Invest in the life you want to live

AJ Bell plc
Annual report and financial statements 2019

Contents

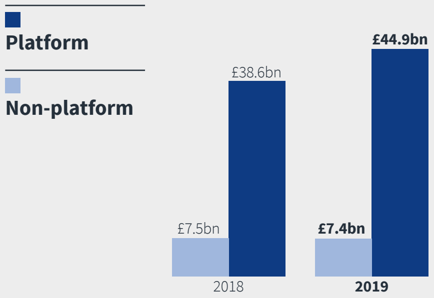
For more information visit:
www.ajbell.co.uk/investor-relations

Highlights

Assets under administration

£52.3bn

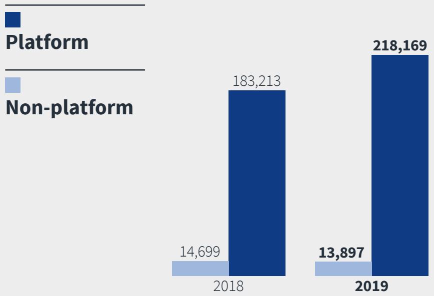
↑ **13%**



Number of retail customers

232,066

↑ **17%**



Revenue

£104.9m

(30 September 2018: £89.7m)

↑ **17%**

Profit before tax

£37.7m

(30 September 2018: £28.4m)

↑ **33%**

Total ordinary dividend

4.83p

(30 September 2018: 3.70p*)

↑ **31%**

Diluted earnings per share

7.47p

(30 September 2018: 5.63p)

↑ **33%**

* restated following share reorganisation, see Note 22.

"Invest in the life you want to live" is more than just a strapline; it's about our fundamental focus on supporting our customers in reaching their long-term financial goals.

We do this by ensuring our investment platform is one of the easiest to use, our products are designed so that they are aligned with our customers' needs and our costs are kept consistently low.

Strategic report

At the heart of our business is a clear and succinct purpose – we help people to invest.

What we do

We want to make investing as easy as possible for our customers to enable them to invest in the life they want to live and ultimately to realise their financial goals.

What we offer

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

Our platform propositions

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

Customers

98,056

(30 September 2018: 88,685)

↑ 11%

AUA

£33.8bn

(30 September 2018: £29.9bn)

↑ 13%

AJ Bell Youinvest is an investment platform proposition for execution-only retail customers which includes the provision of proprietary investment content and investment solutions through our in-house funds, Ready-made portfolios and selected fund ideas via the AJ Bell Favourite funds list.

Customers

120,113

(30 September 2018: 94,555)

↑ 27%

AUA

£11.1bn

(30 September 2018: £8.7bn)

↑ 28%

Our other products and services

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

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

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

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

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

853
employees

2
offices

232,066
customers

£52.3bn
AUA

How we do it

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

The AJ Bell Way

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

Growth
We will grow both customer numbers and AUA, and the key focus will be on organic growth. We will grow in a sustainable and cost-effective manner.

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

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

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

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

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

Chairman's statement

The business has a track record of delivering growth and has developed a clear strategy to ensure that this continues.

Overview

It gives me great pleasure to introduce our first Annual Report as a publicly listed company. This represents a new chapter in our history and I am pleased to report a strong set of results in our first year after listing on the Main Market of the London Stock Exchange.

During the past 12 months we have delivered a record profit before tax (PBT) of £37.7m, and broken through the £50bn milestone with assets under administration (AUA) ending the year at £52.3bn. These results, coupled with the listing, provide a sound basis for future success and on behalf of the Board I would like to thank everyone involved for their hard work and diligence during what has been a very busy year.

Whilst the successful completion of our IPO was a significant landmark, our purpose, guiding principles and strategy remain the same and continue to define and shape our culture.

Put simply, we help people to invest and our aim is to become the easiest platform to use. We invest in our propositions, our operating model and our people, focusing on innovative technology to ensure we meet the needs of advisers and customers in the constantly evolving investment platform market. This approach ensures that our customers remain at the heart of everything we do.

Les Platts
Chairman

Governance

At listing, we became subject to the corporate governance requirements of the UK Listing Authority's Listing Rules and the UK Corporate Governance Code 2016 (the '2016 Code'). The business has always operated with a strong governance framework and we were well positioned to ensure compliance with the additional 2016 Code requirements by the year end as discussed in the Corporate Governance section. The Board is committed to maintaining high standards of corporate governance across the business.

The diverse skills, experience and background of our Board support the strategic direction of the Group. The appointments of Eamonn Flanagan and Laura Carstensen as independent Non-Executive Directors in March 2018 were made to support the management team, and to ensure a smooth transition to a premium listed public company. Laura was also appointed as Senior Independent Director.

There have been no changes to the composition of the Board in the current financial year.

The Board continues to provide strong support and appropriate challenge to the Executive Management Board (EMB) to ensure the strategy is sound, achievable and ultimately delivered. In keeping with our strategic objectives, one area of focus following the listing was the recruitment of a Chief Technology Officer to further enhance EMB and to support the delivery of our technology objectives. We were therefore delighted to welcome Mo Tagari on 1 November 2019. Mo brings with him a wealth of experience in the financial services sector.

During the course of the year, we have taken a number of preparatory steps towards compliance with the additional requirements of the UK Corporate Governance Code 2018, which became applicable to the Group on 1 October 2019. Full details of the work of the Board and its Committees are set out in the Corporate Governance report from page 38.

Our culture and our people

Both the Board and EMB play pivotal roles in shaping and embedding a healthy corporate culture within AJ Bell. Our purpose, guiding principles and strategy define and shape our culture and determine how we interact with our colleagues, our customers and other stakeholders. During the course of the year the Board, led by our CEO, reviewed how we articulate, communicate and measure the culture of the business. It was pleasing to see such positive results from this review with only a few improvements proposed to enhance the flow of information between the boardroom and the business and better facilitate the measurement and evolution of our culture.

Enhancing employee engagement is a key priority for us, so we were delighted to launch our 'Employee Voice Forum' during the year. Consisting of employee representatives from different areas of the business, the forum facilitates discussion and bring ideas from our employees directly into the Board's decision-making processes. Laura Carstensen has been appointed as our designated Non-Executive Director and is responsible for engaging with our employees via the forum.

The level of support shown by both our employees and our retail customer base through the high take up of shares during our IPO is just one example of the excellent stakeholder engagement we have seen during the year.

Dividend

The Board continues to adopt a progressive dividend policy, which is balanced with holding sufficient funds for future investment and our regulatory capital requirements. The Board has proposed a final ordinary dividend of 3.33p per share which takes the total ordinary dividend for the year to 4.83p per share, representing an increase (excluding the special dividend in the previous year) of 31% on the previous year. The final ordinary dividend will be paid, subject to shareholder approval at our Annual General Meeting (AGM) on 22 January 2020, to shareholders on the register at the close of business on 10 January 2020.

Outlook

The prospects for the UK investment platform market remain positive. We believe that our strong propositions, in both the D2C and advised markets, supported by a robust, scalable and efficient operating model will enable us to flourish in this expanding market, and continue to grow our customer numbers, AUA and our profits.

At the time of writing there is ongoing uncertainty surrounding the timing and nature of the UK's anticipated departure from the European Union and the outcome of the UK General Election. While we expect further market volatility, the Board believes that the business is well positioned to manage the challenges and grasp any opportunities presented.

AJ Bell is a financially strong business evidenced by a well-capitalised, profitable and highly cash-generative business model. The business has a track record of delivering growth and has developed a clear strategy to ensure that this continues. The Board is confident about the long-term prospects of the business.

Les Platts
Chairman

4 December 2019

Chief Executive Officer's review

Our continued growth is underpinned by our purpose to help people to invest and our strategic aim of being the easiest platform to use.

Overview

We have made significant progress in implementing our organic growth strategy for the business during the last 12 months, delivering our most profitable year ever with a record increase of £9.3m in PBT to £37.7m. The growth of the business is driven by our ability to both attract and retain customers. We achieve this by providing an easy-to-use online investment platform underpinned by a high-quality service and excellent value for money.

The key drivers of our business, customer numbers and AUA, grew by 17% and 13% respectively for the 12 months ended 30 September 2019. This growth led to revenue increasing by 17% from £89.7m to £104.9m and PBT rising by 33% from £28.4m to £37.7m.

The number of retail customers increased by 34,154 during the year to a total of 232,066 (FY18: 197,912). This increase reflects the strong growth in our two flagship platform propositions, AJ Bell Investcentre and AJ Bell Youinvest, with customer numbers for each growing by 11% and 27% respectively and our platform customer retention rate remaining high at 95.4% (FY18: 95.1%).

During the year AUA increased by £6.2bn to £52.3bn (FY18: £46.1bn). The principal driver of this growth was the platform business, which had underlying net inflows of £3.2bn (FY18: £3.3bn) and Defined Benefit pension transfer inflows of £0.9bn, which declined from £1.8bn in the prior year. The overall impact from market movements, return on investments and other movements was positive at £2.3bn despite the FTSE All Share index closing the year 2% lower than 12 months earlier.

The ongoing UK political and macroeconomic uncertainty resulted in more cautious investor sentiment during the period, with net fund flows in the retail market remaining volatile throughout 2019. Despite this unsettled backdrop, we have continued to add and retain customers and assets on our platform. This is the result of listening to what our customers tell us and providing them with what they want. Put simply, a high-quality service at low cost. It is also a clear demonstration of the strength and resilience of our business model.

As I reported at our half-year, we recorded our highest score within the Sunday Times 100 Best Companies to Work For and were awarded a three-star accreditation, representing the highest standard of workplace engagement. We are committed to enhancing employee engagement and one of the ways we do this is through our vibrant and modern office environment.

Andy Bell
Chief Executive Officer

Our successful listing on the Main Market of the London Stock Exchange in December 2018 was a significant milestone for the business. We believe the listing will, over the long term, increase the profile of the business and we have started to see how this has improved awareness of our brand. A greater awareness and understanding of the AJ Bell business will help us to attract new customers organically and fulfil our ambitious growth plans.

We were delighted with the level of engagement throughout the IPO process from both new and existing investors, including our own retail customers and employees. Both our institutional and retail offers were heavily over-subscribed. This is a real testament to the strength of our business reflecting a shared long-term vision and the exciting opportunities that lie ahead. I am pleased to welcome our new shareholders to our register and look forward to delivering further success for the business.

> “ A greater awareness and understanding of the AJ Bell business will help us to attract new customers organically and fulfil our ambitious growth plans”

Strategic update

Our aim is to become the easiest investment platform to use. During the year we continued to invest in technology and innovation to enhance the user experience and extend our range of simple, transparent, low-cost investment solutions.

AJ Bell Investcentre platform proposition

We have focused on improving the functionality of the mobile applications and website for our advised platform proposition. Our advised customers now have the ability to deal via our mobile application in their ISA and GIA's following the extension of our execution-only dealing option to include these products. In addition, the AJ Bell Investcentre website has benefited from a series of enhancements including a new, more intuitive layout and improved data-driven functionality. The latest release provided enhanced reporting templates and customisation of our new adviser-facing customer reporting tool.

We also launched a range of 'Pactive' portfolios during the year, the latest addition to our Managed Portfolio Service (MPS). The aim of the portfolios is to provide a blend of passive and active investment solutions. They were created following feedback from advisers seeking to reduce customer costs whilst recognising that the choice between active and passive strategies need not be a binary one.

Following the pension freedoms reforms, we have seen a growing demand from our customers for simple and cost-effective income drawdown solutions. We have listened to this feedback and designed two easy-to-use products to cater for our customers' needs in this area. Firstly, we recently launched the Retirement Portfolio Service, with functionality built using our MPS capabilities that is designed to help advisers construct a robust investment solution for those in their retirement. Secondly, we will be launching a Retirement Investment Account early next year. This is a pension offering with one simple ad valorem charge, tapering down from 0.25% p.a., with no additional charges for administration, drawdown, custody or dealing. Our research tells us that this straightforward, no-nonsense and transparent approach to charging will prove particularly attractive for those with pension portfolios at the sub £200,000 level.

We continue to keep our pricing under review to ensure our platform propositions remain highly competitive. From 1 January 2019 we removed the £1 dealing charge for AJ Bell Investcentre deals executed through the Bulks & Models tool. In addition, we removed the majority of standard pension administration charges for Junior SIPPs that use our Funds & Shares Service.

We were pleased to have received multiple accolades for our advised platform. During the year, AJ Bell Investcentre was named 'Best Overall Advised Platform of the Year' at the lang cat awards 2018, 'Best Full SIPP Provider 2019' at the Professional Paraplanner Awards and received three Money Marketing Awards. All of the awards consider a comprehensive range of criteria and are further evidence that we provide advisers and their customers with a consistent, high-quality service at a competitive price.

AJ Bell Youinvest platform proposition

We launched a new website for our D2C platform proposition in March this year, delivering a modern design and improved mobile responsiveness. We have continued to enhance investment content on our website including the successful launch of our new podcast, 'Money & Markets', together with a range of investment-focused seminars and webinars. We also launched a fully updated Android application in September and further developed our iOS application, continuing to align the functionality of both and ensuring that all of our online content can be easily accessed via the mobile applications.

During the year, we enhanced our 'investment ideas' pages which are aimed at less experienced investors who are new to the D2C execution-only platform market. These pages set out the key features of our three investment solutions, AJ Bell passive fund range, Ready-made portfolios and Favourite funds, making it easier for our customers to compare options and start building their investment portfolio.

We have reduced our foreign exchange charges for international dealing and foreign currency funds, and increased our tiered interest rates for AJ Bell Youinvest customers during the year. We have also reduced the ongoing charges figure (OCF) cap on our AJ Bell passive fund ranges from 0.5% p.a. to 0.35% p.a., demonstrating our commitment to lowering costs and delivering value for our customers.

AJ Bell Youinvest was recently recognised as a Which? 'Recommended Provider' for 2019 and commended for its 'highly functional service' and 'value for money' range of investment options by the consumer organisation. In 2019 we also retained top spot in Platforum's UK D2C Investor Experience report, which looks at the customer experience of investing and how it has evolved, in addition to receiving a further 11 industry awards. It is also pleasing to see that in our annual customer survey we achieved the highest service scores ever in response to the question, "How easy is it to use AJ Bell Youinvest?"

Technology

We operate with a hybrid technology solution following a successful re-platforming in 2014 which consolidates proprietary and third-party systems into a single AJ Bell technology platform. The user interfaces are proprietary technology and we invest in them to ensure they are adaptable and easy to use. The core back-office systems are outsourced to an established software business providing a long-term strategic partnership, supplying scalable systems that are continuously updated to keep pace with evolving industry and regulatory requirements. This technology solution provides a robust and stable platform, which is critical to delivering good consumer outcomes and, in turn, to both attracting and retaining new customers.

During the year we increased the size of our development teams to provide greater capacity for delivering change within the business. In addition we have invested in the use of Robotic Process Automation (RPA), to automate labour-intensive and routine back-office administration functions, allowing our staff to concentrate on more value-add activities. RPA software aims to reduce the risk of manual error and yield additional operational efficiencies.

I am pleased to welcome Mo Tagari to the team as Chief Technology Officer. Mo joined us on 1 November and brings significant experience to help shape and drive our technology strategy, having operated at a senior level in a number of businesses within the financial services sector.

People and culture

At the heart of our business is a clear and succinct purpose; we help people to invest. The underlying values of our business are set out in our guiding principles and inform everything we do. Our purpose and guiding principles, in combination with our strategy, define and shape our culture and all these elements are captured in the AJ Bell Way, which can be seen on page 5.

The Board and EMB, acting together, seek to embed and continually reinforce our culture by both encouraging open, honest communication and engagement across the business and by promoting individual accountability. Our established governance framework is also used to positively influence culture, leading by example and ensuring the tone from the top is appropriate.

