AJ Bell Management Limited

Annual Report and Financial Statements

for the year ended 30 September 2023

Company Registration No: 03948391

AJ Bell Management Limited

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AJ Bell Management Limited

Company information

Directors	M T Summersgill
	P M Birch
	R J Stott
	E A Carrington
	K Goodman
	W F Mackay
	K Sinclair
	M Tagari
Company secretary	O Likinyo
Company number	03948391
Registered office	4 Exchange Quay Salford Quays Manchester M5 3EE
Bankers	Bank of Scotland plc The Mound Edinburgh EH1 1YZ
Auditor	BDO LLP 55 Baker Street London W1U 7EU

Strategic report
for the year ended 30 September 2023

The Directors have pleasure in presenting their Strategic report for the year ended 30 September 2023.

Business review
In the year ended 30 September 2023 revenue increased to £65,341,000 (2022: £56,151,000) and operating profit increased to £18,693,000 (2022: £14,139,000).

Revenue has increased primarily due to higher recurring ad valorem revenue. This was driven by increased levels of interest generated on cash balances held on the platform; following the raises to the Bank of England base rate during the year and elevated average customer cash balances in the first half of the year, in addition to underlying growth in Self Invested Personal Pension (SIPP) customers.

Key business and financial information

The Company's key financial and other performance indicators for the year ended 30 September 2023 were as follows:

	Unit	2023	2022
Revenue	£ 000	65,341	56,151
Profit before taxation	£ 000	19,295	14,158

Section 172 statement

Section 172 of the Companies Act 2006 (s172) requires the 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 members 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;
f. the need to act fairly between shareholders and the Company.

The Directors, all of whom are members of the groups Executive Committee (ExCo) exercise their responsibilities within the confines of the risk and control framework set by the AJ Bell plc Board for the Group. In the day-to-day management of the Company, the Directors sub-delegate certain authorities to the:

Strategic report (continued)
for the year ended 30 September 2023

Section 172 statement (continued)

- Executive Risk Committee (ERC), which has oversight responsibility for all the assurance functions, including regulatory compliance and risk management, but excluding external and internal audit;
- 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;
- Operational Committee, which has oversight responsibility for operations and people, including service quality, resilience, efficiency, staff engagement, talent management, employer brand and culture;
- Proposition Committee, which has oversight responsibility for the management and distribution of our D2C, Advised and Investment products.
- Investment Committee (IC), which has oversight responsibility for the management and distribution of our investment products.

Certain key powers are retained by the Directors, as follows:

- the review of financial performance, including the consideration of the full-year results.
- the setting of dividend policy, including the declaration of dividends.
- the exercise of powers, duties and discretions that are vested in it as scheme administrator of the pension schemes the Company operates.
- the exercise of powers and duties in relation to the holding of pension scheme assets that are vested in it under the pension schemes the Company operates.
- the renewal of the delegation of its powers of day to day management of its business to the ExCo.

In the performance of their duty to promote the success of the Company, the Directors, both in their capacity as Directors and as members of the ExCo, have regard to a number of matters including the likely consequences of any decisions in the long term when looking at how they have considered the interests of key stakeholders in those decisions.

The Company is a subsidiary of AJ Bell plc, a premium listed entity which is subject to the 2018 UK Corporate Governance Code (UK Code). As a subsidiary, the Company is not directly subject to the UK Code, but does have its own corporate governance framework in place, as well as being subject to the oversight of the comprehensive corporate governance framework which operates across the Group. The members of the ExCo are committed to maintaining high standards of business conduct and our culture encourages our people to act with integrity at all times. This is supported by Group wide policies and procedures which apply to the Company and includes whistleblowing arrangements which enable staff to raise concerns in confidence.

The members of the ExCo seek to understand and carefully consider each of our key stakeholder’s interests, priorities and views. The ExCo 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 ExCo exercise independent judgement when balancing those competing interests in order to determine what they each consider to be most likely to promote the long-term sustainable success of the Company.

