customer journey easier and have rolled out multiple enhancements to the AJ Bell platform. In November, we introduced the ability to purchase a select list of gilts online in response to increased demand for those instruments in the higher-interest-rate environment. We also delivered our pension finder service for new and existing customers.

Following the increases in the UK base rate throughout the year, we raised the rates we pay to customers on cash held on the platform. Early in 2024, we will be introducing a higher interest rate on cash held in SIPP drawdown, reflecting the fact that these customers often hold more of their portfolio in cash to fund their short-to-medium term retirement plans, as well as higher rates for SIPP and ISA customers with large cash balances.

We provide high-quality investment content for our D2C customers, covering the latest market trends. In May, we made our weekly Shares magazine free for all D2C customers, and our weekly Money & Markets and Money Matters podcasts provide further market information and expert analysis to support our customers in navigating their investment decisions.

Investments

AUM

£4.7bn +68%

Our investments business offers a range of simple, transparent investment solutions at a low cost. In a market where many asset managers are suffering persistent net outflows, the strong performance and low-cost nature of our multi-asset investment solutions continue to attract new assets in both the advised and D2C markets.

The growth has been particularly strong from advised and external platform customers who value the long-term track record of performance our investments have delivered.

Customer services and technology

We provide a high-quality service to our customers, with over 95% of customer calls in the year answered within 20 seconds. This excellent service is reflected in our 4.8-star Trustpilot score, as rated by our D2C customers, and our 95.2% platform customer retention rate.

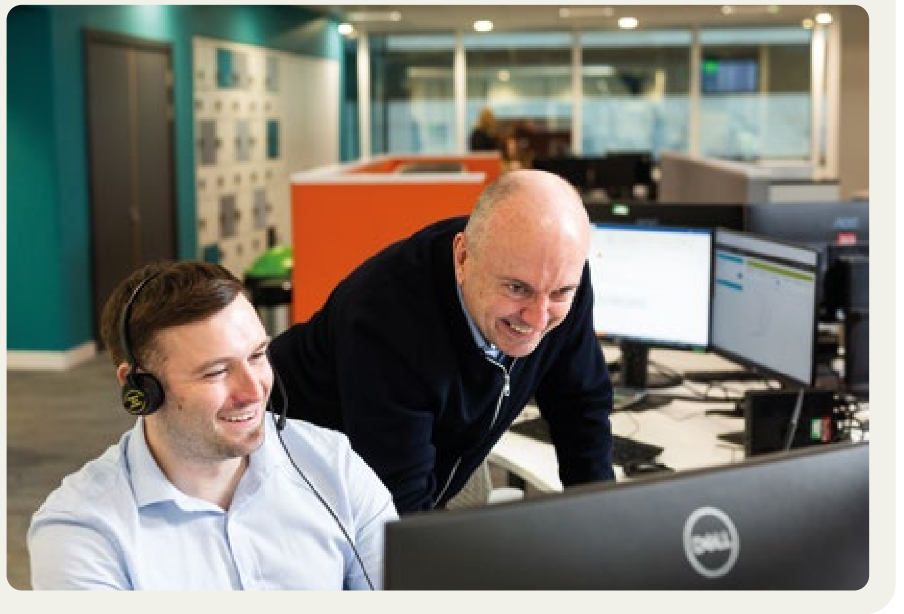
We continue to invest in our technology to deliver a great customer experience. Our secure and scalable platform has been designed to facilitate growth and drive operational gearing, utilising a hybrid technology model which allows us to build adaptable, easy-to-use interfaces. During the year, we have continued to invest in the resilience of our platform through further investment in our cyber security and disaster recovery capabilities. In addition, we have increased the resource in the change teams in order to improve the speed at which we deliver further enhancements to our platform propositions.

We recognise the significant opportunities that artificial intelligence presents for us to increase our efficiency as a business as well as the risks it presents for customer security. In June, we dedicated engineering and business resources to execute an artificial intelligence hackathon, building several innovative proofs of concepts. The output of this process was very encouraging, with lots of initiatives discussed and many ideas generated which we will consider adopting in the future. We will embrace artificial intelligence, with the focus initially on internal, non-customer-facing operations, as part of our efforts to continually improve operational efficiency.

People and culture

As our business continues to grow, it is important that we maintain a strong culture, along with our high levels of staff engagement and wellbeing. It is therefore pleasing to have once again achieved a 3-star accreditation in the 'Best Companies to Work For', and to be recognised as one of the top 20 large companies to work for in the UK.

At the start of FY23 we introduced several enhancements to our pay and benefits package, representing an increase in staff costs of over 10%, including our new free share award scheme for all employees. We remained mindful of the impact of the continuing cost-of-living pressures on our people when considering employee benefits for the forthcoming year. A number of additional enhancements to our pay and benefits package were made, including an average increase in base pay of 5.8% and a further uplift in pension contributions.



As part of our review of the AJ Bell Way, we have refreshed some of our guiding principles and relaunched these to staff across the business, further details of which can be found in our Responsible Employer section on page 39.

Our apprenticeship programmes continue to be a huge success, with this year's intake of 34 new digital and investment apprentices being the largest cohort since it was launched in 2017. We were also pleased to have been recognised as the 'Large Employer of the Year' at the North West Apprenticeship Awards. In addition, our commitment to developing our internal talent pipeline was recognised with an 'Outstanding' Ofsted rating following their inspection of our Talent Development Programme which upskills and develops our Team Leaders and Managers through apprenticeships.

We launched the AJ Bell Futures Foundation at the start of the year to develop long-term partnerships with our local communities. It has been great to see staff participating in volunteering activities with both of our partner charities, Smart Works and IntoUniversity, as well as taking up the chance to nominate local charities for donations. Further information on the work of the Foundation can be found in our Responsible Business report on page 45.

Investing for long-term growth

We continue to innovate and invest in our products with a focus on ease of use.

A significant proportion of our addressable market sits in legacy pension products. Most adults have several employers during their career, and subsequently accumulate a number of different pension pots which can be inefficient to manage separately. Our free pension finding service, which is now live for new and existing customers, has proved popular with customers trying to track down and consolidate pension pots. In FY24, we will launch our new ready-made pension product that consolidates a customer's pension into a simple product, offering an investment range of four AJ Bell growth funds with a transparent all-in charging structure starting from 45bps. The streamlined nature of this product will reduce barriers for customers who are less confident in managing their own investments and provides an enhanced journey for new customers opening a pension with us in the future.

Our product philosophy of utilising our scale to keep charges low for our customers ensures we continue to provide excellent value for money. We reduced a number of charges across our full-service propositions in the second half of FY22 and are committed to continually reviewing our customer charges as we grow.

Trust and brand awareness are key drivers of a new customer's decision when choosing an investment platform. We have built a brand which is highly trusted by our customers, and this year, we commenced our multi-year strategy to enhance brand awareness and to continue increasing our share of the growing platform market. This strategy was kick-started with our 'feel good, investing' multi-channel advertising campaign, alongside our new five-year partnership as the title sponsor of the Great Run Series.

Regulatory developments

There are a number of ongoing regulatory developments that will impact customers in our market and we continue to engage proactively with Government and regulators on their behalf.

We were well prepared for the implementation of the new Consumer Duty which came into force at the end of July. We are supportive of this development and believe it will be positive for consumers, with an increased focus on value for money and ensuring good customer outcomes.

It is disappointing the new Duty does not yet apply to legacy schemes, as the FCA has recently stated savers in older schemes may be at greatest risk of poor value for money.

We are continuing to work with the Government and the FCA on their review of the boundary between advice and guidance, and their exploration of new ways to offer support and guidance to consumers. We believe any new rules should be applicable to new and existing D2C customers and enable firms to deliver solutions that meet the needs of their customer cohorts. An overly prescriptive approach would stifle innovation and risk poor customer outcomes.

ISAs should be a simple, easy-to-use tax-efficient savings vehicle but we now have six variations of ISAs, all aiming to cater for slightly different customer needs, with complicated rules.

We have been campaigning for the Government to simplify ISAs by creating a single ISA solution that is easy for consumers to understand and will encourage them to invest more. Whilst some relaxations were announced in the Autumn Statement such as allowing people to subscribe to more than one of the same type of ISA each year, we think this was a missed opportunity to launch a wider consultation with the aim of simplifying ISAs and helping people to invest. Whilst significant change may take some time to achieve, our proposals have been received well both by government and the industry, so we will continue to campaign for further change in this area.

Executive Committee changes

Bruce Robinson stepped down from his role as Company Secretary and Group Legal Services Director, and as a member of the Executive Committee, at the end of September 2023. I would like to thank Bruce for his exceptional service over the last 11 years at AJ Bell and look forward to continuing to work with him in his new role as an Executive Consultant.

Following this, I am pleased to report the internal promotion of Kina Sinclair to the role of Group Legal Services Director and as a member of the Executive Committee with effect from 1 October 2023. Kina joined AJ Bell in July 2018 and brings extensive knowledge of the business alongside her broad commercial law expertise.

As part of the succession plan for Bruce, we have separated the Company Secretary role and are pleased to announce the appointment of Olubunmi Likinyo as Company Secretary with effect from 1 October 2023.

Following the year end Kevin Doran, Managing Director of D2C and Investments, informed the business of his decision to leave. He will therefore be departing AJ Bell in the new year. Kevin has helped us to build a terrific investment business and I would particularly like to thank him for his work in this part of the business. I am pleased to announce that Charlie Musson, our Chief Communications Officer, has taken over as Acting Managing Director D2C. Having worked with Charlie for many years, I look forward to working with him in his new role as we continue to drive our D2C platform propositions forward.

Outlook

Investment platforms play a hugely important role in helping individuals to take control of their long-term investments. At AJ Bell, we operate a scalable platform that provides a high-quality, trusted service to our customers. Our continued investment in our advised and D2C platform propositions means we are well equipped and ready to serve both existing platform customers and new customers seeking to invest in the future.

In the short term, the macroeconomic environment will continue to present some headwinds. However, as we have seen this year, our versatile platform offering enables us to continue delivering robust growth in these conditions and the long-term structural drivers of growth in the UK platform market remain strong. Our aim remains to continue increasing our share of the platform market, which for many years has grown quicker than the broader financial services sector.

Our diversified revenue model means we are well placed to succeed in different macroeconomic conditions. Our philosophy remains to continually re-invest the benefits of our scale to drive long-term growth, ensuring that we offer a great value proposition to customers whilst investing in our brand, technology and people at the levels required to deliver on our long-term growth ambitions.

As a final point, I would like to thank all of our staff; without their ongoing commitment and quality of work our continued success would not be possible.

Michael Summersgill
Chief Executive Officer
6 December 2023

> "As we have seen this year, our versatile platform offering enables us to continue to deliver robust growth in these conditions and the long-term structural drivers of growth in the UK platform market remain strong."

Why invest in AJ Bell?

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

Our market
A significant market opportunity
£3tn
Total addressable market

Our propositions
Award-winning advised and D2C platform
95.2%
Customer retention rate

Our customers
A growing base of loyal high-quality customers
50,813
Net new customers in 2023

Our people
Highly engaged staff providing excellent service
Top 20
Best Companies ranking

Our business model
A profitable and scalable platform
40.2%
2023 PBT margin

Quality of earnings
A diversified mix of revenue types
£218.2m
2023 total revenue

Cash generation
Highly cash generative with a progressive dividend policy
19 years
of successive ordinary dividend growth

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.

UK platform market

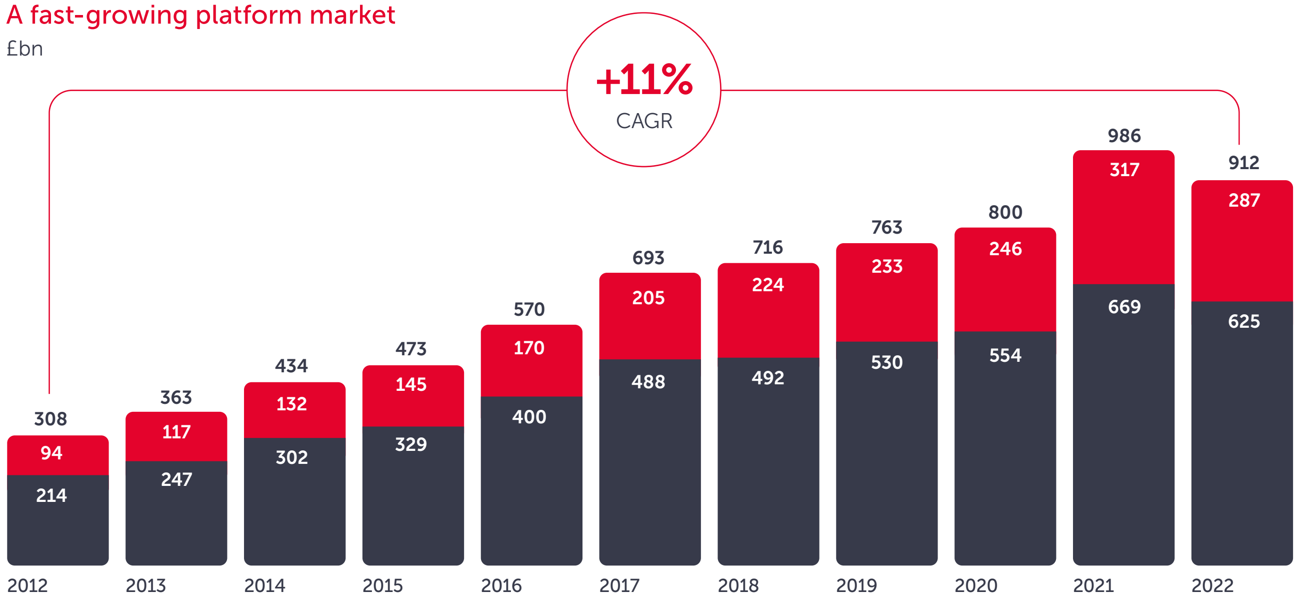
The platform market is currently worth close to £1 trillion, with around two-thirds held on adviser platforms and the remainder held on D2C platforms.

The market has grown significantly over the last decade, with total AUA having 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 futures.

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



Advised AUA ● D2C AUA

Source: Platforum UK Adviser Platforms (November 2022); Platforum UK D2C Market Overview (February 2023).

Long-term structural growth drivers

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

Demographics

UK state pension age is due to reach 67 by 2028

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.

Technology

Structural shift from non-platform providers to platforms

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.

Government policy

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

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.

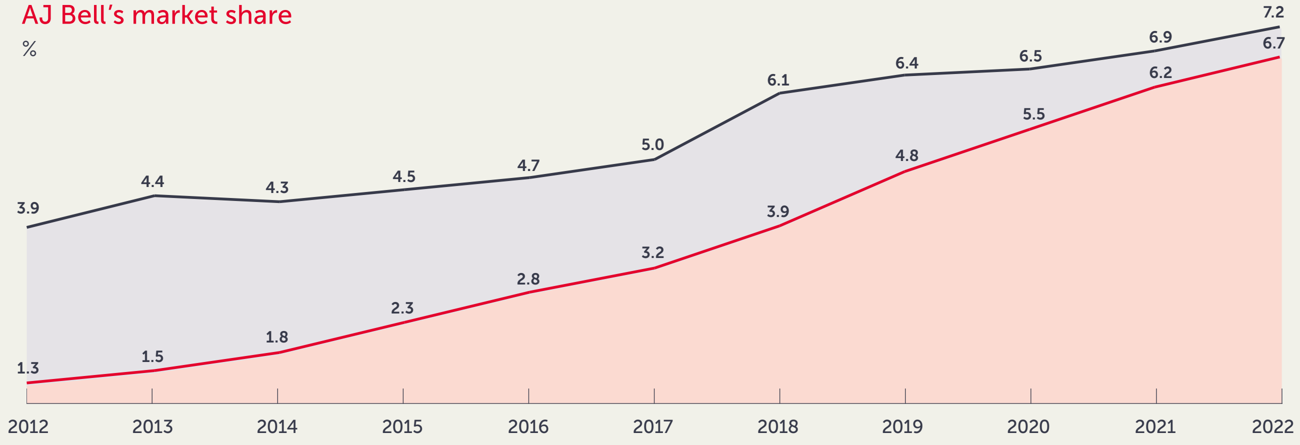
Financial

There are over 29 million members of private-sector DC pensions in the UK

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.

AJ Bell's market share

%



● Advised ● D2C

Key trends in the investment platform market

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

Link to strategy

- Sustainable growth
- Easy-to-use platform propositions
- Excellent service
- High staff engagement

Economic uncertainty, higher interest rates and cost-of-living challenges

Key trends

The recent period of elevated inflation has led to higher interest rates and rising costs for many households.

This has put pressure on individuals, presenting a headwind for inflows into the platform market as people prioritise day-to-day expenditure over their longer-term investments.

Higher interest rates have also impacted the platform market in different ways:

- Higher mortgage re-fix rates are affecting people's ability to make new contributions to their long-term investments.
- Equity valuations have fallen, whilst other asset classes have become more attractive, with returns on cash providing another headwind for investment platforms.

How we are responding

Our low-cost, easy to use platform propositions serve the needs of both advised and D2C investors. This dual-channel approach, which offers excellent value to customers, positions us well to continue delivering net AUA inflows across the platform. This was demonstrated in FY23 when we delivered over £4 billion of net inflows, with both channels making strong contributions, and we expect to see similar resilience in net flows in FY24 and beyond.

Whilst there is 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.

Our open-architecture platform provides investment options across a wide range of instruments and asset classes, which has been increasingly important for our customers in the last year. The higher rate interest environment has caused many investors to rebalance their portfolios, with fixed income instruments such as money market funds and gilts proving increasingly popular throughout FY23. Our Cash savings hub also provides another option for our D2C customers who want to earn highly-competitive interest rates on their cash from a range of partner banks.

The availability of these different options on our platform has enabled us to meet the changing investment needs of our customers, and helped to attract and retain assets which might otherwise have been saved or invested in cash products outside the platform market.

With the inflationary environment driving higher interest rates, our diversified revenue model has benefited from improving revenue margins. We remain committed to sharing efficiency gains with our customers.

Link to strategy

Sustainable growth; Easy-to-use platform propositions

Changing competitor 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. In the advised market we are seeinig increased levels of adviser consolidation.

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 more difficult for newer entrants to achieve the scale necessary to achieve profitability, and business models are under increasing pressure, evidenced by reduced competitor recruitment and marketing activity.

By contrast, we have continued to perform strongly and increased our market share again 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.

Last year we launched Dodl, a simple, commission-free investment app for retail investors which sits alongside our full-service AJ Bell platform.

In FY23 we have continued to develop Touch, our simplified platform for the advised market, which will similarly increase our footprint in the advised market alongside AJ Bell Investcentre. We completed a closed beta launch in the year and plan to deliver the initial proposition to market during 2024.

The combination of full-service and simplified propositions, operating in both the advised and D2C markets, gives us a strong competitive position relative to both incumbent platforms and new entrants. This will help us to deliver further growth in customers and AUA in FY24 and beyond.

Alongside the investment in our propositions, we significantly increased our brand investment in FY23 to improve the overall awareness of the AJ Bell brand with potential customers. Whilst it is still too early to draw firm conclusions from this investment, the initial signs are positive, and this was one of the contributory factors in the solid performance of our D2C platform in the year. We are committed to continuing our investment in brand in FY24.

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

Link to strategy

Sustainable growth

Evolving regulatory landscape

Key trends

UK investment platforms are regulated by the FCA. The aim of its regulation is to serve the public interest by improving the way the UK financial system works and how firms conduct their business.

In recent years the FCA has shifted towards outcomes-based regulation, placing greater requirements on regulated firms to evidence how they are delivering good outcomes.

An example of this is the new Consumer Duty, which became effective on 31 July 2023. The Duty sets out new rules and guidance designed to drive good outcomes for customers. These outcomes relate to: products and services; price and value; consumer understanding; consumer support.

The Consumer Duty represents a significant change in the regulator's expectations of regulated firms and platforms need to ensure they comply with its requirements to deliver good outcomes for customers.

How we are responding

We have a strong compliance culture geared towards positive customer outcomes and regulatory compliance.

We maintain an open dialogue with the regulator and actively engage with them on consultation papers and industry issues, as well as performing regular horizon scanning internally to ensure all regulatory change is anticipated and shared with the business.

The Consumer Duty marks a step change in the FCA's expectations of its regulated firms, and we are supportive of the increased focus on positive customer outcomes. We have always been a customer-centric business focused on delivering good outcomes, however the new regulation provided an opportunity for us to review everything we do through the Consumer Duty lens. This work ensured that our products, communications and customer service functions continue to deliver good customer outcomes, whilst also providing comfort that customers receive fair value given our low charges relative to the broader platform market.

This ingrained customer focus, providing low-cost, easy-to-use products and accessible investment content, positions us well to operate successfully in this new regulatory environment, providing strong foundations to continue growing customers and AUA over the long term.

Our product philosophy of utilising our scale to keep charges low for our customers ensures we continue to provide excellent value for money. We reduced a number of charges across our full-service propositions in the second half of FY22 and are committed to continually reviewing our customer charges as we grow.

Link to strategy

Excellent service

Focus on long-term **value creation**

Resources and inputs

Brand and reputation

With over 29 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 full-service and simplified platform products operating in both the advised and D2C markets.

Full-service and simplified platform propositions.

Wide investment range supplemented by our in-house investment solutions.

First-class service model to support our digital propositions.

Dual-channel platform operating at scale in both D2C and advised markets.

Efficient operating model enables us to keep costs low for customers.

How we do it

A strategy to achieve our purpose

- Sustainable growth
- Excellent service
- Easy-to-use platform propositions
- High staff engagement

See Our strategy to achieve our purpose p22

Our capital allocation priorities

As we grow and scale effectively, we will continue to invest in strategic initiatives to deliver long-term growth.

We aim to pay dividends to shareholders in line with our stated dividend policy, with our annual total ordinary dividend equal to approximately 65% of our full year profit after tax.

Surplus capital accrued over time, in excess of that required for our regulatory capital purposes, will be returned to shareholders periodically in the form of special dividends.

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.

Delivering value 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.

£76.1bn
Assets under administration

...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)

...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.

10.75p
Total ordinary dividend per share

...our other stakeholders

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

£441,000
Charitable donations

Underpinned by factors that determine our long-term growth:

- Market trends and opportunities See more p18
- Stakeholders See more p28
- Responsible business See more p32
- Risk management See more p60
- Governance See more p72

Our strategy to achieve our purpose

Sustainable **growth**

We focus on organic growth, leveraging our brand. We operate a highly cash generative business model with diversified revenue streams which enables us to perform in different market conditions. We will scale the business effectively, utilising our dual-channel single-operating model and our optimised hybrid technology model that blends in-house and third-party software.

Progress

- Investment in our brand with the commencement of our 'feel good, investing' multi-channel advertising campaign, alongside our new five-year partnership as the title sponsor of the Great Run Series.
- Total revenue increased by 33% to a record £218.2 million, driven by our diversified revenue streams.
- Delivered a record PBT of £87.7 million, up by 50%.

Future focus

To grow the platform business by increasing brand awareness and implementing a cost-effective distribution strategy.
To continue implementing solutions to deliver operational efficiencies in the business.

Performance measures

- Revenue
- Revenue per £AUA
- Profit before tax
- PBT margin
- Diluted EPS

Principal risks

- Strategic risk
- Operational risk
- Financial risk

Scale with purpose

We agreed a new five-year partnership with the Great Run Series. The series was a great success in 2023, with a total of 169,000 participants, 452,000 spectators, and 4.7 million TV viewers.

Brand recall of participants post-event averaged 93%, compared to 38% pre-event.

Easy-to-use platform propositions

We develop our products with a focus on ease of use, service and price. Our solutions are accessible via mobile and web, with comprehensive functionality and intuitive customers journeys. We provide helpful content to support customers on their investment journey.

Progress

- Our free pension finding service is now live for new and existing customers.
- We have implemented new dealing functionality which allows advisers to make a one-off investment using their customers' model portfolio asset allocation.
- The development of Touch, our simplified mobile-led proposition for advisers, is ongoing with a closed beta launch completed in the year.

Future focus

To further improve the customer journey to ensure we are the easiest platform to use, considering the evolving needs of our customers.

Performance measures

- Number of retail customers
- AUA

Principal risks

- Strategic risk
- Operational risk
- Financial risk

Innovation with purpose

Our free pension finding service is now live for new and existing customers, simplifying the pension consolidation journey by finding a customer's previous pensions and consolidating them it into an AJ Bell SIPP.

In FY24, we will launch our new ready-made pension product that consolidates a customer's pensions into a simple product, offering an investment range of four AJ Bell growth funds with a transparent all-in charging structure ranging from 45bps to 60bps.

Our strategy to achieve our purpose

Excellent **service**

We offer a first-class customer service through our knowledgeable, helpful and responsive staff, and deliver a secure and resilient platform which customers and advisers can rely on.

Progress

- Excellent customer retention rate of 95.2%.
- Achieved a Trustpilot score of 4.8-stars.
- Recognised as the Which? Recommended Investment Platform provider for the fifth consecutive year.

Future focus

To continue to deliver a first-class customer service.
To develop the investment platform to ensure it is scalable, adaptable, resilient and secure.

Performance measures

- Customer retention rate

Principal risks

- Strategic risk
- Operational risk
- Financial risk

Excellence with purpose

AJ Bell is here to help – whether it's over the phone, email or webchat, our friendly team will always be straight-talking and transparent.

Our high-quality service, with over 95% of customer calls in 2023 answered within 20 seconds, is reflected in our market-leading 4.8-star Trustpilot score.

"I have not had a bad experience in around 20 years as a customer. When I phone the help desk, people are always helpful. That doesn't happen with a lot of help desks, or customer services."

Tony, AJ Bell customer

High **staff engagement**

We strive to promote an inclusive culture where our people feel valued, respected as individuals, and empowered to succeed in their chosen career path. Our strong employer brand and culture enable us to attract and retain quality staff. We focus on personal growth to develop and support our people and help them achieve their potential.

Progress

- Achieved a 3-star accreditation in the Best Companies survey for the sixth consecutive year.
- Recognised as Large Employer of the Year at the North West Apprenticeship Awards.
- Our Talent Development Programmes were rated 'Outstanding' by Ofsted.
- Enhanced our pay and benefits package, including first award of the new free share scheme for all employees and increases to base pay and pension contributions.

Future focus

To continue to focus on staff engagement and development, promoting our culture whilst enhancing our employer brand.

Performance measures

- Best Companies score

Principal risks

- Strategic risk
- Operational risk

Engagement with purpose

Our Talent Development Programme (TDP) offers those future Team Leaders and Managers at AJ Bell the opportunity to obtain an approved management qualification and put the skills they have learned into practice. Programmes such as these were a key contributor to over 180 internal promotions for our people during the year. One of those promotees was Emma, who joined the programme in 2020 and is now Head of Strategic Planning and Governance.

"It's now been three years and four promotions later and there's no doubt I've used what I learnt in the TDP – from building a team of ten from scratch to now leading a project management team, I'm constantly finding new ways to use the different modules and lessons."

Emma, AJ Bell employee

How we **performed**

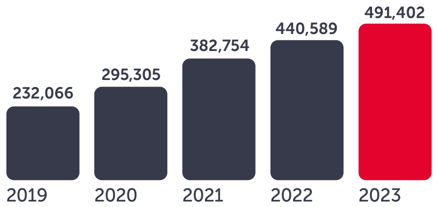
We use selected key performance indicators (KPIs) to monitor progress against our strategy.

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.

Link to strategy

- Sustainable growth
- Easy-to-use platform propositions
- Excellent service
- High staff engagement

Number of retail customers



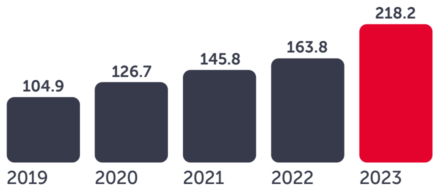
+12%
Movement 2022 to 2023

Why this 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 2023.

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

Revenue

£m



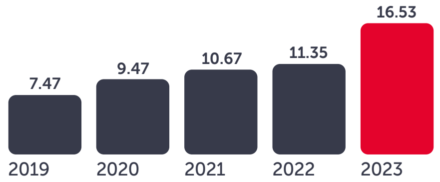
+33%
Movement 2022 to 2023

Why this 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.

Diluted EPS

p



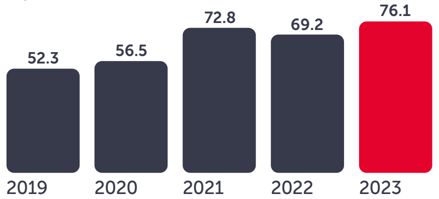
+46%
Movement 2022 to 2023

Why this 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.

AUA[1]

£bn



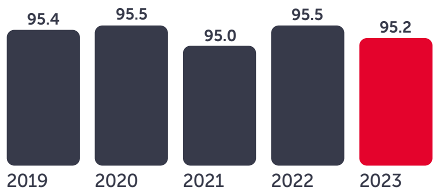
+10%
Movement 2022 to 2023

Why this is important
AUA is the value of assets for which AJ Bell provides either an administrative, custodial 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.

Customer retention rate

%



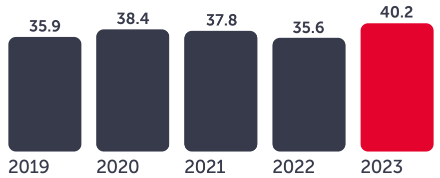
(0.3)ppts
Movement 2022 to 2023

Why this is important
The customer retention rate is the average number of funded platform customers during the financial year that remain funded at 30 September 2023.

Customer retention is a measurement of customer satisfaction.

PBT margin

%



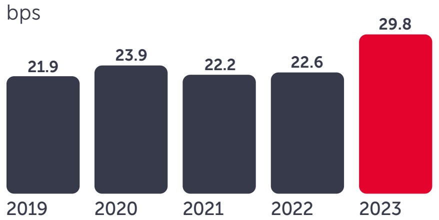
+4.6ppts
Movement 2022 to 2023

Why this 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.

Revenue per £AUA[1]

bps



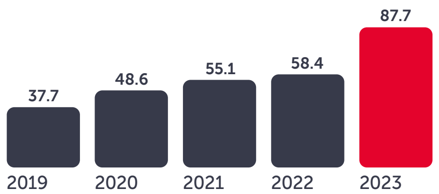
+7.2bps
Movement 2022 to 2023

Why this 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.

PBT

£m

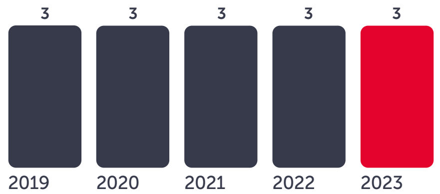


+50%
Movement 2022 to 2023

Why this 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.

Best Companies survey score



None
Movement 2022 to 2023

Why this is important
The Best Companies survey provides employers with honest, in-depth feedback from employees covering a range of matters such as leadership, wellbeing, pay and more.

The survey score accreditation reflects our level of employee engagement, with a 3-star accreditation representing the highest standard of workplace engagement.

1. Our KPIs include alternative performance measures (APMs), which are indicated with an asterisk. APMs are not defined by International Financial Reporting Standards (IFRS) and should be considered together with the Group's IFRS measurements of performance. We believe APMs assist in providing greater insight into the underlying performance of the Group and enhance comparability of information between reporting periods. For definitions, see page 172.

Understanding what matters to 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.

This 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.

Link to strategy

- Sustainable growth
- Easy-to-use platform propositions
- Excellent service
- High staff engagement

Our customers and their advisers

Key Stakeholders

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.

Material interests

An investment platform for our customers and advisers that:

- is secure, reliable, and easy to use;
- provides a high-quality service at low cost; and
- helps them meet their long-term financial objectives.

How we engaged

Customer services and websites
We have ongoing customer and adviser engagement through calls, meetings, organised events, newsletters, our website and other written communications.

Our proposition websites provide our customers and their advisers with a range of tools to assist them to manage their investments.

Surveys
Customer and adviser surveys are conducted on an annual basis with the results reviewed at Board level. Specific user groups perform beta-testing to provide further insight and feedback. This engagement and feedback inform the way in which we can best serve our customers and their advisers.

AJ Bell Way review
We engaged with our customers, in both D2C and advised markets, through group discussions and in-depth interviews in order to understand how customers perceive our culture and what they think of us as a business.

Outcomes

- Hosted a range of events for advisers including Investival and our 'on and off the road' seminars.
- Excellent customer retention rate of 95.2% and Trustpilot score of 4.8-stars.
- Launched our pension-finding service for new and existing customers.
- Closed beta launch completed for Touch, our simplified mobile-led proposition for advisers.

Our people

Key Stakeholders

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.