Culture is measured in a number of ways including direct feedback from our customers and their advisers, our staff and other stakeholders. I am proud of the culture that we have nurtured over the years, and as we grow, it is ever more important that we preserve it.

We believe it is important to give something back to the community and for many years have operated a policy of donating 0.5% of the full year PBT to charities that help people in need. The Board has recently approved a long-term CSR initiative for implementation in FY20, 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.

An engaged workforce is absolutely vital to our business. Our success is built on delivering a high-quality service through the skills and passion of our people who bring our values to life across the business. We focus on ensuring that employees are inspired, sourcing talented people and developing them to realise their potential. We have progressed a number of programmes for our staff during the year, including talent management and other staff development initiatives which are further discussed within 'Our people' on pages 20 to 21.

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

Our apprenticeship programmes continue to go from strength to strength. We currently employ 31 apprentices in investment operations and digital technology. During their contract, our apprentices benefit from a dedicated mentor and work towards either a professional or academic qualification, as well as completing in-house technical training. It is always pleasing to see first-hand the enthusiasm and commitment demonstrated by our recruits, as we aim to help the next generation develop their career in a supportive learning environment.

Market and regulatory developments

We have seen consolidation in the platform market in recent years, but also a number of new entrants, principally in the form of Fintech firms. The barriers to entry remain high and new entrants in particular struggle to obtain scale and become profitable. Our customers want easy-to-use products and, just as importantly, a secure platform that they can trust with their assets over the long-term. We invest in technology to ensure we provide both the flexibility and security required by our customers, whilst remaining profitable with a strong capital base.

How customers use investment platforms will continue to evolve as their needs change. In response to positive feedback, we continue to develop our Mywealth proposition within AJ Bell Youinvest. This enables our D2C customers to see their other assets and liabilities alongside those held with AJ Bell, and will shortly be extended to utilise open banking interfaces where available.

We operate in a highly regulated environment that continues to evolve with the investment platform market having been a specific area of focus for the FCA in recent years. The FCA's final report on its Investment Platforms Market Study, published in March 2019, concluded that the platform market is generally working well. A key finding of the report was that switching providers is still too difficult and we fully support this finding along with the collaborative work that the industry is carrying out to address this issue.

We believe that any restriction on platform exit fees should be applied consistently across the industry and go wider than platforms to ensure there is a level playing field for similar products. The FCA's consultation on the issues raised in its Market Study closed in June 2019 and we look forward to the publication of its final policy statement.

The FCA published its final policy statement on retirement outcomes in July 2019 which sets out the requirement for providers to offer investment pathways for customers entering drawdown without taking advice. The policy statement also sets out rules requiring providers to ensure that investment in cash and cash-like assets is an active, rather than a passive decision and to provide information to further clarify costs and charges to the customer. We will continue to engage with the FCA regarding the investment pathways as, whilst we understand and support the intention behind the rules, we have expressed our concerns that the outcomes targeted by the investment pathways take no account of a customer's risk appetite.

The Senior Managers and Certification Regime (SMCR) aims to improve standards in the Financial Services sector by making individuals more accountable for their conduct and competence. The initial stage of the regulation comes into effect on 9 December 2019 and the Group is preparing to ensure compliance with all the regulation required for this date.

We believe that increased stability, simplicity and clarity in the UK savings and investments industry has long-term benefits for our customers, AJ Bell, the wider industry and society. We continue to campaign for reforms in a number of areas including ISA simplification, simplifying pension tax reliefs and finally giving customers the right to determine who receives their pension fund on death. All of our campaigning initiatives have simplicity and fairness at their heart and we will continue to lobby tirelessly for change where we see unfairness or unnecessary complexity.

Simplification of long-term savings

The UK has six variations of an ISA, which makes it difficult for people to know which one best suits their needs. I believe that a radically simpler system with a single ISA product would be easier for customers to understand, easier for advisers to recommend and ultimately get ISAs back to what they originally were; a simple, tax-efficient, long-term savings account.

In July I wrote to the Chancellor, Sajid Javid, calling for a review of the ISA system in order to simplify it for customers and make it easier for them to invest. I outlined our vision for 'One ISA' and detailed how the existing versions could be consolidated into a single product. I believe this would be an extremely positive and popular change that would be welcomed by consumers, financial advisers and ISA managers alike and could be achieved in a way that is cost neutral to the Government. I look forward to meeting with the Treasury to discuss our One ISA proposals in more detail.

Under current UK pension legislation, we have three different annual allowances and a lifetime allowance restricting how much people can save. I believe there needs to be a single control on how much people can save via pensions and that is a single annual allowance for defined contribution pension schemes and a lifetime allowance for defined benefit schemes. This would dramatically simplify pensions for millions of people.

The basis of distributing death benefits from personal pensions, including SIPPs, has historically been at the discretion of the scheme administrator or trustee. Few pension savers truly appreciate that they have no legal right to determine who will receive the proceeds of their pension fund when they die. How death benefits are distributed needs to be decoupled from the inheritance tax exemption of these benefits so that pension savers are in control of who will receive benefits on their death.

Improving access to financial guidance

The advice gap in the UK has never been bigger and guidance solutions are the best way for platforms to help non-advised customers invest in a responsible manner. Best buy lists and other guidance tools have recently come under scrutiny for good reason. We have an absolute conviction that these guidance solutions, if constructed with integrity and transparency, are a force for good. It would be easy for the FCA to turn against guided solutions or put obstacles in the way of retail investors wishing to invest in illiquid asset classes, such as commercial property, via open-ended funds, but we would urge caution against any knee-jerk regulatory reactions. If anything, there is a coherent argument that the FCA should loosen the reins a little, allowing guided solutions to be more easily matched with a customer's appetite for risk, without this inadvertently straying into personal recommendation and regulated advice.

Outlook

We have delivered another strong set of results for 2019, strengthened our balance sheet and increased our ordinary dividend for a 15th successive year in line with the Group's progressive dividend policy.

Our continued growth is underpinned by our purpose to help people to invest and our strategic aim of being the easiest platform to use.

The UK's anticipated departure from the EU has resulted in continued economic and political uncertainty, causing volatility in the market and weakened investor sentiment. We consider these conditions will continue beyond the UK General Election and until the future relationship with the EU is clarified. In uncertain times such as these, customers have a greater need for established, trustworthy businesses offering a high-quality service, at a low cost to meet their evolving investment needs. We will continue to listen to our customers to ensure we deliver the service they want, when they want it, at a price recognised as excellent value for money.

The UK platform market continues to grow and we are well placed to capitalise on the opportunities that lie ahead. We have an increasingly recognisable brand, two award-winning platform propositions and a robust, efficient operating model on which to deliver our ambitious growth plans.

This year, we have successfully listed our business on the Main Market of the London Stock Exchange and delivered the most profitable trading performance in our history. These significant achievements would not have been possible without the outstanding commitment and hard work of our staff, who deliver such a consistent, high-quality service to our customers, day in day out. I would like to take this opportunity to thank them as we approach our 25 year anniversary.

Andy Bell
Chief Executive Officer

4 December 2019

Market overview

The UK savings and investment market is a substantial market which has demonstrated considerable growth in recent years.

The UK market is dominated by pension schemes, however there are also substantial sums saved or invested with a range of financial institutions. This includes both investments held on investment platforms and the significant sums not yet administered on platforms, for example pensions, ISAs, life insurance policies and bonds, individual shares, and deposit accounts with banks or building societies.

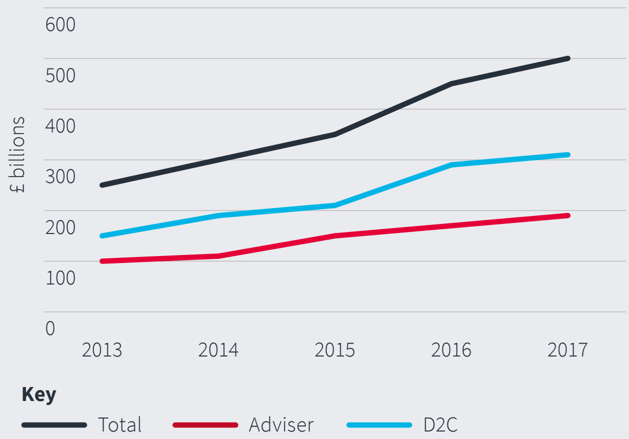
UK platform market

The platform market, within the UK savings and investment market, has grown strongly over recent years, with attractive structural growth drivers and a number of barriers to entry. We anticipate that this growth will continue in future, representing a significant opportunity for the business.

This rate of growth is expected to continue, driven in particular by increasing demand for online access to a wide range of investments from customers and advisers, as investors move from non-platform to platform providers.

As the platform market has developed, there has been some consolidation, but also a number of new entrants, primarily in the form of Fintech firms. Although Fintech firms have entered the market with innovative new technology and digital capabilities, they have found it difficult to build sufficient scale to deliver sustainable profits.

Growth in assets under administration



Source: FCA calculations based on firm data

The UK advised platform market

£530 billion

+7.8% year on year

Platforum estimated total AUA on investment platforms used by advisers, for their customers' assets, to be £530bn as at 30 September 2019, up 7.8% year on year[1].

The continued growth in the advised platform market has been driven by a number of factors including:

- Increases in the personal wealth of existing advised customers.
- The impact of pension freedoms increasing the consolidation of off-platform defined contribution assets held by advised customers.

1 Platforum, UK Adviser Platforms: Issue 40

The UK D2C platform market

£222 billion

+7.4% year on year

The D2C investment platform market was estimated to be worth £222bn as at 31 March 2019, up 7.4% year on year[1].

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

- Increases in the personal wealth of existing D2C customers.
- The impact of pension freedoms and the consolidation of off-platform defined contribution assets held by D2C customers.
- The mass affluent advice gap created by the Retail Distribution Review (RDR) has resulted in the transition of some previously advised customers to D2C customers.
- 40% of adults (21.2 million)[2] hold savings but don't invest. Low rates of return on bank cash deposits are fuelling demand for effective solutions from customers seeking higher returns for their savings and greater protection against the effect of inflation.

1 Platforum, UK D2C: Market Update, July 2019

2 Platforum, UK Consumer Insights Update, July 2019

Barriers to entry

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

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

Our response

AJ Bell was established in 1995 and has grown to service 232,066 customers with AUA of £52.3bn.

We have a hybrid technology solution, which combines proprietary and third-party systems into a robust, scalable and adaptable platform.

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

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

We are a highly profitable business, with a competitive charging structure, offering our customers value for money. This is demonstrated by our revenue margin which, is 21.9 bps per £ of AUA, representing one of the lowest revenue margins in the market.

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

Opportunities

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

- **Demographics** – the UK has an ageing population which is both living and working for longer. Increasing life expectancy has led to an increased retirement age, whereby people are extending their working lives in order to fund their retirement.
- **Government policy** – individuals are now expected to take more responsibility for their own retirement provision, both in terms of ensuring sufficient pension savings are made and that they are invested appropriately to provide for their needs in later life, as evidenced by the UK Government's changes in relation to pension freedoms, auto-enrolment and tax-efficient savings and investments.
- **Technology** – the development of technology through various distribution channels continues to improve accessibility and drive both customer growth and asset flows. Mobile technology has already revolutionised the way people access and manage their savings, and mobile use for investment is expected to continue to grow in popularity.
- **Financial** – there is a growing awareness of the UK savings gap, which is the gap between the level of current savings and that necessary to provide a reasonable standard of living in retirement, and an ongoing move away from Defined Benefit to Defined Contribution pension schemes.

Our response

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

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

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

We believe that simplicity and financial education are key to encouraging people to save more. This is evident in our campaigning around simplification of ISAs and pensions and our press activity via our own Shares magazine and the external media.

Regulation

As an investment platform, our principal regulator is the FCA. The FCA has three operational objectives; to protect consumers, ensure market integrity and promote effective competition. The investment platform market continues to be a specific area of focus for the FCA.

In March 2019 the FCA published its final report on the Investment Platforms Market Study. It concluded that the market is generally working well, although switching providers and switching between share classes of funds may still be difficult due to time, complexity and costs involved.

The FCA's consultation on the issues raised in the Market Study closed in June 2019. Its final policy statement is expected to set out rules making it easier for consumers to switch platforms and remain in the same fund without having to sell their investments. The FCA expects the rules to come into effect from 31 July 2020.

In addition, the FCA published its final policy statement in relation to its Retirement Outcomes Review (ROR) in July 2019, which sets out the requirement for providers to offer investment pathways for customers entering drawdown without taking advice. The rules also mandate that providers must ensure that investment in cash is an active, rather than a passive, decision and provide information to clarify the cost to the customer. We are making preparations for the introduction of investment pathways when the regulation comes into effect on 1 August 2020.

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

A profitable and scalable platform with embedded growth and margin expansion opportunities.

What we do

Our propositions:
Award-winning platform operating in both the advised and D2C markets.

Platform

AJ Bell Investcentre

AJ Bell Youinvest

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

How we do it

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

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

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

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

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

How we make money

Revenue

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

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

Profits

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

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

→ Read more Financial review p24

How we deliver value

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.

Our people:
Our learning and development framework helps staff to fulfil their potential and progress their careers.

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

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

Strategy in action

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

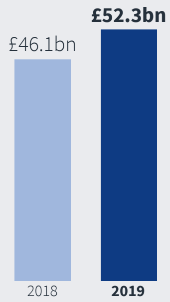
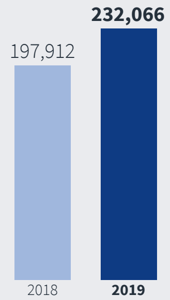
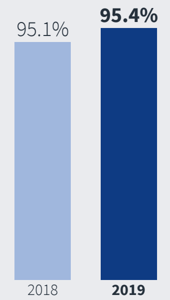
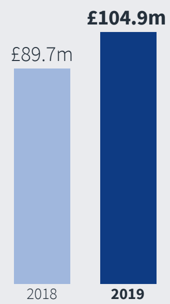
Risks
1 Strategic risks
2 Operational risks
3 Financial risks

Our strategic priorities	Risks
Growth We will grow both customer numbers and AUA, and the key focus will be on organic growth. We will grow in a sustainable and cost-effective manner. **KPIs** • AUA • Number of retail customers	1 2 3
Our customers We help people to invest but will not provide personal recommendations. We will continue to develop our customer propositions, with a focus on ease of use, service and price. **KPIs** • Customer retention rate	1 2
Our technology We will deliver scalable technology solutions that are easy to use for both customers and colleagues, appropriate to their needs and adaptable for future change. The security of our technology is of paramount importance. **KPIs** • PBT margin	1 2 3
Finance and assurance We will preserve our financial security, and our regulatory and reputational standing. We will treat all stakeholders fairly. **KPIs** • Revenue • Revenue per £AUA • PBT • Diluted EPS	1 2 3
Our people We will develop and support our talent to help them achieve their potential. We will strive to ensure our staff are actively engaged. Our strong employer brand and culture will enable us to attract and retain quality staff.	1 2

Progress in FY19	Future focus
• Achieved organic growth in customer numbers (up 17%) and AUA (up 13%). • Continued to enhance the profile of the business and increase brand awareness with the successful completion of our IPO on the Main Market of the London Stock Exchange; continued sponsorship of key sporting events and high-profile media appearances. • Record attendance at our Investival conference.	To grow the platform business by increasing brand awareness and implementing a cost-effective distribution strategy.
• Enhanced our AJ Bell Investcentre and AJ Bell Youinvest websites with intuitive new designs and increased functionality. • Made a number of pricing changes in the period, including removing £1 dealing charges for AJ Bell Investcentre deals using the Bulks & Models tool and removing the majority of standard pension administration charges for Junior SIPPs. • Launched a range of four AJ Bell Youinvest Ready-made portfolios in January 2019. • Launched 'Pactive' portfolios as part of our Managed Portfolio Service in February 2019. • Launched two new AJ Bell income funds in April 2019. • Launched our Retirement Portfolio Service in September 2019.	Improving the customer journey to ensure we are the easiest platform to use considering the evolving needs of our customer. Continue to develop our range of simple investment solutions.
• PBT margin increased from 32% to 36% evidencing the efficiency and scalability of our business. • Launched new iOS mobile application. • Recruited our Chief Technology Officer. This new role will sit on EMB to enhance the delivery of our technology strategy. • Trialled and rolled out robotic process automation for selected manually intensive tasks within the business to help deliver operational efficiencies. • Implemented new online payment process to improve the customer journey.	Continue to develop the investment platform to ensure it is scalable, adaptable, resilient and secure whilst implementing solutions to deliver operational efficiencies in the business.
• Revenue and PBT increased by 17% to £104.9m and by 33% to £37.7m respectively. • Maintained a strong regulatory capital surplus throughout the year. • Maintained our progressive dividend policy, with a total ordinary dividend for the year of 4.83p per share, representing an increase of 31% on the previous year.	Deliver financial growth to facilitate a progressive dividend policy whilst managing the capital base, ensuring sufficient reserves for regulatory requirements and investing in the business.
• Achieved three-star accreditation and strengthened our position in the Sunday Times 100 Best Companies to Work For in 2019. • Continued to develop our investment operations and digital technology apprenticeship programmes. • Launched our Employee Voice Forum to bring employee ideas directly into the Board's decision-making process.	Continue to focus on staff engagement and development, promoting our culture whilst enhancing our employer brand.