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

The table below sets out who our key stakeholders are, the key reasons we engage with them, the areas they have a material interest in and a brief summary of how the Company engaged with them in FY23, many of which were Group wide activities. Key decisions made by the Group can be found on pages 30 and 31 of the AJ Bell annual report.

Strategic report (continued)
for the year ended 30 September 2023

Section 172 statement (continued)

	Our customers and their advisers	Our people
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.	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	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.	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	**Customer services and websites** We have ongoing customer and adviser engagement through calls, meetings, organised events, newsletters, our website and other written communications. This engagement and feedback inform the way in which we can best serve our customers and their advisers. Our proposition websites provide our customers and their advisers with a range of tools to assist them to manage their investments.	**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. **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	• High customer retention.	• Refreshed our AJ Bell Way and guiding principles. • 3-star Best Companies survey accreditation. • Improvements to our staff pay and benefits package. • A record intake of new digital and investment apprentices in the year.

Strategic report (continued)
for the year ended 30 September 2023

Section 172 statement (continued)

	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 engage	**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 made by the Group. • Donation of laptops and desktops to local primary schools and community organisations.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties

The Group's risks are considered by assessing all the principal activities that are provided through the subsidiary companies within the Group, those risks that are relevant to the company are listed below.

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

Risks

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.	• 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.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties (continued)

ESG risk The risk that environmental, social and governance factors could negatively impact the Group, its customers, investors and the wider community.	• Environmental, physical and transition risks resulting from climate change, which may impact the Group and our customers' assets. • Social risks, 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.
Operational risk		
Legal and regulatory risk The risk that the Group fails to comply with regulatory and legal standards.	• Regulatory censure and / or fines, including fines from the FCA and 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.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties (continued)

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.	• 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.
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.	• 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 procedure, security controls to protect data such as encryption, access controls and monitoring. The Group educates employees about data security and 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.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties (continued)

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.	• 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.
Third-party management risk The risk that a third-party provider materially fails to deliver the contracted services.	• 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.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties (continued)

Technology risk The risk that the design, implementation and management of applications, infrastructure and services fail to meet current and future business requirements.	• The reliance on evolving technology remains crucial to the Group's effort to develop its services and enhance products. Prolonged underinvestment in technology will affect our ability to serve our customers and meet their needs. • Failing to deliver and manage a fit-for-purpose technology platform could have an adverse impact on customer outcomes and affect our ability to attract new customers. • 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.
Operational resilience risk The risk that the Group does not have an adequate operational resilience framework to prevent, adapt to, respond to, recover from and learn from operational disruptions.	• Failure to maintain or quickly recover operations could lead to intolerable harm to customers and the Group. • Operational resilience disruptions may lead to financial or regulatory penalties, and reputational damage.	The Group has developed a comprehensive operational resilience framework, under the direction of the 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.	• A decline in the quality of work will have a financial impact through increased operational losses. • Unexpectedly high volumes coupled with staff recruitment and retention issues could lead to poor customer outcomes and reputational damage.	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.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties (continued)

Change risk The risk of potential negative consequences and uncertainties associated with introducing modifications, alterations, or adjustments to established processes or systems.	• 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.
Financial control environment risk The risk that the financial control environment is weak. This includes the risk of loss to the business, or its customers, because of either the actions of an associated third party or the misconduct of an employee.	• Reputational damage with regulators, leading to increased capital requirement. • Potential customer detriment resulting from inadequate protection of customer assets. • Increased expenditure in order to compensate customers for loss incurred.	The Group's financial control and fraud prevention policies and procedures are designed to ensure that the risk of fraudulent access to customer or corporate accounts is minimised. Anti-fraud training is provided to all members of staff who act as first line of defence to facilitate early detection of potentially fraudulent activity. Strong technology controls are in place to identify potential money laundering activity or market abuse.
Conduct / Consumer Outcomes risk The risk that the fair treatment of customers is not central to the Group's corporate culture.	• Poor conduct could have a negative effect on customer outcomes. • Reputational damage resulting from poor levels of customer service. • 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.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties (continued)

People risk The risk that the Group fails to attract, retain, develop and engage employees who are aligned to the Group's guiding principles.	• 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.