Material interests

A working environment for our people that:

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

How we engaged

Surveys, staff communications and feedback
We engage regularly with our staff through our annual staff survey, the appraisal process, our intranet site, Company presentations, leadership lunches and our wellbeing programme.

Fiona Clutterbuck is our director responsible for employee engagement. The Employee Voice Forum meets to discuss a variety of themes raised by staff, with recent topics including staff retention and hybrid working.

Company share schemes
We continue to encourage employee share ownership through our BAYE scheme and free share scheme for all employees, to engage our workforce in the performance of the Company and to align employee and shareholder interests.

AJ Bell Way review
We held group discussions with 36 members of staff and hosted an online survey in which all our people were invited to participate to give their views on our existing purpose and guiding principles as part of the AJ Bell Way refresh.

Outcomes

- Refreshed our AJ Bell Way and guiding principles.
- 3-star Best Companies survey accreditation.
- Improvements to our staff pay and benefits package.
- First award of the new all-employee free share scheme granted in January 2023.
- A record intake of 34 new digital and investment apprentices in the year.

Our shareholders

Key Stakeholders

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

Material interests

Our shareholders want to invest in a business that:

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

How we engaged

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 which all members of the Board attend, we ensure that shareholder views are brought into the boardroom and considered in our decision making.

The CEO and CFO, supported by the Investor Relations Director, met with analysts and investors throughout the year. We also undertook an externally-facilitated investor study to provide the Board with detailed feedback on how the Company is viewed by investors.

During the year we appointed Les Platts as a Representative Director for Andy Bell, as a signficant shareholder. Through Les we hope to gain access to Andy's experience as well as Les' own in-depth knowledge of AJ Bell and the financial services sector.

Our Remuneration Committee Chair, Margaret Hassall also consulted with shareholders on proposed changes to Directors' remuneration and Non-Executive Director fees.

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

Outcomes

- Reported our performance quarterly.
- 46% increase in our total ordinary dividend.
- All resolutions passed at the AGM with a majority of more than 97%.

Other stakeholders

Key Stakeholders

Other stakeholders represent the local communities in which we operate, as well as the wider environment, our suppliers and our regulators. As a socially responsible business, we believe we have a responsibility to our local communities, wider society and our suppliers. We operate in a highly regulated environment and engage with our regulators constructively.

Material interests

Our other stakeholders want us to:

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

How we engaged

Engaging with our suppliers
We maintain and develop our business relationships. In addition to our due diligence processes, we ensure management have regular feedback sessions with representatives from key suppliers. We ensure our payment terms are fair and in compliance with payment practices.

Engaging with our regulators
Led by our Compliance Team, we regularly engage with the FCA and DWP on consultation papers and industry issues. We actively seek to lobby via public consultation and with policymakers where we see unfairness or unnecessary complexity.

Engaging with our communities and wider society
This year, we launched AJ Bell Futures Foundation to develop long-term partnerships in our local communities. We have committed to the contribution of 0.5% of our profits to the foundation each year. As part of this, we have already seen our staff participating in volunteering activities with both of our initial partner charities, Smart Works and IntoUniversity.

Outcomes

- 30-day payment terms.
- Launch of AJ Bell Futures Foundation.
- £441,000 of charitable donations.
- 542 hours of staff volunteering.
- Donation of over 100 laptops and desktops to local primary schools and community organisations.

For the benefit of our stakeholders

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 80 to 87.

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 28 and 29.

Principal decisions:

1 AJ Bell Way review

Process and key stakeholder considerations:

The AJ Bell Way is a key management and communications tool split into four sections:

- Our purpose – 'To help people invest' – and what that means.
- Our guiding principles, which drive our purpose-led culture and values.
- Our key stakeholders and how we create value for them.
- The business model and strategy we employ to deliver value to our stakeholders.

As it was 10 years since its introduction, we undertook a review this year to identify whether our purpose and guiding principles remained relevant to the business. It also provided an opportunity to reinforce to staff who our key stakeholders are, and how everyone needs to play their role in delivering value to them.

With the support of an independent third-party consultancy, we engaged with key stakeholder groups, principally our people, our customers and financial advisers.

The outcome of the process reaffirmed how important and deep-rooted our purpose and guiding principles are. Some refinements were suggested to better represent the business as it is today and align our ambitions for the future.

People

We engaged with our people through four discussion groups with 36 members of staff, online surveys which responded to targeted questions based on qualitative insights, and interviews with all members of our ExCo.

The key aims of the review were to:

- Identify the extent to which our people were aware of, and familiar with, our purpose and guiding principles.
- Identify whether the guiding principles resonated with our people and positively influenced their behaviour.
- To determine if our guiding principles were still fit for purpose and, if not, identify how best to improve them.

Customers and Advisers

The engagement with our customers and advisers involved three group discussions with 20 customers (who were representative of our customer base) and in-depth interviews with representatives of five adviser firms that use our platform. The key aim of the review was to understand how our customers and advisers perceived our brand and what they thought of how we operate as a business.

Shareholders

Embedding the AJ Bell Way helps us to ensure that we run our business and make decisions that are aligned to the interests of all of our stakeholder groups, which is key to driving longer term sustainable value.

Further information about the review of the AJ Bell Way can be found on page 28.

2 Use of interest income to benefit our different stakeholders

Process and key stakeholder considerations:

Our core purpose is to help people invest by facilitating the conversion of cash into stocks, funds, and other asset types, whilst also providing a service to the subsequent disinvestment of those assets and withdrawal of cash as and when required during the customer lifecycle. However, there are other points in the customer lifecycle when assets may be held in cash, so as an ancillary part of our services we facilitate the placement of customers' cash with third-party banks. As a result of pooling the cash that we deposit with banks, we are able to achieve a significantly higher gross rate of interest than our customers would be able to earn individually if they held cash in accounts with similar characteristics, particularly where it can be accessed or used on call, without notice. We use the related revenue to pay competitive interest rates to our customers whilst also keeping our customer-facing charges low. We also reinvest in our customer propositions for their long-term benefit. The net interest income generated is recognised as revenue and is a component of our overall diversified revenue model.

As in the previous financial year, macroeconomic conditions had both positive and negative impacts on our business and our stakeholders during the year, including the further rapid increases in the Bank of England base rate from 2.25% at the beginning of the year to 5.25% by 30 September 2023. Whilst net interest income in the year was partially offset by lower levels of transactional revenues, overall it contributed to a significant increase in revenue.

Consequently, the Board and Executive Management Team had to decide how this increase in revenue would be used to benefit all stakeholder groups. In making those decisions the following factors were considered:

Shareholders

We considered the need to balance the short-term impact on our shareholders of not retaining and distributing the additional revenue to them against the longer-term benefit to all stakeholders of re-investing in our propositions, workforce and brand.

When doing so, we considered:

- The negative impact that the downward cycle of interest rates to the historic low of 0.10% had on our revenue margin and therefore shareholder returns and our desire to rebuild revenue margins back to long-term normal levels.
- The indirect benefit for our shareholders in the longer-term of using the additional interest rate revenue to reduce other customer-facing charges and increasing the interest rates payable on customer cash balances, both of which have a positive impact on the attractiveness of our products and our ability to retain existing customers and attract new customers.
- The longer-term benefit for shareholders of increased investment in the AJ Bell propositions and brand to better enable us to continue to benefit from the long-term structural drivers of growth in the UK investment platform market.

Customers

We considered the need to treat our customers fairly and, in anticipation of the new Consumer Duty which took effect on 31 July 2023, the need to ensure our products delivered fair value to our customers such that they shared in the benefit. We were also mindful that we communicated information about interest rates in a way which enabled our customers to understand the impact of holding cash and that such information was easy to find.

When doing so, we considered:

- Our aim of keeping the direct charges borne by our customers for our services lower than they would otherwise be, and providing our customers with a high level of benefits.
- The level of investment in our technology that is needed to ensure we continually improve and evolve our propositions and customer experience whilst ensuring the highest level of protection of our customers' assets.
- The impact of the retained interest rate revenue on total cost to our customers for using our services and the impact on the overall value of our products.
- The level of the interest rates paid on cash balances by other investment platforms and those paid by banks in relation to products with similar characteristics such as 'easy access / call accounts'.
- The ability for some of our customers to access higher rates on fixed term deposits via our Cash savings hub and/or to gain interest rate exposure inside their existing AJ Bell products by investing in products such as gilts and money market funds.

People

We considered the need to continue to invest in our people, without whom we would not be able to deliver a high-quality service to our customers. Delivering a fair reward package that reflected increased cost-of-living pressures was a key consideration in our pay and benefit award this year. We were also keen to implement a further award of free shares to all our eligible people in order to further improve alignment of their interests with those of our customers and shareholders.

Our community

We considered the automatic benefit that would accrue to our communities from the related increase in profitability. This arises because of our commitment to contribute 0.5% of our profit before tax to the AJ Bell Futures Foundation each year for distribution to charitable causes. We also registered the AJ Bell Futures Foundation as a charity to further embed our commitment to supporting our local communities.

Growing our business **responsibly**

"We are committed to growing our business responsibly. Being principled and acting with integrity are at the heart of the AJ Bell Way, creating a culture with responsible decision making at its core. This was evidenced by the achievement of our AA MSCI ESG rating for the third successive year."

Peter Birch
Chief Financial Officer

In this section

We are driven by our purpose – to help people 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 business the most and to respond in a way that creates long-term sustainable value for all our stakeholders. During the year, we undertook an externally-facilitated investor perception study in which we obtained feedback from our shareholders on the ESG factors which are most important for our business. We used the results of this to inform our financial materiality assessment as detailed on page 34. The assessment shows that having responsible propositions, being a responsible employer and having effective governance are the most material areas of ESG for AJ Bell.

As well as focusing on our material topics, we also consider the impact we can have on achieving a more sustainable future for society. To support this ambition, we have aligned our responsible business strategy to the United Nations Sustainable Development Goals. Businesses play a key role in the global achievement of the goals and we have identified the targets towards which we believe we can have the greatest impact.

During the year we have continued to ensure that ESG is embedded in our business strategy with a focus on our four responsible business pillars: responsible propositions, responsible employer, supporting our local communities and environmental awareness. We have delivered great results across our pillars this year, with key highlights including:

- Launching the AJ Bell Futures Foundation, our new charitable framework focused 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.
- Achieving a 3-star Best Companies score, the highest standard of workplace engagement, for a sixth consecutive year.
- Supporting our people through the rising cost of living by enhancing our pay and benefits package.
- Developing an operational net zero roadmap to understand the key steps which would be required for our business to achieve net zero.

We are pleased by the progress we continue to make in these areas but acknowledge the need for continuous development and have set several ESG-related objectives for the year ahead in our business planning process.

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 management actions. The Board receives 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 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 both how we embed our approach to behaving responsibly across the business and promote a healthy corporate culture. The Board provides oversight and has 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 co-ordination of day-to-day activities. This structure allows us to fully embed ESG across our existing business strategy. Our NED ESG forum enables the Board to provide more focused input into specific areas.

In 2023, the Board received bi-annual ESG updates. Details of the oversight provided by the Board sub-committees is disclosed in the Governance section of this Annual Report.

MSCI ESG RATINGS AA

CCC | B | BB | BBB | A | AA | AAA

See footnote 1.

We administer over £70 billion of assets for our customers' financial futures.

In the year our customers withdrew over £960 million of pension funds for their retirement and just under 1,500 customers used their Lifetime ISAs towards purchasing a first home.

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Materiality approach to ESG

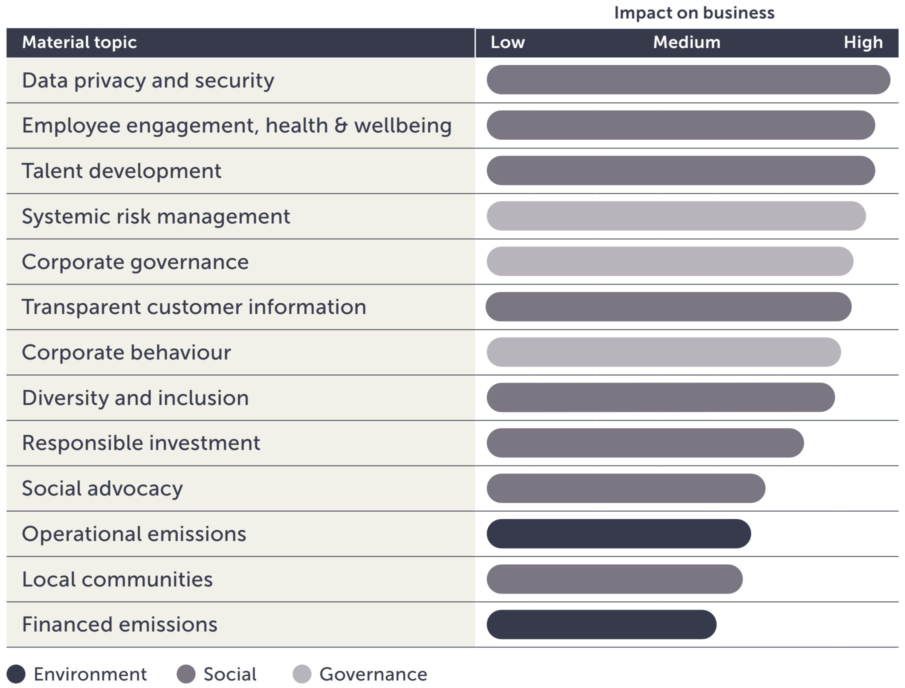
In order to remain successful in the long term, an understanding of our most material ESG topics is essential to inform company strategy, targets and reporting.

In our initial assessment, we have taken a financial materiality approach, considering the factors which may generate risks or opportunities that have a significant influence on future cash flows. In doing so we considered the International Sustainability Standards Board's (ISSB) IFRS Sustainability Disclosure Standards, which the UK Government has confirmed its intention to adopt.

We identified 13 ESG factors of material importance to our business, with reference to SASB, our MSCI ESG rating factors and investor feedback. We then assessed each area by impact on the Group's cash flow. To help inform our assessment, as part of an investor-perception study we sought feedback from our investors on which ESG factors they consider most important. Our results are presented in the chart on this page.

This assessment highlights that having responsible propositions, being a responsible employer, and having effective governance are our most material areas of ESG. In relation to environmental factors, the nature of our business model means that our impact is relatively low, but it is important for us to ensure that customers have accurate and complete information to use in making investment decisions.

We will review our materiality assessment each year, adjusting our approach as standards and best practice evolve, and to ensure we are regularly reporting on the most relevant ESG issues.



Definitions

Data privacy and security: Addressing the management of risks related to the collection, retention, and use of sensitive, confidential user data and the resilience of IT infrastructure to cyber-attacks.
Employee engagement, health & wellbeing: Ensuring our employees are paid fairly, engaged at all levels and the provision of a healthy and safe working environment including support of their physical and emotional wellbeing.
Talent development: Ensuring the Group has the ability to attract new people as well as retain and develop a highly skilled workforce.
Systemic risk management: Managing the risks arising from large-scale weakening or collapse of operational systems upon which the business depends.
Corporate governance: Having an effective system of rules, practices and processes by which a company is directed and controlled.
Transparent customer information: Providing adequate and clear information about our products and services to support our customers in navigating their investment decisions.
Corporate behaviour: Overseeing and managing business ethics issues such as fraud, corruption, executive misconduct and negligence.
Diversity and inclusion: Ensuring our culture, hiring and promotion practices embrace the building of a diverse and inclusive workforce throughout the organisation that reflects the local communities in which we operate and our customer base.
Responsible investment: Integrating environmental, social and governance considerations into the management of our investment products and the investments we offer on our platform, and the provision of data and content to support customers in making responsible investment decisions.
Social advocacy: Includes lobbying efforts with public policy makers and investment in initiatives to advance societal issues, such as reducing the gender investment gap.
Operational emissions: Minimising our operational carbon footprint. This includes both direct emissions and indirect emissions in our value chain.
Local communities: Supporting the economic development of our community and preserving the local environments in which we operate.
Financed emissions: Minimising the carbon footprint associated with our AJ Bell Investments funds and MPSs.

Our contribution to the United Nations Sustainable Development Goals (UN SDGs)

In addition to the financial materiality assessment, we have also considered how our business can impact wider society. There are 17 UN SDGs that form a shared global agenda to achieve a better and more sustainable future for all. We support the UN SDGs and this year undertook a review to establish the goals on which our responsible business strategy has the greatest impact.

This review included a workshop held with senior management from across the business to better understand each of the goals and their targets, and discuss where we believe we can have the most significant impact.

This identified five key targets which we have mapped to our responsible business strategy.

Responsible business area | **Material issues** | **UN SDG targets**

Responsible propositions

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.

In fulfilling our role in society it is pivotal that we offer propositions which enable more people to invest.

- Transparent customer information
- Responsible investment
- Data privacy and security
- Systemic risk management
- Social advocacy

UN SDG targets: 4.4, 13.2, 5.5

Responsible employer

Who it impacts
Employees, shareholders.

Why it is important
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.

- Employee engagement, health and wellbeing
- Talent development
- Diversity and inclusion

UN SDG targets: 3.8, 5.5, 4.4, 10.2

Supporting our local communities

Who it impacts
Local communities, shareholders.

Why it is important
We have a strong social conscience and are committed to making a positive contribution to the communities in which we operate.

- Local communities
- Social advocacy

UN SDG targets: 3.8, 5.5, 4.4, 10.2

Environmental awareness

Who it impacts
Customers and their advisers, wider society, shareholders.

Why it is important
We recognise the importance of societal action to reduce global emissions and are committed to playing our part.

- Operational emissions
- Financed emissions

UN SDG targets: 13.2

Key to UN's Sustainable Development Goals (SDGs) targets

3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
13.2: Integrate climate change measures into national policies, strategies and planning.

Responsible business

Responsible propositions

Trustpilot score

4.8-star
(FY22: 4.6-star)

Strategy

We offer products and services aligned to our core purpose – to help people 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.

2023 highlights

- Implemented the FCA's new Consumer Duty requirements.
- Strong engagement in our Money Matters by AJ Bell initiative.

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 overcomplex regulations.

Accessible solutions

Making investment easier

At AJ Bell, we believe in making investing accessible, whether investing directly or with the help of a financial adviser. Our aim is to help our customers to achieve their financial goals and promote a better understanding and awareness of investment choices that ultimately deliver good outcomes for our customers.

The FCA's new Consumer Duty requirements came into force at the end of July, aimed at setting higher expectations for the standards of consumer protection across financial services. Our ingrained focus on delivering good outcomes for our customers meant that we were well prepared for the implementation, identifying no significant changes to our business model or processes.

We provide educational investment content to our customers and their advisers through our weekly Shares magazine, podcasts, online resources and adviser events, providing market information and expert analysis to support our customers in navigating their investment decisions. Our new 'learn to invest' section of our D2C site provides customers with a wide range of resources from investing essentials to in-depth guides.

Our range of full-service and simplified platform propositions ensure we are well placed to support a wide range of investors with different levels of wealth and investment experience. Our simplified proposition, Dodl, broadens our reach to a new generation of investors across the D2C segment. Dodl is a commission-free service, aimed at younger, less-experienced investors, offering a simplified investment range and is amongst the best-value investment platforms in the market. Touch, due to launch in 2024, is a mobile-focused platform service that will broaden our offering to financial advisers and help them serve a wider base of clients.

Product offering

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 offer an open-architecture platform 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

We help to enable our customers undertake responsible investing through our investment options, data and content.

As an execution-only investment platform, we provide customers with access to a diverse range of investment options that allows them to diversify and respond to ESG-related risks, as they deem appropriate, whilst providing them with information to help customers assess the ESG factors of investments.

Responsible investing guide

Customers can access a free guide to responsible investing via the 'learn to invest' section of our website, providing an overview of responsible investment strategies.

Favourite funds filter

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

Sustainability ratings

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

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.

Money Matters by AJBell

Our research shows that, on average, women in the UK have less than half the level of savings and investments than men do, equating to an estimated £1.65 trillion gender investment gap.

We are seeking to help change this through Money Matters by AJ Bell, which aims to empower women with the confidence to start their investing journey.

The initiative publishes a regular podcast and articles with content focused on encouraging women to engage with investing. Our latest 'Financial Wobbly Bits' report provides a unique insight into the financial pitfalls that disproportionately affect women.

In addition, we hosted multiple free-to-attend in-person and virtual events including a programme of events aimed at females within AJ Bell.

It has been pleasing to see the increasing engagement in the year, with over 45,000 podcast downloads, up 29% on FY22, and a 355% increase in social media following.

Further information on all our articles, podcasts, reports and events can be found at ajbellmoneymatters.co.uk

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 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 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 our investment in companies with higher ESG rankings, 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 meets the test of being fair, clear and not misleading and we are reviewing the FCA's Sustainability Disclosure Requirements and investment labels package of measures to ensure we meet the new requirements.

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 operate 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 updates 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 culture 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

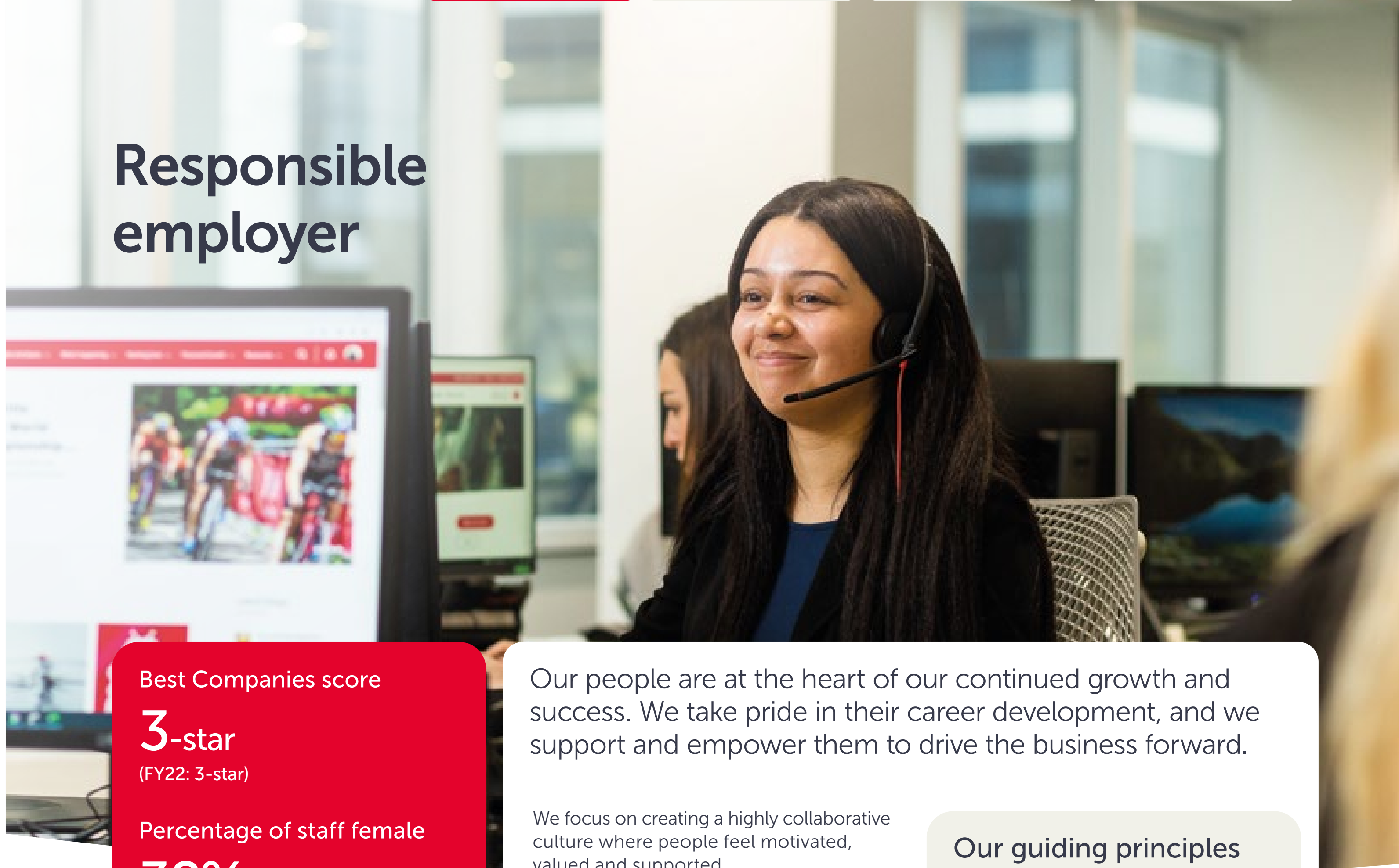
We actively seek to lobby the Government and regulators via public consultation and with policymakers where we see unfairness or unnecessary complexity. Our focus is always on campaigning for simplicity and good customer outcomes.

During the year we have consulted with the regulator on a number of matters including ISA simplification and the boundary between advice and guidance; further information has been included in our CEO's 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

Best Companies score

3-star
(FY22: 3-star)

Percentage of staff female

38%
(FY22: 39%)

Percentage of staff ethnic minorities

20%
(FY22: 16%)

Staff with AJ Bell share interests

75%
(FY22: 52%)

Strategy

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.

2023 highlights

- Maintained our 3-star accreditation in the Best Companies survey.
- Improved the diversity of our senior management.

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, alongside our simple purpose, are a key tool in fostering the right culture in the business, driving responsible behaviour and ensuring that staff are fully engaged with our strategy and goals. As part of the AJ Bell Way, the existing guiding principles had been around for over 10 years, so during the year we undertook a process to revisit them, ensuring they continue to reflect who we are as a business and are aligned to our ambitions.

As part of this process we held several workshops, engaging our staff, as well as some of our customers and advisers, with feedback from these sessions used to inform an all-staff survey. The results showed that we have a positive, deep-rooted culture, but some of the language used in our existing principles could be refreshed to ensure they remain meaningful to our people. We have therefore updated our principles, as set out opposite.

These refreshed guiding principles have been communicated and embedded across the business to enable our people to apply them in their roles each day.

Our guiding principles

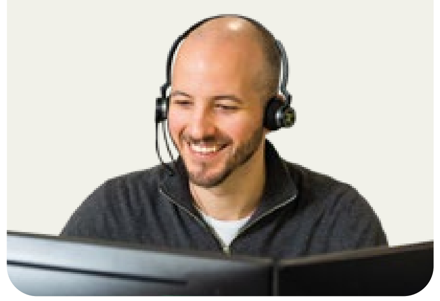
Principled
We act with integrity

Knowledgeable
We know our stuff

Straightforward
We simplify the complex

Personal
We put people first

Ambitious
We set high standards



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 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 20 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 3-star company, the highest star accreditation Best Companies award, for the sixth consecutive year. This achievement is testament to our ongoing commitment to invest in our people and to the positive culture we have built.

Our engagement results in relation to both staff wellbeing and support from managers remain high and are above the average score relative to other companies that received the highest 3-star rating. This reflects our continued focus on supporting employee wellbeing and highlights the strength of our managers.

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

WORLD CLASS TO WORK FOR 2023 cert.b.co.uk

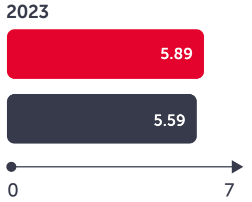
3-star accreditation for six consecutive years

Overall engagement response rate

87%

(FY22: 86%)

AJ Bell employee wellbeing



(AJ Bell FY22: 5.95)

AJ Bell · 3-star companies

Our pay and benefits package

We conducted a full review of our pay and benefits offer last year, which resulted in several enhancements to our package for employees, effective from the beginning of FY23. The changes included an average pay increase of over 7%, a new annual free share award for all employees with awards worth up to £2,000, increases to our matched employer pension contribution levels, as well as a number of wellbeing initiatives including increased holiday entitlements, enhanced paternity pay and a new health cash plan.

Employee share ownership is embedded in our culture and ensures our workforce continues to share in the long-term success of the company. 75% of our people owned shares or share options in AJ Bell as at 30 September 2023 (52% as at 30 September 2022) following the introduction of our new permanent free share scheme for all employees, the first award of which was issued in January 2023.

In the current environment of continuing cost-of-living pressures, we have made further enhancements to our pay and benefits package for FY24, including an average increase in pay of over 5% and a further uplift in pension contributions.

Employee Voice Forum

Meaningful staff engagement is key to realising our strategic objectives. Our Employee Voice Forum (EVF) was created in 2019 to support engagement between staff and the Board as we grow the business. Made up of staff representatives from across the business it is responsible for gathering ideas and suggestions from staff on a range of topics to ensure their voice is heard and considered within the Board's decision-making process.

During the year our new Chair, Fiona Clutterbuck, replaced Helena Morrissey as our director responsible for employee engagement, supported by our other Non-Executive Directors. The forum has discussed a variety of themes raised by staff, including our Employee Value Proposition, staff retention, hybrid working and executive remuneration. Our hybrid working 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.

Staff events

Social activities form an important part of our culture and we offer our people a wide range of events, including our monthly socials, summer party, and Christmas party; which was attended by over 700 of our people.

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. In addition to this, we have published a number of interviews in conversation with members of our Executive Committee on our intranet throughout the year, enabling staff to gain a greater insight into their focus areas and business performance.

Talent management

The quality of our people and building a robust and diverse talent pipeline for the future is essential to delivering our long-term growth strategy. 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 encourage our staff to invest in their personal growth, career, and future with AJ Bell, taking ownership of their own personal and professional development. Our in-house Learning & Development Team provides extensive training and support to enable our staff to enhance and broaden their skills.

Talent programmes

We have two well-established Talent Development Programmes which look to develop staff identified as being potential future team 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.

Our apprenticeship employer provider status enables us to offer these programmes, delivering a bespoke, high-quality programme in-house by our qualified Learning & Development Team. This status is recognised by the Chartered Management Institute, Education Skills Fund Agency and Ofsted. We were delighted this year to receive an 'Outstanding' Ofsted grading for these Talent Development Programmes.

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.

To add structure and clarity to those looking to progress, we have also worked with managers and heads of department to create Career Pathways in various teams and business areas. The pathways are a framework setting out the typical career pathway in each team, depending on whether people want to take a management route or a technical specialist route.

Our commitment to developing and supporting our people to achieve their potential is evidenced by over 180 of our people being promoted internally during the year.

Case study: Apprenticeships

We continue to strengthen our Investment Operations Specialist and Digital Apprenticeship programmes, for which we were awarded the 'Large Employer of the Year' at the North West Apprenticeship Awards.

This year we launched the new AJ Bell Academy, an initiative which aims to create a greater sense of community for our apprentices and showcase what we have to offer as an employer. We recently welcomed the 100th apprentice to join our scheme since it began in 2017 as part of this year's intake of 34 new apprentices – the largest intake to date.

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 is a learning pathway in our Technology Services Department. Over the course of their four-year programme they also study at Manchester Metropolitan University for a Digital Technology Solutions BSc with Honours. We were pleased to congratulate our first cohort of digital apprentices who graduated this year and look forward to continually supporting them as they embark on their next steps in their careers with us.

Internships

Our six-week investments internship is a great way for candidates to boost their career prospects. This year we welcomed 12 interns to the business who were tasked with two projects: to improve the automation, efficiency and transparency of our investments factsheets, and automate the process of answering due diligence questionnaires using an internal large language model.

Working as a team, the interns produced great results which were presented to the Investments Team within AJ Bell, with the intention for these processes to now be developed for use in our business-as-usual activities.

Diversity and inclusion

At AJ Bell, we value diversity and 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 succeed in their chosen career path.

Our commitment to diversity and inclusion is a continuous process and our framework aims to help us better understand diversity in the context of our business and the wider industry. The framework centres around four key components, with three overarching objectives.

Our framework

Demographic diversity
Our workforce is diverse and represents the society it serves.

Cognitive diversity
We recognise, encourage and acknowledge diverse views and perspectives.

Inclusive practices and policies | **Inclusive leadership and behaviour**
Our people policies and practices ensure we are an inclusive employer that values and enables diversity.

Demographic diversity

Our framework aims to recognise and acknowledge demographic diversity, in order 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.

Total number of employees 2023[1]

1,373

(FY22: 1,173)

Our workforce as at 30 September 2023

Gender

	Male	Female	2022
Board of Directors	(6) 67%	(3) 33%	2022: (6) 67% / (3) 33%
Other senior management[2]	(18) 78%	(5) 22%	2022: (19) 86% / (3) 14%
Total employees[3]	(845) 62%	(528) 38%	2022: (721) 61% / (452) 39%
UK benchmark[4]	49%	51%	2022: 49% / 51%

Ethnicity

	White	All other ethnic groups	2022
Board of Directors	(9) 100%		2022: (9) 100% / (0) 0%
Other senior management[2]	(19) 83%	(4) 17%	2022: (20) 91% / (2) 9%
Total employees[3]	(1,036) 80%	(251) 20%	2022: (779) 84% / (152) 16%
UK benchmark[4]	81%	19%	2022: 86% / 14%

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 7% of employees.
4. Gender and ethnicity benchmark data is as per the UK (2021) census.