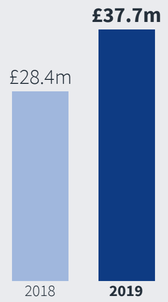
Key performance indicators

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

KPI	Result	Why it is important
Assets under administration (AUA)* **Link to strategy**	£52.3bn **↑ 13%** 	AUA is the value of assets for which AJ Bell provides either an administration, custodian or transactional service. AUA is a measurement of the growth of the business and is the primary driver of ad valorem revenue, which is the largest component of Group revenue.
Number of retail customers **Link to strategy**	232,066 **↑ 17%** 	The number of retail customers is the number that have at least one funded account with an AJ Bell product at 30 September 2019. The number of retail customers can be used as a measurement to determine the success of our propositions, customer service and marketing.
Customer retention rate **Link to strategy**	95.4% **↑ 0.3ppts** 	The customer retention rate is the average number of funded platform customers during the financial year that remain funded at 30 September 2019. Customer retention is a measurement of customer satisfaction.
Revenue **Link to strategy**	£104.9m **↑ 17%** 	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.

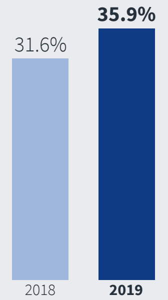
* Our KPIs include alternative performance measures (APM) which are indicated with an asterisk. APMs are not defined by International Financial Reporting Standards (IFRS) and should be considered together with the Group's IFRS measurements of performance. We believe APMs assist in providing greater insight into the underlying performance of the Group and enhance comparability of information between reporting periods. For definitions see page 124.

KPI	Result	Why it is important
PBT	£37.7m ↑ **33%**	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.



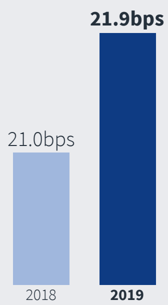
Link to strategy

KPI	Result	Why it is important
PBT margin	35.9% ↑ **4.3 ppts**	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.



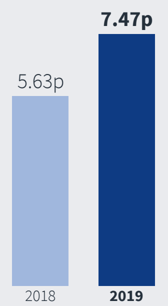
Link to strategy

KPI	Result	Why it is important
Revenue per £AUA*	21.9bps ↑ **0.9 bps**	Revenue per £AUA is the total revenue generated during the year expressed as a percentage of the average AUA in the year. Revenue per £AUA provides a simple measurement to facilitate comparison of our charges with our competitors.



Link to strategy

KPI	Result	Why it is important
Diluted EPS	7.47p ↑ **33%**	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.



Link to strategy

Our people

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

Our guiding principles drive our behaviour and ensure that staff are fully engaged with our strategy and goals.

Our people strategy focuses on talent management and employee engagement.

Talent management

We are committed to helping our people develop, excel and achieve their own version of extraordinary. As we continue to grow, new promotion opportunities are created. Our talent management strategy ensures we nurture our staff and give them the appropriate training, development and support to ensure they can progress with the business.

Talent programmes

We focus on ensuring that employees are inspired, sourcing talented people and developing them to realise their potential. We are immensely proud of the talented people who work for us and remain committed to developing and supporting them as they progress their careers with AJ Bell.

In supporting the growth and progression of our staff in their career we have a number of development programmes in place. Our Stepping Up programme is designed to support the development of staff who are keen to progress in the business and put themselves forward for future opportunities.

Our Talent Development programme has two streams; one for Team Leaders and one for Managers. Through this programme we are dedicated to developing our staff who have been identified as our rising stars and future leaders.

In addition to our Talent programmes, our Learning and Development team provide training and support to help all our people invest in their personal growth, career and future with AJ Bell.

Apprenticeship programmes

We continue to support our apprenticeship programmes and now have approximately 6% of our employees currently in, or having just completed a programme. Our various schemes have been a great success to date and we were delighted to welcome a further cohort of apprentices in September 2019.

This year we recruited a record number of apprentices in the business, whilst also expanding the framework further with the launch of our Digital and Technology Solutions degree apprenticeship programme. This involves a four year apprenticeship combining working in our IT department with studying for a BSc at Manchester Metropolitan University.

Our Investment Operations Specialist apprenticeship programme is now in its third year and continues to receive positive feedback from both apprentices and the business. Our apprentices rotate through different customer services teams to gain a broad understanding of the business over a two year programme becoming skilled and valuable members of the teams in which they have worked.

Our first cohort of apprentices graduated in the summer, all of which now have permanent roles in the business.

Employee engagement

It is fundamental that our people understand our guiding principles and are engaged in the development and growth of our business. We know that our staff want opportunities to learn, gain new skills and to progress their careers. Our staff are provided with ongoing technical training and support, to ensure they have the appropriate knowledge and skills to perform their roles effectively. We also provide training to keep staff informed of significant changes in regulation, legislation and updates within the business. The AJ Bell intranet continues to be a valuable way to communicate with our staff, via daily business updates, staff feedback surveys and social news.

Our staff engagement framework focuses on the eight measures used within the Best Companies survey; the largest survey of its kind in the UK. This year we were delighted to strengthen our position as a three-star company in The Sunday Times 100 Best Companies to Work For list with our highest ever engagement score.

To improve on last year's performance and cement our place as one of the UK's top places to work is a great achievement and testament to our ongoing commitment to invest in our staff and their place of work, in order to create the best environment to learn, develop and succeed.

As we continue to grow our business we are keen to ensure that the benefits we offer our staff reflect our scale and ambition. This year we announced a number of enhancements to our benefits, the most significant being the launch of our Buy as You Earn (BAYE) scheme. The scheme affords our staff the opportunity to build a stake in our business and share in its future success. The scheme was launched as part of our listing on the London Stock Exchange and provided employees with an opportunity to buy shares at the listing price for the first year of the scheme. Over 400 members of staff took up the offer and made contributions to the scheme during the year. Furthermore, our free share award of up to £750 to employees on completion of the listing also enabled us to recognise the valuable contribution made by all our staff in helping to make the business a success.

Wellbeing

We are always keen to invest in the health and wellbeing of our staff, providing a wide range of benefits that we continually review and update together with an increasing number of activities and support aids to ensure we provide something for everyone.

We offer a full programme of activities and events for our staff ranging from the annual Christmas and summer parties and monthly pay day drinks to paid time off for volunteer work.

We continue to encourage the use of our free on-site gym at EQ4 which offers classes and facilities based on responses to employee feedback. Further gym classes have been added this year, including Yoga classes, to compliment the schedule of activities already provided by our in-house trainers. For those who are not based at our head office we provide free membership of the local gym.

Singing and making music as part of a group are proven to be great for emotional and social wellbeing. We were therefore delighted this year to form the AJ Bell workplace choir and enter the Hallé Corporate Choir Competition.

Mental health can be an issue in many workplaces and we are committed to changing attitudes towards poor mental health. This year we have focused on mindfulness and extended our mental health training across the business, increasing the number of qualified first-aiders. We also promote the use of our Employee Assistance Programme for those who wish to access it.

Diversity and inclusion

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

Our commitment to diversity and inclusiveness is a continuous process, which is embedded by our existing human resource policies, including the Equality and Diversity Policy contained within our Employee Handbook. This year we will be focusing on our approach to gender diversity and will be rolling out a wide range of initiatives to ensure our working practices continue to support a culture in which the benefits of diversity are valued. Our initiatives include unconscious bias training, bespoke recruitment campaigns and encouraging female role models in the business.

In keeping with our guiding principles, we will continue to evaluate and enhance where appropriate the effectiveness of our recruitment and selection practices. This is intended to ensure that no one is disadvantaged by how we attract, select and develop our people.

Gender pay gap reporting

We published our second gender pay gap report earlier in the year which reflects the gender profile of our workforce and the higher number of men in senior roles than women.

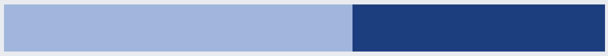
We are confident that men and women are paid equally for doing equivalent jobs across the business, and that our gender pay gap is driven primarily by the structure of our workforce at senior executive level, the composition of which has been stable for several years.

Further discussion is covered within the Directors' Remuneration report on page 57 and full details of our gender pay gap report can be found on our website at www.ajbell.co.uk.

Total number of employees 2019

853
(2018: 790)

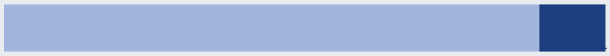
All staff – split by gender[1]



Male
58%
(499)

Female
42%
(354)

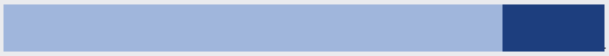
Senior management – split by gender[2]



Male
89%
(16)

Female
11%
(2)

Board of Directors – split by gender



Male
83%
(5)

Female
17%
(1)

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 strategically significant part of the Group, other than the Board of Directors.

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 maintain 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 whistle-blowing, 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 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 of 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.

Corporate social responsibility

Our core purpose is to help our customers invest in their future, and investing in our future is at the heart of our Corporate Social Responsibility (CSR) policy.

Overseen by our CSR Steering Group, our CSR policy is founded on two key pillars:

Investing in our community

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

We support our staff to invest in the local community by providing a wide range of volunteering and charitable fund raising opportunities. Whether taking part in a sponsored walk, collecting donations for a local food bank, or volunteering at a local school, we are proud of the efforts our staff make, to give something back to their local communities.

In addition to a full calendar of internal events, we support colleagues through paid time off for volunteering and through our matched fundraising programme, ensuring that good causes close to their hearts receive extra support.

During the year 108 staff volunteered for 492 hours at Cash for Kids, Wood Street Mission and The Booth Centre among others. In addition to volunteering days, our staff also raised over £26k from events in the year, supporting a variety of charities.

We were particularly proud to be part of the Manchester Pride Parade in August which aligned with our focus on diversity and inclusion this year. AJ Bell teamed up with Manchester homeless charity; The Booth Centre and national LGBT+ charity AKT and raised £2,605 from this and other associated fundraising. This amount was matched by £2,500 from the AJ Bell Trust, with both charities benefiting equally.

The Group also donates a percentage of its profits on an annual basis to the AJ Bell Trust, a registered charity of which Andy Bell is a trustee.

492
hours spent volunteering

>£26,000
raised from events

The aim of the Trust is to help disadvantaged people to advance in life, with a particular focus on young people. It makes donations to a range of national and local causes and also funds its own charitable initiatives. Recent projects include the launch of Snow-Camp North West based in Manchester, which enables disadvantaged youngsters to gain life skills training, and the Sandy Park Café in Liverpool which provides work experience opportunities to children with special needs.

This year the Trust also made a donation to OnSide, a charity that provides the infra-structure and financial support to help build 'Youth Zones' across the UK.

We pride ourselves in our commitment to support and give something back to our community. We are therefore delighted to be able to announce the recent approval, by the Board, of a long-term CSR initiative for implementation in FY20, with the intention of giving an additional contribution to charity should a number of stretching targets be met by the Group. The scheme is designed to facilitate a donation of share options at market value to the AJ Bell Trust, which will be exercisable if a number of stretching performance conditions are met.

Investing in our environment

At AJ Bell we recognise our responsibility to conserve and protect our environment as far as possible across the business.

Environmental initiatives

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

We moved to a more modern, energy efficient head office at Exchange Quay, Manchester (EQ4) in 2017 and the recent refurbishment in our London office has also taken our carbon footprint into consideration. We have installed more energy efficient equipment, such as motion sensor lighting, new boilers and chillers and we have enhanced our video conferencing facilities to reduce employee travel between offices.

Throughout the business we recycle 100% of our confidential waste. In addition, we send 100% of our general waste from EQ4 to be recycled, none of which goes to landfill. This is sorted off-site at a waste recovery facility, by a waste management company who report on their recycling activity on our behalf. We continue to review the use of paper in our offices with a number of initiatives in the pipeline looking to drive down our usage in this area.

We continue to encourage our employees to use more sustainable forms of transport. During the year we have enhanced our season ticket loan scheme to promote the use of public transport and help with the cost for our staff. We have also introduced a new bike loan scheme and we continue to encourage car sharing to reduce emissions.

Greenhouse gas emissions

As a newly listed business, this is the first year that we have been required to calculate and report on our greenhouse gas (GHG) emissions. The table below therefore summarises our GHG emissions for the year ended 30 September 2019:

Operational scope	Greenhouse gas emissions source	Tonnes of CO_2e 2019
Scope 1: Direct emissions	Combustion of fuel and operations	185.5
Scope 2: Indirect emissions	Purchased electricity for own use	196.6
Total		**382.1**
Intensity measure: Emissions per full time employee equivalent (FTE)		**0.45**

Our greenhouse gas (GHG) emissions inventory is calculated for the Group under the financial control approach and in accordance with Part 1 of BS ISO 14064: 2006 using the 2019 conversion factors developed by DEFRA and BEIS. The inventory is independently calculated by Carbon Footprint Limited.

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

Non-financial information statement

The Group includes information on certain environmental, social and governance matters in its strategic report in accordance with sections 414CA and 414CB of the Companies Act 2006.

The following tables summarise the key areas of disclosure.

Reporting requirement	Page
Environmental matters	23
Employees	20 to 21
Social	22 to 23
Human rights	21
Anti-corruption and anti-bribery	21

Additional information	Page
Business model	14 to 15
Principal risks and how they are managed	27 to 34
Non-financial key performance indicators	18 to 19

Financial review

The Group has continued to deliver significant growth in the year, with revenue up 17% from £89.7m to £104.9m and a record increase in PBT to £37.7m (FY18: £28.4m).

Michael Summersgill
Chief Financial Officer

The Group has continued to deliver significant growth in the year. Revenue increased by 17% from £89.7m to £104.9m and we achieved a record increase in PBT, which increased by £9.3m to £37.7m, representing a 33% year-on-year growth rate. This excellent result was primarily due to the continued success of our platform propositions. The two key drivers of our performance, customers and AUA, grew by 17% and 13% respectively in the 12-month period, with AUA breaking the £50bn milestone, at £52.3bn as at 30 September 2019 (FY18: £46.1bn).

Business performance

Customers

Customer numbers increased by 34,154 during the year to a total of 232,066 (FY18: 197,912). This growth has been driven by our platform propositions which saw a 19% increase in customer numbers to 218,169 as at 30 September 2019. In addition, our platform customer retention rate remained high at 95.4% (FY18: 95.1%).