Financial risk		
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.	• 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.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties (continued)

Capital risk The risk that the Group does not maintain sufficient capital resources to cover unexpected losses.	• 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 can't 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.
Credit risk The risk of potential failure of clients, market counterparties or banks used by the Group to fulfil contractual obligations.	• Unintended market exposure. • Customer detriment.	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.

Strategic report (continued)
for the year ended 30 September 2023

Principal risks and uncertainties (continued)

Liquidity risk The risk that the Group suffers significant settlement default or otherwise suffers major liquidity problems or issues of liquidity deficiency which severely impact on the Group's reputation in the markets. The risk that the Group does not have available readily realisable financial resources to enable it to meet its obligations as they fall due or can only secure such resources at excessive cost.	• Reputational damage. • Potential customer detriment. • Financial loss. • Unable to meet obligations as they fall due.	The Group has robust systems and controls and monitors all legal entities to ensure they have sufficient funds to meet their liabilities as they fall due. The Group continues to monitor trade settlement on both an intra-day and daily basis. The Group continues to be a highly cash-generative business and to maintain sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

Strategic report (continued)
for the year ended 30 September 2023

By order of the Board of Directors on 14 December 2023 and signed on its behalf by:

....
O Likinyo (Company secretary)
for and on behalf of AJ Bell Management Limited
4 Exchange Quay
Salford Quays
Manchester
M5 3EE

AJ Bell Management Limited

Directors' report

for the year ended 30 September 2023

The Directors have pleasure in presenting their report along with the financial statements of AJ Bell Management Limited (the "Company") for the year ended 30 September 2023.

Principal activities

The principal activity of the Company is the provision of investment administration services for Self Invested Personal Pensions ("SIPPs") held by the retail platform customers and non-platform customers of the AJ Bell Group.

Results and dividends

The profit attributable to the shareholders for the year ended 30 September 2023 was £14,846,000 (2022: £11,291,000). A dividend of £5,500,000 was paid during the year (2022: £12,900,000).

Outlook

The focus for the year ending 30 September 2023 will be to continue to grow the Company's SIPP business and strengthen the Company's long-term relationships with its customers and professional connections through the continuous improvement of its services and products. The legislative requirements of operating within a regulated environment remain intense and provide challenges, but the Company is well placed to deal with these as and when they occur.

Directors of the Company

The Directors, who held office during the year, were as follows:

M T Summersgill

P M Birch

R J Stott

E A Carrington

K Doran (resigned 14 December 2023)

K Goodman

W F Mackay

C B Robinson - Company secretary and Director (resigned 30 September 2023)

M Tagari

The following director was appointed after the year end:

K Sinclair (appointed 1 October 2023)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this 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 Company. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate facilities and training are arranged. It is the policy of the Company that the training, career development and promotion of disabled persons must, as far as possible, be the same as that of other employees.

Employee consultation

The Company 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 factors affecting the performance of the Company. 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.

Political donations

No political donations were made by the Company during the year (2022: nil).

Post balance sheet events

There have been no events occurring between the reporting date and the date of approval of these financial statements as disclosed in note 17.

Going concern

The financial statements have been prepared on a going concern basis. After making enquiries and considering the Company's financial position, its business model, strategy and financial forecasts together with its principal risks and uncertainties, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation and meet its liabilities as they fall due for at least 12 months from the date of signing the report. The going concern basis of preparation is discussed within note 2.4 of the financial statements.

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this Directors' report and financial statements 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 steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

By order of the Board of Directors on 14 December 2023 and signed on its behalf by:

O Likinyo (Company Secretary)
for and on behalf of AJ Bell Management Limited
4 Exchange Quay
Salford Quays
Manchester
M5 3EE

AJ Bell Management Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, comprising FRS 101, 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 Company will continue in business.
- prepare a Directors report and strategic 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of AJ Bell Management Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AJ Bell Management Limited ("the Company") for the year ended 30 September 2023 which comprise Income Statement, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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.