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 have focused on improving the diversity of our senior management population through activities including targeted recruitment, talent programmes and succession planning. We are pleased to report improvements in our ethnic and gender diversity at this level with two new appointments made in the year.

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 gender pay figure improved this year, and our difference in median gender pay remains one of the lowest in the investment platform sector, reflecting 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 proportion of men in senior and higher-paying 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 approach also actively seeks to address the traditional imbalance of men working in tech roles with targeted campaigns for women, including the use of gender decoders in adverts. In support of these campaigns we regularly speak at industry events such as the Manchester Tech Festival and Reframe Women in Tech. Through actions such as these we are confident that we are building a pipeline of future female talent in tech.

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.

Cognitive diversity

The framework also focuses on cognitive diversity, the 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.

This year, members of our Executive Committee and Board performed a cognitive diversity assessment which showed we have strong cognitive diversity in our leadership team, and we hosted a number of events during Neurodiversity celebration week, an initiative that challenges stereotypes and misconceptions about neurological differences. Understanding neurodiversity in more detail and how other people think and interpret situations allows our staff to understand their colleagues better, enabling them to work more effectively together. We also provided staff with training to raise awareness and understanding of cognitive diversity, utilising the DiSC assessment model.

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 are 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 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.

This year we introduced the health cash plan for all employees, providing cash back to cover costs such as dental, physiotherapy and optical bills. 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 for staff. Staff in our London and Bristol offices are provided with free local gym membership. In addition to daily classes, our on-site Personal Trainers provide a range of services including free private health checks and numerous fitness-based initiatives throughout the year focused on providing nutritional and exercise-based education.

As the new title partner of the Great Run Series we gave staff the opportunity to participate in any of the six Great Run Series events in Glasgow, Newcastle, Manchester, Birmingham, Bristol and Portsmouth, as well as the opportunity to take part in the AJ Bell World Triathlon Series through our ongoing sponsorship of the event. It was pleasing to see over 130 of our staff take part in the Great Run events, which bring both physical and mental wellbeing benefits.

We have a number of Wellbeing Ambassadors across the business who are trained in mental health first aid and are available to support colleagues that are experiencing mental health issues. This is further complemented by our Employee Assistance Programme, which gives our people access to independent confidential advice and support should they need it.

During the year, we launched our AJ Bell Family Wellbeing Network, which aims to bring our employees together to offer support and educate on important topics. Topics so far have included working parents' peer advice and support, miscarriage, and domestic violence.

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

Charitable donations
£441,000
(FY22: £299,000)

Staff volunteering
542 hours
(FY22: 456 hours)

Strategy
We have a strong social conscience and are committed to making a positive contribution to the communities in which we operate.

2023 highlights
- Launched and embedded the AJ Bell Futures Foundation.
- Became the title partner of the AJ Bell Great Run Series.

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

At AJ Bell we have a strong social conscience and encourage our staff to give something back through charitable and voluntary activities.

We are proud of the great work they do to give back to our local communities and support them through paid time off for volunteering, which this year has included volunteering for a range of local charities such as Cash for Kids and Wood Street Mission and working with our AJ Bell Futures Foundation partner charities, Smart Works and IntoUniversity.

Through our matched fundraising we donate 50p for every £1 raised for charity by staff, up to a maximum of £100 per person and £500 per group activity.

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 agreed to sponsor the 'AJ Bell Technology Award' for another three years, 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.

AJ Bell Futures Foundation
To develop more deep-rooted, long-term partnerships in our communities, this year we created a new charity, the AJ Bell Futures Foundation.

The core aim of the charity is to help people into a position where they can invest in their futures, with activities focused 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 have committed to provide 0.5% of PBT to the foundation annually, to be distributed to selected charitable organisations that empower people to take control of their future, through initiatives focused on self-advancement.

The trustees of the Charity include our Chief Financial Officer, Chief Communications Officer and HR Director, as well as two AJ Bell employees who were selected following an application process which was open to all staff.

AJBell Futures Foundation

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

Our first charity partners are Smart Works, which exists to give women the confidence they need to reach their full potential and secure employment, and IntoUniversity, which supports young people from disadvantaged areas to build their capabilities and access the opportunities that can better their lives. Each of our partner charities received donations of £100,000 in the year.

This enabled Smart Works to open a brand-new Greater Manchester centre and since May they have supported 199 women with their coaching and clothing service, helping women to secure employment and change the trajectory of their lives.

IntoUniversity opened a new Salford-based learning facility centre within three miles of our Manchester office and delivered the programmes supported by our Future Pathways partnership to over 20,000 young people nationwide – 900 of which were fully funded directly by our donation.

It has been great to see staff volunteer over 200 hours of time with our charity partners, as well as raising additional donations by taking part in fundraising events such as the 'Cycle for Smart Works' challenge.

Staff nominated causes
The Foundation ringfences 10% of its funds each year for staff-nominated causes, aligned to the aims of the charity. It has been pleasing to see staff taking up this unique opportunity and as a result we have donated over £25,000 to 32 staff-nominated causes.

Case study: AJ Bell Great Run Series
In January, we announced our new five-year sponsorship as the title partner of the AJ Bell Great Run Series. The partnership includes the flagship Great North Run, the world's largest half marathon and the UK's biggest running event, as well as the other events staged in Glasgow, Manchester, Birmingham, Bristol and Portsmouth.

These fantastic mass-participation community events can have a positive effect on participants' physical health and mental wellbeing, as well as raising crucial funds for charities. In 2023, over 160,000 people took part in the runs, raising an estimated total of £25 million for a range of charities.

We are proud to support an event which has such a significant impact on our local communities.

Official charity partner
As title partner, we nominated MIND as the official charity partner of this year's Great Run Series. MIND is a charity that provide advice and support to empower anyone experiencing a mental health problem as well as campaigning to improve services, raise awareness and promote understanding. Through this partnership, over £700,000 was raised for MIND by participants in the run series.

~£25m
Raised for charities by participants in the run series

Environmental awareness

Operational emissions per FTE (Scope 1 & 2)

0.29 tonnes

(FY22: 0.34 tonnes)

Operational emissions per customer (Scope 1, 2 & 3)

0.021 tonnes

(FY22: 0.024 tonnes)

Operational emissions (Scope 1, 2 & 3)

10,217 tonnes

(FY22: 10,476 tonnes)

Strategy

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.

2023 highlights

- Built on our first TCFD report to further comply with the recommended disclosures.
- Developed an operational net zero roadmap.

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

Following the publication of our first set of Task Force for Climate-related Financial Disclosures (TCFD) framework-aligned disclosures in FY22, our focus this year has been on deepening our understanding of the impact our operations have on the environment across our Scope 1, 2 and 3 emissions and assessing the steps we need to take to deliver the carbon reductions required to reach net zero emissions.

As over 85% of our total operational emissions relate to the indirect emissions generated in the goods and services we purchase from our suppliers, our achievement of net zero will be dependent on our suppliers setting and delivering carbon reduction targets. As such, we are undertaking a process to assess the feasibility of near- and long-term Scope 3 net zero targets through engagement with our supply chain.

Further details of the work we have done regarding operational net zero are set out on page 49, in the targets section of our TCFD report.

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. For 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 operate our hybrid working model, providing our staff with a blend of working at home and working in the office. This has reduced our total CO_2e emissions, due to lower emissions associated with employee commuting and office capacity requirements, whilst taking into account the increased emissions generated by employees working from home.

As part of our commitment to encourage more sustainable travel, we operate a Season Ticket Loan Scheme which provides employees with an interest-free loan to pay for annual season tickets for bus, train and tram travel to our offices. In addition, we also offer a Bike Loan Scheme which allows employees to take an interest-free loan of up to £1,000 to pay for a new bike.

The energy efficiency across our offices remains continually under review, from lighting and water usage to investing in more efficient IT equipment and the use of video conferencing facilities. 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 a number of 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 the transition of payslips for our Investcentre customers to online availability, providing a more efficient service for our customers whilst also reducing our environmental impact.

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.

We continued our partnership with City of Trees, a charity that plants trees and restores woodlands in Greater Manchester. Through this, our staff were involved in volunteering days which included a range of activities from tree planting to woodland management.

In March, teams across the business took to the streets in our local communities to litter pick on behalf of the Great British Spring Clean. In total, our people collected 47 bags of litter over a combined 283 hours.

To help reduce electronic waste and support the education of local children, our Technology Team refurbished and donated over 100 laptops and desktops to local primary schools and community organisations.

Case study: Carbon offsetting

We recognise that there is more that we can do to reduce our 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 2022.

We have chosen to support the distribution of improved cooking stoves in India. The purpose of the project is to facilitate clean cooking practices and reduce health risk due to indoor air pollution along with household drudgery amongst families living below the poverty level in villages of Maharashtra. By supporting this project we continue to be carbon neutral for the fourth consecutive year.

Climate-related Financial Disclosures

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.

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.

We are pleased to present our second report on climate-related disclosures, aligned to the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures.

During the year, we have focused on further integrating the recommendations into our internal governance, risk and reporting processes, as well as seeking to increase compliance with areas of the recommended disclosures we did not fully comply with in last year's report.

This included extending the measurement of the impact of our investments portfolios to include our MPS portfolios and developing an operational net zero roadmap to identify the steps we would need to take to reach net zero.

We are pleased with the progress we have made in the year, whilst recognising the need for continuous development. 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 observed 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 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 in 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 50.
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 50.
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 50 and 51.
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 51.
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 51. This year the focus has been on qualitative analysis whilst we continue to explore approaches to quantitative analysis for future reports.
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 60 to 62. 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 & Compliance Committee. We have recognised an ESG-related principal risk and uncertainty, which includes climate-related risks. Further information is provided on page 63.
b) Describe the organisation's processes for managing climate-related risks.	●	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	●	
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 52 and 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 52. We have disclosed our AJ Bell Investments Scope 3 emissions for our Funds and MPS portfolios on page 53.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	◐	We have undertaken a project to set operational net zero aligned targets and develop a roadmap to achieve these. The roadmap has highlighted further work which is required to assess the feasibility of the targets before we commit to them, as detailed on page 54. We expect to be fully compliant in FY24.

Responsible business

Governance

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

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 84 and 85. The Risk & 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 FY23
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 bi-annual management progress updates on our Responsible business strategy including TCFD.
Risk & 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 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 Group's 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 72 to 125.

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 & 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 (5 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) (Phase III). 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	Medium term	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 meets the test of being fair, clear and not misleading. • We are reviewing the FCA's Sustainability Disclosure Requirements and investment labels package of measures, to ensure we meet the new requirements. • We embedded the TCFD recommendations and are developing a plan to achieve operational net zero by 2050.
			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 macroeconomic trends. • 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 functions conduct regular horizon scanning and reviews regulatory publications on an ongoing basis. • We seek to comply with all climate-related regulatory requirements through a materiality lens, ensuring cost of compliance is kept under control.
			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.

Our operational CO_2e emissions

Emissions	2023	2022
Scope 1 and 2	Tonnes of CO_2e	
Scope 1	223	237
Scope 2 (location-based)	136	128
Total Scope 1 and 2	**359**	365
Scope 3	Tonnes of CO_2e	
1. Purchased goods and services	**8,649**	8,722
2. Capital goods	**278**	666
3. Fuel and energy-related activities	**71**	74
5. Waste generated in operations	**2**	2
6. Business travel	**221**	100
7. Employee commuting and working from home	**637**	547
Total Scope 3	**9,858**	10,111
Total Scope 1, 2 and 3	**10,217**	10,476
Intensity per FTE (Scope 1 and 2)	**0.29**	0.34
Intensity per customer (Scope 1, 2 and 3)	**0.021**	0.024
Energy usage	kWh	
Energy consumption in the UK	**1,541,468**	1,588,747

We are pleased to report a 15% reduction in our total Scope 1 and 2 emissions intensity per FTE in the year as we focus on improving energy efficiency across our offices.

The most significant driver of our Scope 3 emissions relates to the goods and services purchased in our supply chain. This year, we have used supplier-specific data to calculate these emissions, where available, instead of using industry average figures, which has contributed to the decrease observed year-on-year as our suppliers begin to engage with their own carbon reduction initiatives.

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, and our operational Scope 1, 2 and 3 emissions per customer as our intensity measures. We have used these measures as our Scope 1 and 2 emissions are primarily driven by our employees working in our offices, whilst purchased goods and services represent 85% of our total Scope 1, 2 and 3 emissions with this spend primarily driven by serving the needs of our customers.

We have calculated our Scope 1 and 2 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, we have refined our methodology in the year by using actual supplier emissions data, where available, from the most recent Carbon Disclosure Project (CDP) response dataset. Data gaps were supplemented using industry average emissions contained within the Environmentally Extended Input Output database across total spend in the year. We have not updated the prior year emissions to reflect the new supplier-specific methodology. We expect the accuracy of our Scope 3 category 1 and 2 footprint reporting to get better each year as more of our suppliers' emissions data becomes available.

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.

Critical to good reporting is a well-defined reporting boundary which is consistently applied year-on-year. We have worked with Accenture to review that the boundary for our operational GHG emissions reporting remains appropriate. 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.

The impact of our investments

We have extended the scope of our calculation this year to also include our MPSs, as well as our Funds.

We utilise the WACI and Carbon footprint as the key metrics for measuring the impact of our AJ Bell Investments Funds and MPSs 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 and MPSs 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 and MPSs.

Our investments' carbon footprint emissions

Product	2023	2022
	Tonnes of CO_2e per $m AUM	
AJ Bell Funds	**113**	114
MPS	**90**	Not available

Our investments' carbon intensity (WACI)

Product	2023	2022
	Tonnes of CO_2e per $m revenue	
AJ Bell Funds	**159**	194
MPS	**138**	Not available

Coverage of assets

Product	2023	2022
	% Total AUM	
AJ Bell Funds	**70%**	68%
MPS	**55%**	Not available

We are pleased to report a reduction in the WACI across our AJ Bell Funds during the year. Going forwards, we aim to continue to increase the coverage of our financed emissions reporting through improvements to our data collection process.

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. In line with the standard, we have performed our calculation using the enterprise value including cash (EVIC) methodology.

Access to reliable climate-related data covering all underlying holdings is an industry-wide challenge. In calculating our footprint and WACI, we currently have some data gaps, such as relating to sovereign bonds, and therefore we 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 continue to monitor industry-wide developments for an aligned approach to quantifying sovereign bonds' financed emissions.

We have developed our calculation in FY23 by implementing a dual-layered approach to calculating the emissions on our investment offerings. The first layer sources the relevant data from MSCI for those underlying equities within all AJ Bell Funds and MPSs. The second layer of our calculation sources bond emission data relating to bond ETFs from Morningstar, our investment analysis provider, who perform their own look-through to underlying, indirectly-held holdings. The calculation is based on our portfolio asset allocation as at 30 September 2023. We have placed reliance on the accuracy of data provided by both MSCI and Morningstar for the purposes of the calculation. MSCI collect reported emissions, and where not reported have methodologies in place to estimate those emissions. For our calculation, 89% of equities were based on reported emissions and 11% used MSCI estimates. Morningstar have performed look-through analysis of the ETFs, up to 10 portfolios deep, and sourced the relevant fund level statistics from the Sustainalytics principal adverse impacts data. A coverage statistic has been calculated by Morningstar given there are holdings for which the relevant underlying data has not been obtained or estimated. Due to the volume of data, it is not practical to undertake an independent verification of either MSCI or Morningstar data.

Operational net zero

During the year, we calculated proposed operational net zero targets aligned to the UK Government's commitment to be net zero by 2050. Our draft targets were calculated using 2022 as our baseline emissions year and based on the Science Based Targets initiative's (SBTi) Net Zero standard.

Before committing to targets, we have undertaken a project to develop and quantify a high-level net zero roadmap, enabling us to understand the near- and long-term carbon reduction initiatives we will need to undertake to achieve these targets.

Near-term initiatives (2023 – 2030)

Increase office energy efficiency
We will continue to review energy efficiency measures that can be implemented across each of our offices.

Invest in renewable electricity in our offices
Transition towards 100% renewable electricity at all of our offices.

Encourage sustainable commuting and working practices
Encourage employees to adopt renewable electricity and sustainable travel options through workplace travel initiatives and education.

Key supplier engagement
Collect emissions data from our largest suppliers and encourage key suppliers to commit to their own net zero commitments, whilst implementing processes to monitor our suppliers' progress against their targets.

Implement a sustainable procurement policy
Implement a sustainable procurement policy which embeds climate factors into the supplier selection process.

Long-term initiatives (2030 – 2050)

Low carbon heating
Consider investing in green gas and heat electrification from low-carbon sources at our offices.

Ongoing supplier engagement
Continue to collect and monitor suppliers' emissions data and require all suppliers to have made their own net zero commitments.

Nature-based investments
Invest in nature-based solutions, such as tree planting, to remove our residual 10% of carbon emissions.

Beyond value chain mitigation
Beyond value chain mitigation refers to mitigation action or investments outside of our value chain to contribute towards reaching societal net zero. This can be achieved by continuing to offset our Scope 1 and 2 carbon emissions and through our ongoing relationship with City of Trees to plant trees in our local community.

There are a number of risks and high level of uncertainty relating to the achievement of net zero and implementing this roadmap, in particular related to our indirect supply chain emissions. Recognising the fact that purchased goods and services represent 85% of our total emissions, we have not yet formally committed to the SBTi or submitted our targets for validation whilst we undertake an initial risk assessment exercise with our key suppliers, engaging with them in order to understand their own carbon reduction targets and the impact on the feasibility of our Scope 3 reduction targets.

Investments net zero

We will continue to monitor the development of net zero standards for financial institutions and seek to understand the impact of net zero on our investments business as the business continues to grow.

Non-financial and sustainability information statement

We aim to comply with all areas of the Non-Financial Reporting requirements contained within sections 414CA and 414CB 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	46-47
Employees	• Employee Handbook • Health and Safety Policy • Diversity and Inclusion Policy • Recruitment and Selection Policy • Hybrid Working Policy • General Remuneration Policy • Whistleblowing Policy • Safeguarding Policy	Responsible employer	39-43
Social	• Treating Customers Fairly • Charitable Giving in the Community 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
Climate-related financial disclosures	• TCFD report	Climate-related financial disclosures	48-54

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	63-68
Non-financial KPIs	Key performance indicators	26-27

Financial review

Strong financial performance

"The advantages of our dual-channel model and diversified revenue streams enabled us to deliver a record financial performance in the year."

Peter Birch
Chief Financial Officer

Overview

Our dual-channel platform achieved robust net inflows of £4.2 billion (FY22: £5.8 billion) and customer growth of 12% (FY22: 16%) in a challenging external environment. Our ability to continue to grow in those circumstances is testament to the quality of our platform propositions.

Our diversified revenue model enabled us to deliver a strong financial performance, with revenue increasing by 33% to £218.2 million (FY22: £163.8 million) and PBT up 50% to £87.7 million (FY22: £58.4 million), whilst investing in our people, propositions and brand to ensure we are well placed to achieve future growth.

Revenue
£218.2m
+33%

PBT
£87.7m
+50%

Business performance

Customers

Customer numbers increased by 50,813 during the year to a total of 491,402 (FY22: 440,589). This growth has been driven by our platform propositions, with our advised customers up by 10% and our D2C customers increasing by 13%.

Our platform customer retention rate remained high at 95.2% (FY22: 95.5%).

	Year ended 30 September 2023 No.	Year ended 30 September 2022 No.
Advised platform	159,256	145,371
D2C platform	317,276	280,281
Total platform	**476,532**	**425,652**
Non-platform	14,870	14,937
Total	**491,402**	**440,589**

Assets under administration

Year ended 30 September 2023

	Advised platform £bn	D2C platform £bn	Total platform £bn	Non-platform £bn	Total £bn
As at 1 October 2022	44.8	19.3	**64.1**	5.1	**69.2**
Inflows	5.0	4.3	**9.3**	0.2	**9.5**
Outflows	(3.1)	(2.0)	**(5.1)**	(0.3)	**(5.4)**
Net inflows / (outflows)	1.9	2.3	**4.2**	(0.1)	**4.1**
Market and other movements	1.5	1.1	**2.6**	0.2	**2.8**
As at 30 September 2023	48.2	22.7	**70.9**	5.2	**76.1**

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**

We achieved robust total net inflows of £4.1 billion (FY22: £3.8 billion), driven by our platform.

Total advised platform net inflows were £1.9 billion (FY22: £3.3 billion). The year-on-year reduction was driven by a fall in gross inflows to £5.0 billion (FY22: £6.2 billion). There has been a moderation in transfer activity as advisers and their clients exercise more caution in the face of ongoing uncertainty in the macroeconomic environment, whilst existing customer inflows into tax-wrapped products remained stable. Advised outflows in the year increased to £3.1 billion (FY22: £2.9 billion).

Total D2C platform net inflows were £2.3 billion (FY22: £2.5 billion). Gross inflows increased to £4.3 billion (FY22: £3.9 billion) with the increase driven by changes to the annual pension allowance, competitive dynamics and strong inflows from new customers supported by the investments made in our brand. Outflows increased to £2.0 billion (FY22: £1.4 billion) as customers drew down on their investments amidst the cost-of-living pressures.

Non-platform net outflows of £0.1 billion (FY22: £2.0 billion) were significantly lower than FY22 following the closure of the institutional stockbroking business in the prior year.

Financial review

Favourable market movements contributed £2.8 billion as global equity markets recovered some of the losses experienced in the prior year, when adverse market movements contributed to a £7.4 billion reduction in AUA. This resulted in closing AUA of £76.1 billion (FY22: £69.2 billion).

Assets under management

	Year ended 30 September 2023 £bn	Year ended 30 September 2022 £bn
Advised	**2.5**	1.7
D2C	**1.3**	1.0
Non-platform	**0.9**	0.1
Total	**4.7**	2.8

Our range of funds and MPSs are highly valued by financial advisers, their clients and our retail customers. Total AUM closed at £4.7 billion (FY22: £2.8 billion), representing a 68% increase in the year. The growth has been particularly strong from our advised customers, as well as a significant increase in AUM from customers investing via external third-party platforms.

Financial performance

Revenue

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Recurring fixed	**30,666**	29,787
Recurring ad valorem	**161,152**	102,184
Transactional	**26,416**	31,876
Total	**218,234**	163,847

Revenue increased by 33% to £218.2 million (FY22: £163.8 million).

Revenue from recurring fixed fees increased by 3% to £30.7 million (FY22: £29.8 million), primarily due to higher pension administration revenue from our advised platform customers.

Recurring ad valorem revenue grew by 58% to £161.2 million (FY22: £102.2 million). The key driver of this growth was the higher levels of interest generated on cash balances held on the platform following increases to the market rates of interest in the year, combined with elevated average cash balances in the first half of the year. Our economies of scale enable us to benefit from these interest rate rises whilst also sharing them with our customers by paying a market-competitive rate on their cash balances. Further information on the impact to revenue of changes to the UK base interest rate has been disclosed in note 25 to the consolidated financial statements. Increased custody fee income as a result of higher average platform AUA also contributed to this revenue growth.

Revenue from transactional fees decreased by 17% to £26.4 million (FY22: £31.9 million). This decrease was due to lower dealing activity levels in the current year, impacted by the macroeconomic environment.

Our overall revenue margin increased by 7.2bps to 29.8bps (FY22: 22.6bps).

Administrative expenses

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Distribution	**25,928**	14,998
Technology	**40,317**	32,706
Operational and support	**65,769**	57,162
Total	**132,014**	104,866

Administrative expenses increased by 26% to £132.0 million (FY22: £104.9 million), in line with expectation, as we delivered our planned investment in our people, technology and brand, whilst absorbing some one-off inflationary impacts and supporting sustainable growth. Total staff costs increased by £9.9 million across the business driven by the roll out of a comprehensive new pay and benefits package which took effect on 1 October 2022 and increased headcount to support our growth.

Distribution costs increased by 73% to £25.9 million (FY22: £15.0 million) as we executed our plans to increase investment in our brand. This included our multi-channel 'feel good, investing' advertising campaign, and our new partnership as the title sponsor of the AJ Bell Great Run Series.

Technology costs increased by 23% to £40.3 million (FY22: £32.7 million). This increase reflects investment in our proposition development teams, as well as increases to our licensing and external hosting costs.

Operational and support costs increased by 15% to £65.8 million (FY22: £57.2 million). The higher costs were driven by an increase in the average number of employees in order to support our continued growth, as well as the investment in our pay and benefits package for staff. This was partially offset by lower dealing costs in the year as a result of reduced customer dealing activity.

The 26% total increase in the year reflects our investments, as planned, to deliver on our long-term growth plans. In FY24 we expect this growth rate to moderate to around 15% as inflationary pressures settle and we benefit from the operational gearing inherent in our business model, along with a focus on efficiency. The same factors are expected to result in lower levels of cost growth in the medium term.

Profitability and earnings

PBT increased by 50% to £87.7 million (FY22: £58.4 million) whilst PBT margin increased to 40.2% (FY22: 35.6%). The higher margin versus the prior year reflects the higher revenue margin.

Corporation tax for the period has been calculated at a rate of 22.0%, representing the average annual tax rate for the year, as the standard rate of UK corporation tax increased from 19.0% to 25.0% on 1 April 2023. Our effective rate of tax for the period was 22.2% (FY22: 20.0%).

Basic earnings per share rose by 46% to 16.59 pence (FY22: 11.39 pence) 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 46% to 16.53 pence (FY22: 11.35 pence).

Financial position

The Group's financial position remains strong, with net assets totalling £166.0 million (FY22: £133.4 million) as at 30 September 2023 and a return on assets of 41% (FY22: 35%).

Financial resources and regulatory capital position

Our financial resources are continually kept under review, incorporating comprehensive stress and scenario testing which is formally reviewed and agreed at least annually.

	Year ended 30 September 2023 £000	Year ended 30 September 2022 £000
Total shareholder funds	**166,037**	133,394
Less: unregulated business capital	**(3,675)**	(3,718)
Regulatory group shareholder funds	**162,362**	129,676
Less: foreseeable dividends	**(29,807)**	(18,843)
Less: non-qualifying assets	**(12,887)**	(14,233)
Total qualifying capital resources	**119,668**	96,600
Less: capital requirement	**(53,930)**	(49,252)
Surplus capital	**65,738**	47,348
% of capital resource requirement held	**222%**	196%

During the year, we have continued to maintain a healthy surplus over our regulatory capital requirement and as at the balance sheet date this was 222% (FY22: 196%) of the capital requirement.

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 £120.5 million (FY22: £57.2 million) and held a significant surplus over our basic liquid asset requirement during the period, with our year end balance sheet including cash balances of £146.3 million (FY22: £84.0 million).

Dividend

At half year, the Board declared an interim dividend of 3.50 pence per share (FY22: 2.78 pence per share). This was higher than would have resulted from applying our stated interim dividend policy, to ensure that the growth in interim dividend more closely aligned with the increase in financial performance during the current year.

The full year dividend policy of paying out 65% of statutory profit after tax remains unchanged and therefore the Board has recommended a final dividend of 7.25 pence per share (FY22: 4.59 pence per share), resulting in a total ordinary dividend of 10.75 pence (FY22: 7.37 pence).

Peter Birch
Chief Financial Officer
6 December 2023

Risk management

A **risk aware** approach

“The maturity of our three lines of defence model is evidenced well through the effective implementation of the Consumer Duty, assisted in no small part by our purpose-led culture that puts customer interests at its centre.”

Karen Goodman
Chief Risk Officer

Overview

As in all other regulated firms in our sector, the business has experienced a year of regulatory change. The most significant has been implementation of the new Consumer Duty. The business has now shifted to the embedding phase of the Consumer Duty through assessing, testing, understanding and evidencing the outcomes customers experience. Our use of data forms a key foundation in how we measure and monitor the outcomes delivered to customers.

The further maturing of our risk management framework and the three lines of defence approach supports effective ownership of risks and informs the development of a risk-aware culture.

Risk management framework

The risk management framework supports the consistent and robust identification and management of opportunities and risks across the Group.

Risk governance (left) | Risk culture (right)

Risk strategy	
Risk appetite	
Risk taxonomy	Risk reporting
Risk identification	Combined assurance model (CAM)
Risk assessment and management	Policy governance framework
Risk & control self-assessment (RCSA)	Internal capital adequacy and risk assessment (ICARA)

The sections on the following pages provide more detail on the component parts of the Group’s risk management framework.

Risk culture

We promote a risk culture that encourages ownership of and management of risk. Risk management is the responsibility of everyone.

Tone from the top	The Board sets the tone from the top, in promoting a strong risk culture. The Executive Committee (ExCo) member must instil a strong risk culture in their functional area and ensure that the policy is effectively and constantly applied within their area of responsibility.
Individual accountability	Senior Management Certification Regime Certified Roles Consumer Duty Outcomes
Open communication and challenge	Employees are empowered to raise risks and highlight any concerns.
Performance and incentives	Competent risk management must be reflected in employee objectives.

The second line of defence (Risk Team) takes responsibility for communicating, educating and advising on the risk management framework, developing and implementing computer-based training (CBT) risk training and risk-focused cultural improvement initiatives.

The Risk Team carries out ongoing risk cultural improvement initiatives to improve risk awareness across the Group, such as risk workshops and risk lunch and learn sessions.

The Chief Risk Officer (CRO) provides an annual assessment of the effectiveness of the Group’s risk management framework and Risk Team to the Risk & Compliance Committee (R&CC).

Risk strategy

The risk strategy is aligned with the Group’s high level risk appetite statement, which represents:

‘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.’

This statement recognises that for the business to grow and achieve its strategic aspirations, and deliver good outcomes for its customers, effective risk management is essential.

Risk governance

The Board is ultimately responsible for the Group’s risk management framework but has delegated certain responsibilities to the R&CC, a sub-committee of the Board. The Group operates a ‘three lines of defence’ approach to managing risks across the Group.

The three lines of defence model is a recognised approach for providing structure for the identification and assessment of risk and testing the control environment. Used widely across the industry, the model provides for a clear delineation of responsibilities for all functions to help ensure that risk management is effective and embedded across the Group. This is represented in the governance structure shown below.

Board of AJ Bell Plc

Risk & Compliance Committee of AJ Bell Plc | Audit Committee of AJ Bell Plc

Executive Risk Committee

Risk Management Forum

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Policies and procedures and Quality Audit (QA) function	In-house assurance function	Independent assurance protections
QA, risk identification, risk registers, risk reporting, risk forums	Risk and Compliance Function	Internal Audit
AJ Bell plc Management policies, procedures and limits		

● Principal components of AJ Bell combined assurance framework

Risk taxonomy

The risk taxonomy details the key areas of risk that the Group is exposed to. These can be grouped into five Tier 1 risk appetite categories and eighteen Tier 2 'sub-level' risk appetite categories. Each Tier 2 sub-level risk appetite category has a defined risk appetite and a risk appetite statement. These are approved by Board and form the risk appetite framework. This is represented in the diagram below.

Strategic	Financial	Operational		
		Operations	Conduct	Financial Crime, Legal & Regulatory
Strategic ESG	Capital Credit Liquidity Market	Change Data Financial Control Information Security Operational Resilience Process Technology Third Party Management	Conduct People	Financial Crime Legal & Regulatory

Tier 1 Tier 2

Risk appetite

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 risk appetite categories are reviewed by the Risk Management Forum (RMF), Executive Risk Committee (ERC), 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. Key risk indicators (KRIs) are mapped to the risk appetite categories, with KRI tolerances aligned to risk appetite. The KRIs and tolerances are subject to an annual approval process by ERC, R&CC and ultimately by the Board.

Risk identification

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 and uncertainties (PR&U) that could impact the ability of the Group to meet its strategic objectives. In addition, the Group maintains a 'bottom-up' operational Group risk register, which are mapped to the Group's Tier 2 risk appetite categories.

Risk assessment and management

All of the risks included in the Group risk register are scored according to probability and impact and assessed on an inherent basis (before the impact of controls) and on a residual basis (after the impact of controls). Where risks are classed as outside the Group's risk appetite, actions must be taken to bring the risk back within appetite.

Risk and control self-assessment (RCSA)

The Group's bottom-up assessment of risk is managed through the RCSA process which supports a comprehensive understanding of risks and controls in place at the operational and business process level. Through regular self-review of the risks and associated controls, and oversight and escalation of issues as necessary, the RCSA process enables the risk and control owners to identify any omissions in the risk environment and to close any control gaps or weakness as necessary. RCSAs are completed on an ongoing basis with a formal annual RCSA attestation provided by RMF members in conjunction with risk owners.