	Year ended 30 September 2019	Year ended 30 September 2018
Platform	**218,169**	183,213
Non-platform	**13,897**	14,699
Total	**232,066**	197,912

In spite of unsettled markets, we have continued to add and retain AUA on our platform, with total AUA increasing 13% to £52.3bn at 30 September 2019, demonstrating the resilience and robustness of our business model. The growth in the year was primarily driven by our platform propositions, which saw total underlying inflows increase from £5.2bn to £5.4bn with both our advised and D2C platforms registering an increase.

Advised platform inflows from defined benefit transfers declined, contributing £0.9bn to inflows during the year compared with £1.8bn in the prior year.

D2C platform inflows included £0.2bn that related to AJ Bell plc shares held by current and former employees of the Company. These shares were migrated onto the D2C platform in October 2018, ahead of our listing on the Main Market of the London Stock Exchange in December 2018.

Assets under administration

Year ended 30 September 2019

	Advised Platform £bn	D2C Platform £bn	**Total Platform £bn**	Non-platform £bn	**Total £bn**
As at 1 October 2018	29.9	8.7	**38.6**	7.5	**46.1**
Underlying inflows	3.4	2.0	**5.4**	0.1	**5.5**
Outflows	(1.6)	(0.6)	**(2.2)**	(0.5)	**(2.7)**
Underlying net inflows/(outflows)	1.8	1.4	**3.2**	(0.4)	**2.8**
Defined benefit inflows	0.9	–	**0.9**	–	**0.9**
Bulk migration inflows	–	0.2	**0.2**	–	**0.2**
Total net inflows/(outflows)	2.7	1.6	**4.3**	(0.4)	**3.9**
Market and other movements	1.2	0.8	**2.0**	0.3	**2.3**
As at 30 September 2019	33.8	11.1	**44.9**	7.4	**52.3**

Year ended 30 September 2018

	Advised Platform £bn	D2C Platform £bn	**Total Platform £bn**	Non-platform £bn	**Total £bn**
As at 1 October 2017	24.3	6.6	**30.9**	8.9	**39.8**
Underlying inflows	3.3	1.9	**5.2**	0.2	**5.4**
Outflows	(1.4)	(0.5)	**(1.9)**	(0.5)	**(2.4)**
Underlying net inflows/(outflows)	1.9	1.4	**3.3**	(0.3)	**3.0**
Defined benefit inflows	1.8	–	**1.8**	–	**1.8**
Bulk migration inflows/(outflows)	0.5	0.3	**0.8**	(1.2)	**(0.4)**
Total net inflows/(outflows)	4.2	1.7	**5.9**	(1.5)	**4.4**
Market and other movements	1.4	0.4	**1.8**	0.1	**1.9**
As at 30 September 2018	29.9	8.7	**38.6**	7.5	**46.1**

Financial performance

Revenue

	Year ended 30 September 2019 £000	Year ended 30 September 2018 £000
Recurring fixed	**25,395**	25,212
Recurring ad valorem	**63,095**	47,890
Transactional	**16,412**	16,589
Total	**104,902**	89,691

Revenue increased by 17% to £104.9m (FY18: £89.7m), with the proportion of recurring revenue increasing from 82% to 84%. We have three categories of revenue, these being recurring fixed fees, recurring ad valorem fees, and transactional fees.

Recurring fixed revenue (which includes recurring pension administration fees and media revenue) saw an increase of 1% to £25.4m (FY18: £25.2m). This modest increase was a result of the increased revenues from our advised platform customers being offset by a reduction in pension administration from our non-platform business. The reduction in non-platform revenue was due to our decision to discontinue two of our third-party administration contracts during the prior financial year.

Recurring ad valorem revenue (comprising custody fees, retained interest income, and investment management fees) grew by 32% to £63.1m (FY18: £47.9m). The key drivers of the growth in ad valorem revenue were the growth in AUA and higher interest rates. Retained interest income has continued to benefit from the increases in the UK base rate during the previous financial year, from 0.25% to 0.50% in November 2017 and from 0.50% to 0.75% in August 2018.

Transactional revenue (comprising dealing fees and pension scheme activity fees) fell by 1% to £16.4m (FY18: £16.6m). This was partially due to a fall in dealing activity per customer during the year with many adopting a cautious approach to investing as the ongoing UK political and macroeconomic uncertainty continued. In addition, prior year fees also included £0.5m of one-off revenue, relating to the termination of one of our third-party SIPP administration contracts in the prior year.

Revenue margin increased by 0.9bps from 21.0bps to 21.9bps in the year, a modest increase of 4%. This was caused by a combination of the faster growth of our higher margin D2C platform proposition and the increase in retained interest income discussed above.

Administrative expenses

	Year ended 30 September 2019 £000	Year ended 30 September 2018 £000
Distribution	**9,228**	7,711
Technology	**17,789**	15,208
Operational and support	**39,528**	36,747
IPO	**948**	1,769
Total	**67,493**	61,435

Administrative expenses increased by 10% to £67.5m (FY18: £61.4m). We have three categories of administrative expenses, distribution, technology, and operational and support.

Distribution costs increased by 19% from £7.7m to £9.2m due to an increase in our marketing activity, which was a key driver of our growth in both customer numbers and AUA in the year.

Technology costs increased by 17% to £17.8m (FY18: £15.2m). This increase reflects the investment we have made in our IT department with staff numbers increasing from 116 in the prior year to 137 at the end of September 2019. This investment will allow us to implement changes at a faster rate, enhancing our platform propositions and delivering operational efficiencies.

Operational and support costs increased by 8% to £39.5m (FY18: £36.7m). There was an underlying increase in our operational and support cost base year on year to support the growth of the business. However, this increase was far lower than the increase in the rate of growth in customers served and AUA administered, which was a result of the operational gearing that is inherent in our business model.

The majority of cost increase was caused by increased headcount. Other significant increases include the uplift in the Financial Services Compensation Scheme (FSCS) levy, and an increase in property costs which was caused by the expansion into additional space in our London and Exchange Quay offices.

Prior year costs included one-off costs for the relocation of the stockbroking operation from Tunbridge Wells to our Manchester office.

Costs relating to our IPO, which was successfully completed in December 2018, amounted to £0.9m in the year, increasing the overall costs of the project to £2.7m in line with expectations.

Profit before tax (PBT)

PBT rose to £37.7m (FY18: £28.4m), an increase of 33% compared with the prior year and our PBT margin increased to 36% (FY18: 32%). This was due to the continued growth in the business, higher revenue margins and operational gearing.

Tax

The effective rate of tax for the year was 19.5% (FY18: 20.1%), slightly higher than the standard rate of UK Corporation Tax of 19.0%, reflecting the IPO-related costs that are partially disallowable.

Earnings per share

Basic earnings per share increased by 30% to 7.51p. Diluted earnings per share (DEPS) increased by 33% to 7.47p.

Financial position

Capital and liquidity

The Group's balance sheet remains strong, with net assets totalling £86.1m (FY18: £64.0m) at 30 September 2019 and a return on assets of 35% (FY18: 35%). A healthy surplus over our regulatory capital requirement was held at all times during the year. Cash balances increased by 39% from £49.7m to £69.1m. Our short working capital cycle means that PBT is quickly converted into cash and our significant cash surplus ensures we have sufficient liquidity buffers to support our growing operation.

Dividends

The Board has proposed a final dividend of 3.33p per share (FY18: 2.24p per share), equating to a dividend payout ratio of 65% of statutory profit after tax. The Board remains committed to a progressive dividend policy, whilst also ensuring we have sufficient capital for future investment in the business and to maintain an appropriate surplus over and above our regulatory capital requirements.

Michael Summersgill
Chief Financial Officer

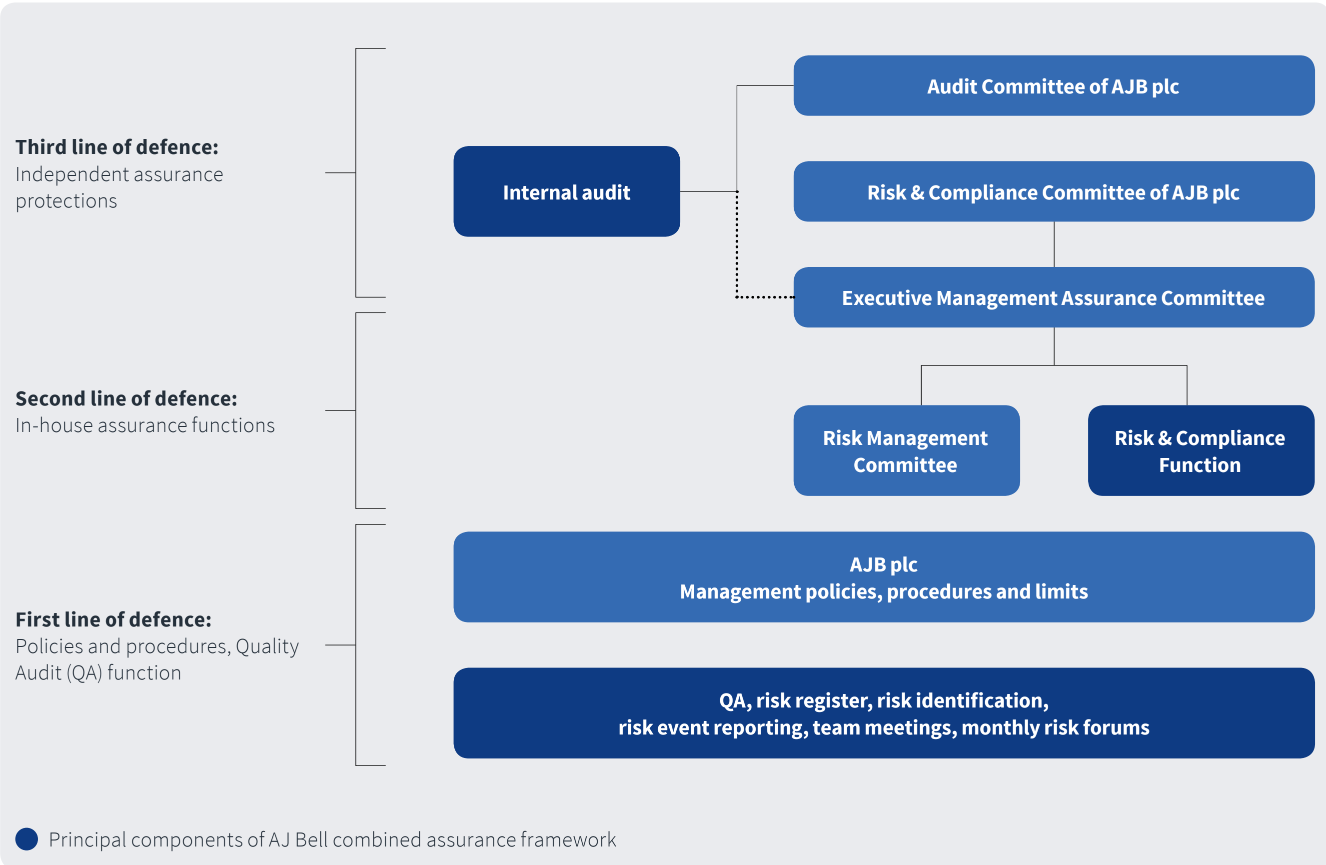
4 December 2019

The Group has generally adopted an overall conservative approach to achieving controlled growth in fast-growing markets.

Risk management framework (RMF)

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

The Group operates the following risk management structure which incorporates a three lines of defence approach to controlling risks within the Group:



Risk management
continued

Risk appetite framework

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

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

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

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

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

The process streams are illustrated below:

Risk appetite categories and risk appetite statements

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

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

Top-down measurement and reporting of risk appetite

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

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

The Board and EMB have identified 14 risks that, should they crystallise, could impact the Group's ability to meet its strategic objectives. These risks are referred to as the high-impact top risks (HITR). The relationship between the HITR and the risk appetite categories is not a one to one relationship, as it is recognised that the HITR could impact the delivery of several of the strategic objectives.

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

Amendments to risk appetite statements

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

Risk identification and assessment of risks

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

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

Risk reporting

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

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

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

Principal risks and uncertainties

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

The Board believes that there are a number of potential risks to the Group that could hinder the successful implementation of its strategy.

These risks may arise from internal and external events, acts and omissions. The Board is proactive in identifying, assessing and managing all risks facing the business, including the likelihood of each risk materialising in the short or longer term.

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

Risk	Potential impact	Mitigations
Strategic risk		
Competitor or market risk The risk that the Group fails to remain competitive in its peer group, due to lack of innovative products and services, increased competitor activity, regulatory expectations, and lack of marketing focus and spend to keep pace with competitors.	• Loss of competitive advantage, such that AUA and customer number targets are adversely impacted. This would have a negative impact on profitability. • Reputational damage as a result of underperformance and/or regulatory scrutiny.	The Group regularly reviews its products against competitors, in relation to pricing, functionality and service, and actively seeks to make enhancements where necessary to maintain or improve its competitive position in line with the Group's strategic objectives. The Group remains closely aligned with trade and industry bodies, and other policy makers across our market. The use of ongoing competitor analysis provides insight and an opportunity to adapt strategic direction in response to market conditions.
Operational risk		
Forward-looking regulatory and tax law risk The risk of changes to taxation legislation or regulatory restriction severely reducing our ability to operate.	• Non-compliance with regulation leading to customer detriment. • Financial loss due to reduction in customer numbers and/or fines from regulators. • Missed opportunities to achieve competitive advantage through the approach to implementation.	The Board is supported by a Risk and Compliance Committee, Executive Management Assurance Committee, and a Risk Management Committee in each of which all regulatory changes are reported and scrutinised as appropriate. Strong compliance policy and technical teams responsible for ensuring all applicable new rules and regulations, as well as changes to industry practice, are captured, interpreted and implemented appropriately.
Regulatory and litigation risk The risk that the Group fails to comply with the existing standards of the regulatory system, including FCA, ICO, HMRC and European Regulations.	• Regulatory censure and/or fine. • 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 compliance function is responsible for ensuring all standards of the regulatory system are being met by the Group. This is achieved by implementing policies and procedures across the business, raising awareness and developing an effective control environment through providing comprehensive training. Where appropriate, the compliance monitoring team conducts reviews to ensure a high standard of compliance has been embedded into the business.

Risk	Potential impact	Mitigations
Information security risk The threat 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.	• Related negative publicity could damage customer and market confidence in the business, affecting our ability to attract and retain customers. • Information security breaches could result in fine/censure from regulators, such as ICO and FCA.	The Group continually reviews its cyber security position to ensure that it protects the confidentiality, integrity and availability of its network and the data that it holds. A defence indepth 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.
Fraud and financial crime risk The risk of failure to protect against cybercrime, fraud or security breaches, as a result of staff or third-party dishonesty, including cyber attack, causing major misappropriation of customer funds or theft of customers' identities.	• Loss of data or inability to maintain our systems, resulting in reputational damage through negative press exposure. • Potential customer detriment as customers are at risk of losing funds or personal data, which can subject them to further loss via other organisations. • Fraudulent activity leading to identity fraud and/or loss of customer holdings to fraudulent activity.	Extensive controls are in place to minimise the risk of fraud and financial crime. Policies and procedures, including mandatory anti-fraud training, are in place for all employees to aid the detection, prevention and reporting of internal fraud. 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. We regularly assess our maturity against an acknowledged security framework, which includes an ongoing programme of staff training and assessment through mock security exercises.
Third-party IT failure risk The risk that a third-party provider materially fails to deliver the contracted services.	• Loss of service from a third-party technology provider could have a negative impact on customer outcomes due to website unavailability, delays in receiving and/or processing customer transactions or interruptions to settlement and reconciliation processes. • Financial impact through increased operational losses. • Regulatory fine and/or censure.	To mitigate the risk posed by third-party software suppliers, the Group continues to build strong partnerships with key suppliers, managing relationships day-to-day under formal governance structures, and monitoring performance against documented service standards to ensure their continued commitment to service, financial stability and viability. Performance metrics are discussed monthly with documented actions for any identified improvements. This is supplemented by attendance at formal user groups with other clients of the key suppliers, sharing experience and leveraging the strength of the user base. Where relevant and appropriate, annual financial due diligence on critical IT suppliers and on-site audits are also undertaken.