Independence

We are independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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 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.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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.

Other Companies Act 2006 reporting

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 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.

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, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and Those Charged With Governance relating to the existence of any fraud, contingent liabilities and non-compliance with laws and regulations;
- review of minutes of board meetings and other committee meetings throughout the period until the date of our audit report for discussions around potential irregularities throughout the period and for instances of non-compliance with laws and regulations and fraud; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Auditor's Responsibilities for the audit of the financial statements (continued)

We considered which areas of the financial statements might be most susceptible to fraud and irregularities and identified the following areas:

- Management override of controls
- Revenue recognition

In respect of the risk of management override of internal controls, we have tested journals and evaluated whether there was evidence of bias from the directors that represented a risk of material misstatement due to fraud.

In addressing the risk of existence and accuracy of revenue, we performed a combination of tests of control and substantive procedures such as recalculation of the recurring administration fees, and agreed a sample of recurring and non recurring administration fees to supporting documentation such as customer instructions.

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:
https://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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Neil Fung-On
F463259393C84B6

Neil Fung-On (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
14 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AJ Bell Management Limited

Income statement
for the year ended 30 September 2023

	Note	2023 £ 000	2022 £ 000
Revenue	4	65,341	56,151
Administrative expenses		(46,648)	(42,012)
Operating profit		**18,693**	14,139
Investment income		602	19
Profit before tax	5	**19,295**	14,158
Tax expense	8	(4,449)	(2,867)
Profit for the year		**14,846**	11,291

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 29 to 44 form an integral part of these financial statements.

AJ Bell Management Limited

Statement of financial position
as at 30 September 2023

	Note	2023 £ 000	2022 £ 000
Non-current assets			
Deferred tax asset	8	15	17
Current assets			
Trade and other receivables	10	17,962	11,542
Cash at bank and in hand	11	51,382	21,453
		69,344	32,995
Total assets		**69,359**	33,012
Current Liabilities			
Trade and other payables	12	(33,355)	(7,751)
Current tax liabilities		(248)	(305)
Provisions	13	(1,127)	(519)
		(34,730)	(8,575)
Net current assets		**34,614**	24,420
Net assets		**34,629**	24,437
Equity			
Share capital	14	1,000	1,000
Retained earnings		33,629	23,437
Total equity		**34,629**	24,437

These financial statements were approved by the Board of Directors and authorised for issue on 14 December 2023 and signed on its behalf by:

....
P M Birch (Director)

The notes on pages 29 to 44 form an integral part of these financial statements.

AJ Bell Management Limited

Statement of changes in equity
for the year ended 30 September 2023

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
Balance at 1 October 2022	1,000	23,437	24,437
Total comprehensive income for the year:			
Profit for the year	-	14,846	14,846
Transactions with owners, recorded directly in equity:			
Dividends	-	(5,500)	(5,500)
Capital contribution for share-based payment transactions	-	846	846
Balance at 30 September 2023	**1,000**	**33,629**	**34,629**

AJ Bell Management Limited

Statement of changes in equity (continued)
for the year ended 30 September 2023

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
Balance at 1 October 2021	1,000	24,120	25,120
Total comprehensive income for the year:			
Profit for the year	-	11,291	11,291
Transactions with owners, recorded directly in equity:			
Dividends	-	(12,900)	(12,900)
Capital contribution for share-based payment transactions	-	926	926
Balance at 30 September 2022	1,000	23,437	24,437

1 General information

AJ Bell Management Limited ("the Company") provides investment administration services for Self Invested Personal Pensions (“SIPPs”) held by the retail platform customers and non-platform customers of the AJ Bell Group.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company's number is 03948391 and its registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of accounting

The financial statements are prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The 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.