In addition, the strength of the controls is considered by the Risk & Compliance and Internal Audit teams as part of reviews they carry out under their respective monitoring programmes. Any discrepancies between their assessments and the risk and control owner's self-assessment are documented in the reports to ExCo members and the CRO, together with any actions recommended to improve those controls to ensure the risk remains or is brought back within appetite.

Combined assurance model (CAM)

Internal Audit is responsible for ownership of the CAM. The purpose of the CAM is to coordinate the coverage of risk and control assurance activities across the Group. An assessment is made and documented in the CAM by the second (Risk & Compliance) and third (Internal Audit) lines of defence as to the degree of coverage and level of assurance provided by their reviews and related work on the documented business processes and corresponding controls. The CAM also assists in the preparation of the respective annual Risk, Compliance and Internal Audit plans.

Risk reporting

Risk reporting is included in the Group's CRO report which is presented 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. Similarly, lower-level risk reporting is produced and reviewed at the RMF and the relevant departmental risk forums.

Policy governance framework

The policy governance framework incorporates a central register of policies including approval categorisation of policies, review and standardisation of policies, policy awareness training, policy attestation and ongoing monitoring of the embedding of policies.

Internal capital adequacy and risk assessment (ICARA)

The Group conducts an ICARA process to ensure that it has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operation of its business. The Group reviews material harms across the entirety of the Group's risk appetite categories and important business services (identified as per the Group's operational resilience framework).

Underpinning the Tier 1 risk appetite categories are the Tier 2 sub-level risk appetite categories. Each Tier 2 sub-level risk appetite category has a defined risk appetite and a risk appetite statement. These are approved by Board and form the risk appetite framework.

Strong risk mitigation process

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

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

The principal risks and uncertainties facing the Group are detailed below, along with potential impacts and mitigating actions. The majority of the Group's principal risks and uncertainties' residual risk has remained stable, however the residual risk has increased for information security and financial crime due to the heightened threat landscape in these areas.

Residual risk direction

↗ Increased → Stable ↘ Decreased

Risk	Potential impact	Mitigations
Strategic risk		
Strategic 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. **Residual risk direction** →	• 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.
ESG risk The risk that environmental, social and governance factors could negatively impact the Group, its customers, investors and the wider community. **Residual risk direction** →	• Environmental, physical and transition risks resulting from climate change, which may impact the Group and our customers' assets. • Social risks, include 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 Business Planning Process (BPP). 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's Employee Voice Forum promotes health and wellbeing in and outside of the office. The Group has a robust governance framework.

Principal risks and uncertainties

Operational risk

Risk	Potential impact	Mitigations
Change risk The risk of potential negative consequences and uncertainties associated with introducing modifications, alterations, or adjustments to established processes or systems. **Residual risk direction** →	• Operational resilience disruptions resulting from crystallisation of change risk may lead to financial or regulatory penalties, and reputational damage. • Change can increase costs if not delivered within budget or introduce complexity to end users due to a lack of compatibility with existing systems. • Reduced quality because of a change can lead to customer dissatisfaction, rework, and additional costs. • An inability to deliver change can result in reputational damage to the Group, making it difficult to attract customers and talent.	All operational and regulatory change is prioritised, captured, and monitored through the Operations sub-committee of ExCo. Technical Change is prioritised, captured, and monitored within Technology Services and through associated Committees. Product Change is managed within the Product areas and overseen by the corresponding Proposition Committee.
Data risk Data risk is defined as the potential threats and vulnerabilities that can compromise the confidentiality, integrity, availability, and compliance of sensitive or valuable data within the Group and its third-party suppliers. This risk encompasses the possibility of unauthorised access, loss, theft, alteration, or exposure of data. **Residual risk direction** →	• Data breaches could adversely impact individuals' data rights and freedoms and could result in fines / censure from regulators, such as the ICO and FCA. • A data breach could result in financial loss due to the cost of investigating the breach, notifying impacted individuals, and implementing remediation measures. • The Group could suffer damage to its reputation, eroding trust and making it difficult to attract and retain customers, employees, partners, and investors.	The Group monitors the adequacy of its data governance framework via the Data Forum. The Group has data protection policies and procedures, security controls to protect data such as encryption, access controls and monitoring. The Group educates employees about data security and the importance of protecting sensitive data. The Group conducts regular data audits to identify and address potential security risks. The Group's Data Protection Officer / CRO provides an assessment of the adequacy of the Group's data protection framework as part of the annual DPO report.
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. **Residual risk direction** →	• Reputational damage with regulators, leading to increased capital requirement. • Potential customer detriment resulting from inadequate protection of customer assets. • Increased expenditure in order to compensate customers for loss incurred.	The Group's financial control and fraud prevention policies and procedures are designed to ensure that the risk of fraudulent access to customer or corporate accounts is minimised. Anti-fraud training is provided to all members of staff who act as first line of defence to facilitate early detection of potentially fraudulent activity. Strong technology controls are in place to identify potential money laundering activity or market abuse.

Operational risk continued

Risk	Potential impact	Mitigations
Information security 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. **Residual risk direction** ↗	• 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. • Failure to maintain or quickly recover operations could lead to intolerable harm to customers and the Group. • The Group could suffer damage to its reputation eroding trust and making it difficult to attract and retain customers, employees, partners, and investors.	• 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.
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. **Residual risk direction** →	• 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 Operations sub-committee of ExCo. The R&CC and Board also provide oversight. An annual operational resilience self-assessment document is reviewed by the Board and R&CC. The Group's Risk Team also provide a 2nd line of defence review of the operational resilience self-assessment.
Process risk The risk that, due to unexpectedly high volumes, the Group is unable to process work within agreed service levels and / or to an acceptable quality for a sustained period. **Residual risk direction** →	• A decline in the quality of work would 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.	There is an ongoing programme to train staff on multiple operational functions. Diversifying the workforce enables the business to deploy staff when high work volumes are experienced. Causes of increased volumes of work, for example competitor behaviour, are closely monitored in order to plan resource effectively. The Group 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.
Technology risk The risk that the design, implementation and management of applications, infrastructure and services fail to meet current and future business requirements. **Residual risk direction** →	• The reliance on evolving technology remains crucial to the Group's effort to develop its services and enhance products. Prolonged underinvestment in technology would 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. • Technology 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.

Principal risks and uncertainties

Operational risk continued

Risk	Potential impact	Mitigations
Third-party management risk The risk that a third-party provider materially fails to deliver the contracted services. **Residual risk direction** →	• Loss of service from a third-party 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 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 suppliers and on-site audits are also undertaken.
Conduct/Consumer Outcomes risk The risk that the fair treatment of customers is not central to the Group's corporate culture. **Residual risk direction** →	• Poor conduct could have a negative effect on customer outcomes. • Reputational damage resulting from poor levels of customer service. • The Group may be adversely affected, including regulatory censure or enforcement.	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 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 Group implemented the Consumer Duty in July 2023 which provides higher and clearer standards of consumer protection.
People risk The risk that the Group fails to attract, retain, develop and engage employees who are aligned to the Group's guiding principles. **Residual risk direction** →	• Difficulties in recruiting the right people to work for the Group. • Existing employees who are not motivated, do not 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. • Resource shortfalls may impact quality and service and could lead to poor service / consumer outcomes and reputational damage.	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.

Operational risk continued

Risk	Potential impact	Mitigations
Financial crime risk The risk of failure to protect the Group and its customers from all aspects of financial crime, including anti-money laundering, terror financing, proliferation financing, sanctions restrictions, market abuse, fraud, cyber-crime and the facilitation of tax evasion. **Residual risk direction** ↗	• 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. • 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. • The Group could suffer damage to its reputation, eroding trust and making it difficult to attract and retain customers, employees, partners, and investors.	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.
Legal and regulatory risk The risk that the Group fails to comply with regulatory and legal standards. **Residual risk direction** →	• Regulatory censure and / or fines, including fines from the FCA and Information Commissioner's Office (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. Where appropriate, the Compliance Monitoring Team conducts reviews to ensure compliance standards have been embedded into the business.
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 **Residual risk direction** →	• 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 is 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. Enterprise risks are reviewed and monitored through AJBI's Department Risk Forum, with escalation routes to the Investment Proposition Committee (IPC) and Risk & Compliance Committee. Consumer Duty Evidential MI is monitored and reported up through the IPC and Operational Committee. Any trading undertaken on the AJ Bell Funds or in model portfolios is subject to a number of internal controls to minimise the risk of any operational losses.

Principal risks and uncertainties

Risk	Potential impact	Mitigations
Financial risk		
Credit risk The risk of potential failure of clients, market counterparties or banks used by the Group to fulfil contractual obligations. **Residual risk direction** →	• Unintended market exposure. • Customer detriment.	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.
Market 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. **Residual risk direction** →	• 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.
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. **Residual risk direction** →	• Reputational damage. • Potential customer detriment. • Financial loss. • Unable to meet obligations as they fall due.	The Group has robust systems and controls and monitors all legal entities to ensure they have sufficient funds to meet their liabilities as they fall due. The Group continues to monitor trade settlement on both an intra-day and daily basis. The Group continues to be a highly cash-generative business and to maintain sufficient cash and standby banking facilities to fund its foreseeable trading requirements.
Capital risk The risk that the Group does not maintain sufficient capital resources to cover unexpected losses. **Residual risk direction** →	• Inability to cover unexpected losses. • Additional regulatory scrutiny and potential increased regulatory capital resource requirements.	The Group adopts a cautious and controlled approach to managing its capital risk. The Group conducts an Internal Capital and Risk Assessment (ICARA) process aligned with its risk management framework to identify, monitor and mitigate harms. Where harms cannot be mitigated, the Group holds capital to cover potential unexpected losses (its capital resource requirement). The Group's capital risk appetite is to maintain its capital resources at least >125% more than the Group's capital resource requirement.

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 2027. 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 63 to 68. 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. The financial forecasts assume that the Bank of England base interest rate has peaked, gradually falling throughout the forecast period, in line with market projections. 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 (Market risk)** – a significant reduction in equity market values, based on the 2008-09 global financial crisis. Asset values fall by 40% in year one, recovering to 20% below the level they were prior to the fall in year two, and remain flat in years three and four.
2) **Macroeconomic (Market 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 (Technology risk, Third-party management 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 one 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 three.

The Board have identified a number of potential management actions that could be taken, the action selected would be dependent upon the nature of the scenario.

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 2023 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 2023. 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 2027.

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

Michael Summersgill
Chief Executive Officer

6 December 2023

"In around 20 years I've not had a bad experience. The platform is easy to get on with. When I phone the help desk, people are always helpful. That doesn't happen with a lot of help desks or customer services. It makes you feel good knowing that you're giving the best financial situation to your children and your grandchildren."

Tony
AJ Bell customer

#FeelGoodInvesting

See more at **ajbell.co.uk/group/feel-good-investing**

Helping Tony invest for his family

Age: 69 years old
Mission: To be tax efficient and save for his grandchildren

Tony is a retired NHS consultant and has been a customer with us for around 20 years. His main investment goals are to be tax efficient and provide compound returns for his grandchildren.

Tony enjoys saving money for his family and believes that anybody can invest.

Tony reflects on his long-standing experience as a valued AJ Bell customer.

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

Governance

Chair's introduction

> "This has been another year of change as we continue to build out our corporate governance structure to support the long-term sustainable growth and success of the business for the benefit of our shareholders and other stakeholders."
>
> **Fiona Clutterbuck**
> Chair

Dear shareholder

I am delighted to be writing as Chair of the Board to introduce my first Corporate Governance report, having taken up the role on 1 May 2023. Given my experience of having served on a number of other listed company boards, and also having spent my executive career in the financial services sector, I am well aware of the importance of governance and engagement with shareholders and other stakeholders. I have already had the opportunity to meet with some of our shareholders, and it has been very helpful to hear their views.

As a Board, we are committed to maintaining high standards of corporate governance and a robust framework for the control and management of AJ Bell in the best long-term interests of its shareholders. I have highlighted a number of matters below and further details of how we have discharged our corporate governance responsibilities are set out later in this report.

Board and ExCo changes

The main changes at Board level during the year were my appointment as Chair with effect from 1 May 2023 in succession to Baroness Helena Morrissey and that of Les Platts as a Representative Director for Andy Bell, our former CEO and co-founder. I would like to take this opportunity to welcome Les back to the Board, with Les having previously served on the Board for just over 13 years, initially as a Non-Executive Director and latterly as independent Non-Executive Chair, until he stepped down at the 2022 AGM. As a Board we believe Les, who has detailed knowledge of the financial services sector and AJ Bell, to be ideally placed to both represent Andy's interest and make a valuable all-round contribution to discussions around the boardroom table. I would also like to take this opportunity to thank Helena for her significant contribution as Chair and look forward to her continued involvement through her consultancy role supporting our Money Matters initiative aimed at encouraging more women to take control of their finances and invest in their future.

Following these changes, at least half of the Board, excluding the Chair were Non-Executive Directors who were considered independent. Whilst Board appointments in the year did not meet all the FCA targets, by year end there remained 33% female representation on the Board and two out of the four senior Board positions were held by women. We resumed our search for two new independent Non-Executive Directors in May this year with a clear commitment of addressing these targets. I am pleased to report that since the year end we have appointed Fiona Fry as an independent Non-Executive Director with effect from 7 December 2023. Fiona will succeed Simon Turner, as Chair of the Risk & Compliance Committee, subject to regulatory approval. Fiona is a highly experienced risk professional who brings with her a wealth of financial services and regulatory experience and I look forward to welcoming her to the Board in due course. Our commitment to both the Parker Review recommendations and the FCA diversity requirements remain a key consideration as we continue our search for a further independent NED to join the Board in the coming year.

At executive level, we are pleased to report the internal promotion of Kina Sinclair to the role of Group Legal Services Director and as a member of the ExCo with effect from 1 October 2023 in succession to Bruce Robinson, who stepped down from the ExCo at the end of September 2023. Kina, who has been with us for five years, as Senior In-House Legal Counsel, has in-depth knowledge of our business and culture, so was ideally placed to take on the role. I would like to take this opportunity to congratulate Kina on her promotion.

As part of the succession plan for Bruce, who was also our Company Secretary, we decided to split the Group Legal Services Director and Company Secretary roles and this led to the appointment of Olubunmi Likinyo (Bunmi) as Company Secretary with effect from 1 October 2023, who I would also like to welcome. Bunmi joins us from Nationwide Building Society.

Further details are set out in the Nomination Committee report on pages 88 to 91.

Our people

I succeeded Helena as our nominated Employee Engagement Director and took over the role of Chair of our Employee Voice Forum. I am supported by our Non-Executive Directors, who also attend meetings from time to time. Topics discussed during the year included executive pay and career progression, our Employee Value Proposition and the impact of hybrid working. Following the meetings, feedback was provided to the Board and ExCo.

We took the opportunity to review our hybrid working policy during the year, which included obtaining feedback from our people, with particular focus on whether there had been a decrease in engagement levels. Although we made some minor changes in response to the feedback received, the overall outcome supported our current approach. This is something that we will keep under review, as having an engaged workforce providing a high-quality service to our customers and their advisers is critical for the long-term sustainable success of the business.

Mindful of the impact of the continuing cost-of-living pressures, we followed up on the changes we made to our pay and benefits for members of the wider workforce last year, when we awarded our highest ever increase in base pay. Enhancements this year, in addition to an average increase in base pay of 5.8%, included a further free share award for all eligible staff of up to £2,000 under our HMRC-approved Buy as You Earn plan and the further uplift in pension contributions.

I am pleased to be able to report that we retained our 3-star Best Companies rating, this year, making it into the top 20 of the 100 Best Companies list and maintaining our position in the top five financial services companies in the UK. This achievement is testament to our ongoing commitment to invest in our people and to the positive culture we have built.

Further details on the above are set out in our Responsible Business report on pages 39 to 43.

Our customers

Our purpose and our strategy has always put our customers and their advisers at the heart of our business and the Board always considers their needs and the impact on them of everything we do. As a consequence, the Board is supportive of the introduction of the new Consumer Duty, which is intended to set higher and clearer standards of consumer protection across financial services and requires firms to put the needs of their customers first.

The initial implementation of the Consumer Duty has been a key area of focus for the Board and the business as a whole during the year. The Chair of our Risk & Compliance Committee, Simon Turner, was appointed as our designated Non-Executive Director Consumer Duty champion, whose role is to ensure the Consumer Duty is discussed regularly at Board level. Although we believe our culture is aligned with the requirements of the Consumer Duty, we are by no means complacent, and the Board's focus during FY24 will be on maintaining oversight to ensure the business is delivering good outcomes for its customers which are consistent with the Duty.

Environmental, social and governance (ESG)

We established the AJ Bell Futures Foundation, a charitable initiative with the initial focus on helping support disadvantaged people access opportunities, partnering with two charities during the year, Smart Works and IntoUniversity. The initiative was launched as part of AJ Bell, with the Board committing to donate 0.5% of profits before tax to the foundation each year. During the year we decided to further embed this initiative by establishing a registered charity to carry it on which resulted in the registration of the AJ Bell Futures Foundation as a charitable incorporated organisation on 12 September 2023.

We have calculated proposed carbon reduction targets aligned to the UK Government's commitment to be Net Zero by 2050. Before committing to these targets, we have made good progress in developing a transition plan to understand the near and long-term carbon reduction initiatives we will need to undertake to achieve these targets.

Further details of our ESG-related activities are set out in the Responsible Business report on pages 32 to 54.

Conclusion

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

Fiona Clutterbuck
Chair
6 December 2023

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 2023.

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.

1. 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.

See more **p80 to 83**

2. Division of responsibilities

Information on the governance framework of the Group.

See more **p84 and 85**

3. 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.

See more **p86**

4. 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 & Compliance Committee on the work undertaken during the year.

See more **p87**

5. Remuneration

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

See more **p87**

Committed to the highest standards

Board changes in 2023

With effect from 1 May 2023, Fiona Clutterbuck was appointed as Chair of the Board, replacing Baroness Helena Morrissey.

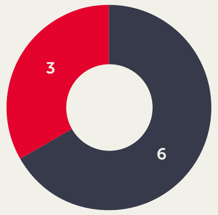
Les Platts has been appointed as a non-independent Non-Executive Director, to represent Andy Bell's interests, as a major shareholder, effective from 13 July 2023.

Company Secretary changes in 2023

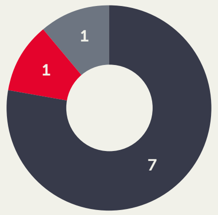
Olubunmi Likinyo joined as Company Secretary, effective from 1 October 2023.

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

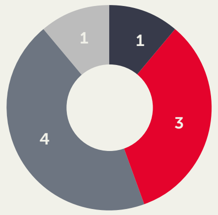
Board gender diversity



Board tenure



Board composition



Fiona Clutterbuck
Chair
N R C

Appointed: May 2023

Skills and expertise:
Fiona is currently a Non-Executive Director of Sampo plc and the Co-operative Bank. Fiona has extensive corporate governance skills and experience, and a keen focus on, and understanding of, good customer outcomes.

In her non-executive career Fiona was previously a Non-Executive Director of Hargreaves Lansdown plc, the Chair of Paragon Banking Group plc and Senior Independent Director at M&G plc. Fiona was also a Non-Executive Director of W.S. Atkins until its acquisition in 2017.

During her executive career Fiona qualified as a barrister and had extensive corporate finance experience, having held roles as Head of Strategy, Corporate Development and Communications at Phoenix Group plc, having previously held investment banking roles with ABN AMRO Investment Bank plc, HSBC Investment Bank plc and Hill Samuel Bank Limited.

Other appointments:
- Non-Executive Director of the Co-Operative Bank plc, the Co-Operative Bank Finance plc, and the Co-Operative Bank Holdings Limited
- Non-Executive Director of Sampo plc

Michael Summersgill
Chief Executive Officer
D

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.

Peter Birch
Chief Financial Officer
D

Appointed: July 2022

Skills and expertise:
As CFO, 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.

Board of Directors

Evelyn Bourke
Independent Non-Executive Director and Senior Independent Director

N A C

Appointed: July 2021

Skills and expertise:
Evelyn is a qualified actuary and has an MBA from London Business School. Latterly, in her executive career, Evelyn was Group CEO at Bupa Group from 2016 to 2020. She was Group CFO at Bupa from 2012. Prior to that, she had senior positions with other companies such as CEO of Heritage Business at Friends Life Group, CFO of Friends Provident, CFO of Standard Life Assurance and Principal at Tillinghast Towers Perrin. She previously served as Non-Executive Director of the Children's Mutual and IFG plc.

Other appointments:
- Non-Executive Director of Marks and Spencer Group, and Chair of Audit Committee
- Non-Executive Director of Bank of Ireland Group plc, Chair of Audit Committee, member of Risk Committee, Nomination Committee and Sustainability Committee
- Non-Executive Director of Admiral Group plc, and Chair of Remuneration Committee
- Trustee of The Ireland Fund of Great Britain

Eamonn Flanagan
Independent Non-Executive Director

N A D R

Appointed: March 2018

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

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

This experience has proven to be invaluable in his 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 R&Q Insurance Holdings Ltd
- Non-Executive Director of Chesnara plc, Movestic Livforsakring AB and Non-Executive Chair of Movestic Fonder AB

Margaret Hassall
Independent Non-Executive Director

N A R

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 Kier Group plc

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

Simon Turner
Independent Non-Executive Director

R C

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 plc

Les Platts
Non-independent Non-Executive Director

Appointed: July 2023

Skills and expertise:
During his executive career, Les, who was a Chartered Accountant, spent 33 years with Deloitte LLP where he was an audit partner, the practice senior partner in the North East and a UK board member. His clients included FTSE 100 and FTSE 250 companies in a range of sectors and he advised on strategic, financial, governance and risk matters.

Previously in his non-executive career, Les was a director of AJ Bell for just over 13 years, having joined the Board as an independent Non-Executive Director in 2008 and then was Chair from 2014 until he stepped down at the end of the 2022 AGM, having served in excess of the nine-year limit under the UK Code. Les was also a Director and Vice Chairman of Leeds Building Society and the Honorary Treasurer of Lancashire County Cricket Club.

Les was appointed to the Board as a Representative Director for Andy Bell, the former Chief Executive Officer and a co-founder of the Company, who together with his connected persons, is the Company's largest individual shareholder. As a consequence, Les is not considered to be independent for UK Code purposes.

Olubunmi Likinyo
Company Secretary

Appointed: October 2023

Skills and expertise:
Bunmi was appointed Company Secretary in October 2023 and has responsibility for the Group's company secretarial function.

She provides advice and support to the Board and its Committees on all aspects of corporate governance and related regulatory requirements.

She is a qualified Chartered Company Secretary and governance professional with over 20 years experience across various listed companies and sectors.

Prior to joining the Company, she was Deputy Company Secretary at Nationwide Building Society and IG Group Holdings plc. She also held senior company secretarial positions at J Sainsbury plc and Barclays plc. Bunmi is a Fellow of the Chartered Governance Institute.

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.

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.

Executive Committee changes in 2023

Bruce Robinson stepped down from his role as Company Secretary and Group Legal Services Director, and as a member of the Executive Committee, at the end of September 2023. Effective from 1 October 2023, Kina Sinclair replaced Bruce as Group Legal Director.

Following the year end, Kevin Doran informed the business of his decision to leave and will be departing AJ Bell in early 2024. Charlie Musson, our Chief Communications Officer, has taken over as Acting Managing Director D2C and as a member of ExCo.

See more **p18**

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.

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 their 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.

Kina Sinclair
Group Legal Director

Kina joined AJ Bell in July 2018 and was appointed as Group Legal Services Director in October 2023.

Before joining AJ Bell, she began her career at Addleshaw Goddard LLP and spent time there upon qualification as a commercial lawyer advising on a range of disciplines across different sectors, including financial services. Her commercial law expertise is broad and covers commercial contracts, technology, data protection, outsourcing and procurement.

Joining AJ Bell just before the IPO, Kina was primarily responsible for providing legal support across the business, which included working closely with key stakeholders to deliver the desired outcomes for the business and customers.

Before being appointed as Group Legal Services Director, Kina's responsibilities included supporting the Company Secretary and she developed a more in-depth knowledge of the business and its internal corporate governance structures, by attending and providing support for Board and Executive Committee meetings. This has complemented her legal expertise and role as a legal adviser for the business.

1. 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: to help people invest. We want to make investing as easy as possible for our customers and their advisers and to enable our customers to feel good investing and 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, easy-to-use platform propositions, excellent service and high staff engagement. Our purpose, guiding principles and strategy all define and shape our culture.

The Board reviews strategy annually during a dedicated business planning process with a view to promoting the long-term success of the Group. During the course of the business planning process, the Board reviewed our guiding principles in order to satisfy itself that they remained relevant to our purpose and culture, which included obtaining input from our customers, their advisers and our people. The outcome was that we refined and refreshed our guiding principles but did not make any substantive changes.

One of the ways in which we monitor our culture is by using a culture dashboard which identifies the core characteristics of our culture and sets a benchmark for enabling the Board to monitor future changes. The dashboard, which is presented to the Board bi-annually, was further refined during the year. This included the incorporation of metrics for monitoring Consumer Duty embedment, the impact of hybrid working, our employer advocacy scores compared to local recruitment competitors as well as the introduction of additional assurance measures.

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.

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 material 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 seven scheduled meetings this year, plus two dedicated business planning meetings. The Board arranges additional meetings as and when required, which resulted in four more meetings being held this year to consider additional business, including the Consumer Duty, the appointment of the Chair and the Representative Director together with the outcome of the Competitive Tender Process for our 2025 audit.

In addition to engagement through our Employee Voice Forum, members of the Board also engaged with our people by 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, which has a positive impact on the quality of discussions at Board meetings and decision-making generally.

Member	Role	Eligible / attended meetings (including ad hoc meetings)
Fiona Clutterbuck[1]	Chair	5/5
Helena Morrissey[2]	Chair	8/8
Evelyn Bourke	Senior Independent Director	13/11[4]
Eamonn Flanagan	Non-Executive Director	13/13
Margaret Hassall	Non-Executive Director	13/13
Simon Turner	Non-Executive Director	13/13
Michael Summersgill	Chief Executive Officer	13/13
Roger Stott	Chief Operating Officer	13/12[5]
Peter Birch	Chief Financial Officer	13/13
Les Platts[3]	Representative Director	4/2[6]

1. Fiona Clutterbuck joined the Board on 1 May 2023.
2. Helena Morrissey stepped down from the Board on 30 April 2023.
3. Les Platts joined the Board on 13 July 2023.
4. Evelyn Bourke was unable to attend an ad hoc meeting arranged at short notice and an ad hoc meeting due to a bereavement.
5. Roger Stott was unable to attend an ad hoc meeting arranged at short notice.
6. Les Platts was unable to attend a meeting due to a prior commitment and an ad hoc meeting arranged at short notice.

For meetings where members were unable to attend, members provided input ahead of those meetings via the Chair.

Our purpose

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.

Our strategy

- Sustainable growth
- Easy-to-use platform propositions
- Excellent service
- High staff engagement

Our guiding principles

- Principled
- Knowledgeable
- Straightforward
- Personal
- Ambitious

Our culture

Our purpose, guiding principles and strategy all define and shape our culture. The underlying values of our business are set out in our guiding principles, which inform everything we do.

"What people say about the AJ Bell culture is true. I think you can go to other places and you might just be another number. It's definitely not the case here."

Owen Jenkinson
AJ Bell apprentice

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. Conflicts of interest are a standing agenda item at each Board and Committee meeting. We refreshed and updated our internal procedures governing conflicts of interest during the year. Given the potential conflicts of interest as a result of the Representative Director being a nominee of a major shareholder, the Relationship Agreement between the Company and Andy Bell makes provision for the management of any conflicts which may arise.

Any additional external appointments require prior approval. During the year the Nomination Committee approved new external non-executive appointments for Helena Morrissey (one) and Margaret Hassall (one), neither of which was considered to be significant in terms of commitment or shareholding.

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 & 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 100. The Group's anti-bribery and corruption and modern slavery policies were both reviewed during the year.

Corporate Governance report

Key Board activities

Topics discussed

Strategy

- Oversight of annual business planning process.
- Approval of the strategy for FY24.
- Consideration of current and future technology initiatives.
- Review and approval of the product propositions for AJ Bell.
- Analysis of recent developments in the advised and D2C platform markets.

Performance

- Approval of final and interim dividend payments in accordance with the Group's dividend policy.
- Review and approval of revisions to the Group's financial controls policy.
- Oversight of financial performance against the budget and market expectations.
- Quarterly reviews of performance against forecast.

Risk management

- Oversight of the implementation of the new Consumer Duty by 31 July 2023.
- 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, CASS, the macroeconomic outlook, and takeover code compliance.
- First annual review of compliance with the FCA's operational resilience requirements by 31 March 2023.

Culture and Governance

- Appointment of new Chair and Representative Director.
- Performance of internal 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 and updating of our corporate governance structure.
- Review of our conflicts of interest procedures
- Annual review of our diversity policy.
- Annual review of anti-bribery and corruption policy and modern slavery statement.
- Bi-annual update on ESG.

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.

See more on our stakeholder engagement activities on **pages 28 and 29.**

The Board recognises the importance and benefits of engaging with shareholders and other stakeholders and has a strong history of doing so. 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 28 and 29.

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 was chaired, since her appointment, by our new Chair, Fiona Clutterbuck, previously having been chaired by her predecessor, Helena Morrissey, both of whom were at the relevant time our nominated Employee Engagement Director. The forum compromises between 10 and 12 representatives from across the business who gather ideas and suggestions from our people on a specific topic that affects the Group. Topics discussed during the year included executive reward, the impact of hybrid working, staff retention and our Employee Value Proposition.

Following the meetings, feedback was provided to the Board and ExCo. Details of any action agreed to be taken to address the matters discussed are 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 annual managers' day as well as leadership videos posted on our intranet and informal open forums, such as 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 above, the Risk & Compliance Committee monitors the operation of the whistleblowing arrangements, with the ability to escalate matters to the Board if considered necessary.

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 2023 AGM, as the AGM provides the Board with an opportunity to communicate directly with, and answer questions from, AJ Bell's 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 CFO, 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, Deutsche Numis Securities Limited (Deutsche Numis). This provides the Board with insights into current market perceptions of the business and wider platform market. Deutsche Numis also shares its views with the Board on share price performance, recent trading activity and changes to the composition of the shareholder register.

This year, for the first time since our IPO in 2018, we undertook an externally-facilitated investor study to provide the Board with detailed feedback on how the Company is viewed by investors. The study included interviews with 18 institutional investors, including both current and former shareholders, representing approximately 39% of the Company's issued share capital. Investor feedback was very positive overall. The interviews showed that investors value AJ Bell's dual-channel, organic growth approach to the UK platform market, the long-term investments being made in brand and technology, the strength of the management team and the financial characteristics of the business whereby profit is turned into cash quickly, supporting investment in the business and increasing cash returns to shareholders.

An overview of our investor relations programme is detailed below. As noted above, in addition to the formal IR programme, the management team engages with analysts and investors throughout the course of the year.

Calendar of events in FY23

Q1
- Head office site visit for investors and sell-side analysts.
- Full-year trading update announced.
- Annual results announced.
- CEO and CFO 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.

Q3
- Q2 trading update announced.
- Externally-facilitated investor study undertaken.
- Interim results announced.
- Investor roadshows (UK and US) and analyst presentations, both in-person and virtually.
- CEO and CFO interim results Q&A video on website.
- Shareholder engagement following the announcement.

Q4
- Q3 trading update announced.
- Consultation with shareholders about proposed changes to Director's remuneration and Non-Executive Director fees.
- Chair and Senior Independent Director meeting with key institutional shareholders.

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 Financial Statements, historical financial reports and presentations, regulatory announcements, financial calendar, analyst consensus and other important shareholder information.

2. Division of responsibilities

There is a clear division of responsibilities between the Chair, Fiona Clutterbuck, who was considered to be independent upon appointment, and the CEO, Michael Summersgill. 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.

In July 2023, Les Platts was appointed as Andy Bell's Representative Director after the Company entered into the Relationship Agreement. Under the Relationship Agreement, Andy, the former Chief Executive Officer and a co-founder of the Company, who together with his connected persons, is the largest individual shareholder, has the right to nominate one Director for appointment to the Board.

Following these changes, the Board comprised the Chair, four independent Non-Executive Directors, one non-independent Non-Executive Director and three Executive Directors, so there was still at least half of the Board, excluding the Chair who are considered independent Non-Executive Directors.

The Board believes the structure of the Board was appropriate before those 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.

Roles and responsibilities

Role of the Chair

The Chair is responsible for the leadership and overall effectiveness of the Board. The Chair sets the agenda for each meeting of the Board in conjunction with the Company Secretary, in line with the annual worklist agreed by the Board. The Chair manages the meeting timetable, promotes open and effective discussion and challenge at meetings and creates an environment in which all of the participants feel comfortable. 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 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.