Principal risks and uncertainties
continued

Risk	Potential impact	Mitigations
IT system performance, capacity and resilience risk The risk that the design, implementation and management of applications, infrastructure and services fail to meet current and future business requirements.	• The reliance on evolving technology remains crucial to the Group's effort to develop its services and enhance products. Prolonged underinvestment in technology will affect our ability to serve our customers and meet their needs. • Failing to deliver and manage a fit-for-purpose technology platform could have an adverse impact on customer outcomes and affect our ability to attract new customers. • IT failures may lead to financial or regulatory penalties, and reputational damage.	The Group continues to implement a programme of increasing annual investment in the technology platform. This is informed by recommendations that result from regular architectural reviews of applications and of the underpinning infrastructure and services. Daily monitoring routines provide oversight of performance and capacity, and regular reviews of those routines. 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.
Business continuity risk The risk of the inability to maintain critical operations in the event of either an internal or external disruptive event e.g. loss of building, IT failure, loss of key supplier and staff shortages.	• Failure to maintain or quickly recover operations would lead to inability to service customer needs, generating negative publicity. • The loss of services could lead to a significant financial loss.	The Group has a comprehensive and tested business continuity management model. Agreements are in place with specialist suppliers for geographically remote disaster recovery facilities for all of its operations, including separate offsite IT recovery facilities. There is a rolling programme of testing of business continuity plans.
Operational capability risk The risk that, due to unexpectedly high volumes and/or levels of change activity, the Group is unable to process work within agreed service levels and/or to an acceptable quality for a sustained period.	• A decline in the quality of work will have a financial impact through increased operational losses. • Unexpectedly high volumes coupled with staff recruitment and retention issues could lead to poor customer outcomes and reputational damage.	The Group focuses on increasing the effectiveness of its operational procedures and, through its business improvement function, aims to improve and automate more of its processes. This reduces the need for manual intervention and the potential for errors. There is an on-going programme to train staff on multiple operational functions. Diversifying the workforce enables the business to deploy staff when high work volumes are experienced. Causes of increased volumes of work, for example competitor behaviour, are closely monitored in order to plan resource effectively. The Group maintains succession plans for key members of management and has also sought to mitigate this risk by facilitating equity ownership for senior employees through various share schemes and the development of a staff engagement strategy.
Financial control environment risk The risk that the financial control environment is weak. This includes the risk of loss to the business, or its customers, because of either the actions of an associated third-party or the misconduct of an employee.	• Reputational damage with regulators, leading to increased capital requirement. • Customer detriment damaging the AJ Bell brand. • Increased expenditure in order to compensate customers for loss incurred.	The Group's financial control and fraud prevention policies and procedures are designed to ensure that the risk of fraudulent access to customer or corporate accounts is minimised. Anti-fraud training is provided to all members of staff who act as first line of defence to facilitate early detection of potentially fraudulent activity. Strong technology controls are in place to identify potential money laundering activity or market abuse.

Risk	Potential impact	Mitigations
Retail conflicts/conduct risk The risk that the fair treatment of customers is not central to the Group's corporate culture.	• Poor conduct could have a negative effect on customer outcomes, impacting the growth of our business. • Reputational damage resulting from poor levels of customer service. • Additional regulatory scrutiny and financial loss.	The Group's customer focus is founded on our guiding principles, which drive the culture of the business and ensure customers remain at the heart of everything we do. Training on the importance and awareness of the delivery of good customer outcomes is provided to all staff on a regular basis. The Group continues to focus on enhancements to its risk management framework, in relation to the identification, monitoring and mitigation of risks of poor customer outcomes, and to its product management process to reduce the potential for customer detriment. All developments are assessed for potential poor customer outcomes, and mitigating actions are delivered alongside the developments as appropriate.

Financial risk

Economic and capital markets fluctuation risk The risk that a significant and prolonged capital market or economic downturn has an adverse effect on customer confidence, asset values and interest rates. Ongoing Brexit negotiations regarding future relations between the UK and the EU mean there is considerable uncertainty over the longer-term impact on the UK economy and this is likely to remain until, at least, exit terms are agreed.	• 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 24 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 any 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.

Principal risks and uncertainties
continued

Risk	Potential impact	Mitigations
Counterparty credit risk The risk of potential failure of clients, market counterparties or banks used by the Group to fulfil contractual obligations.	• Unintended market exposure. • Customer detriment. • Increased future capital requirements.	The Group's credit risk extends principally to its financial assets, cash balances held with banks and trade and other receivables. The Group carries out initial and ongoing due diligence on the market counterparties and banks that it uses, and regularly monitors the level of exposure. The Group holds an appropriate amount of capital against the materialisation of this risk. The Group continues to diversify across a range of approved banking counterparties, reducing the concentration of credit risk as exposure is spread over a larger number of counterparties. The banks currently used by the Group are detailed in note 24 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.
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 is a highly cash-generative business and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements. 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.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have performed an assessment of the viability of the Group. As a FCA regulated entity, a continual assessment is undertaken by the Group to identify and quantify its principal risks and uncertainties. This process is known as the Internal Capital Adequacy Assessment Process (ICAAP) and the potential impact of these risks crystallising is considered over a four year period using the Group's Board-approved forecasts, which are prepared over the same period. The Board believes this is an appropriate time horizon over which it can make a robust and well informed assessment of the critical factors likely to impact on the Group's viability.

The viability assessment has been made considering the Group's financial position and regulatory capital 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 4 to 35. The principal risks and uncertainties are those that may adversely impact the Group as a result of both the Group's business activities and those arising from the wider macroeconomic environment.

The Group's financial forecasts for the four year period to September 2023 were approved by the Board in September 2019. The first year of the financial forecasts are based on the FY20 budget for the business, prepared on a detailed bottom-up basis, following guidance from the Board at the start of the business planning process. The remaining three years are prepared using detailed revenue assumptions provided by management with high level assumptions made for the growth in the cost base, informed by historical trends and the agreed strategy of the business.

The Group's ICAAP uses a combination of techniques including stress testing and scenarios to consider severe but plausible events to determine the capital requirements for the Group over the four year period covered by the Group's financial forecasts to September 2023. The estimated capital required for the crystallisation of risks arising from its business activities is used to inform the Group's regulatory capital requirements for the next twelve months. The estimated capital required for the crystallisation of risks arising from the wider macroeconomic environment, considering the impact of three different scenarios, is used to determine if the Group is able to maintain sufficient capital resources over the total four year assessment period.

As part of its ICAAP, the Group has considered severe but plausible stress and scenario testing of the potential impact of three critical factors arising from the macroeconomic environment. This covers changes in UK savings tax legislation and falls in either the Bank of England base rate or capital markets. This has been modelled over a four period to determine if the Group has sufficient capital to withstand the potential impact of all three scenarios occurring simultaneously, whilst retaining adequate capital resources to meet its projected regulatory capital requirements.

The principal risks to the Group arising from the UK's potential departure from the EU are considered to be those listed in the principal risks and uncertainties section under 'economic and capital markets fluctuation risk'. These risks are considered under the stress testing and scenarios arising from the wider macroeconomic environment.

The results have confirmed that the Group would be able to withstand the adverse financial impact of these three severe but plausible scenarios arising from the macroeconomic environment. The Group would continue to retain a surplus of capital above the Group's regulatory requirements, in the event that all three scenarios occurred simultaneously, with or without any management remediation actions.

As a result, 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 2023.

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

Andy Bell
Chief Executive Officer

4 December 2019

Governance

Chairman's introduction

Les Platts
Chairman

> "The Board establishes the purpose, principles and strategy for AJ Bell, which define and shape our culture, and is ultimately responsible for the delivery of, and the way in which we deliver, our strategic goals"

Dear shareholder

I am pleased to be introducing AJ Bell's first Corporate Governance report as a listed company. As a Board, we are committed to maintaining high standards of corporate governance and a robust framework for the control and management of the Group in the best long-term interests of its shareholders. I have highlighted below a number of matters in this regard and further details of how we have discharged our corporate governance responsibilities are set out later in this report.

Our culture

The Board considers a healthy corporate culture to be vital to the creation and protection of long-term value for our shareholders and other stakeholders. Our purpose, guiding principles and strategy all define and shape our culture. At the heart of our business is a clear and succinct purpose which is embodied within our strategy; we help people to invest. The underlying values of AJ Bell are set out in our guiding principles which govern the way we carry out our business.

A key aspect of the governance structure of the Group is our culture and the embedment of it throughout the business. This enables the Board to ensure that good governance extends beyond the boardroom and is reflected in the way we deliver our strategic goals.

During the course of the year, the Board, led by the CEO, reviewed how the culture of the business is articulated, communicated and evaluated. The outcome was the introduction of an updated framework for cascading the cultural tone from the boardroom throughout the business and the development of a dashboard to help us evaluate our culture in a measurable way.

Our people

In order to ensure the wider workforce benefited directly from the listing of AJ Bell, we established a BAYE scheme and offered awards of free shares to all employees on completion of the IPO. Under the plan, all employees were also offered the opportunity to buy shares out of pre-tax income at the listing price. The Board saw this as a way of reinforcing the culture of employee share ownership within the Group and further aligning the interests of our employees with those of our shareholders. Further details regarding the plan are set out on pages 105 to 108.

Enhancing employee engagement is a key priority for us and during the year we created an Employee Voice Forum consisting of employee representatives from different areas of the business. I am pleased to report that Laura Carstensen, our Senior Independent Director, was appointed as our designated Non-Executive Director with responsibility for engagement with our workforce through this forum.

I am also pleased to report that the Board has recently approved a long-term CSR initiative for implementation in FY20, the intention of which is to give an additional contribution to charity through a donation of share options, should a number of stretching performance conditions be met by the Group.

Auditor

Following the conclusion of a competitive tender process led by the Audit Committee, the Board will recommend the appointment of BDO LLP as the Group's external auditor for the financial year ending 30 September 2020, for approval by the shareholders at the AGM in January 2020. Further details are set out on page 52 to 53.

Our stakeholders

The Board recognises the benefits of engaging with our shareholders and other key stakeholders in order to ensure that we are aware, and can take account, of their views when we make decisions. To reinforce this, as part of our annual business planning process, the Board more clearly identified our key stakeholders with a view to the business establishing a more formal programme of engagement with them. Further details are set out on page 47.

Compliance with the UK Corporate Governance Code

The Group first became subject to the UK Corporate Governance Code 2016 ('2016 Code') with effect from 12 December 2018, when its shares were admitted to unconditional trading on the London Stock Exchange. With effect from 18 March 2019, when AJ Bell was included in the FTSE 250 index, it became subject to certain additional obligations under the 2016 Code.

We have been fully compliant with the 2016 Code since our listing on the Main Market of the London Stock Exchange, except as follows:

- under the 2016 Code, the chairman of a FTSE 350 company should not be a member of the Audit Committee. As indicated in the listing prospectus, I was a member of the Audit Committee, but did not act as chair, which was compliant with the 2016 Code whilst AJ Bell was not a FTSE 350 company. The Board considered it appropriate for me to be a member in order to support succession, as two of the other members, Eamonn Flanagan, the chair, and Laura Carstensen, had only recently been appointed. This was especially considered to be the case in the light of my previous experience of listed company audit work. It was also indicated in the prospectus that the position would be reviewed as and when it became necessary to do so. Accordingly, it was reviewed after AJ Bell was included in the FTSE 250 index and as a consequence I stepped down as a member of the Audit Committee and we were fully compliant with the 2016 Code by 30 September 2019.

During the course of the year, the Group took a number of preparatory steps towards compliance with the additional obligations to which it will be subject under the UK Corporate Governance Code 2018 (the '2018 Code'). We will be required to report on how we have applied the new 2018 Code in the 2020 Annual Report. It is the intention of the Board that the Group will fully comply with the 2018 Code, except as indicated on page 45.

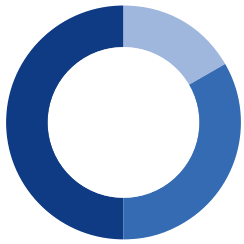
Further details of how the Board has discharged its corporate governance responsibilities are set out in this report.

Les Platts
Chairman

4 December 2019

Quick reference guide to the contents of the Governance section

Board Composition



Chairman
1

Executive Directors
2

Non-Executive Directors
3

Board of Directors

Les Platts
Chairman

Committee membership

N R C

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

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

In addition to his work at AJ Bell, Les was a director and vice chairman of Leeds Building Society until December 2018 and is the honorary treasurer of Lancashire County Cricket Club.

The 2018 Corporate Governance Code, which applied to AJ Bell with effect from 1 October 2019, provides that the chairman should not remain in post beyond nine years from their first appointment to the Board. This matter is addressed on page 45.

Andy Bell
Chief Executive Officer

Committee membership

D

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

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

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

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

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

Michael Summersgill
Chief Financial Officer

Committee membership

D

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

In addition to overseeing the financial management of AJ Bell, Michael is also responsible for operational aspects of the business. His key focus day-to-day is to ensure that AJ Bell's finances and operations provide a solid foundation for the continued growth of the business.

Identifying those areas that require investment is a high priority for Michael. The combination of his financial and operational responsibilities allow him to maintain a hands-on approach in delivering large change initiatives.

Recent examples of such initiatives include the move to a new head office in Manchester, the relocation of the Group's stockbroking operation to Manchester and the IPO that saw the business list on the Main Market of the London Stock Exchange.

Michael's main outward-facing role is shareholder engagement. Michael meets regularly with the Group's key shareholders to ensure they are updated on the Group's strategy and performance, whilst also providing the Board with clear feedback from the Group's key shareholders.

Key

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

Laura Carstensen
Senior Independent Director

Committee membership

N R A C

Skills and experience

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

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

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

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

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

Simon Turner
Non-Executive Director

Committee membership

N R A C

Skills and experience

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.

Eamonn Flanagan
Non-Executive Director

Committee membership

N R A C D

Skills and experience

Eamonn is a Fellow of the Institute of Actuaries, having qualified at Royal Insurance, before moving to the capital markets where he was director and head of European insurance at a leading investment bank. He co-founded Shore Capital Markets, a respected independent securities business, where he was a director.

His time as a financial analyst provided Eamonn with considerable experience of analysing the business and financial models of companies across various financial sectors. This period also provided Eamonn with the opportunity to observe and analyse how companies within all financial sectors responded to changes in regulation, accounting standards and strategic focus, whilst, at the same time, delivering good and appropriate outcomes for customers.

All of this has proved invaluable to his roles as a Non-Executive Director of AJ Bell, whose Board he joined in March 2018, and as Chair of both the Audit Committee and the Disclosure Committee. Eamonn is presently a non-executive director of a number of subsidiaries of Jardine Lloyd Thompson Group, the global insurance broker, and retains an advisory role within Shore Capital.

Executive Management Board

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

Fergus Lyons
Managing Director, AJ Bell Investcentre

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

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

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

Charles Galbraith
Managing Director, AJ Bell Youinvest

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

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

He is also responsible for the institutional stockbroking part of AJ Bell's business and AJ Bell Media.

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

Mo Tagari*
Chief Technology Officer

Skills and experience
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.

* Joined 1 November 2019.

Roger Stott
Group Finance Director

Skills and experience
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. This included seven years as the finance director of a well-known stockbroker between 1999 and 2006, having joined that company at start-up and taken it through a successful MBO and subsequent sale.

During his time at AJ Bell he has held a wide range of roles, including Group Risk Director and Chief Risk Officer, and has been responsible for AJ Bell's ICAAP since 2008.