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements in accordance with international accounting standards in conformity with the Companies Act 2006 ("IFRS") and the applicable legal requirements of the Companies Act 2006. The Company has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

2 Significant accounting policies (continued)

2.2 Disclosure exemptions

The Company is included in 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 FRS101, taken advantage of the following disclosure exemptions:

- 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;
- IAS16 and IAS 38 Comparative information in respect of the reconciliation of net carrying value;
- IFRS 7 Disclosure in respect of financial instruments, provided that 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 in the consolidated financial statements of the group in which the entity is consolidated;
- 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; and
- IFRS 15 Revenue from Contracts with Customers paragraphs 110 and 114 to 115 provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare Group accounts as it is a wholly owned subsidiary of AJ Bell plc which is incorporated in the United Kingdom and its registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

2.3 Developments in reporting standards and interpretations

The following accounting standards, amendments and interpretations became effective during the year but have not had a material impact on the Company and so have not been discussed in detail in the notes to the financial statements:

2 Significant accounting policies (continued)

		Effective for periods commencing
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

2.4 Going concern

The Company's forecasts and objectives, considering a number of potential changes in trading conditions, show that the Company 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, on capital and liquidity and these provide assurance that the Company has sufficient capital and liquidity to operate under stressed conditions.

Consequently, after making reasonable enquiries, the Directors are satisfied that the Company has sufficient 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.

2.5 Revenue recognition

Revenue represents fees receivable from investment administration for both client assets and client money. Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Recurring:

Recurring revenue comprises recurring administration fees and retained interest income provided by the Company and is recognised evenly over the period in which the related service is provided.

Administration fees include fees charged in relation to the administration services provided by the Company and are recognised over time as the related service is provided.

Included within administration fees are annual pension administration fees. The Company recognises revenue from such fees over time, using an input method to measure progress towards complete satisfaction of a single performance obligation. The Company 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 Company’s effort (i.e. labour hours incurred) and the transfer of service to the customer.

The Company recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

2 Significant accounting policies (continued)

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.

Transactional fees:

Transactional revenue comprises pension scheme activity fees, which 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 a period of 12 months, i.e. the period over which the incentive is earned. Customer incentives are comprised of cash incentives.

2.6 Share-based payments

The grant by the Parent Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in capital contribution by the Parent Company.

The total employee expense is recognised on a straight-line basis over the vesting period, based on management's estimate of shares that will eventually vest. At the end of each reporting period, the Parent Company revises its estimates of the number of share options expected to vest based on the non-market vesting conditions. It recognises any revision to original estimates in the income statement, with a corresponding adjustment to equity reserves. Where a grant of equity-settled share-based payments is not subject to vesting conditions, the fair value determined at the grant date is expensed immediately.

Fair value is measured using the Black-Scholes option pricing model. 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.

2.7 Investment income

Investment income comprises the returns generated on corporate cash at bank. Investment income is recognised in the income statement as it accrues.

2 Significant accounting policies (continued)

2.8 Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised if the temporary difference arises from:

• the initial recognition of goodwill; or

• investments in subsidiaries to the extent that the Company 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.

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 Company 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 Significant accounting policies (continued)

2.10 Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment (see note 2.11).

2.11 Impairment of assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable. If such an indication exists then the recoverable amount of that particular asset is estimated. Impairment losses are recognised in the income statement.

An impairment loss is reversed only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment reversal is recognised in the income statement immediately.

2.12 VAT

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable in whole or in part from the taxation authority.

Where the sales tax is not recoverable in whole or in part from the taxation authority, it is expensed through the income statement, except in the case of a capital asset where the irrecoverable proportion is capitalised as part of the capital cost of that asset.

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company 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 are discounted to present value where the effect is material.

2.14 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 Significant accounting policies (continued)

2.15 Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when a member of the Company 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 Company’s financial assets at amortised cost comprise trade receivables, other receivables, intercompany receivables and cash at bank and in hand.