Role of Executive Directors

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

The role of the other Executive Directors who were members of the Board during the year, the CFO, Peter Birch, and COO, Roger Stott, is 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 Non-Executive Directors

The Non-Executive Directors, Evelyn Bourke, Eamonn Flanagan, Margaret Hassall, Simon Turner and Les Platts, 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. They also assist with the implementation of Board decisions and compliance with the Group's regulatory and legal obligations.

The Representative Director, Les Platts, is a nominee, appointed to represent and safeguard the interests of a major shareholder and is not independent under the UK Code. However, he is subject to the same duties and responsibilities as the other Non-Executive Directors, including the duty to exercise independent judgement and act in the way he considers would be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

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, 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. 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.

Board Committees

Board

- **Nomination Committee** – Chair: Fiona Clutterbuck
- **Remuneration Committee** – Chair: Margaret Hassall
- **Audit Committee** – Chair: Eamonn Flanagan
- **Risk & Compliance Committee** – Chair: Simon Turner
- **Disclosure Committee** – Chair: Eamonn Flanagan

Chief Executive Officer

Executive Committee (ExCo)

- **Proposition Committee** (PropCom)
- **Operational Committee** (OpCom)
- **Finance & Treasury Committee** (FTC)
- **Executive Risk Committee** (ERC)
- **Investment Committee** (IC)

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

The chair of each Committee reports to the Board at each Board meeting about the activities it has undertaken since the last meeting. The independent Non-Executive Directors play an important role in the operation of the Board Committees. The Representative Director is not a member of any Board Committee.

In addition, the Board has established a Non-Executive Directors' ESG forum. 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 respective Committee's reports. 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 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.

The ExCo has five committees to which it sub-delegates the below authorities:

- 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 and Advised 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.
- Investment Committee (IC), which has oversight responsibility for the management and distribution of our investment products.

Bruce Robinson, our Group Legal Services Director and Company Secretary stepped down from his role with effect from 30 September 2023. It was decided that in order to better support the changes in the structure of the Board and the ExCo made during 2022, the Group Legal Services Director and Company Secretary roles would be separated when Bruce stepped down. The successor for the Group Legal Services Director is an internal candidate, Kina Sinclair, our Senior In-House Legal Counsel and for the Company Secretary element is an external candidate, Olubunmi Likinyo.

3. Composition, succession and evaluation

The Board has established a Nomination Committee, which has delegated responsibility for reviewing the leadership needs of the business including Board composition, considering succession plans for both Board and ExCo, selecting and appointing new directors and considering the results of the Board effectiveness reviews. More information on the work of the Nomination Committee can be found on pages 88 to 91.

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 appointment of a new Chair, the Representative Director, and changes at executive level. In addition, the Committee also resumed its search for two new independent Non-Executive Directors. Further details can be found within the Nomination Committee report on pages 88 to 90.

Length of service of the Chair and Non-Executive Directors

Under the provisions of the UK Code, the Chair should be independent upon appointment when assessed against the non-exhaustive circumstances likely to impair, or appear to impair, independence set out in the UK Code. An assessment of the independence of Fiona Clutterbuck against those criteria was undertaken as part of her recruitment process and the Board was satisfied that Fiona was independent upon appointment.

As reported last year, Simon Turner, the Chair of our Risk & Compliance Committee, completed nine years in office on 1 July 2023. Notwithstanding that, the Board requested that Simon Turner remain in office in order to support the succession process and handover of his role as Chair of the Risk & Compliance Committee. Simon was subsequently re-elected at the 2023 AGM.

Evaluation of the performance of the Board and Directors

The Chair considered having an externally-facilitated Board evaluation undertaken during the year, but following discussions with other members of the Board, concluded that it would not be appropriate to do so in light of the recent changes in the composition of the Board, including her appointment, and what was at the time, the pending appointment of the Representative Director and search for two new Non-Executive Directors. The Chair concluded that it would be preferable for those changes to be given the chance to become embedded before an evaluation was undertaken, so the Chair intends to commission an externally-facilitated Board evaluation in the first half of 2024.

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, online. The feedback provided was then collated and the findings were presented by the chair of the relevant body to its members for review and discussion. Following discussion of the findings, where considered appropriate, actions were agreed to address improvement opportunities which had been identified, the implementation of which will be overseen by the chair of the relevant governance body. Details of the outcome of the reviews undertaken by each Committee were reported to the Board.

The Chair evaluated the performance of the Non-Executive Directors, and 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 performance of the Board, its Committees and 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. The Board is operating effectively as a unitary body amongst other things. The view is held that the conduct of Board meetings promotes open and constructive high-quality debate and the relationship between Non-Executive Directors and executive management is effective.

Whilst the findings indicated that the Board was operating effectively overall, the review identified the need to increase the level of focus on the long-term composition of the Board along with talent management and succession planning below Board level. In addition, continuous improvements are to be made to management reports and papers to ensure high quality and relevant information flows to the Board. Opportunities should also be sought for more Board engagement outside the boardroom to include dinner discussions to continually build on the positive relationships on the Board. Progress against these recommendations will be reported in next year's Annual Report.

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. Further details on the procedures for the appointment of new Directors and succession planning can be found within the Nomination Committee report on pages 88 to 90.

All Directors are kept informed of changes in relevant legislation and regulations and changing financial and commercial risks. If considered appropriate, external advisers or industry experts are engaged to provide training for members of the Board. During the year, the Board received external presentations on corporate governance, CASS, 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 2024 AGM.

4. Audit, risk and internal control

The statement of Directors' responsibility for preparing the Annual Report and Financial Statements is set out on page 125. 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. If you would like to read more about the work of the Audit Committee, please turn to the Audit Committee report on pages 92 to 97.

With the support of the Audit Committee, the Board has reviewed the 2023 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.

For further information please refer to:

- details of the review work carried out by the Audit Committee in relation to the 2023 Annual Report and Financial Statements on pages 94 and 95, and
- the description of the business model and strategy for delivering the objectives of the Group on pages 20 and 21.

Viability statement

The Directors have assessed the viability of the Group over a period that exceeds the 12 months required by the going concern provision. Details of that assessment are set out on page 69.

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 60 to 62 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 & Compliance Committees.

The Risk & 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 financial crime. If you would like to read more about the work of the Risk & Compliance Committee, please turn to the Risk & Compliance Committee report on pages 98 to 101.

The Board confirms that, through the activities of the Risk & 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 69.

The Board has delegated responsibility for the annual review of the Group's internal control systems to the Audit Committee, assisted by the Risk & Compliance Committee (responsible for the Group's risk management framework). If you would like to read more about the review and monitoring procedures, they can be found within the Audit Committee report on page 95.

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.

5. 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. If you would like to read more about the work of the Remuneration Committee, please turn to the Remuneration Committee report on pages 102 to 105.

Remuneration policy

The Group's remuneration policies and practices are designed to support its strategic objectives and promote the long-term sustainable success of the Company for the benefit of its shareholders as a whole. A summary of how the Company has complied with the remuneration requirements under the UK Code, together with details of the work undertaken by the Remuneration Committee during the year, is set out on pages 106 to 110.

During the year no individual Director was involved in deciding their own remuneration.

Annual General Meeting

The AGM will be held on 30 January 2024 at 12 noon at AJ Bell, 4 Exchange Quay, Salford Quays, Manchester, M5 3EE. We are planning to hold the 2024 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 2024 AGM.

As an additional means of engagement with our shareholders, a video covering the key points from our 2023 annual results will be published on our website at ajbell.co.uk/group/investor-relations on 7 December 2023. 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 2023, as well as the outlook for 2024.

Fiona Clutterbuck
Chair

6 December 2023

Nomination Committee report

Fiona Clutterbuck
Chair of the Nomination Committee

Role and responsibilities
The Nomination Committee is responsible for reviewing the leadership needs of the business to ensure it can continue to succeed. This includes succession planning, making recommendations to the Board in respect of appointments to the Board, the Board's Committees, the 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 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. During the year the Committee had two scheduled meetings and 12 additional ad hoc meetings.

Member	Position	Eligible / attended meetings (including ad hoc meetings)
Fiona Clutterbuck[1]	Chair from 1 May 2023	6/6
Evelyn Bourke	Senior Independent Director	14/14
Eamonn Flanagan	Non-Executive Director	14/12[3]
Margaret Hassall	Non-Executive Director	14/13[4]
Helena Morrissey[2]	Chair up until 30 April 2023	8/4[5]

1. Appointed to the Committee on 1 May 2023.
2. Stepped down from the Committee on 30 April 2023.
3. Eamonn Flanagan was unable to attend two ad hoc meetings arranged at short notice.
4. Margaret Hassall was unable to attend an ad hoc meeting arranged at short notice.
5. Helena Morrissey was unable to attend four ad hoc meetings arranged at short notice.

For ad hoc meetings members were unable to attend, members provided input ahead of those meetings via the Committee Chair.

Dear shareholder
As Chair of the Nomination Committee since my appointment on 1 May 2023, I am pleased to present the Committee's report for the year ended 30 September 2023.

It has been a busy year for the Committee, primarily in relation to Board and senior management recruitment and succession planning. During the first half of the year the main focus was on my appointment as Chair, following Baroness Helena Morrissey's decision to step down once a successor had been recruited. Then during the second half of the year the focus was on the renewal of the search for two new independent Non-Executive Directors and the appointment of a Representative Director for Andy Bell.

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; myself, who became the Non-Executive Chair and Chair of the Committee on 1 May 2023 in succession to Helena Morrissey, Evelyn Bourke, the Senior Independent Director, Eamonn Flanagan and Margaret Hassall, both of whom are independent 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.

Board recruitment
Chair
The recruitment process for the Chair, was led by Evelyn Bourke, our Senior Independent Director, with support from Warren Partners, a firm of independent recruitment consultants with no other connection to the Company or any individual director. The search was conducted with regard to a range of skillsets, experience and diversity criteria, which took account of the profiles of the existing members of the Board. The search involved the Committee reviewing long and short-lists of candidates, including individuals put forward by Warren Partners and by existing networks, who were vetted by Warren Partners. Interviews were then conducted with a number of candidates, which culminated in my appointment with effect from 1 May 2023. I also became the designated Non-Executive Director for engagement with the workforce.

I was previously a Non-Executive Director of Hargreaves Lansdown plc, the Chair of Paragon Banking Group plc and Senior Independent Director at M&G plc, and I am currently a Non-Executive Director of Sampo plc and Co-operative Bank plc. In my executive career, I was Head of Strategy, Corporate Development and Communications at Phoenix Group plc, having previously held banking roles with ABN AMRO Investment Bank plc, HSBC Investment Bank plc and Hill Samuel Bank Limited.

Main activities during the financial year
The Committee met 14 times during the year and a summary of the work undertaken is presented below.

Activity	Oct[1]	Nov[1]	Dec[1]	Apr[1]	May[1]	Jun[1]	Jul	Sept
Board recruitment	✓	✓	✓	✓	✓	✓	✓	✓
Executive recruitment							✓	
Company Secretary recruitment	✓	✓	✓	✓			✓	
Board and ExCo succession planning				✓			✓	
Committee structures							✓	
Committee governance		✓					✓	✓

1. Two meetings were held in October, November, December, April, May and June.

The Committee recognised my skills and experience, including focus on, and understanding of, good customer outcomes when recommending my appointment. The Board was unanimous in its decision to accept the Committee's recommendation, confirming I was an ideal Board leader who will help AJ Bell to capitalise on the structural growth opportunities that exist in the investment platform market.

Representative Director
In July 2023, Les Platts was appointed as Andy Bell's Representative Director after the Company entered into a relationship agreement (Relationship Agreement) with Andy. Les, a former senior partner at Deloitte, had previously served on the Board for just over 13 years, initially as an independent Non-Executive Director and latterly as Non-Executive Chair, until he stepped down at the 2022 AGM.

Under the Relationship Agreement, Andy, the former Chief Executive Officer and a co-founder of the Company, who together with his connected persons, is the largest individual shareholder, has the right to nominate one director for appointment to the Board. After prior consultation with Andy about the identity, qualifications and general suitability of Les and engagement between the Committee and the FCA, Andy nominated Les for appointment. The Committee then recommended Les for appointment by the Board and the Board unanimously accepted that recommendation. The Board considers that Les' in-depth knowledge of the financial services sector generally, and of AJ Bell in particular, will further enhance the experience of the Board and help support the future growth of the Company for the benefit of all of our shareholders.

Following those changes, at year end the Board comprised the Chair, four independent Non-Executive Directors, one non-independent Non-Executive Director and three Executive Directors, so there was at least half of the Board, excluding the Chair who were considered independent Directors. Whilst this meant that the Board still had 33% female representation and still satisfied the FCA requirement for at least one of the Chair, CEO, CFO or Senior Independent Director to be a woman, it was below the FCA requirements for at least 40% of the Board to be women and one member of the Board to be from a minority ethnic background. As a consequence, addressing those issues remained a key priority.

Independent Non-Executive Director recruitment
The search for two new independent Non-Executive Directors resumed during the year, having been paused until after my appointment. One of the Non-Executive Directors roles being a replacement for Simon Turner and the other to ensure the balance of independent NED's following the appointment of Les Platts as Representative Director. One of our key considerations from the outset of the recruitment process had been to address the Parker Review recommendations and the further reach of the FCA's diversity requirements.

The Non-Executive Directors search commenced in May 2023 and was led by myself as Chair. The process involved the Committee taking the following steps:

- agreeing the skills, experience and knowledge required;
- approving the applicable role specifications;
- identifying and appointing an external recruitment consultant, Per Ardua, an independent party with no other connection with the Company or any individual director;
- Per Ardua preparing a long-list of potential external candidates, which was supplemented by candidates recommended by existing networks who were then vetted by Per Ardua;
- reviewing the long-list of candidate profiles and, with the benefit of insights provided by Per Ardua, creating a shortlist of diverse candidates for review;
- reviewing the shortlisted candidates and selecting those for interview;
- conducting a two-stage interview process;
- selecting a preferred candidate for each role and obtaining professional references;
- undertaking a final review for the purposes of confirming a preferred candidate to the Board for appointment, based on a unanimous decision by the Committee. This review included a formal assessment of the independence of the candidate, a review of potential conflicts of interest and other time commitments.

We are pleased to report that since the year end, we have appointed Fiona Fry as an independent Non-Executive Director with effect from 7 December 2023. Fiona will succeed Simon Turner, as Chair of the Risk & Compliance Committee, subject to regulatory approval. Fiona is a highly experienced risk professional, having spent the majority of her career at KPMG where, as a partner she focused on financial services regulation. Fiona sat on the UK Board of KPMG for six years. She was previously Head of investigations at the Financial Services Authority (now the FCA). Fiona is currently Chair of the Risk Committee at Aviva Insurance Limited.

We are continuing our search for a further independent NED.

Executive Committee and Company Secretary

At a senior management level, the Committee has also been busy, following the decision of Bruce Robinson, who performed the joint role of Group Legal Services Director and Company Secretary, to retire from the ExCo with effect from 30 September 2023.

In order to better support the changes in the structure of the Board and the ExCo which were made the previous year, the Committee approved the proposed separation of the Group Legal Services Director and Company Secretary roles.

The executive team initially considered the suitability and readiness of an internal candidate for the Group Legal Services Director role under the current succession plan, Kina Sinclair. This was followed by a formal interview process conducted by the Executive Directors and HR Director, Liz Carrington, the outcome of which was that Kina was put forward to the Committee as the preferred candidate for the role. This led to the Committee recommending to the Board that Kina be appointed as Group Legal Services Director with effect from 1 October 2023, subject to FCA approval of SMF3 director status, a recommendation which was unanimously accepted by the Board.

Kina has been employed by AJ Bell since July 2018, latterly as Senior In-House Legal Counsel. Since that time, she has consistently demonstrated strong performance and has been on the succession plan for Bruce for the past three years. Furthermore, having supported Bruce with Company Secretarial activities since joining the business, Kina has regularly attended Board, ExCo and committee meetings.

An external recruitment process for the Company Secretary role also commenced, which was led by our Chief Financial Officer, Peter Birch, with support from DMJ Recruitment, a firm of independent recruitment consultants with no other connection with the Company or any individual director. The Committee maintained full oversight throughout. The search involved the preparation of a long-list of candidates by DMJ Recruitment, which included individuals put forward by existing networks. That list was then reduced to a short-list of candidates who had initial interviews with members of the executive team, followed by interviews with some of the members of the Committee, before details of the preferred candidates were presented to the Committee for review. This culminated with the appointment of Olubunmi Likinyo (Bunmi), who joined the business on 18 September 2023 and took on the Company Secretary role with effect from 1 October 2023. Bunmi previously worked at Nationwide Building Society.

Following the appointments of Kina and Bunmi, the level of gender and ethnic diversity across the senior management roles is now 40%.

The Committee also reviewed both short-term contingency and long-term succession planning for the members of the ExCo during the year.

Composition of the Board Committees

I also joined the Nomination Committee, as Chair, the Risk & Compliance Committee and Remuneration Committee with effect from 1 May 2023, which were the only changes in the composition of the Board Committees during the year.

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.

The information below is provided in compliance with new reporting requirements under the Listing Rules, which apply to accounting periods starting on or after 1 April 2022. The Company is required to disclose in its Annual Report, certain diversity metrics relating to the composition of its Board and executive management, as well as its performance against three diversity targets that have been set by the FCA. Information on gender / sex and ethnicity is collected from the Board and executive management at the recruitment stage.

As reported last year, the Board was committed to addressing the Parker Review recommendations and FCA requirements in relation to diversity as part of its recruitment and succession plans for FY23. Whilst Board appointments in the year did not meet all the targets, by year end 33% of the Board were women and two out of our four senior Board positions were held by women. Since the year end we have appointed Fiona Fry as a Non-Executive Director with effect from 7 December 2023. Fiona will succeed Simon Turner, as Chair of the Risk & Compliance Committee, subject to regulatory approval bringing us closer to meeting our diversity targets. We are continuing our search for a further independent NED to join the Board. Our commitment to both the Parker Review recommendations and further reach of the FCA diversity requirements remain a key consideration for us during this process.

Reporting on gender or sex as at 30 September 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, and Chair)	Number in executive management	Percentage of executive management
Men	6	67%	2	7	78%
Women	3	33%	2	2	22%
Not specified / prefer not to say	—	—	—	—	—

Information on the gender balance of those in senior management and their direct reports is set out in the strategic report on page 42.

Reporting on ethnic background as at 30 September 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	9	100%	4	7	78%
Mixed Multiple Ethnic Groups	—	—	—	—	—
Asia / Asian British	—	—	—	2	22%
Black / African / Caribbean / Black British	—	—	—	—	—
Other ethnic groups, incl. Arab	—	—	—	—	—
Not specified / prefer not to say	—	—	—	—	—

Whilst we recognise that there is still more that we need to do at senior management level to improve diversity, it was encouraging to see that with Kina's appointment to the ExCo we will have both 33% female and minority ethnic representation on the ExCo. This will remain a key area of focus, in particular, in relation to natural succession changes, as and when they occur.

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

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, independence and time commitment

The Committee performed its annual review of the independence of all Non-Executive Directors, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement. The Committee considered the circumstances set out in the UK Code, which are likely to impair or could appear to impair the independence of each Non-Executive Director.

On my appointment as Chair, I satisfied the independence criteria set out in the UK Code.

Simon Turner completed nine years' service on the Board on 1 July 2023. As reported last year, Simon agreed to remain in office at the request of the Board, in order to support succession. The Board has reviewed this position and is satisfied that his length of service on the Board does not impact his independence to carry out his role as a Non-Executive Director of the Company. Simon will put himself forward for re-election at the 2024 AGM and step down from the Board once a successful handover is complete.

The Committee concluded that it considered each of the Non-Executive Directors (other than the Representative Director, Les Platts) to be independent under the UK Code. As an appointee of a shareholder, the Representative Director is not considered independent but contributes by providing a link to Andy Bell's experience as well as his own in-depth knowledge of AJ Bell and the financial services sector. The Representative Director is not a member of any Board Committee and following his appointment, by year end at least half the Board, excluding the Chair were independent Non-Executive Directors, in compliance with the UK Code.

The Committee also considers that the appointment of an additional independent NED will fully compensate for any potential imbalance which may have arisen, or may in the future arise, as a result of the appointment.

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, it's 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 of all of the members of the Board at the 2024 AGM.

Board and Committee evaluations

The Board undertook an internal self-assessment review of performance during the year. The review found that the Board had operated well during the year. The Committee also undertook an internal self-assessment review of performance and reached the same conclusion about the effectiveness of the Committee.

The other Board Committees also undertook self-assessment reviews of performance during the year and details of the outcomes are set out in their individual reports.

As noted within the Corporate Governance report, we will conduct an externally-led Board evaluation in early 2024, which is in line with the usual three-year cycle, after the recent Board changes have had the chance to become embedded, to ensure that we are still operating with maximum effectiveness.

Nomination Committee priorities for 2023/24

The main focus of the Committee for the year ahead will be on oversight of the external Board evaluation and long-term succession planning. 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.

Signed on behalf of the Nomination Committee:

Fiona Clutterbuck
Chair of the Nomination Committee
6 December 2023

Audit Committee report

Eamonn Flanagan
Chair of the Audit Committee

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

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

Full terms of reference for the Committee are reviewed annually and are available on the Group's website **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 / attended meetings (including ad hoc meetings)
Eamonn Flanagan	Committee Chair	5/5
Evelyn Bourke	Senior Independent Director	5/4[1]
Margaret Hassall	Non-Executive Director	5/5

1. Evelyn Bourke was unable to attend an ad hoc meeting due to a bereavement.

Dear shareholder
As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 30 September 2023. 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 2023 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.

As indicated last year, in 2023 the Committee has overseen the transition from a fully outsourced to a co-sourced internal audit model. Our new Head of Internal Audit has built out an Internal Audit Team throughout the year and the new operating model is now fully implemented. The Committee is pleased with how the transition has progressed and the improvements driven by the new in-house team, who have used co-sourced providers to help ensure sufficient depth and breadth of expertise.

In addition, during the financial year, the Company commenced and completed a formal tender process for the appointment of an external auditor for the year ending 30 September 2025. This was a carefully considered, managed and controlled process that was overseen by the Committee. Following a recommendation by the Committee, the Board approved PwC's appointment as AJ Bell plc's external auditor for FY25. The Committee will oversee the process to ensure a smooth transition between audit firms.

Looking ahead to next year, the Committee will also focus on our preparations and response to the FRC's proposed changes to the Corporate Governance Code, particularly progress around evidencing the effectiveness of our key internal controls and the wider impact on our corporate reporting, whilst keeping abreast of developing requirements.

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 by 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 page 76.

The Company Secretary is Secretary to the Committee. The 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 attended all meetings during the year. The Head of Internal Audit attended three of the four core meetings during the year. However, a paper was prepared and submitted for review to all four meetings.

The Chair has regular meetings with the Chief Financial Officer, external audit partner and Head of Internal Audit to discuss key audit-related topics ahead of each Committee meeting. In addition, the Committee also meets privately with the external audit partner and the Head of Internal Audit, 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 five times during the year. The list below summarises the key items considered by the Committee during the year ended 30 September 2023.

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
- FRC review update
- Confirmation of external auditor independence

Internal audit and controls
- Plan for IT General Controls
- Internal Audit status update on closing FY22 audit plan
- Internal Audit status update on FY23 audit plan with heat map
- Introduce newly appointed Head of Internal Audit

Governance
- Meeting with external auditor without Executive Directors
- Meeting with internal auditor without Executive Directors
- Annual meeting with CRO without Executive Directors
- Annual meeting with CFO without Executive Directors
- Recommendation to Board on external auditor reappointment
- Review of Committee annual agenda
- FRC consultation paper on the minimum standard for audit committees

January

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

External auditor
- CASS findings report and opinion

March

Financial reporting
- Review of reporting timeline for 2023
- Review of key judgements and estimates for the half-year
- Competitive Tender Process (CTP) FY25 proposal
- Consideration of regulatory developments

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

Internal audit and controls
- Update on IT General Controls
- Internal Audit status update on FY23 audit plan
- Progress update on transition to an in-house Internal Audit function with co-source support.

May

Financial reporting
- Review and approval of Interim Accounts
- Going concern assessment
- Review of results announcement
- CTP FY25 plan
- Consideration of regulatory developments

External auditor
- Interim review findings and review opinion
- Review and approval of management representation letter
- Approval of terms of engagement and audit fee
- Confirmation of external auditor independence

Internal audit and controls
- Update on IT General Controls
- Internal Audit status update on the FY23 audit plan
- Review and approval of the Internal Audit Charter
- Progress update on the implementation of the in-house Internal Audit function

September

Financial reporting
- Review of key judgements and estimates for year end
- Review of draft Audit Committee report for year end
- CTP FY25 recommendation
- Consideration of regulatory developments

External auditor
- Review of FY23 audit plan
- External audit update
- Confirmation of external auditor independence

Internal audit and controls
- Update on IT General Controls
- Internal Audit status update on the FY23 audit plan
- Review and approval of the Annual Internal Audit plan for FY24
- Annual assessment of internal controls

Governance
- Annual Committee evaluation
- Annual review of Committee terms of reference
- Annual review of non-audit services policy
- Review of FRC Quality Inspection Report 2022/23.

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 consolidated 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.
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 plan and disclosures for reporting our net zero transition and was satisfied with the proposals laid out. The Committee also reviewed the Group's TCFD climate risk disclosure responsibilities as part of its review of the Annual Report process for FY23. 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 2023 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 2023 and that based on current information they could make the viability statement on page 69.

Fair, balanced and understandable assessment

At the request of the Board, the Committee considered whether the 2023 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 pages 125.

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 & 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 and Head of Internal Audit, challenged the robustness of findings and agreed actions;
- monitored progress in management's responsiveness to resolving audit issues and control recommendations raised;
- reviewed and approved the internal controls and risk management statements in the Annual Report and Financial Statements.

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 pages 86 and 87.

Internal audit

Last year the Audit Committee approved the proposed move to implement a co-sourced internal audit function during FY23. A formal recruitment process commenced in May 2022 culminating in the appointment of a new Head of Internal Audit, Paul Sleney, who joined in November 2022.

Following this appointment, the implementation of an in-house Internal Audit function and transition to a co-sourced model has progressed well with minimal disruption to the business. The following should be noted:

- The target operating model for the in-house function was achieved ahead of schedule and comprises a team of four individuals. Following his appointment in November, the Head of Internal Audit was joined by an IT Audit Manager (in January 2023), and a Senior Audit Manager and an Audit Manager (both in June 2023). This newly formed team brings a wealth of internal audit experience from across financial services including skills and knowledge specific to the investment management industry.
- From January 2023, the Head of Internal Audit implemented a monthly reporting process to ExCo and members of the Audit Committee. This report provides senior management with a progress update on individual audit reviews and against the annual plan, a status report on agreed management actions, and any other matters arising or of note.
- An engagement letter for the provision of co-sourced internal audit services with Deloitte was signed in January 2023, superseding the previous outsource arrangement. An arrangement with a second external firm, Mazars, is also in place. Mazars will be used as a back-up co-source partner where Deloitte is unable to provide support either through a conflict of interest or lack of resource availability. An engagement letter with Mazars was signed in June 2023.

The internal audit plan for the upcoming year is approved annually in advance by the Committee. The annual internal audit plan for FY24 was approved at the Audit Committee meeting in September 2023. This plan was accompanied by a three-year indicative plan designed to ensure all critical areas of the business are covered over this period. However, this three-year plan is overlaid by an annual risk assessment to determine the prioritisation of the internal audit plan for the coming year.

From FY23 the internal audit reporting cycle is now aligned to that of the Group's financial year. The transition occurred seamlessly following consideration and approval by the Committee in FY22.

During the year a programme of assurance reviews were undertaken by Internal Audit which focused on areas such as CASS, IT General Controls, User Access Management, Third Party Supplier Management and Consumer Duty, amongst others.

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 tracks all management actions arising to completion.

The Committee met with the Head of Internal Audit without management present and with management without the Head of Internal Audit present. There were no significant issues raised during these meetings.

Due to the close involvement of the Committee in the transition to a co-sourced internal audit model, a formal review of the effectiveness of the internal audit function was not undertaken during the year. The Committee will perform a review of the effectiveness of the internal audit function in the next financial year, once a full cycle under the new operating model is complete.

External audit

Tenure

This is BDO's fourth 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 fourth 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 should be undertaken no later than 2030, however, during the year the Company commenced and completed a formal tender process for the 2025 audit, details of which are included on the following page.

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 2023. 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. The Committee also considered the latest FRC Audit Quality Review on BDO published in July 2023.

As reported in the prior year, the FRC Audit Quality Review (AQR) Team undertook a review of the audit performed by BDO LLP of the Group's financial statements for the year ended 30 September 2021. The review concluded during the year and no additional findings were raised from those highlighted in the draft report. The Chair of the Audit Committee received a full copy of the findings and has discussed these with BDO LLP. The Committee has continued to have close dialogue with BDO throughout the year to ensure actions taken have addressed the FRC's findings. Having considered the areas identified and changes made to the audit strategy and approach both in the current and prior years, the Audit Committee concluded that it was satisfied with the response from the external auditor, that improvements had been made to address audit quality and that the audit was effective.

Following the above review and the annual evaluation, the Committee recommended to the Board a proposal for reappointment of BDO as external auditor for the year ending 30 September 2024, at the next AGM.

Non-audit fees

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

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

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

Fees for non-audit services paid to the external auditor should not, in aggregate, exceed 70% or more of the average audit fees for the preceding three years. Non-audit services for the current year are well within these limits and represent 18% of the three-year average statutory audit fee.

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 2023, 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 £175,000 (2022: £137,000). 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.

Competitive Tender Process (CTP)

During the year, a decision was made to commence a formal audit tender process for the 2025 audit, to coincide with the rotation of the current lead audit partner.

The Committee has overseen the formal tender exercise which has been conducted in accordance with the FRC's Best Practice Guide to Audit Tendering. The process was designed to be transparent, effective and efficient in order to provide participating firms an equal opportunity to tender for the provision of their services. Prior to the tender, the participating firms had been given equal opportunity to meet with key members of senior management and the Finance Team to ensure they had a good understanding of the business.

The main elements of planning for the tender process began in March 2023 when the proposed process was approved by the Committee. The Committee regularly received and commented on the main materials prior to these being issued to the participating firms.

As an initial step, a detailed desktop review process was undertaken, which considered the credentials of a number of eligible firms against a range of criteria, including an assessment of the depth of knowledge and experience in the financial services sector, the firm's geographical reach, analysis of the firm's current and recent audit clients in our sector, review of the FRC's Audit Quality Inspection reports on each firm and consideration of our experience of the firms in recent engagements. Following this review, the Committee agreed that three firms should be issued with a Request For Proposal (RFP). Evaluation criteria, in line with FRC guidance, were established and agreed for the process and a scorecard was used to appraise each firm. A meeting of the Committee was convened in early September specifically to receive and consider presentations from the three audit firms participating in the final stage of the audit tender. The Committee used the meeting to challenge and question each of the audit firms to ensure that the preferred firm would provide the highest quality, most efficient and effective audit and would be the best fit for AJ Bell.

Following a comprehensive review and a series of follow up discussions with the two strongest candidates, the Committee concluded that PwC had a strong team proposition, good knowledge of AJ Bell's business and the sector's key risks, significant audit expertise within the sector, a good reputation and other features which demonstrated their commitment to providing a high-quality, focused audit.

The Committee reported to the Board in September 2023 and recommended that PwC be appointed as AJ Bell plc's external auditor for the financial year ending 30 September 2025, subject to shareholder approval. The Committee will oversee the implementation of a detailed transition plan and an update will be provided in next year's report.

Committee evaluation

As described in more detail on page 86 an internal evaluation of the Board and its Committees was undertaken during the year as required by the UK Corporate Governance Code. The Committee also conducted its own annual effectiveness review in September 2023, which confirmed the Committee continues to be effective in fulfilling its role and remains independent.

Audit Committee priorities for 2023/24

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

- evolution of the disclosures and targets for the Group's ESG strategy, including transition plan to net zero and TCFD targets;
- considering the impact and timing of the FRC's proposed changes to the Corporate Governance Code and any other regulatory changes or implications, including any future reporting of the effectiveness of internal controls; and
- overseeing the transition of the external auditor for FY25.

Signed on behalf of the Audit Committee:

Eamonn Flanagan
Chair of the Audit Committee
6 December 2023

Risk & Compliance Committee report

Simon Turner
Chair of the Risk & Compliance Committee

Role and responsibilities

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

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

Committee attendance

The Committee has four scheduled meetings a year, plus one dedicated ICARA meeting 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 / attended meetings (including ad hoc meetings)
Simon Turner	Committee Chair	5/5
Evelyn Bourke	Senior Independent Director	5/5
Fiona Clutterbuck[1]	Non-Executive Director (Chair from 1 May 2023)	3/3
Helena Morrissey[2]	Non-Executive Director (Chair to 30 April 2023)	2/1[3]

1. Appointed to the Committee on 1 May 2023.
2. Stepped down from the Committee on 30 April 2023.
3. Helena Morrissey was unable to attend a scheduled meeting due to a prior commitment.