He was appointed to his current role as Group Finance Director in November 2014. This includes responsibility for AJ Bell's financial management systems and controls and its Commercial Finance function.

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.

Louis Petherick
Chief Risk Officer

Skills and experience
Louis has extensive experience of risk and regulatory environments, which he gained from the senior risk, compliance and conduct roles that he held before he joined AJ Bell in September 2016. This included time spent at HSBC Bank, where he was part of the executive team for Marks & Spencer Bank and the HSBC Regulatory Compliance leadership team for the UK, and at the Co-operative Bank, where he was head of regulatory advice.

Louis began his career at AJ Bell as Group Risk and Compliance Director, before being appointed as Chief Risk Officer in July 2017. As Chief Risk Officer he has responsibility for the risk, compliance, data protection and financial crime functions within AJ Bell. Additionally he is the key contact for the FCA, AJ Bell's main regulator, and the ICO.

His in-depth knowledge of the risk and regulatory environments within which AJ Bell operates and the related internal governance practices and procedures, together with his practical approach, bring a balanced risk and compliance focus.

Christopher Bruce Robinson
Group Legal Services Director and Company Secretary

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

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

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

Corporate Governance report

Governance framework

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

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

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

- Executive Management Assurance Committee, which has oversight responsibility for all the assurance functions within the Group, including regulatory compliance and risk management, but excluding external and internal audit.
- Investment Committee, which has oversight responsibility for the investment products manufactured by the Group and associated investments services.
- Treasury Committee, which has delegated responsibility for the management of cash funds held on behalf of customers, as well as the Group's corporate funds.
- Strategic Portfolio Management Committee, which has responsibility for oversight of the allocation of IT business change resource.

Leadership

The role of the Board

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 success of the business.

The Board reviews strategy annually during a dedicated business planning process with a view to promoting the long-term success of the Group. During the course of that business planning process, the Board reviews our purpose and guiding principles and is required to satisfy itself that these are aligned with our culture. The Board oversees the setting of objectives for EMB which are aligned with the Group's high-level strategy and long-term vision and monitors progress with their delivery at Board meetings.

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

Although a wide range of the Board's powers and authorities are delegated to the CEO, the Board retains ultimate responsibility and authority for their exercise. Each member of the Board acts in a way which he or she considers 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. 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 and external advisers are also invited to attend Board meetings to present items of business and provide insight into strategic issues.

The Board has ten scheduled meetings each year and arranges additional meetings as and when required. Due to the demands of the listing, the Board held four additional meetings during the last financial year, plus a number of conference calls. In addition, the Chairman and the Non-Executive Directors each spend time on-site meeting with management and other employees, for example, by attending our annual manager's day, breakfast briefings and other staff social events and sitting in on some day-to-day business meetings. This provides the Board with valuable insight 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 meetings	Attended meetings
Les Platts	Chairman	14	14
Andy Bell	Chief Executive Officer	14	14
Michael Summersgill	Chief Financial Officer	14	14
Laura Carstensen	Senior Independent Director	14	13
Simon Turner	Non-Executive Director	14	14
Eamonn Flanagan	Non-Executive Director	14	14

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

Division of responsibilities

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

The Chairman

The Chairman is responsible for the leadership and effectiveness of the Board. The Chairman sets the agenda for each meeting of the Board in conjunction with the Company Secretary and is in line with the annual calendar agreed by the Board. The Chairman 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 Chairman also meets regularly with the Senior Independent Director and Non-Executive Directors and separately with the CEO outside of formal meetings.

Under the provisions of the 2018 Code, which applied to the Group with effect from the beginning of the new financial year on 1 October 2019, the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board. That period can, however, be extended for a limited time to facilitate effective succession and the development of a diverse board, if the Chairman was an existing Non-Executive Director on appointment. As Les Platts was appointed to the Board as a Non-Executive Director on 15 September 2008 and assumed the role of Chairman on 1 January 2014, the Group is not currently compliant with that provision. A succession plan for Les Platts was considered by the Nomination Committee during the year and is discussed further on page 49.

Chief Executive Officer

The CEO, Andy Bell, is responsible for the leadership and management of the business within the scope of the authorities delegated to him by the Board. The CEO must exercise those authorities to achieve the strategic objectives set by the Board, implement Board decisions and ensure that the Group complies with all of its regulatory and legal obligations.

Non-Executive Directors

The Non-Executive Directors, Laura Carstensen, Eamonn Flanagan and Simon Turner, help to set the strategy for the business, constructively challenge the Executive Directors and scrutinise the performance of EMB in relation to the delivery of that strategy, the implementation of Board decisions and compliance with the Group's regulatory and legal obligations.

Senior Independent Director

The Senior Independent Director, Laura Carstensen, provides a sounding board for the Chairman and, if necessary, acts as an intermediary for the other Non-Executive Directors. The Senior Independent Director is also available for communication with shareholders where normal lines of communication via the Chairman, CEO and Chief Financial Officer are not successful or where it is considered more appropriate. The Senior Independent Director also leads the annual appraisal of the Chairman by the Non-Executive Directors.

Company Secretary

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

Effectiveness

Board composition

At the year end the Board was comprised of the Non-Executive Chairman, who was independent on appointment, two Executive Directors and three Non-Executive Directors. A review of the independence of the three Non-Executive Directors was undertaken during the year. The outcome of the review was that they were all considered to be independent in character and judgement.

The Board believes the current structure and size of the Board to be appropriate and that no single individual or group dominates the decision-making process. This will be kept under review.

There were no new appointments to the Board during the year.

Board induction, training and development

All Directors undertake a formal induction programme when they are appointed to the Board. The Nomination Committee report on pages 48 to 49 provides further details on the procedures for the appointment of new Directors and succession planning.

All Directors are kept informed of changes in relevant legislation and regulations and changing financial and commercial risks. If considered appropriate, external advisers are engaged to provide training for members of the Board.

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 Chairman 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.

Information and support provided to the Board
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 advises the Board on corporate governance matters.

Commitment and conflicts of interest
All other significant commitments and potential conflicts of interest which a Director may have are required to be disclosed before appointment and on an ongoing basis. The Board is satisfied that the Chairman and each of the Non-Executive Directors devotes sufficient time to their duties.

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

Board evaluation and effectiveness
The Board and each of its Committees undertake an annual review of its own performance in line with the requirements of the 2016 Code. This year, the process involved the members of the relevant governance body and, where appropriate, other key individuals involved in its workings, providing feedback to the Chairman, in the case of the Board, and to the Chair, in the case of each Board Committee. They then collated the feedback provided and presented their findings and, where applicable, related recommendations at a meeting of the Board. Following discussion of the findings and recommendations, a number of actions were agreed, the implementation of which will be overseen by the Board.

The Chairman evaluates the performance of the Non-Executive Directors each year. The Non-Executive Directors, led by the Senior Independent Director, evaluate the performance of the Chairman each year.

Overall, the Board concluded that the Board and its Committees operate effectively and that each Director continues to contribute effectively and demonstrate commitment to the role.

Re-election of Directors
All of the Directors are subject to annual re-election and intend to submit themselves for re-election at the 2020 AGM.

Accountability
Financial and business reporting
The statement of Directors' responsibility for preparing the Annual Report and Financial Statements is set out on page 75. Within this, the Directors have included a statement that the Annual Report and Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects.

The Board has established an Audit Committee, the role of which is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the integrity of the financial and narrative statements and other financial information provided to shareholders, the Group's system of internal controls, the internal and external audit process and auditors and the processes for compliance with related laws, regulations and ethical codes of practice. Further details of the work of the Committee are set out on pages 50 to 53.

With the support of the Audit Committee, the Board has reviewed the 2019 Annual Report and Financial Statements and considers that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Please see:

- details of the review work carried out by the Audit Committee in relation to the 2019 Annual Report and Financial Statements on pages 51 and 52
- a description of the business model and strategy for delivering the objectives of the Group on pages 14 to 17
- the Board's going concern and viability statement on page 35

Risk management and internal controls
In accordance with the 2016 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 27 to 34, together with details of those principal risks and their related mitigating factors. Whilst the Board retains overall responsibility for the Group's risk management and internal control systems, it has delegated oversight to the Audit and Risk and Compliance Committees.

The Risk and Compliance Committee assists the Board in fulfilling its oversight responsibilities, by reviewing and monitoring the Group's attitude to and appetite for risk and its future risk strategy, the Group's risk management framework, how risk is reported both internally and externally and the processes for compliance with related laws, regulations and ethical codes of practice and prevention of fraud. Further details of the work of the Committee are set out on pages 54 to 55.

The Board confirms that through the activities of the Risk and Compliance Committee, a robust assessment of the principal risks facing the Group, including those that would threaten its business model, performance, solvency and liquidity has been carried out. In accordance with the 2016 Code, the Board has also considered the Group's longer-term viability which can be found within the viability statement on page 35.

The Board has delegated responsibility for the annual review of the Group's internal control systems to the Audit Committee, assisted by the Risk and Compliance Committee (responsible for the Group's risk management framework). Further details of the review and monitoring procedures can be found within the Audit Committee report on page 52.

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

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

Remuneration
The Board has established a Remuneration Committee, which has delegated responsibility for determining the policy for executive remuneration and setting remuneration for the Chairman of the Board, CEO and other senior executives. When doing so, the Remuneration Committee takes account of wider workforce remuneration and related policies and the alignment of incentives and rewards with culture. Further details of the work of the Committee are set out on pages 56 to 57 and page 71.

Details of the procedures which are in place for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors are set out on pages 58 to 63. During the year no individual Director was present when his or her own remuneration was determined.

Concert Party

As explained in the listing prospectus, due to their historic association as significant shareholders in AJ Bell and various other historic and ongoing business and investment relationships between them, the Chief Executive Officer, Andy Bell, and the AJ Bell Investcentre Managing Director, Fergus Lyons, together with their respective closely associated persons, are considered to be acting in concert with each other in relation to AJ Bell for the purposes of the UK City Code on Takeovers and Mergers. As a consequence, it is necessary for any awards that are being made to them under the Company's Executive Incentive Plan or Buy As You Earn scheme to be approved by the Company's independent shareholders at the AGM. As the AJ Bell Trust is also deemed to be part of the concert party, it is also necessary for the share options which are being granted to it for the purposes of the CSR initiative referred to on page 23 to be approved by the Company's independent shareholders at the AGM.

Relations with stakeholders

As indicated above, during the annual business planning process, the Board more formally identified key stakeholders with a view to the business establishing a more structured programme of engagement with them so that the Board is aware of their views and can take them into account as part of its decision-making processes.

The Board recognises the importance and benefits of engaging with shareholders and other stakeholders, and has a strong history of doing so. This year, as a consequence of the listing of the Group, there has been a significant change in the shareholder base, which is now comprised of a wider range of institutional shareholders and many of AJ Bell's valued customers and the Board has engaged with its stakeholders in a number of new ways.

The key stakeholders identified and principal engagement activities undertaken by, or on behalf of the Board, during the year were, as follows:

Our shareholders

- regular review of the composition of our share register and the receipt of feedback from our corporate broker, Numis Securities Limited, representatives of which are regularly invited to attend Board meetings
- inviting 20 of our largest institutional shareholders to a face-to-face meeting with the Chairman and our Senior Independent Director
- roadshow presentations to institutional shareholders by the Chief Executive Officer and Chief Financial Officer, supported by our Head of Investor Relations, following the publication of our interim and full year results
- welcoming a number of investors and analysts to our offices in Manchester and London, enabling them to see our operations and meet our managers and their teams from across the business
- inviting a number of investors to attend our flagship Investival event, a one-day conference for financial advisers which is held annually in London
- reviewing analysts briefings, copies of which are circulated to the Board
- the publication of a video presentation by the Chief Executive Officer on our corporate website in relation to our interim and full year results
- the launch of a new investor relations section on our corporate website

Our customers and their advisers

- reviewing the results of our customer surveys and adviser surveys at Board meetings, which inform future product developments, and related actions
- reviewing industry reports prepared by platform market analysts, copies of which are circulated to the Board
- undertaking a customer outcomes embedment survey in order to measure the extent to which good customer outcomes are at the heart of our business
- individual members of the Board attending Investival, our annual conference for our advisers.

Our people

- the Chief Executive Officer's six-monthly 'Town hall' talks with all employees
- the establishment of the Employee Voice Forum to capture our employee voice
- the designation of our Senior Independent Director as the Director responsible for engagement with our workforce
- the launch of a new intranet for staff communications

Our suppliers

- inviting key suppliers to present at a Board or EMB meeting
- regular feedback meetings between members of the management team and representatives of key suppliers

Our other stakeholders

- the establishment of a Corporate Social Responsibility Steering Group
- supporting a programme of volunteering days
- engaging with the FCA on investment pathways and guidance services
- engaging with HMRC on ISA simplification and the payment of pension death benefits
- approval by the Board to progress a long-term CSR initiative.

Annual General Meeting

The AGM will be held on 22 January 2020 at 10 am at AJ Bell, 4 Exchange Quay, Salford Quays, Manchester, M5 3EE. The Chairman of the Group and the Chairs of all of the Committees will be available to answer questions during the formal business of the meeting.

Les Platts
Chairman

4 December 2019

Nomination Committee report

Les Platts
Chair of the Nomination Committee

Dear shareholder

As Chair of the Nomination Committee, I am pleased to present the Committee's report for the year ended 30 September 2019.

Following the changes to the Board made in the run up to our listing on the Main Market of the London Stock Exchange in December 2018, the Committee's focus this year has been on succession planning and the composition of the Board, Board Committees and EMB.

Further information on the activities of the Nomination Committee is provided below. I will be available at the AGM to answer any questions about the Committee's work during the year.

Role and responsibilities

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

The Board considers the current balance of skills, knowledge and experience on the Board or EMB, as applicable, when determining the capabilities and time commitment required for any new role.

Succession plans for Executive and Non-Executive Directors and senior management, in particular for the key roles of Chairman of the Board and CEO, are considered by the Nomination Committee.

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

Membership

The Committee meets at least once a year and may meet at other times as agreed by the Chair or at the request of another member of the Committee. The table below shows the Committee's membership and members' attendance at meetings for the year ended 30 September 2019:

Member	Position	Eligible meetings	Attended meetings
Les Platts	Chair	2	2
Laura Carstensen	Senior Independent Director	2	2
Eamonn Flanagan	Non-Executive Director	2	2
Simon Turner	Non-Executive Director	2	2

Appointments to the Committee are made by the Board on the recommendation of the Nomination Committee, in consultation with the Committee Chair.

The Committee comprises a majority of independent Non-Executive Directors in Laura Carstensen, Eamonn Flanagan and Simon Turner. The current Chair is the Chairman of the Board, Les Platts, who was considered independent on appointment.

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

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

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

Main activities during the financial year

The Committee met twice during the year and a summary of the work undertaken in the last year is presented right:

Activity	Dec	Sep
Board composition	●	
EMB composition	●	
Succession planning	●	
Diversity		●

Board composition

A point of focus during the year was the role of Les Platts as Chairman, because under the provisions of the 2018 Code, the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board. Although the 2018 Code did not apply to the Company during the year, it did so with effect from 1 October 2019, the beginning of the current financial year.

Following the consideration of a succession plan for Les Platts, which was led by Laura Carstensen, the Senior Independent Director, the current intention is for him to step down from the Board at the 2022 AGM, which is expected to be held in January 2022. Les Platts did not take part in the discussion surrounding his succession plan. The Board considers that the plan will help to facilitate effective succession and development of the Board. The intention is for the formal recruitment process for the successor to Les Platts as Chairman to begin in mid-2020. An update will be provided in due course.

EMB composition

Given the changes which were made to the composition of the Board in advance of the listing, the focus during the year was on the composition of EMB. This resulted in a decision to appoint a Chief Technology Officer to EMB. Led by the Chief Financial Officer, with the support of the Chair of the Nomination Committee and the Human Resources team, a thorough recruitment process was undertaken culminating in the Committee approving the appointment of Mo Tagari, who joined the business on 1 November 2019.