Financial assets at amortised cost are initially recognised at fair value including any directly attributable costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment. No interest income is recognised on financial assets measured at amortised cost, with the exception of cash and cash equivalents, as all financial assets at amortised cost are short-term receivables and the recognition of interest would be immaterial. Financial assets are derecognised when the contractual right to the cash flows from the asset expire.

Trade and other receivables

Trade and other receivables are initially recorded at the fair value of the amount receivable and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Cash at bank and in hand

Cash at bank and in hand include deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Where appropriate, bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Impairment of financial assets

The Company 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 Company 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 within AJ Bell.

2 Significant accounting policies (continued)

2.15 Financial instruments (continued)

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.

Other financial liabilities

The Company's other financial liabilities comprise 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 Company's obligations are discharged, cancelled or they expire.

Trade and other payables

Trade payables consist of amounts payable to clients and other counterparties and obligations to pay suppliers for goods and services in the ordinary course of the business. Trade and other payables are measured at amortised cost using the effective interest method.

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, 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.

There are no assumptions made 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 Revenue

The analysis of the Company's revenue is as follows:

	2023 £ 000	2022 £ 000
Recurring	62,335	52,728
Transactional	3,006	3,423
	65,341	56,151

The total revenue for the Company has been derived from its principal activities undertaken in the UK.

5 Profit before tax

Profit before taxation is stated after charging:

	Note	2023 £ 000	2022 £ 000
Staff costs	6	27,741	24,822
Auditor's remuneration			
Fee's for the audit of the company		169	63
Audit related assurance services		7	6
Other assurance services		8	6

Of the fees paid to the Company's auditor, BDO LLP, audit-related services for the year totalled £176,000 (2022: £69,000).

Auditors' remuneration for the year includes £41,000 which relates to the prior year audit.

6 Staff costs

	2023 No.	2022 No.
Average number of staff	1,275	1,095
Company full-time equivalent	583	567

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2023 £ 000	2022 £ 000
Wages and salaries	22,097	19,924
Social security costs	2,363	2,176
Retirement benefit costs	2,430	1,785
Termination costs	5	11
Share-based payments	846	926
	27,741	24,822

All employees within the AJ Bell Group are employed jointly by all Group companies. For ease of administration, all employees are paid by AJ Bell Business Solutions Limited on behalf of the Company or companies benefiting from the services supplied by each employee.

Contained within the disclosure are the following:

i) Average number of staff - this is the average number of staff employed in the AJ Bell Group during the 12 months ended 30 September 2023; and

ii) Company full-time equivalent staff - this is the average full-time equivalent number of staff charged to the Company during the 12 months ended 30 September 2023.

The staff costs paid monthly by AJ Bell Business Solutions Limited on behalf of the Company are treated as amounts owed to group undertakings and are settled in the month following that to which the payment relates.

7 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2023 £ 000	2022 £ 000
Emoluments other than pension costs (excluding NI)	798	764
Retirement benefit costs	18	31
	816	795
Remuneration of highest paid director:		
Emoluments other than pension costs	138	142
	138	142

Common directorships are held by certain directors across the Group. The costs of these Directors are recharged to other companies within the Group so as to fairly reflect the time spent by the Director on that Company’s affairs. It is assumed that this reflects the fair value that the Company derives from receiving the services of that Director.

The amounts disclosed for the highest paid director represents the apportioned total remuneration cost based on the services received by the Company during the year.

8 Taxation

Tax charged in the income statement

	2023 £ 000	2022 £ 000
Current taxation		
UK Corporation tax	4,447	2,862
Deferred taxation		
Origination and reversal of temporary differences	2	4
Effect of changes in tax rates	-	1
	2	5
Total tax expense	4,449	2,867

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 22% (2022 - higher than the standard rate of corporation tax in the UK of 19%).