Dear shareholder

As Chair of the Risk & Compliance Committee, I am pleased to present the Committee's report for the year ended 30 September 2023.

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

- implementing the Consumer Duty, and ensuring that the Group provides good outcomes for our customers;
- 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;
- operational resilience and the Group's resilience to cyber attacks;
- risk assessments on the cost-of-living pressures and the potential impact on the Group's customers and the Group, and the risks arising from the collapse of the Silicon Valley Bank (SVB);
- Internal Capital and Risk Assessment (ICARA) and the potential impacts of severe economic scenarios on the Group's business model and strategy;
- whistleblowing across the Group;
- financial crime prevention, including overseeing the effectiveness of fraud 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 Consumer Duty, operational resilience, cyber security, financial crime and Senior Managers Regime 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 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 key items considered by the Committee during the year ended 30 September 2023.

November

Risk management framework
- Review and approval of risk appetite categories and statements
- Conduct and customer outcomes

Operational resilience
- Operational resilience deep dive and training
- Cyber security deep dive, including ransomware briefing

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

Whistleblowing
- Review and approval of the annual whistleblowing report

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

Risk assessment
- Review of cost-of-living risk assessment and any potential impact on customers and the Group

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

Regulatory items
- Review of risk sections in annual report
- Regulatory horizon scanning

Executive performance and risk taking
- CRO year-end report

March

Operational resilience
- Operational resilience update, including review of self-assessment and 2nd line review

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

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

Risk assessment
- Review of banking crisis (Silicon Valley Bank fallout) and any potential impact on the Group

ESG and TCFD
- Review of the material risks and opportunities and climate scenarios

Financial crime
- Review of annual report by the Money Laundering Reporting Officer
- Fraud controls
- Financial crime training

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

ICARA
- Review of process and timetable

Regulatory items
- Review of Consumer Duty progress

Executive performance and risk taking
- CRO mid-year report

May

Risk management framework
- Review and approval of the Group Risk Management Policy

Operational resilience
- Operational resilience deep dive
- Cyber security deep dive

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

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

ICARA
- Review of process and annual summary of liquidity management

Regulatory items
- Review of risk sections in half-year report
- Review of Consumer Duty progress
- Transfers out project update
- Regulatory horizon scanning

July

ICARA
- Review and challenge of material harms, liquidity and stress testing

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

Regulatory items
- Review of Consumer Duty progress
- Senior Managers Regime responsibilities training

September

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

Operational resilience
- Disaster recovery deep dive

Risk reporting
- Review of the CRO report
- Review of KRIs linked to risk appetite categories and PR&U
- Review of Consumer Duty Evidential MI
- Review of information security reporting
- Review of financial crime reporting

Combined assurance model
- Review of assurance (including control effectiveness review)

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

ESG and TCFD
- Review of climate scenario analysis

Financial crime
- Review of fraud controls

ICARA
- Review and approval of material harms, liquidity and stress testing

Regulatory items
- Review of risk sections in annual report
- Transfers out project update
- Regulatory horizon scanning

Executive performance and risk taking
- CRO pre-performance year end report

Committee evaluation
- Annual Committee evaluation

Key areas of focus

Regulatory items

The Committee has reviewed key regulatory initiatives, with the main focus this year being the Group's implementation of the Consumer Duty requirements. The Committee reviewed the changes across the four key Consumer Duty outcomes, including product proposition reviews and assessments of value in order to ensure that products performed as expected, provided value and generated good outcomes for customers. The Committee has also reviewed the revised Consumer Duty Evidential Management Information. The Committee also receives regulatory horizon scanning and exercises oversight of other key regulatory initiatives, such as the Group's progress on reducing transfer out times.

Risk management framework

The Chief Risk Officer (CRO) provided her annual assessment of Risk and Compliance functions in September 2023 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 2023. The Committee conducted its annual review of the Group Risk Management Policy in May 2023 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.

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.

Risk assessment

The Committee periodically receives topical risk assessments for review. In FY23 these have included a risk assessment on the impact of the cost-of-living pressures and the potential impacts on the Group's customers. The Committee has also reviewed a risk assessment on the risks arising from the collapse of the Silicon Valley Bank (SVB).

Combined Assurance Model

The purpose of the Combined Assurance Model (CAM) is to monitor the consistency of approach, completeness of coverage and co-ordination 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 co-ordinate 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.

Operational resilience

The Group has tracked initiatives to further improve the Group's operational resilience, including improving the Group's disaster recovery capabilities. The Committee received annual training that was supplemented by external insight. In respect of key cyber threats, the Committee reviewed information from internal subject matter experts on the strength of corresponding key controls. The Committee also sought assurance and cyber security threat testing from third-party cyber security companies to ensure the Group's cyber defences are working appropriately.

Whistleblowing

The Group promotes a culture of openness with its employees and where there are concerns, encourages them to utilise the various means available to speak up. The Group recognises that employees may not feel comfortable reporting their concerns through an internal channel and therefore provides access to an external whistleblowing service. A formal whistleblowing policy is in place which is reviewed annually by the Committee alongside the annual whistleblowing report for consideration.

The Chair of the Committee has been appointed as the whistleblowing champion and will be responsible for the overseeing the integrity and effectiveness of the regime.

Client money and assets

The Committee reviews a quarterly client money and assets (CASS) report, which details the effectiveness of systems and controls for CASS and progress on the ongoing initiatives to automate and improve the Group's CASS processes.

ESG and TCFD

The Committee has reviewed the Group's material climate-related risks and opportunities and climate-related scenario analysis.

Financial crime

The Committee received and reviewed its annual report from the Money Laundering Reporting Officer (MLRO) in March 2023 which confirmed the Group's anti-money laundering and fraud controls are adequate. The Group is devoting additional resource to further improve its fraud control environment. The Committee monitors the effectiveness of the Group's anti-money laundering and fraud systems 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 2023. A Data Forum is in place to oversee the ongoing maturity of the data protection and privacy framework.

ICARA

The Group has conducted ICARA scenario workshops with subject matter experts (SMEs) from across the Group to assess the material harms that the Group and its customers may be exposed to. Non-Executive Director meetings have been held with SMEs to assist in the review and challenge process. The Committee 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.

Executive performance and risk taking

The Committee reviews any relevant events where material failures or poor performance contributed to, or failed to prevent, the crystallisation of risk. Any such matters are referred to the Remuneration Committee for consideration of adjustment to annual bonus awards, where appropriate. No incidents and issues arose in the year due to disregard of risk management practices, misconduct or excessive risk taking.

Committee evaluation

The Committee conducted its own annual effectiveness review in September 2023, which confirmed the Committee is operating effectively.

Risk & Compliance Committee priorities for 2023/24

The Committee will continue to focus on any emerging risks that may materialise. A key area of focus over the next financial year is likely to be monitoring the embedding of the Consumer Duty as well as reviewing improvements to the Group's fraud controls.

Signed on behalf of the Risk & Compliance Committee:

Simon Turner
Chair of the Risk & Compliance Committee
6 December 2023

Directors' Remuneration report

Annual statement by the Chair of the Remuneration Committee

Margaret Hassall

Chair of the Remuneration Committee

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 / attended meetings (including ad hoc meetings)
Margaret Hassall	Committee Chair	5/5
Fiona Clutterbuck[1]	Non-Executive Director (Chair from May 2023)	3/3
Eamonn Flanagan	Non-Executive Director	5/5
Simon Turner	Non-Executive Director	5/5

1. Fiona Clutterbuck was appointed to the Committee on 1 May 2023.

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.

Dear shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration report for the year ended 30 September 2023.

This report includes a summary of the current Directors' Remuneration Policy approved at the 2023 AGM, details of the approach to the implementation of that Policy for the 2024 financial year and the Annual Report on Remuneration, detailing the amounts earned in respect of the 2023 financial year.

Remuneration Policy

Our current Directors' Remuneration Policy was approved at the 2023 AGM with over 98% of votes in favour. A summary of this can be found on page 121.

The Policy is based on the following principles:

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, Executive Incentive Plan (EIP) for Executive Directors and the 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.

Since our IPO in December 2018, we have operated a single incentive plan for executives, the EIP, which is still considered appropriate based on 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 based on 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) and customer 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, with the number of shares granted based on the share price at the date of grant. This means that Executives are exposed to the impact of any movement in the share price over the performance period, upwards or downwards.

We consider that this exposure, together with our clear and robust framework for setting targets and for measuring and assessing performance objectively, ensures we reward executives appropriately for both their own contribution and the performance of the Group. The Committee retains the discretion to override mechanical assessment ratings if they consider them to have resulted in inappropriate award outcomes and has, on occasion, exercised such discretion. When exercising its discretion, the Committee takes into account a report from the Chief Risk Officer on whether it has been identified that any undue risk has been taken to achieve objectives.

The performance graph and historical Chief Executive Officer (CEO) remuneration outcomes on page 119 demonstrate that the EIP has been successful in rewarding long-term sustainable Company performance.

Board and senior management remuneration for the year ending 30 September 2024 (FY24)

As set out in last year's Annual Report, our Board and executive pay positioning is well below the market average, whilst our business has grown significantly in both size and complexity since our IPO in 2018. Our pay positioning has become increasingly challenging in recent years when recruiting at both Board and Executive Committee level.

One of AJ Bell's top priorities is to attract and retain talent in key areas of the business to ensure that we can continue to grow successfully in a highly competitive market. As described last year, to address this issue we proposed moving the executive remuneration packages to a more competitive level in a balanced and prudent way, consistent with our reward principles. As a result, when determining appropriate Board and executive remuneration packages for FY24, we considered a number of factors, including the performance of individuals in their role, changes to the scope of the roles, business performance and the pay review for the wider workforce alongside the competitiveness of our packages against the market. Details of the key changes made are shown below, which took effect from the start of our new financial year on 1 October 2023.

Chief Financial Officer (CFO) base pay

- Peter Birch joined the business on 1 July 2022, bringing with him extensive knowledge of the UK financial services sector including the investment platform market. His base salary on appointment was £310,000. This figure was agreed by the Committee in November 2021 (Peter's appointment was announced on 2 December 2021) when the CFO recruitment process had highlighted that the previous CFO package was insufficient to attract the desired quality of candidate for the role.
- Peter Birch did not receive a base salary increase for FY23. Between November 2021 when Peter's base salary level was agreed and September 2023, cumulative UK CPI inflation was 20.1%, therefore the base salary level set on appointment had fallen significantly in real terms.
- Peter's base salary for FY24 has been increased from £310,000 to £385,000 (up 24%), which still positions the CFO pay around the lower quartile compared with FTSE 250 financial service companies (excluding banks).
- This increase reflects both the inflationary environment since the announcement of Peter's appointment, as well as his strong personal performance and contribution to the business since joining AJ Bell. Furthermore, it recognises the increased scope and responsibilities of his role, having assumed responsibility for our Treasury function during FY23 and our HR function with effect from January FY24.
- Due to the level of increase being >20%, consideration was given by the Committee to taking a phased approach over two or more years. However, it was agreed that this base fee more accurately reflects the current responsibilities of the role and Peter's strong performance. It was also acknowledged that a phased approach may present a retention risk and would not sufficiently address the below market base salary positioning.
- The FY24 increase in base for the CFO reflects a more appropriate pay level relative to that of a CFO in a regulated FTSE 250 financial services business and also compared to publicly listed direct competitors of AJ Bell.
- The Committee also considered consistency of approach with individuals below Board. The level of increase proposed is within the range proposed for other high performing employees who will receive an increase above the standard.

CEO and Chief Operating Officer (COO) base pay

To reflect strong performance in role, the committee approved a 5% increase for the CEO and COO. Whilst this is below the average base pay increase for the wider workforce, which is just under 6%, the Committee felt this was appropriate when considering overall executive remuneration.

Maximum Executive Incentive Plan (EIP) opportunities for FY24

Our current Remuneration Policy, approved at the January 2023 AGM, introduced changes to executives' variable reward opportunity, with a higher award opportunity introduced alongside more stretching performance targets. Given the continued strong performance of the business, the increased maximum incentive opportunity of 270% of the salary for the CEO and 250% of salary for the CFO and COO will apply for FY24. The on-target vesting will reduce from 67% to 50% of maximum from FY24 which broadly maintains the current on-target value of the annual and deferred award as a percentage of salary.

Consistent with the commitment made last year, the Committee has reviewed the FY24 performance measures (taking into account market conditions) with a focus on setting targets for the executives which are sufficiently stretching in light of the changes made to the EIP maximum award opportunity.

Impact on total remuneration

The Committee has also reflected on the impact of the above increases on the value of total remuneration packages. Compared to FTSE 250 financial services business (excluding banks) the total remuneration for each of our Executive Directors will continue to be positioned at or below lower quartile. The Committee therefore intends to keep this under review in future years so that our remuneration packages remain appropriate to help us retain and attract the calibre and experience of individuals needed to deliver the Group's growth ambitions.

The Committee believes that the above changes are consistent with our aim to reward appropriately for strong long-term performance and are, therefore, in the best interest of the Company's shareholders.

Directors' Remuneration report

Annual statement by the Chair of the Remuneration Committee

EIP outcomes for FY23

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. We achieved a record set of financial results with revenue increasing by 33% to £218.2 million, and PBT up to £87.7 million, representing a 50% year-on-year growth rate. Furthermore, these results have been delivered through organic growth in customer numbers and strong underlying AUA inflows through our platform propositions.

The level of the stretching performance measures set for the Executive Directors' in FY23 have resulted in EIP outcomes being below target, primarily due to high expectations in relation to net new customer numbers and net new AUA inflows.

In considering the extent to which the Executive Directors' EIP awards vested, the Committee assessed performance against the targets set alongside the findings of the CRO risk report, in which no adverse findings were reported. They also considered relevant external market conditions and the quality of earnings delivered.

The Committee discussed whether there should be any downward discretion applied to the outcomes due to the increase in revenue per £AUA, driven by the increase in base rates experienced over the period, resulting in a significantly higher gross rate earned on customer cash. The Committee noted that throughout the year AJ Bell paid customers a competitive rate of interest on cash, with amounts paid away determined through a defined governance approach. This approach included consideration of the total cost to customers and benchmarking against industry comparators. Further, the higher inflationary and interest rate environment had an adverse impact on other revenue streams such as recurring ad valorem fees and transactional income. The Committee also noted that in prior years where interest rates have fallen, no upward adjustments have been made to the EIP outcomes. As a consequence, it was determined that no adjustment should be made.

Based on the Committee's assessment, Michael Summersgill's awards as CEO vested at 59%, Peter Birch's as CFO at 60% and Roger Stott's as COO at 63% of maximum. The Committee did apply any discretion to the formulaic outcomes. Further details of the outcomes can be found on pages 114 to 117 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

Pay and benefits

The Committee reviews information on wider workforce remuneration, provided by the Human Resources Team, which oversees the annual pay review and performance review process. Executive remuneration and other employees' salaries are reviewed following the same process and include both fixed and performance-related elements. This process includes benchmarking against similar financial services organisations and considers factors such as local recruitment conditions. During the year 98% of the wider workforce below Board and Executive Committee level received a bonus award.

Pay progression, to bring people closer to or at the median, is an area of focus for the business and we continue to monitor levels of pay against market data, particularly in light of increasing competition in the local recruitment market. The average salary increase for FY24 was just under 6%, with enhanced increases for approximately 17% of staff, where their pay may have fallen below appropriate levels or in recognition of high performance. An additional 1% employer pension contribution uplift has also been awarded to all staff in FY24, as agreed in last year's benefits review. All staff will also be eligible to receive their annual free share award of up to £2,000 based on strong company performance.

Alongside the annual free share award, we operate a BAYE scheme for all staff who can buy shares in the company out of pre-income tax and National Insurance pay, within HMRC approved limits. During the year approximately 30% of our workforce actively participated in the plan.

Our share schemes hold significant value for our staff and support our reward principle by enabling everyone to share in the growth in value of the Company through equity participation; helping to aid staff retention and to align the interests of our wider workforce with those of our shareholders.

Employee Voice Forum (EVF)

During the year, our new Chair, Fiona Clutterbuck, was nominated as our Employee Engagement Director with effect from May 2023. The EVF met throughout the year to discuss several topics including career progression and executive pay. As part of the discussions around executive pay, information was shared with the forum on how executives are rewarded through the EIP and how decisions made around executive pay are aligned with wider workforce pay considerations.

We also surveyed staff this year through the Best Companies engagement survey which provided valuable feedback on key areas such as leadership, development opportunities, wellbeing, and pay and benefits. Feedback provided through the survey was anonymous, encouraging staff to give their honest views and feedback, which were taken into consideration as part of our annual pay and benefits reviews.

Gender pay

Our latest gender pay data published in 2023 reflects the position as at April 2022. This showed an improvement in our mean figure compared to the previous year and our difference in median pay remains one of the lowest in the investment platform sector, reflecting the progress we are making to improve diversity through our talent pipeline and in our senior management appointments. This is evidenced in the senior management recruitment we have conducted this year, which has led to an increase in both female and ethnic representation on the Executive Committee. The recent appointment of Fiona Fry, as an independent NED with effect from 7 December 2023, further improves diversity at Board level. Her appointment and our commitment to improving diversity is discussed further in the Nomination Committee report on pages 90 and 91.

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 17:1 and 28:1 respectively and further details can be found on page 120 of the Annual Report on Remuneration. This is a reduction from last year's figures. A significant proportion of the CEO's pay is in the form of variable pay through the EIP. As a result, the CEO pay will vary year-on-year based on Company and share price performance, as will the CEO to all-employee pay ratio.

Looking forward to FY24

Base salaries

The average base salary increase for the wider workforce for FY24 was just under 6%. As outlined above, in addition to the annual pay review process, we also increased employer pension contributions by 1% and again made an annual free share award of up to £2,000 to all eligible staff.

A summary of the base pay awards for our Executive Directors is set out below:

Executive	Title	Base salary effective 1 Oct 2023	% Change
Michael Summersgill	CEO	£525,000	5%
Peter Birch	CFO	£385,000	24%
Roger Stott	COO	£306,075	5%

The increase in base salary for all Executive Directors still positions their pay around the lower quartile benchmark.

Pension: Pension/cash in lieu of pension may be provided for Executive Directors up to the rate available to the wider workforce (6%).

EIP target and maximum award opportunities:

Executive	FY24 EIP (% of base pay) Target	Maximum
Michael Summersgill (CEO)	135%	270%
Peter Birch (CFO)	125%	250%
Roger Stott (COO)	125%	250%

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 2024 as set out below:

Financial (35% weighting)	Growth and non-financial (40% weighting)	Strategic initiatives (25% weighting)
Revenue	AUA inflows	Including but not limited to:
PBT	Customer retention	Consumer Duty embedment
PBT margin	Customer experience Staff engagement	Projects delivery

For FY24, PBT margin has replaced diluted EPS as one of our financial measures, which is more aligned with our focus on operational gearing.

The % weighting for strategic initiatives has also increased from the previous year to reflect the importance placed on key deliverables this year.

Chair and Non-Executive Directors

In determining the appropriate fees for NEDs for FY24, consideration was given to our ongoing recruitment activity and our ability to attract the right calibre of candidate. As stated in last year's Annual Report, it was our intention to conduct a review on Chair and NED fees having experienced difficulties in attracting candidates based on fee levels at the time and this review took place alongside the review undertaken for the executives. Our Chair and NED base fees were below the lower quartile benchmark and feedback from separate external recruitment consultancy firms indicated that this level would restrict our ability to attract the best people. Consequently, it was acknowledged that a base fee increase above that awarded to the wider workforce would be required to maintain the strength of the Board.

Our new Chair, Fiona Clutterbuck, joined the company on 1 May 2023. Fiona's annual fee of £225,000 reflects the significant knowledge and relevant experience that she brings to the role.

Under delegated authority from the Board, the Executive Directors and the Chair reviewed fees for the other NEDs taking into account the increased scope of their roles, responsibilities and time commitments in addition to feedback received from the market as part of active NED recruitment and succession planning.

The base fee agreed for FY24 is £60,000 (representing a 13% increase from £53,000), which brings the fee in line with the lower quartile of the market compared to FTSE 250 financial service companies (excluding banks). For additional committee chair and SID fees, the following increases were applied for FY24. Historically, additional chair fees had been set at the same level regardless of which committee was being chaired. For FY24, the additional fees reflect the differences in responsibilities as shown in the table below:

Role	FY23 Additional Fees	FY24 Additional Fees
Risk Committee Chair	£10,000	£25,000
Audit Committee Chair	£10,000	£20,000
Remuneration Committee Chair	£10,000	£17,500
Senior Independent Director	£10,000	£12,500

Shareholder views

The Committee is grateful to shareholders for their high level of support for our Directors' Remuneration report over the past three years which reflect our responsible, considered approach to executive pay. I would also like to thank shareholders and investor bodies for their constructive input and engagement in relation to the changes we have made for FY24 and for the positive feedback received.

We believe that the current Policy operated as intended and consider that the remuneration received by the Executive Directors in respect of the 2023 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
6 December 2023

Directors' Remuneration report

Directors' Remuneration Policy (Summary)

Our Policy was put to shareholders for approval at the AGM on 8 February 2023, details of which are provided on page 121 of this report. A summary of the Policy is included on the following pages; the full Policy document is contained in the 2022 Annual Report, which can be found at **ajbell.co.uk/group/investor-relations.**

Alignment with the UK Corporate Governance Code

In determining our Remuneration Policy the Committee addressed the following six principles, as set out in the UK Corporate Governance Code:

Clarity	• The Remuneration Policy has been designed with a clear and robust framework for setting targets and for measuring and assessing performance objectively, aligned to our business model/cycle, to ensure we reward executives appropriately for both their own contribution and the performance of the Group. • Our Policy clearly aligns the interests of the Executive Directors, senior management and employees with those of shareholders and wider stakeholders, as well as our purpose, guiding principles and strategy.
Simplicity	• We operate a single incentive plan – the EIP, which is designed to promote and reward long-term sustainable Group performance.
Risk	• Our approach aims to ensure that remuneration and incentives adhere to the principles of good corporate governance 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.

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.
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.

Directors' Remuneration report

Directors' Remuneration Policy (Summary)

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
EIP	To reward achievement of the Group's business plan, key performance indicators and the personal contribution of the Executive Directors. Aligns the interests of Executive Directors with those of shareholders and rewards long-term stewardship of the Company. Delivery in shares with a performance underpin and the ability to apply malus adjustments and clawback further supports longer-term alignment with shareholders' interests.	The EIP is a combined annual and long-term incentive plan under which both annual awards and deferred awards may be granted, referred to together as 'Awards'. Awards may be granted in the form of conditional awards of shares or nil (or nominal) cost options. 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). 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.	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. 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.	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. 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 a holding 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	Maximum 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.

Directors' Remuneration report

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 2023 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.

Advice to the Committee

In relation to its consideration of Directors' remuneration during the year, the Committee has received input from:

- The Chief Executive Officer, Chief Financial Officer, HR Director and Company Secretary, although none were present when their own remuneration was being discussed; 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 operates 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 £31,000 for the year ended 30 September 2023. 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.

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 key items considered by the Committee during the year ended 30 September 2023.

November

Assessment of remuneration performance
- Review of financial and non-financial performance ratings (including progress against our ESG priorities)
- Review of CRO risk report
- Consideration of application of discretion

Wider workforce
- Update on FY22 wider workforce bonuses
- Review of CSOP discretionary awards
- Review of draft Senior Manager Incentive Plan (SMIP) rules

Directors' Remuneration report
- Review of FY22 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
- General Remuneration Policy approval
- Internal audit approach of General 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

September*

Assessment of remuneration performance
- Update on FY23 financial and non-financial performance (including progress against our ESG priorities)
- Review of proposed objectives for FY24

Directors' Remuneration report
- Review of draft FY23 Directors' Remuneration Report

Remuneration Policy
- Review internal audit results of General Remuneration Policy

Governance
- Annual Committee evaluation
- Annual review of Committee terms of reference
- Annual review of Committee meeting cycle

*Additional meeting held in September 2023.

For more information on the Committee's Terms of Reference visit **ajbell.co.uk**

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 2022/23

The following table sets out total remuneration for each Director in respect of the year ending 30 September 2023.

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									
Michael Summersgill	2023	500	2	173	261	5	**941**	**507**	**434**
	2022	313	1	128	193	—	**635**	**314**	**321**
Roger Stott	2023	292	2	103	154	—	**551**	**294**	**257**
	2022	275	2	113	169	—	**559**	**277**	**282**
Peter Birch (From 1 July 2022)	2023	310	8	129	194	9	**650**	**327**	**323**
	2022	78	—	—	—	—	**78**	**78**	**—**
Andy Bell (Stepped down 1 October 2022)	2023	—	—	—	—	—	**—**	**—**	**—**
	2022	499	18	237	356	—	**1,110**	**517**	**593**
Non-Executive Directors									
Fiona Clutterbuck (From 1 May 2023)	2023	94	—	—	—	—	**94**	**94**	**—**
	2022	—	—	—	—	—	**—**	**—**	**—**
Evelyn Bourke	2023	63	—	—	—	—	**63**	**63**	**—**
	2022	57	—	—	—	—	**57**	**57**	**—**
Eamonn Flanagan	2023	63	—	—	—	—	**63**	**63**	**—**
	2022	60	—	—	—	—	**60**	**60**	**—**
Margaret Hassall	2023	63	—	—	—	—	**63**	**63**	**—**
	2022	57	—	—	—	—	**57**	**57**	**—**
Simon Turner	2023	63	—	—	—	—	**63**	**63**	**—**
	2022	60	—	—	—	—	**60**	**60**	**—**
Les Platts (Stepped down 26 January 2022) (Reappointed 13 July 2023)	2023	13	—	—	—	—	**13**	**13**	**—**
	2022	43	—	—	—	—	**43**	**43**	**—**
Helena Morrissey (Stepped down 30 April 2023)	2023	111	—	—	—	—	**111**	**111**	**—**
	2022	150	—	—	—	—	**150**	**150**	**—**

Directors' Remuneration report
Annual Report on Remuneration

The figures in the single figure tables on the previous page 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: • amounts received for sacrificed annual leave; and • private medical insurance.
(c) Executive Incentive Plan	Annual award for FY23: the value of the annual award earned in respect of the financial year is based on the share price at vesting of 276.8p. A description of performance against the measures which applied for the financial year is provided on pages 114 to 117. Deferred award for FY23: the value of the deferred award earned in respect of the financial year is based on the share price at initial vesting of 276.8p. A description of performance against the measures which applied for the financial year is provided on pages 114 to 117. 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 FY23 table, notwithstanding that the values will not be released to the Directors until the end of the deferral period. 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 361.0p to 276.8p and is therefore attributable to a c. 23% reduction in the award values. The values for the FY22 annual and deferred awards were based on the share price at vesting of 354.8p.
(d) Pension	Contributions made by AJ Bell to a defined contribution scheme or personal pension, excluding any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement.

Base salary and fees

The Executive Directors' base salaries with effect from 1 October 2023 are set out in the table below. The approach of the Committee in determining these salaries is discussed in the Annual statement by the Chair of the Remuneration Committee on page 105.

	Base salary as at 1 October 2023	Base salary as at 1 October 2022	% Change
Michael Summersgill	**£525,000**	£500,000	5%
Roger Stott	**£306,075**	£291,500	5%
Peter Birch	**£385,000**	£310,000	24%

Non-Executive Directors receive fees reflecting the time commitment, demands and responsibilities of the role. Details of Chair and Non-Executive Directors' fees are detailed below.

	As at 1 October	Base fees	Additional fees	Total
Fiona Clutterbuck	2023	£225,000	–	**£225,000**
	2022	n/a	–	**n/a**
Evelyn Bourke	2023	£60,000	£12,500	**£72,500**
	2022	£53,000	£10,000	**£63,000**
Eamonn Flanagan	2023	£60,000	£20,000	**£80,000**
	2022	£53,000	£10,000	**£63,000**
Margaret Hassall	2023	£60,000	£17,500	**£77,500**
	2022	£53,000	£10,000	**£63,000**
Simon Turner	2023	£60,000	£25,000	**£85,000**
	2022	£53,000	£10,000	**£63,000**
Les Platts	2023	£60,000	–	**£60,000**
(Stepped down 26 January 2022) (Reappointed 13 July 2023)	2022	n/a	–	**n/a**
Helena Morrissey	2023	n/a	–	**n/a**
(Stepped down 30 April 2023)	2022	£190,800	–	**£190,800**

Executive Incentive Plan (EIP) (Audited)

For the financial year ended 30 September 2023, the maximum EIP awards granted to Michael Summersgill as CEO equated to 200% of base salary, and 187.5% of base salary for Roger Stott as COO and Peter Birch as CFO.

Executive Director	Maximum opportunity	On-target opportunity	Number of shares	Face value at grant[1]	Performance period[2]
Michael Summersgill	200% of salary	133% of salary	107,039 Annual 160,559 Deferred	£399,000 £598,500	Financial year ended 30 September 2023
Roger Stott	187.5% of salary	125% of salary	58,650 Annual 87,975 Deferred	£218,625 £327,937	Financial year ended 30 September 2023
Peter Birch	187.5% of salary	125% of salary	77,966 Annual 116,948 Deferred	£290,627 £435,938	Financial year ended 30 September 2023

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 373p, the five-day average share price prior to grant date. Peter Birch joined the business on 1 July 2022 and received a pro-rated EIP award, to reflect the three months Peter was employed during FY22. This award was granted as part of the FY23 EIP award and was subject to the same performance targets as the FY23 EIP award.
2. Each award was subject to performance conditions assessed over the financial year ended 30 September 2023 (as described on the following pages). Deferred awards are also subject to a performance underpin for a further three years (to 30 September 2026).

Directors' Remuneration report
Annual Report on Remuneration

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 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 Consumer Duty, culture, and progressing our ESG agenda
Weighting: CEO: 35% COO: 35% CFO: 35%	**Weighting:** CEO: 25% COO: 15% CFO: 25%	**Weighting:** CEO: 15% COO: 25% CFO: 15%	**Weighting:** CEO: 5% COO: 0% CFO: 5%	**Weighting:** CEO: 5% COO: 10% CFO: 5%	**Weighting:** CEO: 15% COO: 15% CFO: 15%

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. In FY23, the Committee introduced an additional metric related to the individual strategic objectives, with resultant payout measured using a number of quantitative and qualitative indicators. The final payout is based on an assessment of each performance measure, taking into account outperformance above stretch.

Finance and Assurance

	Threshold	Target	Stretch	Actual
Revenue	£196.6m	£218.4m	£240.2m	£218.2m
Profit before tax	£74.8m	£83.1m	£91.4m	£87.7m
Diluted EPS	14.68p	16.31p	17.94p	16.53p

Commentary on achievements

Not withstanding a challenging external environment, revenue increased by 33% to £218.2 million in the year, delivering outcomes between threshold and target.

Driven by increased revenues and higher revenue margins, PBT and DEPS both outperformed the target, reflecting the record financial performance achieved in the year.

Payout (as a % of the maximum):
CEO: 58%
COO: 58%
CFO: 58%

Growth

	Threshold	Target	Stretch	Actual
Total customers	476,534	529,482	582,430	491,402
Total AUA	£73.2bn	£81.3bn	£89.4bn	£76.1bn
Brand awareness	34.7%	38.6%	42.4%	37.3%

Commentary on achievements

Customer growth has been challenging due to external conditions. The outturn exceeded the threshold and, despite being lower than the challenging target level of performance, the Committee noted that customer numbers increased by 50,813 in the year driven by our platform propositions and dual-channel business model.

Similarly, total AUA has increased by £6.9 billion due to a combination of inflows from new customers, existing customer inflows and favourable market movements. We have achieved robust AUA inflows in the year, with the increases of 10.0% total resulting in an outturn between threshold and target.

Brand awareness represents the percentage of people who are aware of, or who have used the services of AJ Bell. This KPI is measured and assessed using the results of a survey conducted by a third party. The Committee noted that although good progress has been made in this area, actual results fell short of target by 1.3%. The brand awareness objective relates solely to the CEO.

Payout (as a % of the maximum):
CEO: 33%
COO: 33%
CFO: 33%

Our customers

	Threshold	Target	Stretch	Actual
Combined AJBIC/AJ Bell customer % retention rate	85.2%	94.7%	100.0%	95.2%

Commentary on achievements

Our high-quality service provided to customers is evidenced by our 4.8-star Trustpilot score and a customer retention rate of 95.2%, outperforming target.