Succession planning

In relation to succession planning for the other members of the Board and EMB, the Nomination Committee undertook a review of existing plans during the year and was satisfied with the extent of the contingency arrangements which are in place.

Diversity

The Group is committed to ensuring that Executives and Non-Executives have a range of skills, knowledge, experience, backgrounds and perspectives to maximise their effectiveness in delivering our strategic objectives and supporting business growth. To further strengthen that commitment, the Nomination Committee introduced a formal policy on Board diversity during the year. The Committee will continue to keep this policy under review as it recognises the value that diversity brings to the Board and its Committees and the competitive advantage it provides.

It is the Board's policy for all appointments to be made on merit, in the context of the skills, experience and knowledge which the business as a whole requires to be effective. Independence is also seen as a prerequisite for Non-Executive appointments. Selection processes take into account wider elements of diversity, to ensure the composition of the Board is appropriately balanced to support the strategic direction of the Group.

Re-election of Directors

The Committee was satisfied that the Board continued to be effective and has therefore recommended all of the members of the Board for re-election at the 2020 AGM.

Committee evaluation

As indicated within the Corporate Governance report, the Nomination Committee conducted an assessment of its own effectiveness during the year. This identified the need for a small number of improvements which will be implemented during the forthcoming year. Overall, the Committee was satisfied that it continues to operate effectively.

Nomination Committee priorities for 2019/20

We will commence the search for a new Chairman to succeed Les Platts in 2022 and continue to keep succession planning for both Executive and Non-Executive Directors under review.

Signed on behalf of the Nomination Committee:

Les Platts
Chair of the Nomination Committee

4 December 2019

Audit Committee report

Eamonn Flanagan
Chair of the Audit Committee

Dear shareholder

As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 30 September 2019.

During the year the Audit Committee continued to work closely with the Risk and Compliance Committee together with the Group's internal and external auditors to ensure the Group complied with the listing requirements ahead of listing on the Main Market of the London Stock Exchange and maintained a robust financial control environment during our transition to a listed business. The quality of the output delivered over the year is testimony to the high calibre of the Finance team within the Group, which the Committee readily acknowledges.

The Committee has overseen on-going enhancements of the CASS environment and compliance with the FRC's CASS audit standard.

Following our listing on the Main Market of the London Stock Exchange in December 2018, the Committee led a Competitive Tender Process (CTP) for the Group's external audit in view of the ten year tenure of the current auditor, KPMG. This was a carefully considered, managed and controlled process and on 25 June 2019 the Group announced that the Board had approved the proposed appointment of BDO LLP, subject to approval by shareholders at the forthcoming AGM. I look forward to working with BDO from this year onwards.

Further information on the activities of the Audit Committee is provided below. I will be available at the AGM to answer any questions about the Committee's work during the year.

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
- Group's processes for compliance with laws, regulations and ethical codes of practice.

The role and responsibilities of the Committee are set out in the formal terms of reference which were reviewed by the Committee and last approved by the Board in September 2019. A copy of the terms of reference can be viewed on the Group's website: www.ajbell.co.uk.

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

Membership

The Committee meets at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The table below shows the Committee's membership and members' attendance at meetings for the year ended 30 September 2019:

Member	Position	Eligible meetings	Attended meetings
Eamonn Flanagan	Chair	5	5
Les Platts[1]	Non-Executive Director (Chairman)	4	4
Laura Carstensen	Senior Independent Director	5	5
Simon Turner	Non-Executive Director	5	5

1 Stepped down on 23 July 2019

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. There is a cross-membership with the Risk and Compliance Committee, to help ensure that agendas are aligned and key information is shared appropriately across the Board Committees.

As stated in the Corporate Governance report on page 39, the Group's Chairman was a member of, but did not chair, the Audit Committee during the financial year, which was compliant with the requirements of the 2016 Code prior to the Company joining the FTSE 250 on 18 March 2019. It was indicated in the listing prospectus that, Les Platts' position as a member of the Audit Committee would be reviewed when it became necessary to do so under the 2016 Code. That review was undertaken as part of the annual self-assessment of the effectiveness of the Audit Committee on 23 July 2019. Les Platts subsequently stepped down from the Audit Committee, in compliance with the 2016 Code.

At the year end, all Committee members were independent Non-Executive Directors.

The Board is satisfied that the Chair fulfils the 2016 Code requirement to have at least one member of the Committee with recent and relevant financial experience. Further, the Board is satisfied that the Committee as a whole has competence relevant to the business sector in which the Group operates. Biographical information on each member is set out on pages 40 to 41.

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 and a summary of the work undertaken in the last year is presented right:

Activity	Nov	Jan	Mar	May	Sep
Financial reporting (including accounting judgements and significant issues)	●	●	●	●	●
CASS		●			
Internal controls				●	●
Internal audit			●	●	●
External audit (including CTP)	●	●	●	●	●

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

The Committee also meets privately with the external audit partner and Deloitte, the internal auditor, at least once a year.

Financial reporting

Financial statements

The Committee:

- reviewed the interim and annual Financial Statements, and the preliminary announcements and recommended approval by the Board
- reviewed the clarity and completeness of financial reporting disclosures
- reviewed reports from management, considered all significant financial reporting judgements for the financial statements and reviewed any related disclosures
- assessed the application and appropriateness of significant accounting policies including reporting standard changes relating to IFRS9 and IFRS15 in the year; and
- reviewed the Group's going concern assumptions and viability statement.

Accounting judgements and significant issues

In reviewing the Annual Report and Financial Statements, the Committee concluded that there are no significant or critical accounting judgements or estimates that require disclosure within note 3 of the Financial Statements. As part of its review, the Committee considered the following areas due to their materiality and application of judgement.

Area for consideration	Committee review
Intangible assets and impairment	The Committee reviewed management's paper to support the carrying amount of intangible assets held by the Group. The review is supported by Board approved forecasts and the sensitivities applied concluded that no impairment was required. The Committee was satisfied with the conclusions.
Goodwill and CGUs	The Committee has 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 12 of the Financial Statements. The Committee were comfortable with the assumptions and judgements made concluding that the carry value of goodwill within the Financial Statements is appropriate.
Deferred tax asset	The Committee reviewed the approach to the recognition of deferred tax assets, with particular reference to the impact of the share incentive schemes. No concerns were raised and the recognition and disclosure appears appropriate.
Share-based payments	The Committee reviewed the key assumptions used for the valuation of options granted under the Company's share-based incentive schemes, with particular reference to the Executive Incentive Plan which was introduced in the year. The basis of accounting and disclosures made were also considered appropriate and consistent with KPMG's findings. The Committee were 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 were satisfied that the procedures performed by management to estimate and quantify provisions was sufficiently robust.
New accounting standards	The Committee has considered the impact of IFRS9: Financial Instruments and IFRS15: Revenue from Contracts with Customers, which have been applied for the first time within the Annual Report and Financial Statements and Interim Financial Statements for the year ended 30 September 2019. The Committee reviewed and approved management's papers on the calculation methodology and disclosure impacts of both standards. The introduction of both standards have not had a significant impact on the Group. Details of the transition can be found in note 2 of the Financial Statements.

These areas have been discussed with the external auditor to ensure the Group makes appropriate judgements and provides the required level of disclosure. Following consideration of the above, the Committee concluded that there are no items that should be classified as significant or critical judgements in the context of the 2019 Annual Report and Financial Statements.

Fair, balanced and understandable assessment

At the request of the Board, the Committee considered whether the 2019 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 provides the information necessary for shareholders and other stakeholders to assess the Group's position and performance and has advised the Board accordingly.

The Directors' statement on a fair, balanced and understandable Annual Report and Financial Statements is set out on page 75.

CASS

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

Internal controls

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

Through monitoring the effectiveness of its internal controls and risk management, the Committee is able to maintain a good understanding of business performance, key judgemental areas and management's decision-making processes. Details of the Group's risk management process and the management and mitigation of principal risks together with the Group's viability statement can be found on pages 27 to 35.

During the year the Committee:

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

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

The Board's statement on internal control and risk management can be found on page 46.

Internal audit

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

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

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

During the year, six reviews were undertaken by internal audit and reviewed by the Committee.

External audit

Oversight of external audit

The Committee oversees the relationship with and work undertaken by the external auditor, KPMG. 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 2019. The Committee reviewed and challenged reports from KPMG which outlined their 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 also assessed the effectiveness of the external auditor and the robustness of the audit process taking into consideration the quality and experience of the audit partner, the latest reports issued by the FRC's Audit Quality Review team and the extent and nature of challenge demonstrated by the external auditor in its work and interactions with management.

Based upon this assessment, and acknowledging the more recent FRC Audit Quality Reviews, the Committee is satisfied with the performance of KPMG during the year and the policies and procedures in place to maintain their objectivity and independence.

Competitive Tender Process (CTP)

In accordance with the requirements of the Competition and Markets Authority Order 2014, any company in the FTSE 350 should undertake a CTP every ten years. In addition, the lead engagement partner of the external auditor is required to be replaced every five years. Alexander Simpson has been the lead partner throughout the current year and has held the position for two years. KPMG has acted as auditor to the Group since 2009 and in view of their tenure and the Group's market capitalisation, the Committee initiated a CTP in January 2019 for the 2020 audit.

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 2019 when the proposed process was approved by the Committee. The Committee met regularly and 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 six 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 June 2017 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. In summary, the Committee concluded that BDO LLP 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.

Accordingly, the Board agreed to recommend to shareholders the appointment of BDO LLP at the 2020 AGM. The Committee will oversee the implementation of a detailed transition plan and an update will be provided in next year's report.

Non-audit fees

The Committee recognise that, given KPMG's knowledge of the business there are often advantages in using the external auditor to provide certain non-audit services. In the event that KPMG are engaged to provide non-audit services, procedures are in place to ensure that the provision of any such services do 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. All non-audit fees including those relating to the IPO were approved by the Board during the year.

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 KPMG in addition to the results of KPMG's own independence confirmation checks.

Following the listing and as a result of the EU Audit Directive and Audit Regulations, the Committee intend to formalise this process and introduce a written non-audit services policy in the current financial year.

During 2019, the external auditor undertook non-audit work in relation to other assurance services, IPO related services and the provision of a regulatory software solution and was paid a total fee of £116,000 (2018: £617,000). Analysis of the fees paid to KPMG during the current and prior year can be found in note 6 to the financial statements.

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

Committee evaluation

As indicated within the Corporate Governance report, the Audit Committee assessed its effectiveness during the year. This concluded that the Committee was effective in fulfilling its role during 2019 and that there were no areas for concern.

Audit Committee priorities for 2019/20

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

- transition of external audit work from KPMG to BDO LLP
- transition to IFRS16
- developments in relation to the future of audit regulation

Signed on behalf of the Audit Committee:

Eamonn Flanagan
Chair of the Audit Committee

4 December 2019

Risk and Compliance Committee report

Simon Turner
Chair of the Risk and Compliance Committee

Dear shareholder

As Chair of the Risk and Compliance Committee, I am pleased to present the Committee's report for the year ended 30 September 2019.

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

- customer outcomes
- the Group's risk appetite statements and key risk indicators (KRIs) to ensure the Group risks remain within appetite
- stress testing and the potential impacts of severe economic scenarios on the Group's business model and strategy
- operational resilience, including against cyber attacks
- whistleblowing across the Group
- financial crime
- regulatory changes which have impacted the SIPP and platform sector

The Committee receives regular training from external subject matter experts; this year it has received cyber security and investments 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, and the Committee's work continues to help support the Group in achieving controlled growth in fast growing markets and providing an acceptable level of return.

Further information on the activities of the Committee are provided below. I will be available at the AGM to answer any questions about the Committee's work during the year.

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
- the processes for compliance with laws, regulations and ethical codes of practice and prevention of fraud.

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

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

Membership

The Committee meets at least four times a year and may meet at other times as agreed by the Chair or as requested by another member of the Committee. The table below shows the Committee's membership and members' attendance at meetings for the year ended 30 September 2019:

Member	Position	Eligible meetings	Attended meetings
Simon Turner	Chair	5	5
Laura Carstensen	Senior Independent Director	5	5
Eamonn Flanagan	Non-Executive Director	5	5
Les Platts	Non-Executive Director (Chairman)	5	4

The Committee maintains close links with the Audit Committee, with the Chair of each Committee being a member of the other. This cross-membership and liaison between the Committees on agenda items and reports facilitates effective linkage between both Committees and ensures that any matters relating to both internal control and financial reporting are considered in an effective manner.

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

Main activities during the financial year

Risk management framework (RMF)

The Group operates an established 'three lines of defence' approach to managing risk. Review and challenge across the three lines of defence continues to work well. The Chief Risk Officer provided his annual assessment of risk and compliance in January 2019 and confirmed good progress had been made with the delivery of both the risk and compliance plans over the previous financial year. The Group Risk Management Policy provides the mechanism to define our risk appetite. The Group defines risk appetite as representing the amount and type of risk it is prepared to seek, accept or tolerate at any point in time in the context of its business model and in the course of achieving its strategic objectives. The Committee conducted its annual review of the Group Risk Management Policy in March 2019 and approved the Policy with minor amendments to the Group's risk appetite statements.

Risk reporting

The Group has identified key risks that should they crystallise, could impact the Group's ability to meet its strategic objectives. These risks are referred to as the high impact top risks (HITR). KRIs are linked to the HITR, with measurements of performance against a pre-defined target. For each KRI a tolerance threshold is set in addition to a budget or target measure. Relative measurements are based on trend information to provide early warning indicators that the Group's risk appetite may be close to being breached for that measure.

The Committee met five times during the year and a summary of the work undertaken in the last year is presented right:

Activity	Jan	Mar	May	Jul	Sep
Risk management framework	●	●			●
Risk reporting	●	●	●		●
Annual whistleblowing report	●				
Consumer outcomes	●				●
Combined assurance model		●			●
Cyber security		●			
Annual report by the Money Laundering Reporting Officer		●			
ICAAP			●	●	●

The HITR are reviewed annually after the Board strategy and budget have been approved and the appropriate KRIs and tolerances are then set. The HITR and associated KRIs are monitored at each Committee meeting. None of the Group's HITRs have been outside of appetite during the last financial year. If the HITR were outside of appetite, the Committee would agree and monitor any remedial action required to bring the HITR back into appetite. The Committee receives a quarterly Chief Risk Officer's update and reports from the different areas of the business, including client money and assets (CF10a reporting), information security and conduct risk.

Annual whistleblowing report
The annual whistleblowing report was presented to the Committee for consideration. There were no concerns to note regarding whistleblowing, however areas of focus from the FCA were taken into consideration and addressed where necessary.

Consumer outcomes
The Committee received the final Consumer Outcomes Assessment report in September 2019 which confirmed AJ Bell continues to embed consumer outcomes within its day-to-day business activities and to demonstrate that the interests of customers, and the delivery of positive customer outcomes, are at the heart of the business.

Combined assurance model (CAM)
The purpose of the 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 used by management within the first line of defence are recorded in the Group's risk register. The senior management for each business area is responsible for performing a control strength self-assessment (RCSA), supported by the Risk function on these controls and reviewing this assessment at least annually or in response to significant change. The second (Risk and Compliance) and third (Internal Audit) lines of defence then coordinate their assurance activities across the key areas of risk across the Group. The assurance output has been reviewed by the Committee, in conjunction with the Audit Committee, over the course of the financial year with no material concerns highlighted.

Cyber security
The Committee monitors the Group's defences against cyber threats. The Committee has reviewed information from our internal subject matter experts on key cyber threats and the strength of our corresponding key controls. The Committee has also sought out assurance and cyber security threat testing from SureCloud (SureCloud is a provider of cloud-based, integrated risk management products and cybersecurity services) to ensure the Group's cyber defences are appropriate to the level of threat.