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

8 Taxation (continued)

	2023 £ 000	2022 £ 000
Profit before tax	19,295	14,158
UK Corporation tax at 22% (2022: 19%)	4,245	2,690
Expenses not deductible for tax purposes	204	193
Income not taxable in determining taxable profit	-	(17)
Effect of rate changes for deferred tax	-	1
	4,449	2,867

The Company is part of a larger group and group tax loss relief is available. Where such losses are utilised in other group companies, consideration is paid by the receiving company equivalent to the tax benefit it receives.

Following the enactment of Finance Act 2021 the standard UK corporation tax rate remained at 19% before increasing to 25% from 1 April 2023. Accordingly, the Company's taxable profits for this accounting year are taxed at 22% (2022: 19%).

Deferred tax asset

	2023 £ 000	2022 £ 000
Opening balance	17	22
(Charge)/credit to the income statement	(2)	(5)
Closing balance	15	17

Deferred tax has been recognised at 25% being the rate expected to be in force at the time at which the deferred tax assets are expected to reverse (2022: 19% or 25%).

The Company has recognised a deferred tax asset of £15,000 (2022: £17,000) in respect of other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

Notes to the financial statements (continued)
for the year ended 30 September 2023

9 Investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 30 September 2022 and 30 September 2023	205
Carrying amount	
At 30 September 2022 and 30 September 2023	205

The Company has investments in the ordinary share capital of the following subsidiaries at 30 September 2023:

Name of subsidiary	Class of share	Proportion of ownership interest and voting rights held 2023	2022
Sippdeal Trustees Limited	Ordinary	100%	100%
AJ Bell (PP) Trustees Limited	Ordinary	100%	100%
Whitehead Trustees Limited	Ordinary	100%	100%
Ashby London (PP) Trustees Limited	Ordinary	100%	100%
Sippdeal Limited	Ordinary	100%	100%

The subsidiary undertakings have been dormant companies throughout the current and prior year. The registered office of all subsidiary undertakings is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

10 Trade and other receivables

Due within one year:	2023 £ 000	2022 £ 000
Trade receivables	973	1,020
Amounts owed by Group undertakings	883	984
Prepayments	28	108
Accrued income	12,696	6,083
Other receivables	3,382	3,347
	17,962	11,542

10 Trade and other receivables (continued)

The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

Trade receivables are stated after provisions for impairment of £774,000 (2022: £587,000).

No contract assets have been recognised in the year (2022: £nil).

11 Cash at bank and in hand

	2023 £ 000	2022 £ 000
Cash at bank and in hand	51,382	21,453

Cash at bank and in hand at 30 September 2023 and 30 September 2022 are considered to be holdings of less than one month.

12 Trade and other payables

	2023 £ 000	2022 £ 000
Due within one year:		
Amounts due to group undertakings	6,793	3,907
Other taxes and social security	168	400
Accruals	24,448	1,532
Deferred income	1,946	1,912
	33,355	7,751

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 relate to contract liabilities. The prior year revenue balance has now all been recognised as revenue and the current year balance all relates to cash received in the current period.

13 Provisions

	Other provisions £ 000
At 1 October 2022	519
Additional provisions	778
Provisions used	(170)
At 30 September 2023	1,127

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.

14 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary shares of £0.25 each	4,000,760	1,000,190	4,000,760	1,000,190

15 Related party transactions

Details of Directors remuneration are disclosed in note 7. There were no other transactions between Directors or members of their close family and the Company during the year that require disclosure within these financial statements.

16 Ultimate Parent Company and parent undertaking of larger group

The Company is a wholly owned subsidiary undertaking of AJ Bell plc which is the immediate and ultimate Parent Company.

The largest group in which the results of the Company are consolidated is that headed by AJ Bell plc, incorporated in the United Kingdom. No other consolidated financial statements include the results of the Company. The consolidated financial statements of AJ Bell plc are available to the public and may be obtained from 4 Exchange Quay, Salford Quays, Manchester, M5 3EE or www.ajbell.co.uk.

17 Post balance sheet events

There have been no material events occurring between the reporting date and the date of approval of these financial statements.