Payout (as a % of the maximum):
CEO: 67%
COO: 60%
CFO: 67%

Our technology

	Threshold	Target	Stretch	Actual
Profit margin	34.3%	38.1%	41.9%	40.2%

Commentary on achievements

The Committee noted a strong financial performance driven by AJ Bell's dual-channel business model and diversified revenue streams, resulting in profit margin outperforming target by 2.1ppts.

Payout (as a % of the maximum):
CEO: 67%
CFO: 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.

AJ Bell maintained a 3-star status in the Best Companies survey this year, meeting target.

Payout (as a % of the maximum):
CEO: 67%
COO: 67%
CFO: 67%

Strategic objectives

Director	Objective
Michael Summersgill	**Increase the pace of business change:** The change management process has been refreshed and modernised and good progress has been made, with a successful closed beta launch of Touch and a number of other key proposition developments completed in the year.
	Improve prompted and unprompted brand awareness: FY23 saw the commencement of our refreshed brand strategy with simplification of the D2C brand and launch of a new brand awareness campaign. The Committee notes that the new strategy is a significant advancement from prior years, and whilst the objectives that were set for the year have been achieved there is a need to continue building momentum through future years.
	Implement Consumer Duty to a high standard and in line with regulatory deadlines: The Committee is satisfied with the quality and timeliness of the implementation, and notes that compliance was evidenced to the Board before the deadline of 31 July.
	Refresh and embed succession planning: Worked closely with the Executive Committee to ensure robust succession plans are in place throughout the business, whilst being mindful of the FCA's diversity requirements. The Committee acknowledges there is still more to be done to continue to drive greater diversity at both Board and Executive level.

Payout (as a % of the maximum): 81%

Directors' Remuneration report
Annual Report on Remuneration

Director	Objective
Roger Stott	**Continue to enhance our operational resilience:** Significant advances have been made in relation to the delivery of the Board-approved Operational Resilience roadmap in line with regulatory guidance, including appropriate sophistication of the Group's disaster recovery capabilities.
	Increase the pace of operational change: Good progress has been made on strengthening the operational change function, automating processes and making better use of data. The Committee notes that although progress has been made in this area, it acknowledges there is still more to be done, which has been agreed as part of a multi-year road-map.
	Implement Consumer Duty to a high standard and in line with regulatory deadlines: The Committee is satisfied with the quality and timeliness of the implementation, and notes that compliance was evidenced to the Board before the deadline of 31 July.

Payout (as a % of the maximum):	95%

Director	Objective
Peter Birch	**Improve our long-term planning:** Strong progress made in delivering enhancements to long-term strategic and financial planning which has enabled the Board to commit to multi-year investments in our propositions and operational efficiency.
	Establish himself as the lead investor relations executive: The Committee is satisfied that good relationships have been developed with analysts and shareholders, resulting in positive engagement made during the year. Excellent feedback was also received from an externally-facilitated investor perception study, which provided the Board with detailed feedback on how the Company is viewed by investors.
	Improve the scalability of the financial control environment to support future growth: Successful implementation of a new data warehouse in the year, which has strengthened our control environment and will support the continued growth of the business. Initial positive progress made in preparing for proposed controls attestation requirements in the Corporate Governance Code. Good progress has also been made with the implementation of our new finance system, which will be completed in FY24.

Payout (as a % of the maximum):	89%

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. The Committee also had regard to the share price at vesting of 276.8p relative to the share price at grant of 361p. Whilst recognising the impact of the fall in the share price on the overall experience of shareholders, the Committee concluded that it was unnecessary to make any adjustment to the vesting outcome to take account of this. The Committee took into account that the structure of the EIP means that the whole amount of each Executive Director's variable pay is denominated in shares from the start of the year with no bonuses paid in cash, so that the Executive Directors are exposed to any share price movement over the performance period. The Committee also recognised that the majority of the vested EIP awards are deferred awards, in relation to which the Executive Directors are aligned with the shareholder experience for a longer period and with the awards remaining subject to robust performance underpins linked to the underlying performance of the Group.

Taking into consideration the strong financial performance in the year despite a challenging external environment, and the successful implementation of the FCA's new Consumer Duty requirements, the CEO's, CFO's and COO's awards vested at 59%, 60% and 63% 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	107,039	62,795	—	44,244
	Deferred awards	160,559	—	94,194	66,365
COO	Annual awards	58,650	37,144	—	21,506
	Deferred awards	87,975	—	55,717	32,258
CFO	Annual awards	77,966	46,778	—	31,188
	Deferred awards	116,948	—	70,168	46,780

The deferred awards are also subject to performance underpins for a further three years. The underpin conditions are set out below.

Underpin	Measure	Details
Grow shareholder value	Measurement of the underlying performance and strength of the Company.	No material deterioration in the underlying performance of the Company which is significantly greater than any deterioration in the performance of comparator listed financial services companies.
Risk, conduct and compliance	Effective individual and Company risk management.	No material failure in risk management, conduct or compliance.

The participants are entitled to acquire shares following the assessment of the underpins but (other than as regards sales to cover tax liabilities) participants are required to hold acquired shares (and to not dispose of shares) for a further 12 months.

Payments made to former Directors during the year (Audited)

As reported in the 2022 Annual Report, Andy Bell stepped down from the Board with effect from 30 September 2022, but has continued to work with the business in a consultancy role. AJ Bell Business Solutions, 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 was paid a fee of £150,000 in the year ended 30 September 2023.

Andy retained 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.

On 30 April 2023, Helena Morrissey stepped down as Chair and has remained in a consultancy role with a focus on Money Matters, AJ Bell's initiative to encourage more women to think about investing, as well as advising the Company on its diversity and inclusion strategy. Since stepping down as Chair, Helena has received £88,000 in the year ended 30 September 2023.

Payments for loss of office during the year (Audited)

No payments for loss of office 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 2023 (or date of cessation) and 30 September 2022 were as follows:

	30 September 2023	30 September 2022
Executive Directors		
Michael Summersgill	**1,146,182**	1,195,812
Roger Stott	**231,622**	210,872
Peter Birch	**26,500**	19,000
Non-Executive Directors		
Fiona Clutterbuck	**6,809**	n/a
Evelyn Bourke	**85,297**	85,297
Eamonn Flanagan	**151,090**	151,090
Margaret Hassall	**—**	—
Simon Turner	**185,953**	185,953
Les Platts	**310,447**	310,517[1]
Helena Morrissey	**2,490**[2]	2,490

1. Les Platts stepped down from the Board as Chair on 26 January 2022. His shareholding is shown at this date. Les was subsequently reappointed as a Non-Executive Director on 13 July 2023.
2. Helena Morrissey stepped down from the Board on 30 April 2023. Her shareholding is shown at this date.

Since 30 September 2023 Roger Stott has acquired an interest in an additional 111 shares under the Companies' 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 has 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 other Executive Directors as further described in the Directors' Remuneration Policy. Michael Summersgill has significantly exceeded this guideline at 30 September 2023, based on the share price at the end of the financial year. Roger Stott and Peter Birch were appointed as Executive Directors during FY22 and have built up a shareholding of 291% and 78% respectively. This includes 26,500 shares purchased by Peter Birch. As set out in the Remuneration Policy, Executive Directors are expected to retain all shares acquired through the EIP deferred awards until the shareholding guideline is met.

The Committee's approach to the post-cessation shareholding requirements is set out in the Directors' Remuneration Policy approved at the 2023 AGM.

Directors' Remuneration report
Annual Report on Remuneration

Executive Directors' interests under share schemes (Audited)

Awards under share plans:

		Award date	As at 1 October 2022	Granted during the year	Forfeited during the year	Exercised during the year	As at 30 September 2023	Status
Michael Summersgill	Deferred award	18 Jan 19	81,675	–	–	81,675	–	Vested and exercised
	Deferred award	12 Dec 19	39,983	–	–	–	**39,983**	Subject to performance underpins
	Deferred award	10 Dec 20	36,163	–	–	–	**36,163**	Subject to performance underpins
	Annual award	9 Dec 21	36,195	–	–	36,195	–	Vested and exercised
	Deferred award	9 Dec 21	54,293	–	–	–	**54,293**	Subject to performance underpins
	Annual award	8 Dec 22	–	107,039	44,244	–	**62,795**	Vested and unexercised
	Deferred award	8 Dec 22	–	160,559	66,365	–	**94,194**	Subject to performance underpins
Roger Stott	Deferred award	12 Dec 19	6,231	–	–	6,231	–	Vested and exercised
	Deferred award	10 Dec 20	6,151	–	–	–	**6,151**	Vested and unexercised
	Annual award	9 Dec 21	31,826	–	–	31,826	–	Vested and exercised
	Deferred award	9 Dec 21	47,740	–	–	–	**47,740**	Subject to performance underpins
	Annual award	8 Dec 22	–	58,650	21,506	–	**37,144**	Vested and unexercised
	Deferred award	8 Dec 22	–	87,975	32,258	–	**55,717**	Subject to performance underpins
Peter Birch	Annual award	8 Dec 22	–	77,966	31,188	–	**46,778**	Vested and unexercised
	Deferred award	8 Dec 22	–	116,948	46,780	–	**70,168**	Subject to performance underpins

Current service contracts and terms of engagement

Executive Directors

The Executive Directors are employed under service contracts that can be terminated by the Executive Director or the Company with six months' notice. The Directors' service contracts are available for shareholder inspection at the Company's registered office. These contracts were dated as follows:

	Contract date
Michael Summersgill	1 November 2019
Roger Stott	1 November 2019
Peter Birch	1 July 2022

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:

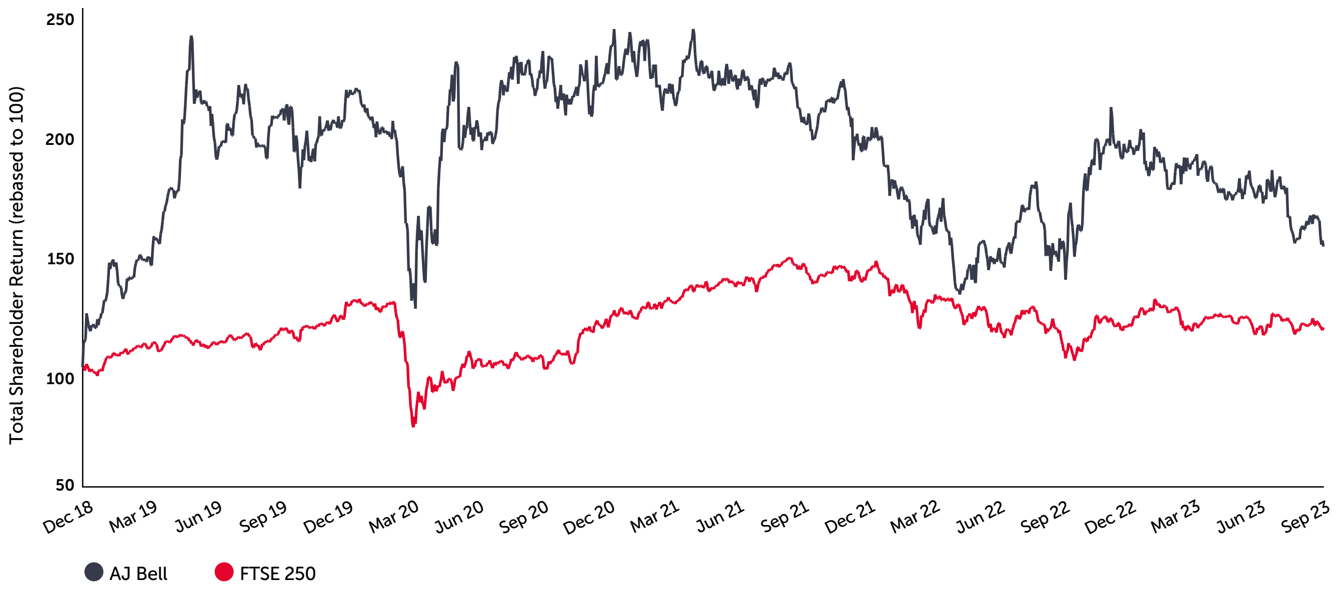
	Contract date
Fiona Clutterbuck	1 May 2023
Evelyn Bourke	1 July 2021
Eamonn Flanagan	22 March 2018
Margaret Hassall	1 September 2021
Simon Turner	1 July 2014
Les Platts	13 July 2023
Helena Morrissey[1]	1 July 2021

1. Helena Morrissey stepped down from the Board on 30 April 2023.

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 2023. 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 2023, 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 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)
2023	**941**	**59%**	**59%**
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 to 2023. The annual change in salary is based on the salary of employees (on a full-time-equivalent basis) at the end of each financial year, 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.

Fiona Clutterbuck and Les Platts were appointed during the year 30 September 2023 and accordingly, have been excluded from the table below. Helena Morrissey stepped down from the Board on 30 April 2023, and has therefore also been excluded from the table below.

	2023			2022			2021			2020		
	Salary/ Fees	Benefits	Annual bonus	Salary/ Fees	Benefits	Annual bonus	Salary/ Fees	Benefits	Annual bonus	Salary/ Fees	Benefits	Annual bonus
Michael Summersgill	**59.9%[1]**	**55.3%**	**35.4%**	27.9%	(3.5%)	20.9%	0.0%	13.4%	(17.7%)[1]	2.5%	(87.5%)	(44.4%)
Roger Stott	**6.0%**	**0.0%**	**(8.9%)[2]**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Peter Birch*	**0.0%**	**571.3%[3]**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Evelyn Bourke	**11.2%**	**n/a**	**n/a**	11.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Eamonn Flanagan	**5.0%**	**n/a**	**n/a**	11.7%	n/a	n/a	13.2%	n/a	n/a	2.2%	n/a	n/a
Margaret Hassall	**11.2%**	**n/a**	**n/a**	11.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Simon Turner	**5.0%**	**n/a**	**n/a**	11.7%	n/a	n/a	13.2%	n/a	n/a	2.2%	n/a	n/a
Wider workforce	**11.7%**	**1,385.6%[4]**	**7.5%**	9.9%	6.9%	13.5%	3.3%	28.0%	11.1%	4.9%	(56.0%)	(8.3%)

* Peter Birch's salary has been annualised for comparative purposes.
1. The increase in salary and benefits for Michael Summersgill reflects his change in role to CEO in the year.
2. The reduction in the annual bonus for the COO is based on the awards granted under the EIP which are subject to share price movements. For the FY23 awards, the share price decreased from 361.0p to 276.8p in the period between the grant and vesting. For the FY22 awards, the share price decreased from 375.6p to 354.8p.
3. The increase in benefits for Peter Birch is due to amounts received for sacrificed annual leave in the year.
4. The increase in benefits for the wider workforce reflects the strengthening of our benefits package for employees. Changes to our benefits were implemented from 1 October 2022.

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)
2023	**Salary**	**Option A**	**21:1**	**17:1**	**10:1**
	Total remuneration	**Option A**	**35:1**	**28:1**	**16:1**
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)
2023	**Salary**	**£500,000**	**£23,984**	**£28,948**	**£50,880**
	Total remuneration	**£941,203**	**£26,558**	**£33,430**	**£58,796**
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 between 2020 and 2023 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 111. 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, and is appropriate for the Company's size and structure.

Distribution statement

The following table sets out the total remuneration for all employees and the total shareholder distributions:

	2023 £000	2022 £000	% change
Total remuneration for all employees[1]	**64,758**	54,887	18%
Dividends (including special dividends) and share buybacks[2]	**35,294**	50,383	(30%)
Dividends (excluding special dividends) and share buybacks[2]	**35,294**	29,872	18%

1. Total remuneration for all employees represents the underlying staff cost for the Group.
2. See notes 11 and 23 in the consolidated financial statements.

Statement of voting at the AGM

Votes cast by proxy and at the meeting at the AGM held on 8 February 2023 in respect of the Directors' Remuneration report and 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	336,094,144	98.13	6,387,898	1.87	342,482,042	186,724	342,668,766
Approve Directors' Remuneration Policy	335,054,935	98.14	6,337,734	1.86	341,392,669	1,276,097	342,668,766

Approval

This report was approved by the Board on 6 December 2023 and signed on its behalf by:

Margaret Hassall
Chair of the Remuneration Committee
6 December 2023

Directors' report

The Directors present their annual report on the affairs of the Group, together with the consolidated financial statements and Auditor's report, for the year ended 30 September 2023.

Additional disclosures

The Strategic report is a requirement of the UK Companies Act 2006 and can be found on pages 1 to 69 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
Research and development	58 and 59
Greenhouse gas emissions	46 to 54
Non-financial reporting	55

Corporate governance

The Corporate Governance report is set out on pages 80 to 87. 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 UK Corporate Governance Code (the 'Code') and details of where the Code is publicly available can be found in the Chair's Introduction to Corporate Governance on page 73.

The Strategic report and the Directors' report together form the Management report for the purposes of the Disclosure Guidance and Transparency Rules ('DTR') 4.1.8R.

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
(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.

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 69. 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 26 and 27.

Dividends

The Board recommends a final dividend of 7.25p per ordinary share for the year ended 30 September 2023. This, together with the interim dividend of 3.50p per ordinary share paid on 30 June 2023, makes a total dividend in respect of the financial year ended 30 September 2023 of 10.75p per ordinary share. The final dividend proposed by the Directors will be subject to approval at the AGM on 30 January 2024. If approved, the Company will pay a final dividend on 9 February 2024 to shareholders on the register at 12 January 2024. The ex-dividend date will be 11 January 2024.

The employee benefit trusts have elected to waive all dividends on shares held under the trusts relating to AJ Bell plc. Further details can be found in note 11 to the financial statements.

Articles of Association

The Articles of Association of the Company (the 'Articles') were adopted by special resolution on 15 November 2018. Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006, by way of a special resolution at a general meeting of shareholders.

Directors

The Directors of the Group who were in office during the year are disclosed on pages 74 to 77.

Under the Articles, 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 117.

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 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.

Employee benefit trusts have been established in order to provide benefits for the Group's employees and former employees. 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, 115,908 options under the Executive Incentive Plan (EIP) were exercised and issued from the trusts as discussed in note 23.

Authority to purchase its own shares

The Company is permitted pursuant to the terms of its Articles to purchase its own shares subject to shareholder approval. The Company was granted authority at the 2023 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 2023 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 2024.

Substantial shareholdings

Information provided to the Company by substantial shareholders (holding voting rights of 3% or more in the financial instruments of the Company) pursuant to the DTRs are published via a Regulatory Information Service and are available on the Company's website. As at 30 September 2023, the following information has been received in accordance with DTR 5 from holders of notifiable interests in the Company's issued share capital. It should be noted some of these holdings may have changed since the Company received the notification. Holders are not required to notify the Company of any change until this, or the next applicable threshold is reached or crossed.

Interested party	Number of shares	% of share capital[1]
Andy Bell	87,118,663	21.75
Liontrust Investment Partners LLP	41,050,165	9.96

Between 30 September 2023 and 6 December 2023 (the latest practicable date for inclusion in this report), the following information has been received in accordance with DTR 5 from holders of notifiable interests in the Company's issued share capital:

Interested party	Number of shares	% of share capital[1]
Kayne Anderson Rudnick Investment Management, LLC	12,421,956	3.01

Change of control

There are no significant agreements to which the Company is a party that take effect, alter or terminate on a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

However, options and awards granted to employees under the Company's share schemes and plans may vest on a takeover, under the schemes' provisions.

Capital management

The Group is subject to the Investment Firm Prudential Regime (IFPR) for UK firms authorised under the Markets in Financial Instruments Directive (MiFID). It therefore complies with the rules outlined by the Financial Conduct Authority (FCA) within the Prudential Sourcebook for MIFID Investment Firms (MIFIDPRU).

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 8 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 contributions

No political contributions were made by the Group during the year (2022: £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 54 of the Strategic report.

1. The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTRs.

Directors' 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 Fiona Clutterbuck. Employee share schemes have been operated since June 2005. These schemes have promoted wider employee involvement in the Group and include our annual free share award scheme. 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 and the wider workforce with those of the 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 28 and 29 of the Strategic report.

Details of how interests of stakeholders are considered in the Board's decision making can be found in the Section 172 statement on pages 30 and 31.

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 & Compliance Committee and the Audit Committee, which are responsible for overseeing the Group's risk management, compliance and internal audit functions. Details of the Group's risk management can be found on pages 60 to 62.

Market Abuse Regulation

The Company has its own internal dealing rules 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 69.

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.

This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with, and subject to, those provisions.

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 30 January 2024.

Annual General Meeting

The AGM will be held at 12 noon on 30 January 2024 and will be held as a physical meeting as detailed in the Corporate Governance report on page 87. 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 6 December 2023 and signed on its behalf by:

Olubunmi Likinyo
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, are 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 6 December 2023 and signed on its behalf by:

Olubunmi Likinyo
Company Secretary

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

“As a parent, financial security is incredibly important to me, so investing was high up on my agenda. It’s been a pretty easy journey so far; I’m just pleased I’ve made that jump. Investing makes me feel secure and on track in life. Now I’ve done it, I can only feel like I’m winning.”

Mark
AJ Bell customer

#FeelGoodInvesting

See more at **ajbell.co.uk/group/feel-good-investing**

Helping Mark invest for the long-term

Age: 37 years old
Mission: To take a sabbatical and boost his own private pension

Mark began investing last June, and as a parent, financial security is incredibly important to him. He wants to secure his children’s futures, whether that be for university fees or a house deposit in the future. Mark has opened up an ISA and a SIPP, aiming to gradually increase his contributions each month.

Mark was impressed by the number of options offered on our platform and believes it’s a one-stop shop for his investing needs. He is able to track his investment progress using our easy-to-use website and has also been very impressed with AJ Bell’s customer service, who were attentive to his initial queries about using the site.

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

Financial statements

Other information

Independent auditor's report to the members of AJ Bell plc

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 2023 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 2023 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 company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in 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 ended 30 September 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 30 September 2020 to 30 September 2023. 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 the Directors compared to current year actuals to assess the historical accuracy of the Directors' budgets and forecasts and considered the reason for variations;
- Review of the current year forecasts prepared by the Directors 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% (2022: 100%) of Group profit before tax 100% (2022: 100%) of Group revenue 100% (2022: 100%) of Group total assets

		2023	2022
Key audit matters	Existence and accuracy of revenue	Y	Y
	Share based payments – post-acquisition earn out[1]	N	Y
Materiality	Group financial statements as a whole		
	£4.4m (2022: £2.9m) based on 5% (2022: 5%) of profit before tax.		

1. We do not consider this to be a key audit matter for the current year given the share based payment charge associated with the transaction is not material to the Group financial statements.

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 components as well as non-significant components in the group as they required audits for statutory purposes.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management and the Board to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meetings and other papers related to climate change and performed a risk assessment as to how it may affect the financial statements and our audit.

We also assessed the consistency of management's disclosures included as 'Other Information' on page 131 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any key audit matters materially impacted by climate-related risks.

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.

Independent auditor's report to the members of AJ Bell plc

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*	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 pension administration fees; • "recurring ad valorem", which includes custody fees and net interest income; and • "transactional", which includes dealing fees, FX fees and non-recurring pension administration fees. There is a risk that revenue may be misstated due to errors in system calculations or manual processes. There is also a risk that fees are not calculated in line with agreements in place. We therefore considered the accuracy of revenue to be a significant risk and a key audit matter. There are also various performance incentive schemes in place therefore there is a risk of overstatement of revenue by management. We therefore consider the existence of revenue to be a significant risk and a key audit matter.	For Dealing, Custody, FX and recurring pension administration 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 substantive 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 operating effectiveness of relevant IT controls over the revenue systems as well as the systems with which they interact. Where deficiencies were identified in these controls, we identified and tested manual mitigating controls, or performed risk crystallisation testing to verify that the risk posed by these deficiencies had not crystallised in the period under audit. • To address the risk of inaccurate and potential manipulation of key data inputs used in the automated calculation of dealing, FX, custody and recurring pension administration fee: – We tested the operating effectiveness of management's manual controls over the relevant data in the revenue systems (for example over the recording of customer holdings, and matching of transactions to third party records). – We tested samples of key data inputs held and used in the revenue systems to supporting documentation. • To address the risk of potential manipulation of the calculation logic within the administrative system to increase reported revenue, we used our data analytics software to reperform the calculation of key income streams on a customer-by-customer basis, including dealing income, FX income, custody income and recurring pension administration fees, using source data extracted from records held by the group. We then compared our independent recalculations to the amounts reported. With respect to the calculations, we noted differences which in quantitative terms were immaterial. A sample of these differences were investigated and agreed to supporting documentation to assess their legitimacy. • 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. • 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 the Group's documented fee structure; and • We performed a reconciliation of the recurring pension administration fees recorded in the customer system to the banking reports for the current financial year. For net 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 operating effectiveness of controls around the external client money reconciliations; • Tested the operating effectiveness of controls around the external Self-Invested Personal Pension (SIPP) money reconciliations and agreed client money and SIPP money balances to external bank confirmations. • For a sample of interest earning deposits, agreed terms to confirmations sent by the banks to the Group at the point the deposit was placed; • Agreed a sample of interest receipts to bank statements; • Recalculated the expected interest income based on the deposit amounts and terms per internal records across 100% of the population of deposits active during the period under review and agreed the amount to that recorded • For a sample of customers, recalculated the amount of interest paid away by the Group to those individuals; and • Agreed total paid away interest to bank statements. Key observations: From testing we consider the existence and accuracy of revenue to be appropriate.

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	
	2023 £m	2022 £m	2023 £k	2022 £k
Materiality	4.4	2.9	915	810
Basis for determining materiality	5% of profit before tax.	5% of profit before tax.	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 parent company is parent 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 parent company is parent of the group and does not earn any income other than dividends from subsidiary entities.
Performance materiality	3.3	2.0	685	607
Basis for determining performance materiality	Performance materiality was calculated using 75% of overall materiality.	Performance materiality was calculated using 75% of overall materiality.	Performance materiality was calculated using 75% of overall materiality.	Performance materiality was calculated using 75% of overall materiality.
Rationale for the percentage applied for performance materiality	This was based on our risk assessment procedures and the expectation of a low level of misstatements based on past experience.	This was based on our risk assessment procedures and the expectation of a low level of misstatements based on past experience.	This was based on our risk assessment procedures and the expectation of a low level of misstatements based on past experience.	This was based on our risk assessment procedures and the expectation of a low level of misstatements based on past experience.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group. Component materiality ranged from £39k to £3.29m (2022: £39k to £2.18m) based on the materiality levels set for the components' individual entity audits, while also considering the size and our risk of material misstatement of that component and capping its materiality level where relevant to take into consideration aggregation risk. In the audit of each significant component, we further applied performance materiality levels of 75% (2022: 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 £87k (2022:£58k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate Governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; 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 on the next page.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

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:

- The procedures set out in the key audit matters section above;
- In respect of the risk of management override of 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;
- Testing the operating effectiveness of the controls in place over the appropriate proportioning of costs capitalised vs expensed in respect of the Adalpha platform proposition, as well as agreeing these costs to supporting documentation; and
- Consideration of whether the costs capitalised in respect of the Adalpha platform proposition met the capitalisation criteria of the applicable accounting standard.

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations including an understanding of the control environment in monitoring compliance with laws and regulations; and
- Consideration of the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud.

We considered the significant laws and regulations to be 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:

- agreement of the financial statement disclosures to underlying supporting documentation;
- 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
- Review and consideration of stress testing performed on forecasts and consideration of whether required regulatory capital levels would be breached in an extreme downside scenario.

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

06 December 2023

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 2023

	Note	2023 £000	2022 £000
Revenue	5	**218,234**	163,847
Administrative expenses		**(132,014)**	(104,866)
Operating profit	6	**86,220**	58,981
Investment income	8	**2,393**	198
Finance costs	9	**(952)**	(768)
Profit before tax		**87,661**	58,411
Tax expense	10	**(19,442)**	(11,672)
Profit for the financial year attributable to:			
Equity holders of the parent company		**68,219**	46,739
Earnings per share			
Basic (pence)	12	**16.59**	11.39
Diluted (pence)	12	**16.53**	11.35

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 138 to 163 form an integral part of these financial statements.

Consolidated statement of financial position
as at 30 September 2023

	Note	2023 £000	2022 £000
Assets			
Non-current assets			
Goodwill	13	**6,991**	6,991
Other intangible assets	14	**7,433**	8,779
Property, plant and equipment	15	**3,809**	3,325
Right-of-use assets	16	**10,800**	12,273
Deferred tax asset	18	**484**	610
		29,517	31,978
Current assets			
Trade and other receivables	19	**58,501**	49,436
Current tax receivable		**—**	38
Cash and cash equivalents	20	**146,304**	84,030
		204,805	133,504
Total assets		**234,322**	165,482
Liabilities			
Current liabilities			
Trade and other payables	21	**(52,437)**	(15,604)
Current tax liability		**(151)**	—
Lease liabilities	16	**(1,540)**	(1,566)
Provisions	22	**(1,126)**	(519)
		(55,254)	(17,689)
Non-current liabilities			
Lease liabilities	16	**(10,866)**	(12,395)
Provisions	22	**(2,165)**	(2,004)
		(13,031)	(14,399)
Total liabilities		**(68,285)**	(32,088)
Net assets		**166,037**	133,394
Equity			
Share capital	23	**52**	51
Share premium		**8,963**	8,930
Own shares		**(2,377)**	(473)
Retained earnings		**159,399**	124,886
Total equity		**166,037**	133,394

The financial statements were approved by the Board of Directors and authorised for issue on 6 December 2023 and signed on its behalf by:

Peter Birch
Chief Financial Officer
AJ Bell plc

Company registered number: 04503206

The notes on pages 138 to 163 form an integral part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 September 2023

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2022	**51**	**8,930**	**124,886**	**(473)**	**133,394**
Total comprehensive income for the year:					
Profit for the year	—	—	68,219	—	68,219
Transactions with owners, recorded directly in equity:					
Issue of shares	1	33	—	—	34
Dividends paid	—	—	(33,294)	—	(33,294)
Equity settled share-based payment transactions	—	—	(110)	—	(110)
Deferred tax effect of share-based payment transactions	—	—	(88)	—	(88)
Tax relief on exercise of share options	—	—	123	—	123
Share transfer relating to EIP (note 23)	—	—	(96)	96	—
Payment of tax from employee benefit trust	—	—	(241)	—	(241)
Own shares acquired (note 23)	—	—	—	(2,000)	(2,000)
Total transactions with owners	1	33	(33,706)	(1,904)	(35,576)
Balance at 30 September 2023	**52**	**8,963**	**159,399**	**(2,377)**	**166,037**

	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	—	—	(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

The notes on pages 138 to 163 form an integral part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 September 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the financial year		**68,219**	46,739
Adjustments for:			
Investment income		**(2,393)**	(198)
Finance costs		**952**	768
Income tax expense		**19,442**	11,672
Depreciation, amortisation and impairment		**4,788**	3,643
Share-based payment expense	24	**1,103**	4,728
Increase/(decrease) in provisions		**607**	(1,007)
Loss on disposal of property, plant and equipment		**16**	21
Increase in trade and other receivables		**(9,065)**	(11,974)
Increase in trade and other payables		**36,833**	2,839
Cash generated from operations		**120,502**	57,231
Income tax paid		**(19,092)**	(11,433)
Net cash flows from operating activities		**101,410**	45,798
Cash flows from investing activities			
Purchase of other intangible assets	14	**(1,926)**	(2,365)
Purchase of property, plant and equipment	15	**(1,574)**	(1,014)
Interest received		**2,393**	198
Net cash flows used in investing activities		**(1,107)**	(3,181)
Cash flows from financing activities			
Payments of principal in relation to lease liabilities	16	**(1,576)**	(1,716)
Payment of interest on lease liabilities	16	**(952)**	(768)
Proceeds from issue of share capital	23	**34**	272
Purchase of own share for employee share schemes	23	**(2,000)**	—
Payment of tax from employee benefit trust		**(241)**	—
Dividends paid	11	**(33,294)**	(50,383)
Net cash flows used in financing activities		**(38,029)**	(52,595)
Net increase/(decrease) in cash and cash equivalents		**62,274**	(9,978)
Cash and cash equivalents at beginning of year	20	**84,030**	94,008
Total cash and cash equivalents at end of year	20	**146,304**	84,030

The notes on pages 138 to 163 form an integral part of these financial statements.

Notes to the consolidated financial statements
for the year ended 30 September 2023

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 6 December 2023.

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.

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
IAS 37	Onerous Contracts: Cost of Fulfilling a Contract (Amendments)	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before intended use (Amendments)	1 January 2022
	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IFRS 3	Reference to the Conceptual Framework (Amendments)	1 January 2022

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.

2.1 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 69 and the Directors' report on pages 122 to 124. 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 69. 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.

Notes to the consolidated financial statements continued
for the year ended 30 September 2023

2 Significant accounting policies continued

2.4 Revenue recognition continued

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 are paid in 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 and to intangible assets where appropriate, 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.

2.8 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 Significant accounting policies continued

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.

2.15 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 or an intangible asset not yet available for use 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 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 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.

2 Significant accounting policies continued

2.19 Financial instruments continued

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 2023 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 employee benefit trusts provide for the granting of shares, principally under share option schemes. AJ Bell plc is considered to have control of the trusts and so the assets and liabilities of the trusts are recognised as those of AJ Bell plc.

Shares of AJ Bell plc held by the trusts 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 134 and 135 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:

	2023 £000	2022 £000
Recurring fixed	**30,666**	29,787
Recurring ad valorem	**161,152**	102,184
Transactional	**26,416**	31,876
	218,234	163,847

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 25 on page 160.

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 25 on page 160.

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:

	2023 £000	2022 £000
Amortisation and impairment of intangible assets	**2,055**	1,034
Depreciation of property, plant and equipment	**1,079**	1,019
Depreciation of right-of-use assets	**1,654**	1,590
Loss on the disposal of property, plant and equipment	**16**	21
Auditor's remuneration (see below)	**1,093**	496
Staff costs (see note 7)	**64,758**	54,887

During the year there was no expenditure in relation to research and development expensed to the income statement (2022: £nil).

Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2023 £000	2022 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**329**	155
Fees payable to the Company's auditor for the audit of the Company's subsidiaries' accounts, pursuant to legislation	**589**	204
Audit-related assurance services	**115**	89
Other assurance services	**60**	48
	1,093[1]	496

1. Of which £215,000 relates to the audit for the year ended 2022.

Of the above, audit-related services for the year totalled £1,063,000 (2022: £473,000).

Notes to the consolidated financial statements continued
for the year ended 30 September 2023

7 Staff costs

The average monthly number of employees (including Executive Directors) of the Group was:

	2023 No.	2022 No.
Operational and support	**856**	761
Technology	**279**	225
Distribution	**140**	109
	1,275	1,095

Employee benefit expense for the Group during the year:

	2023 £000	2022 £000
Wages and salaries	**51,854**	41,427
Social security costs	**5,846**	4,808
Retirement benefit costs	**5,937**	3,857
Termination benefits	**18**	67
Share-based payments (note 24)	**1,103**	4,728
	64,758	54,887

In addition to the above, £1,919,000 staff costs (2022: £1,315,000) have been capitalised as an internally generated intangible asset (see note 14).

8 Investment income

	2023 £000	2022 £000
Interest income on cash balances	**2,393**	198

9 Finance costs

	2023 £000	2022 £000
Interest on lease liabilities	**952**	768

10 Taxation

Tax charged in the income statement:

	2023 £000	2022 £000
Current taxation		
UK Corporation Tax	**19,750**	11,855
Adjustment to current tax in respect of prior periods	**(346)**	(238)
	19,404	11,617
Deferred taxation		
Origination and reversal of temporary differences	**(170)**	62
Adjustment to deferred tax in respect of prior periods	**341**	45
Effect of changes in tax rates	**(133)**	(52)
	38	55
Total tax expense	**19,442**	11,672

Corporation Tax is calculated at 22% of the estimated assessable profit for the year to 30 September 2023 (2022: 19%).

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

	2023 £000	2022 £000
Deferred tax relating to share-based payments (note 18)	**88**	275
Current tax relief on exercise of share options	**(123)**	(171)
	(35)	104

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

	2023 £000	2022 £000
Profit before tax	**87,661**	58,411
UK Corporation Tax at 22% (2022: 19%):	**19,293**	11,098
Effects of:		
Expenses not deductible for tax purposes	**(22)**	669
Income not taxable in determining taxable profit	**(16)**	(86)
Amounts not recognised	**325**	236
Effect of rate changes to deferred tax	**(133)**	(52)
Adjustments to current and deferred tax in respect of prior periods	**(5)**	(193)
	19,442	11,672
Effective tax rate	**22.2%**	20.0%

Deferred tax has been recognised at 25%, being the rate expected to be in force at the time of the reversal of the temporary difference (2022: 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 2023.

11 Dividends

	2023 £000	2022 £000
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 30 September 2022 of 4.59p (2021: 4.50p per share)	**18,893**	18,460
Special dividend for the year ended 30 September 2022 of nil (2021: 5.00p per share)	**—**	20,511
Interim dividend for the year ended 30 September 2023 of 3.50p (2022: 2.78p per share)	**14,401**	11,412
Total dividends paid on equity shares	**33,294**	50,383
Proposed final dividend for the year ended 30 September 2023 of 7.25p (2022: 4.59p) per share	**29,807**	18,843

A final dividend declared of 7.25p per share is payable on 9 February 2024 to shareholders on the register on 12 January 2024. The ex-dividend date will be 11 January 2024. The final dividend is subject to approval by the shareholders at the Annual General Meeting on 30 January 2024 and has not been included as a liability within these financial statements.

Dividends are payable on all ordinary shares as disclosed in note 23.

The employee benefit trusts, which held 1,082,343 ordinary shares (2022: 567,100) in AJ Bell plc at 30 September 2023, have agreed to waive all dividends. This represented 0.3% (2022: 0.1%) of the Company's called-up share capital. The maximum amount held by the trusts during the year was 1,082,343.

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 weighted average number of anti-dilutive share options and awards excluded from the calculation of diluted earnings per share was 148,995 as at 30 September 2023 (FY22: 201,774).

Notes to the consolidated financial statements continued
for the year ended 30 September 2023

12 Earnings per share continued

The calculation of basic and diluted earnings per share is based on the following data:

	2023 £000	2022 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being profit attributable to the owners of the Parent Company	**68,219**	46,739

	2023 No.	2022 No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the year	**411,242,458**	410,248,095
Effect of potentially dilutive share options	**1,405,191**	1,485,721
Weighted average number of ordinary shares for the purposes of fully diluted EPS	**412,647,649**	411,733,816

	2023	2022
Earnings per share (EPS)		
Basic (pence)	**16.59**	11.39
Diluted (pence)	**16.53**	11.35

13 Goodwill

	2023 £000	2022 £000
Cost		
As at 1 October and 30 September	**7,103**	7,103
Impairment		
As 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 two-year period.

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 9.5% (2022: 20%) has been used to assess the expected growth in revenue for the two-year forecast period. This is based on a combination of historical and expected future performance;
- benefits realised from our economies of scale are passed onto customers in the form of price reductions; 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 8.6% (2022: 8.1%).

The pre-tax discount rate has been calculated using an independent external source. The Directors have performed sensitivity analysis on their calculations, with key assumptions being revised adversely to reflect the potential for future performance being below expected levels. Changes to revenue are the most sensitive as they would have the greatest impact on future cash flows. However, even with nil growth in revenue, there would still be sufficient headroom to support the carrying value of the assets under the CGU.

Based upon the review above the estimated value-in-use of the CGU comfortably supports the carrying value of the assets held within it, and so the Directors are satisfied that for the period ended 30 September 2023 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 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
Additions	706	–	7	713
Disposals	–	–	(36)	(36)
At 30 September 2023	**15,136**	**–**	**7,007**	**22,143**
Amortisation				
As at 1 October 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
Amortisation and impairment	337	–	1,718	2,055
Eliminated on disposal	–	–	(32)	(32)
At 30 September 2023	**7,865**	**–**	**6,845**	**14,710**
Carrying amount				
At 30 September 2023	**7,271**	**–**	**162**	**7,433**
At 30 September 2022	6,902	–	1,877	8,779
At 30 September 2021	4,490	–	1,524	6,014
Average remaining amortisation period	2 years		Nil	

The amortisation and impairment charge above is included within administrative expenses in the income statement.

Additions include an amount of £706,000 relating to internally generated assets for the year ended 30 September 2023 (2022: £3,556,000).

Total additions in the period are net of a credit of £1,213,000 related to the reversal of capitalised share-based payment expenses (2022: additions of £1,434,000). The reversal recognised in the period is due to a change in estimate regarding the expected vesting of milestones relating to the earn-out arrangement (note 24).

The net carrying amount of key operating systems includes £6,430,000 (2022: £5,724,000), relating to assets in development which are currently not amortised. At the year end, the Group had not entered into any contractual commitments (2022: £103,000) for the acquisition of intangible assets.

15 Property, plant and equipment

	Leasehold improvements £000	Office equipment £000	Computer equipment £000	Total £000
Cost				
At 1 October 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
Additions	186	42	1,346	1,574
Disposals	—	(9)	(241)	(250)
At 30 September 2023	**2,387**	**1,008**	**7,374**	**10,769**
Depreciation				
At 1 October 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
Charge for the year	174	58	847	1,079
Eliminated on disposal	—	(9)	(230)	(239)
At 30 September 2023	**996**	**917**	**5,047**	**6,960**
Carrying amount				
At 30 September 2023	**1,391**	**91**	**2,327**	**3,809**
At 30 September 2022	1,379	107	1,839	3,325
At 30 September 2021	1,537	157	1,657	3,351

The depreciation charge above is included within administrative expenses in the income statement.

At the year end, the Group had not entered into contractual commitments for the acquisition of property, plant and equipment (2022: £471,000).

Computer equipment includes assets under construction of £68,000 (2022: £37,000) 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 2021	16,158	252	16,410
Additions	538	—	538
At 30 September 2022	16,696	252	16,948
Additions	161	21	182
Disposals	—	(6)	(6)
At 30 September 2023	**16,857**	**267**	**17,124**
Depreciation			
At 1 October 2021	2,940	145	3,085
Charge for the year	1,541	49	1,590
At 30 September 2022	4,481	194	4,675
Charge for the year	1,617	37	1,654
Disposals	—	(5)	(5)
At 30 September 2023	**6,098**	**226**	**6,324**
Carrying amount			
At 30 September 2023	**10,759**	**41**	**10,800**
At 30 September 2022	12,215	58	12,273
At 30 September 2021	13,218	107	13,325

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 £161,000 relating to the increase in the Group's dilapidation provision (2022: £455,000) (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

	2023 £000	2022 £000
Current	**1,540**	1,566
Non-current	**10,866**	12,395
	12,406	13,961

The undiscounted maturity analysis of lease liabilities is shown below:

	2023 £000	2022 £000
Within one year	**2,384**	2,517
In the second to fifth years inclusive	**8,216**	8,579
After five years	**5,525**	7,533
Total minimum lease payments	**16,125**	18,629

The total lease interest expense for the year ended 30 September 2023 was £952,000 (2022: £768,000). Principal cash outflow for leases accounted for under IFRS 16 for the year ended 30 September 2023 was £1,576,000 (2022: £1,716,000).

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

	2023 £000	2022 £000
Deferred tax asset	**999**	906
Deferred tax liability	**(515)**	(296)
	484	610

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 2021	(199)	990	149	–	940
(Charge)/credit to income statement	(97)	31	11	–	(55)
Charge to equity	–	(275)	–	–	(275)
At 30 September 2022	(296)	746	160	–	610
(Charge)/credit to income statement	(219)	80	101	–	(38)
Charge to equity	–	(88)	–	–	(88)
At 30 September 2023	**(515)**	**738**	**261**	**–**	**484**

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 2023.

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 2023, deferred tax assets have not been recognised on trading losses of £5,524,000 (2022: £4,051,000).

19 Trade and other receivables

	2023 £000	2022 £000
Trade receivables	**2,613**	2,207
Prepayments	**8,861**	6,824
Accrued income	**33,662**	21,960
Other receivables	**13,365**	18,445
	58,501	49,436

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 £1,081,000 (2022: £984,000) relating to contract assets, a movement of £97,000 (2022: £6,000) during the year due to increased revenues.

The ageing profile of trade receivables was as follows:

	2023 £000	2022 £000
Current – not past due	**1,137**	747
Past due:		
0 to 30 days	**476**	886
31 to 60 days	**279**	116
61 to 90 days	**173**	39
91 days and over	**1,341**	1,024
	3,406	2,812
Provision for impairment	**(793)**	(605)
	2,613	2,207

The movement in the provision for impairment of trade receivables is as follows:

	2023 £000	2022 £000
Opening loss allowance as at 1 October	**605**	524
Loss allowance recognised	**254**	174
Receivables written off during the year as uncollectable	**(8)**	(21)
Unused amount reversed	**(58)**	(72)
Balance at end of year	**793**	605

20 Cash and cash equivalents

	2023 £000	2022 £000
Group cash and cash equivalent balances	**146,304**	84,030

Cash and cash equivalents at 30 September 2023 and 30 September 2022 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

	2023 £000	2022 £000
Trade payables	**960**	138
Social security and other taxes	**3,453**	2,151
Other payables	**859**	678
Accruals	**45,043**	10,428
Deferred income	**2,122**	2,209
	52,437	15,604

Trade payables, accruals and deferred income principally comprise amounts outstanding for trade purposes including payment of interest to customers and ongoing costs of the business. 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 income 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 2023 is expected to be recognised as revenue in the coming year.

22 Provisions

	Office dilapidations £000	Other provision £000	Total £000
At 1 October 2022	2,004	519	2,523
Additional provisions	161	778	939
Provisions used	—	(171)	(171)
At 30 September 2023	**2,165**	**1,126**	**3,291**
Included in current liabilities	—	1,126	1,126
Included in non-current liabilities	2,165	—	2,165

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 £161,000 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, the costs associated with defending a legal case and compensation required to settle a small number of disputed claims. There is some uncertainty regarding the amount and timing of the outflows required to settle the obligations; therefore a best estimate has been made by assessing a number of different outcomes considering the potential areas and time periods at risk and any associated interest. The timings of the outflows are uncertain and could be paid within 12 months of the date of the statement of financial position, subject to the timing of a final resolution.

23 Share capital

Issued, fully-called and paid:	2023 Number	2022 Number	2023 £	2022 £
Ordinary shares of 0.0125p each	**412,211,306**	411,091,634	**51,526**	51,386

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	**31,462**	33
Exercise of EIP options	Ordinary shares of 0.0125p each	**530,303**	—
Free shares	Ordinary shares of 0.0125p each	**557,907**	—
		1,119,672	33

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

As at 30 September 2023, the Group held 1,082,343 in own shares in employee benefit trusts to satisfy future share incentive plans. Shares held by the Trust are held at £2,377,000 (2022: £473,000) being the price paid to repurchase, and the carrying value is shown as a reduction within shareholders' equity.

During the year, 631,151 ordinary own shares were purchased through AJ Bell's employee benefit trust in exchange for consideration of £2,000,000 (2022: £nil). 115,908 EIP options were exercised and issued from the employee benefit trusts in the year.

The costs of operating the trusts are borne by the Group but are not material. The trusts 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 £60,000. 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, free shares up to a maximum value of £2,000 have been offered to all employees who were employed by the Company at 30 September 2022 (2022: 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 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.

Senior Manager Incentive Plan (SMIP)

The SMIP 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%.

Notes to the consolidated financial statements continued
for the year ended 30 September 2023

24 Share-based payments continued

CSR initiative continued

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 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 conditions included within the arrangement are not considered market conditions and therefore the expected vesting is reviewed at each reporting date.

Movements during the year

The tables below summarise the outstanding options for each share-based payment scheme.

CSOP

	2023		2022	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	**1,101,893**	**3.90**	1,015,763	3.23
Granted during the year	**223,167**	**3.73**	461,744	3.73
Forfeited during the year	**(1,111,523)**	**3.94**	(108,611)	4.05
Exercised during the year	**(31,462)**	**1.04**	(267,003)	1.02
Outstanding at the end of the year	**182,075**	**3.91**	1,101,893	3.90
Exercisable at the end of the year	**39,339**	**3.94**	31,462	1.04

The lowest exercise price for share options outstanding at the end of the period was 298p (2022: 104p) and the highest exercise price was 434p (2022: 434p). The weighted average remaining contractual life of share options outstanding at the end of the period was 7.6 years (2022: 8.3 years).

OTB – Growth Shares

	2023		2022	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	**1,166,131**	**0.63**	3,192,268	0.63
Vested	**–**	**–**	(2,026,137)	0.63
Outstanding at the end of the year	**1,166,131**	**0.63**	1,166,131	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. The weighted average remaining contractual life of growth shares converted to ordinary shares under a call option agreement at the end of the period was 0.2 years (2022: 1.2 years).

EIP

	2023		2022	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at beginning of the year	**1,615,868**	**0.000125**	1,487,313	0.000125
Granted during the year	**912,833**	**0.000125**	736,015	0.000125
Exercised during the year	**(646,211)**	**0.000125**	(495,550)	0.000125
Lapsed during the year	**(207,298)**	**0.000125**	(111,910)	0.000125
Outstanding at the end of the year	**1,675,192**	**0.000125**	1,615,868	0.000125
Exercisable at the end of the year	**349,055**	**0.000125**	565,636	0.000125

The weighted average remaining contractual life of EIP shares outstanding at the end of the period was 8.3 years (2022: 8 years).

SMIP initiative

	2023	
	Number	Weighted Average Exercise Price £
Outstanding at beginning of the year	**–**	**–**
Granted during the year	**3,999**	**0.000125**
Outstanding at the end of the year	**3,999**	**0.000125**
Exercisable at the end of the year	**–**	**–**

CSR initiative

	2023		2022	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	**1,662,510**	**4.01**	2,493,766	4.01
Forfeited during the year	**(332,502)**	**4.01**	(831,256)	4.01
Outstanding at the end of the year	**1,330,008**	**4.01**	1,662,510	4.01
Exercisable at the end of the year	**498,753**	**4.01**	–	–

The weighted average remaining contractual life of CSR options outstanding at the end of the period was 6.2 years (2022: 7.2 years).

Weighted average share price of options exercised

The weighted average share price of all options exercised during the year was £3.46 (2022: £3.67).

Earn-out arrangement

	2023		2022	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Shares granted during the year	**–**	**–**	155,974	3.15

24 Share-based payments continued

Measurement

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

The inputs into the Black-Scholes model and assumptions used in the calculations are as follows:

EIP

Grant date	09/12/2022	09/12/2022	09/12/2022
Number of shares under option	425,873	121,478	365,482
Fair value of share from generally accepted business model (£)	3.54	3.40	3.33
Share price (£)	3.61	3.61	3.61
Exercise price of an option (£)	0.000125	0.000125	0.000125
Expected volatility	36.90%	35.09%	35.09%
Expected dividend yield	2.04%	2.04%	2.04%
Risk-free interest rate	3.15%	3.18%	3.22%
Expected option life to exercise (months)	12	36	48

CSOP

Grant date	08/12/2022
Number of shares under option	223,167
Fair value of share option from generally accepted business model (£)	0.82
Share price (£)	3.61
Exercise price of an option (£)	3.73
Expected volatility	35.09%
Expected dividend yield	2.04%
Risk-free interest rate	3.18%
Expected option life to exercise (months)	36

SMIP

Grant date	08/02/2023
Number of shares under option	3,999
Fair value of share option from generally accepted business model (£)	3.25
Share price (£)	3.46
Exercise price of an option (£)	0.000125
Expected volatility	14.79%
Expected dividend yield	2.13%
Risk-free interest rate	3.15%
Expected option life to exercise (months)	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 total share-based payment expense of £1,103,000 (2022: £4,728,000), inclusive of a £1,213,000 reversal of capitalised share-based payment expense (2022: capitalised £1,434,000) within the statement of financial position.

The reversal recognised in the period is due to a change in estimate regarding the expected vesting dates of milestones relating to the earn-out arrangement. Under the terms of the earn-out arrangement, 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. 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.

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.

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:

	2023			2022		
	Amortised cost £000	Financial liabilities £000	Carrying value £000	Amortised cost £000	Financial liabilities £000	Carrying value £000
Financial assets						
Trade receivables	**2,613**	**—**	**2,613**	2,207	—	2,207
Accrued income	**33,662**	**—**	**33,662**	21,960	—	21,960
Other receivables	**13,365**	**—**	**13,365**	18,445	—	18,445
Cash and cash equivalents	**146,304**	**—**	**146,304**	84,030	—	84,030
	195,944	**—**	**195,944**	126,642	—	126,642
Financial liabilities						
Trade and other payables	**—**	**46,030**	**46,030**	—	10,598	10,598
Lease liabilities	**—**	**12,406**	**12,406**	—	13,961	13,961
	—	**58,436**	**58,436**	—	24,559	24,559

The carrying amount of all financial assets and liabilities is approximate to their fair value due to their short-term nature.

25 Financial instruments and risk management continued

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:

	2023 £000	2022 £000
+ 25 bps (0.25%)	**293**	191
- 25 bps (0.25%)	**(293)**	(154)

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 1.15% below and 0.15% above the prevailing base rate) and amounts paid away to customers.

The impact of a 50bps 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 50bps higher or lower for the year.

	2023 £000	2022 £000
+ 50 bps (0.50%)	**—**	11,827
- 50 bps (0.50%)	**—**	(12,759)

In FY23, movements in the UK base interest rate would not have impacted the retained interest income earned by the Group, as any increases or decreases to the UK base interest rate when it is at higher levels would be passed to customers in the form of higher or lower pay away rates respectively.

Conversely, in FY22 a 50bps increase would result in an additional £11.8m retained interest income, as the majority of the increased gross interest income earned would be retained by the Group to rebuild revenue margins when UK base is at low levels. A 50bps decrease would result in a reduction of £12.8m with the reduction in gross interest income earned being absorbed by the Group. At low levels of UK base rate it would not be possible to reduce the pay away rates significantly as they would already be at low levels.

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.

	2023 £000	2022 £000
+ 10% higher	**6,341**	5,846
- 10% lower	**(6,341)**	(5,846)

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, NatWest Markets plc, Santander UK 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.

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.

2023	Due within 1 year £000	1 to 5 years £000	After 5 years £000	Total £000
Trade and other payables	**46,030**	**—**	**—**	**46,030**
Lease liabilities	**2,384**	**8,216**	**5,525**	**16,125**
	48,414	**8,216**	**5,525**	**62,155**
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

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 £166,037,000 (2022: £133,394,000).

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.

25 Financial instruments and risk management continued

Capital management continued

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 59.

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
2023	OEIC	**9**	**2,426.6**	**2,859**	**280**
2022	OEIC	9	1,465.5	1,816	369

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 trade and other 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

2023	1 October 2022 £000	Cashflows £000	Change in lease liability £000	30 September 2023 £000
Lease liabilities	**13,961**	**(1,576)**	**21**	**12,406**
Total liabilities from financing activities	**13,961**	**(1,576)**	**21**	**12,406**

2022	1 October 2021 £000	Cashflows £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

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 74 to 77 and the ExCo as shown on pages 78 and 79.

The remuneration expense of key management personnel is as follows:

	2023 £000	2022 £000
Short-term employee benefits (excluding NI)	**2,893**	2,779
Retirement benefits	**66**	114
Share-based payment	**1,484**	2,389
	4,443	5,282

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 111 to 113.

Dividends totalling £163,000 (2022: £11,743,000) 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 £469,000 (2022: £772,000).

During the year Directors and their families received beneficial staff rates in relation to personal portfolios. The discount is not material to the Directors or to AJ Bell.

Other related party transactions:

Charitable donations

During the year the Group made donations of nil (2022: £298,000) 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 M T Summersgill and Mr R Stott are directors and shareholders of both AJ Bell plc and EQ Property Services Limited, Mr A J Bell is a shareholder of both AJ Bell plc and 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 £2,009,000 (2022: £1,826,000 per annum).

At the reporting date, there is no payable outstanding (2022: £nil) with EQ Property Services Limited.

Andy Bell consultancy

On 1 October 2022 Andy Bell stepped down as CEO into a consultancy role for the Group, and remains a significant shareholder of AJ Bell plc. In his capacity as a consultant, he was paid £157,000 (2022: £nil).

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 2023

	Notes	2023 £000	2022 £000
Assets			
Non-current assets			
Investments	6	**29,437**	28,983
Other receivables	7	**9,711**	7,027
		39,148	36,010
Current assets			
Trade and other receivables	7	**2,506**	2,804
Current tax asset		**1,587**	805
Cash at bank and in hand		**19,431**	15,502
		23,524	19,111
Total assets		**62,672**	55,121
Liabilities			
Current liabilities			
Trade and other payables	8	**(960)**	(1,278)
Total liabilities		**(960)**	(1,278)
Net assets		**61,712**	53,843
Equity			
Share capital	10	**52**	51
Share premium		**8,963**	8,930
Own shares		**(2,377)**	(473)
Retained earnings		**55,074**	45,335
Total equity		**61,712**	53,843

The financial statements were approved by the Board of Directors and authorised for issue on 6 December 2023 and signed on its behalf by:

Peter Birch
Chief Financial Officer
AJ Bell plc

Company registered number: 04503206

The notes on pages 166 to 169 form an integral part of these financial statements.

Company statement of changes in equity
for the year ended 30 September 2023

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2022	**51**	**8,930**	**45,335**	**(473)**	**53,843**
Total comprehensive income for the year:					
Profit for the year	**—**	**—**	**43,445**	**—**	**43,445**
Transactions with owners, recorded directly in equity:					
Issue of shares	**1**	**33**	**—**	**—**	**34**
Dividends paid	**—**	**—**	**(33,294)**	**—**	**(33,294)**
Equity settled share-based payment transactions	**—**	**—**	**(110)**	**—**	**(110)**
Deferred tax effect of share-based payment transactions	**—**	**—**	**(88)**	**—**	**(88)**
Tax relief on exercise of share options	**—**	**—**	**123**	**—**	**123**
Share transfer relating to EIP	**—**	**—**	**(96)**	**96**	**—**
Payment of tax from employee benefit trust	**—**	**—**	**(241)**	**—**	**(241)**
Own shares acquired	**—**	**—**	**—**	**(2,000)**	**(2,000)**
Total transactions with owners	**1**	**33**	**(33,706)**	**(1,904)**	**(35,576)**
Balance at 30 September 2023	**52**	**8,963**	**55,074**	**(2,377)**	**61,712**

	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 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**

The notes on pages 166 to 169 form an integral part of these financial statements.

Notes to the Company financial statements
for the year ended 30 September 2023

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. The Company grants share-based payments to the employees of subsidiary companies. Each period the fair value of the employee services received by the subsidiary as a capital contribution from the Company is reflected as an addition to investments in subsidiaries.

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 identified impairment indicators for Ad Alpha Solution Ltd, which has a carrying value of £6.8m. Subsequently, the Directors have performed sensitivity analysis on their projections for this subsidiary, with key assumptions being revised adversely to reflect the potential for assets under administration to be 25% below expected levels and a 63% increase on the pre-tax discount rate applied to cash flows. The value-in-use continued to support the carrying value of the investment with headroom of £11.4m.

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 £43,445,000 for the year ended 30 September 2023 (2022: £39,799,000). 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

	2023 £000	2022 £000
Cost		
As at 1 October	**32,783**	26,247
Share-based payments	**(139)**	6,093
Below-market element of loans to subsidiaries	**593**	443
At 30 September	**33,237**	32,783
Accumulated impairment losses		
As at 1 October	**(3,800)**	(3,800)
Accumulated impairment losses at 30 September	**(3,800)**	(3,800)
Carrying value at 30 September	**29,437**	28,983

Notes to the Company financial statements continued
for the year ended 30 September 2023

6 Investments continued

The Company has investments in the ordinary share capital of the following subsidiaries at 30 September 2023:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2023	2022
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 2023 of AJ Bell EBT Limited have been exempted from audit under s479A 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.

7 Trade and other receivables

	2023 £000	2022 £000
Amounts due within one year:		
Amounts owed by Group undertakings	**2,451**	2,768
Prepayments	**55**	36
	2,506	2,804

Included within amounts owed by Group undertakings is £2,451,000 (2022: £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.

	2023 £000	2022 £000
Amounts due after one year:		
Deferred tax asset relating to share-based payments	**738**	748
Amounts owed by Group undertakings	**8,973**	6,279
	9,711	7,027

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

	2023 £000	2022 £000
Accruals	**324**	296
Amounts owed to Group undertakings	**636**	982
	960	1,278

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:

	2023		2022	
	Receivable £000	Payable £000	Receivable £000	Payable £000
Recharges	**—**	**595**	—	372
Dividends received	**44,000**	**—**	40,600	—
	44,000	**595**	40,600	372

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.

10 Called-up share capital

The Company's share capital is disclosed in note 23 of the consolidated financial statements.

11 Subsequent events

After the end of the reporting period events occurred which means there is a risk that a significant number of previously issued equity instruments may not vest for certain employees. The costs of these instruments are recognised over the vesting period, and if they are no longer expected to vest, the previously recognised costs would need to be reversed.

The maximum impact of this reversal would be £2.8m, of which £1.9m has been expensed and £0.9m has been capitalised as an intangible asset. The impact on profit before tax would be an increase of £1.9m.

There have been no other material events occurring between the reporting date and the date of approval of these financial statements.

Consolidated unaudited five-year summary
for the year ended 30 September 2023

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Results					
Revenue	**218,234**	163,847	145,826	126,749	104,902
Profit from operations	**86,220**	58,981	55,851	49,236	37,409
Profit before tax	**87,661**	58,411	55,084	48,550	37,695
Profits attributable to equity holders of AJ Bell plc	**68,219**	46,739	43,822	38,829	30,353
Assets employed					
Non-current assets	**29,517**	31,978	30,621	24,395[1]	11,269
Current assets	**204,805**	133,504	131,521	116,945[1]	92,021
Current liabilities	**(55,254)**	(17,689)	(15,999)	(15,303)[1]	(14,202)
Non-current liabilities	**(13,031)**	(14,399)	(15,435)	(16,571)[1]	(3,025)
Net assets	**166,037**	133,394	130,708	109,466	86,063
Financed by					
Equity	**166,037**	133,394	130,708	109,466	86,063
Key statistics					
Earnings per share (pence)	**16.59**	11.39	10.71	9.51	7.51
Fully diluted earnings per share (pence)	**16.53**	11.35	10.67	9.47	7.47
Ordinary dividend per share paid in year (pence)	**8.09**	7.28	7.12	4.83	3.74
Special dividend per share paid in year (pence)	**—**	5.00	—	—	—
Ordinary dividend per share declared with respect to profits generated in year (pence)	**10.75**	7.37	6.96	6.16	4.83
Special dividend per share declared with respect to profits generated in year (pence)	**—**	—	5.00	—	—

1. Reflects the impact of IFRS 16 in 2020.

Glossary

Adalpha	AJ Bell Touch Limited and its wholly-owned subsidiaries
AGM	Annual General Meeting
AJBI	AJ Bell Investments
AJBIC	AJ Bell Investcentre
BAYE	Buy as you earn
BBSL	Blythe Business Services Limited
Board, Directors	The Board of Directors of AJ Bell plc
BPP	Business Planning Process
BPS	Basis points
CAM	Combined Assurance Model
CASS	Client Assets Sourcebook
CBT	Computer-Based Training
CDP	Carbon Disclosure Project
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
CSOP	Company Share Option Plan
CSR	Corporate Social Responsibility
CTP	Competitive Tender Process
DC	Defined Contribution
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
EPS	Earnings Per Share
ERC	Executive Risk Committee
ESG	Environmental, Social and Governance
EVF	Employee Voice Forum
EVIC	Enterprise Value Including Cash
ExCo	Executive Committee (formerly EMB)
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FRS	Financial Reporting Standards
FTE	Full Time Equivalent
FTSE	The Financial Times Stock Exchange
FX	Foreign Exchange
GHG	Greenhouse Gas
HMRC	His Majesty's Revenue and Customs
HR	Human Resources
ICARA	Internal Capital and Risk Assessment
ICO	Information Commissioner's Office
IFRIC	International Financial Reporting Interpretations Committee
IFPR	Investment Firm Prudential Regime
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
ISA	Individual Savings Account
ISO	International Organisation for Standardisation
ISSB	International Sustainability Standards Board
IT	Information Technology
KOS	Key Operating System
KPI	Key Performance Indicator
KRI	Key Risk Indicator
LISA	Lifetime ISA
MiFID	Markets in Financial Instruments Directive
MiFIDPRU	Prudential Sourcebook for MiFID Investment Firms
MPS	Managed Portfolio Service
MSCI	Morgan Stanley Capital International
NGFS	Network for Greening the Financial System
OCF	Ongoing Charges Figure
OEIC	Open-Ended Investment Company
OTB	Option To Buy
PBT	Profit Before Tax
PCAF	Partnership for Carbon Accounting Financials
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
SSAS	Small Self-Administered Scheme
TCFD	Task Force on Climate-related Financial Disclosures
WACI	Weighted Average Carbon Intensity

Definitions

Ad valorem	According to value
AUA	Assets Under Administration
AUM	Assets Under Management
Customer retention rate	The customer retention rate is the average number of funded platform customers during the financial year that remain funded at the year end
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

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