Annual report by the Money Laundering Reporting Officer (MLRO)
The Committee received its annual report from the MLRO in March 2019 which confirmed the Group's anti-money laundering and fraud systems and controls continue to operate effectively. Since then the Group has invested in new anti-money laundering technology and additional resource to further improve its control environment. The Committee monitors the effectiveness of the Group's anti-money laundering and fraud systems and controls as part of its quarterly risk reporting.

ICAAP
The Group has conducted ICAAP scenario workshops with subject matter experts from across the Group to assess the material risks the Group may be exposed to. A Committee meeting was convened in July to review and challenge the output, with the revised output being subject to further review and challenge by the Committee in September. The Committee has also reviewed liquidity risk assessments and the wind-down plan.

Committee evaluation

The Committee conducted its annual effectiveness review in July 2019, which confirmed the Committee is operating effectively. There has been a minor change to the Committee's responsibilities during the course of the financial year, with the overall responsibility for the review and monitoring of the Group's internal control systems now residing with the Audit Committee.

Risk and Compliance Committee priorities for 2019/20

Senior Managers and Certification Regime (SMCR)
The SMCR is due to be implemented in December 2019 and December 2020. The SMCR aims to reduce harm to consumers and strengthen market integrity by creating a system that enables firms and regulators to hold people to account. As part of this, the SMCR aims to:

- encourage staff to take personal responsibility for their actions;
- improve conduct at all levels; and
- make sure firms and staff clearly understand their responsibilities and can demonstrate this.

Horizon scanning
The Group is enhancing its reporting for horizon scanning, with a bi-annual horizon scanning report to be presented for review at the Committee.

Signed on behalf of the Risk and Compliance Committee:

Simon Turner
Chair of the Risk and Compliance Committee

4 December 2019

Annual statement by the Chair of the Remuneration Committee

Laura Carstensen
Chair of the Remuneration Committee

Dear shareholder

I am pleased to present my first report as Chair of the Remuneration Committee for the year ended 30 September 2019.

I have set out below a summary of the key events which took place during the year. These include the introduction of our new Executive Incentive Plan (EIP), the establishment of our Buy As You Earn (BAYE) scheme, and the introduction of a formal remuneration policy, which will be presented to the shareholders for approval at the AGM in January 2020.

Remuneration policy and Executive Incentive Plan

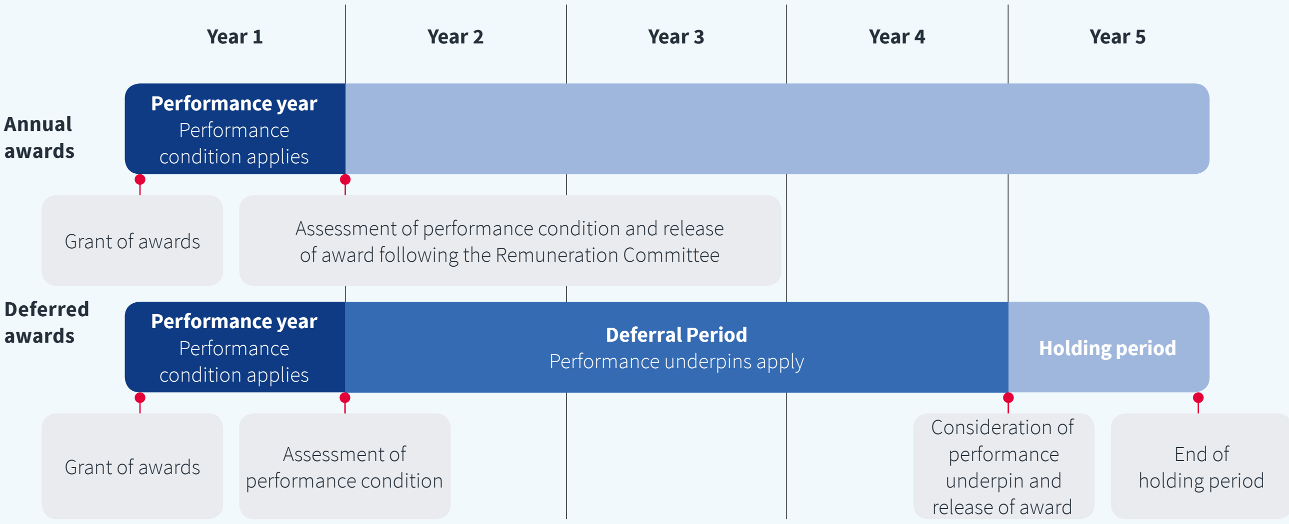
As part of our preparations to become a publicly listed company, we undertook a review of our remuneration policy for Executive Directors and senior management in order to ensure that it was appropriate for a listed company. We engaged with Deloitte LLP’s executive remuneration team to support the design of our post-admission remuneration structure.

The key principles which we took into account in determining our overall remuneration policy were:

- **Alignment of interests** of the Executive Directors, senior management and employees with those of shareholders and wider stakeholders, and appropriate alignment with our purpose, guiding principles and strategy.
- **Competitive mix of fixed remuneration and performance related pay** with an appropriate proportion of the package determined by stretching targets linked to the Group’s financial and non-financial performance.
- **Simplicity/transparency** with the creation of a clear framework for the measurement and assessment of performance aligned to our business model/cycle rather than an ‘off the shelf’ solution. In line with this principle, instead of having an annual bonus and separate long-term incentive plan, we operate a single incentive plan – the EIP, which has been designed to promote and reward long-term sustainable Group performance.
- **Equity participation** – rather than cash-based incentives, for long-term value creation and to enable executives to participate in potential share price growth.
- **Attraction and retention** of high-calibre talent to ensure continued growth and success as a newly listed company.
- **Good corporate governance** – ensuring that remuneration and incentives adhere to the principles of good corporate governance, the FCA Remuneration Code and support good risk management practice.

We also took account of the continuing public debate on executive remuneration, fairness and corporate culture.

Given the nature of our business model, under which a high proportion of cash generated from operations is converted into profits in the year that it is generated, we did not consider a traditional long-term incentive plan to be appropriate. This resulted in our decision to introduce a single incentive plan under which performance is assessed over a single financial period based on a balanced scorecard of financial and non-financial measures, but with the deferral of the vesting of a significant proportion (60% in the case of Executive Directors) of the awards. The balanced scorecard and deferred awards promote and reward long-term sustainable Group performance.



The EIP replaced our previous structure which was based on cash awards, but with executives being able to use part of the cash awards to acquire shares. Under the EIP no cash bonuses are paid, instead both annual and deferred awards are delivered in shares. EIP awards are granted at the start of the financial year and the number of shares subject to the EIP awards is determined based on the share price at the date of grant. This means that executives are exposed to the impact of any subsequent movement in the share price over the performance period. We considered this would help to further align the interests of the executives with those of shareholders.

Awards will be granted subject to the satisfaction of performance conditions assessed over the financial year. The performance measures set for the EIP awards are divided between a balanced scorecard of financial and non-financial measures linked to the KPIs and strategy of the business, with the primary focus being on the drivers of long-term value, such as growth in AUA and customer numbers and retention rates. We consider that this, and 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. 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 timeline which applies to annual awards and deferred awards is illustrated on the previous page. In line with the 2018 Code, for the deferred awards there is a total period of five years between the start of the performance period and the end of the holding period.

The policy also introduces shareholding guidelines for Executive Directors which apply both during employment and post-cessation of employment.

The Committee reviewed and took account of the guidance issued by the main shareholder representative bodies during the preparation and approval of the proposed policy. The Committee considers the proposed policy to be aligned with the 2018 Code as it links variable executive remuneration to the Group's strategy and the drivers of long-term shareholder value. The Remuneration Committee also gives consideration to the remuneration of the wider workforce when setting executive remuneration.

EIP outcomes

Our results for the year ended 30 September 2019 demonstrate the continued resilience of our business model. Total customer numbers increased by 17% to 232,066, with total assets under administration up 13% to £52.3 bn. In comparison, the FTSE All-Share index decreased by 2% over the same period. Our growth has been driven by our platform business, where customer numbers increased by 19% and platform assets under administration by 16%. Moreover, our platform customer retention rate remains strong at 95.4%.

We achieved strong growth in revenue during the year, up 17% to £104.9m, and we are pleased to report a record increase in PBT to £37.7m, representing a 33% year-on-year growth rate. Staff engagement levels also increased across the business, which saw us strengthen our position as a three-star company in The Sunday Times 100 Best Companies to Work For list.

In considering Directors' pay for the year, the Committee took into account our results and the underlying performance of the Group. Based on this, the extent to which awards under the EIP vested has been confirmed; the CEO's award vested at 65% and the CFO's at 66%; further details are set out in on page 68 of this report.

The Committee believes that our Directors have continued to deliver real benefits for the business and our shareholders and have delivered strong performance against very challenging targets The Committee acknowledged that the Directors' have benefited from the significant increase in share price growth over the period but recognise this as being exceptional following the listing in December 2018.

BAYE scheme

The launch of our BAYE scheme, which is an all employee tax-qualifying share incentive plan, in conjunction with the listing, has been a great success. Under the terms of the scheme, staff were able to buy shares out of pre-tax and National Insurance income at the listing price, which has enabled the wider workforce to share in the success of the business. Over 400 members of staff made contributions into the scheme during the year. Furthermore, our free share award of up to £750 to employees on completion of the listing also enabled us to recognise the valuable contribution made by all our staff in helping to make the business a success.

Alignment with wider workforce

The Committee receives wider workforce remuneration information from the Human Resources team, who are responsible for completing the annual pay review. Executive remuneration and other employees' salaries are reviewed following the same process. This includes benchmarking against similar organisations and takes into account factors such as local recruitment conditions.

The Committee also considers the wider workforce when assessing levels of executive remuneration. For example, employees benefit from employer pension contributions, which increase by job level and are paid into a defined contribution pension scheme. The ability to sacrifice salary to make contributions into their pension is also available to employees. In contrast, the only employer pension contribution currently made on behalf of Executive Directors is a contribution equal to the amount of the Executive Director's salary sacrificed. This is because other remuneration earned by Executive Directors is considered to be at an appropriate level without the need for additional employer pension contributions to be made.

Gender pay

Our median pay gap remains relatively low compared to most other financial services companies with our mean gap at a level comparable with industry averages. We have seen the proportion of women in the upper-middle and top quartiles increase from last year with only a slight change at Board and EMB level due, in part, to the stability of our EMB, whose average length of service is just over 12 years. The Group's gender pay gap report can be found at www.ajbell.co.uk.

Looking forward to 2019/20

The average base salary increase for the wider workforce is 3.7%. The Committee has approved basic salary increases of 2.5% for Executive Directors, which is in line with the standard increase awarded to members of the wider workforce.

In order to further reinforce the focus on long-term performance and growth in shareholder value, the weighting applied to financial and non-financial performance under the EIP has increased from 35% in the previous year to 50%. Non-financial targets primarily focus on performance indicators that drive long-term value creation including growth targets in AUA, customer numbers and retention rates. There will be no changes made to on target or maximum percentage award opportunities.

We will continue to monitor remuneration developments, particularly in light of the introduction of the Senior Managers and Certification Regime which will apply to the business with effect from 9 December 2019.

Signed on behalf of the Remuneration Committee:

Laura Carstensen
Chair of the Remuneration Committee

4 December 2019

Directors' Remuneration Policy

This part of the Directors' Remuneration report sets out the Group's Directors' Remuneration Policy (the 'Policy'), which, subject to shareholder approval at the 2020 AGM, will take binding effect from the close of that meeting.

The Policy has been determined by the Company's Remuneration Committee (the 'Committee') with the following aims:

- to align the interests of the Executive Directors, senior management and employees with those of shareholders and wider stakeholders, and to ensure appropriate alignment with the our purpose, guiding principles and strategy;
- to have a competitive mix of fixed remuneration and performance related pay, with an appropriate proportion of the package determined by stretching targets linked to the Group's financial and non-financial performance;
- to operate a simple and transparent remuneration structure. In line with this principle, instead of having an annual bonus and separate long-term incentive plan, we operate a single incentive plan – the EIP – which has been designed to promote and reward long-term sustainable Group performance;
- to enable executives to participate in share price growth and to create long-term value through equity participation, rather than cash-based incentives;
- to attract and retain high-calibre talent to ensure the Company's continued growth and success as a newly listed company; and
- to ensure that remuneration and incentives adhere to the principles of good corporate governance, the FCA Remuneration Code and that they support good risk management practice.

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 normally be within the range of salary increases awarded (in percentage of salary terms) to other employees of the Group. However, higher increases may be awarded in certain 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 complexity of the Group; and/or • significant market movement. Increases may be implemented over such time period as the Committee deems appropriate.	While no formal performance conditions apply to fixed remuneration, an individual's performance in their defined role is taken into account in determining any salary increase.
Benefits	To provide fixed remuneration on a market competitive basis to enable the retention of executives to deliver the Company's strategy.	Benefits include medical cover for the Executive Director and their spouse and dependent children and life assurance scheme. Other benefits may be 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.

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Retirement benefits	To provide a competitive means of saving to deliver appropriate income in retirement.	An Executive Director may receive a salary supplement in lieu of some or all of the contributions that would otherwise be made to a pension scheme. Subject to any agreed salary sacrifice, the Company may make a contribution to a defined contribution scheme or a personal pension.	The maximum value of any employer pension contributions (or cash in lieu of a pension contribution) for Executive Directors will be aligned to those applicable to other employees. In addition, Executive Directors may be permitted to sacrifice other elements of remuneration and receive an equivalent contribution to a pension scheme.	Not applicable.
Executive Incentive Plan ('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. Share awards granted under the EIP may be settled 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. An annual award will normally be released (so that the participant is entitled to acquire shares subject to it) on the first dealing day following the assessment of the performance condition. A deferred award will normally be released (so that the participant is entitled to acquire shares subject to it) following the end of a deferral period starting on the date on which the performance condition is assessed and ending in the fourth year after the start of the performance period. Deferred awards will also be subject to a holding period which shall normally end on the fifth year after the start of the performance period. 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 Executive Director would not normally be granted awards under the EIP in respect of any financial year over shares with a market value (as determined by the Board) in excess of 200% of base salary. In exceptional circumstances this may be increased to 250% of base salary. The 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 annual shares granted to an Executive Director in any financial year may not exceed 40% of the aggregate number of shares over which they are granted in respect of that financial year.	Performance measures include a range of financial and non-financial factors to encourage long-term value creation for shareholders. Awards will be assessed against a combination of financial, non-financial/strategic and individual measures, usually measured over a one year period. At least 50% of the EIP opportunity is based on financial measures. Up to 67% of the maximum award granted may vest at the end of the performance period for delivering appropriately stretching on-target performance. Deferred awards will be subject to performance underpins linked to the underlying performance of the Group, risk management, conduct and compliance over the deferral period. The underpin performance conditions applicable to a deferred award will be disclosed in the Directors' Remuneration report.

Directors' Remuneration Policy
continued

Component	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
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.

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 for fairness and propriety including fraud, material dishonesty or material wrongdoing
- bringing the Company into material disrepute
- breaches to 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
- 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 at the start of the financial year 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 half of all shares acquired through the EIP 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 the CFO. 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 do not count towards the guidelines on a net of assumed tax basis.

Reflecting best practice, the Committee has adopted a post-cessation shareholding requirement. This requires that for 12 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 and must retain 50% of this requirement for a further 12 months. 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

Component	Purpose and link to strategy	Operation
Fees and benefits	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 Chairman are determined by the Committee and the fees of the Non-Executive Directors are determined by the Board. Non-Executive Directors (including the Chairman) may claim expenses in line with the Company's expenses policy for out-of-pocket expenses incurred in the fulfilment of their responsibilities.

Policy for the remuneration of employees more generally

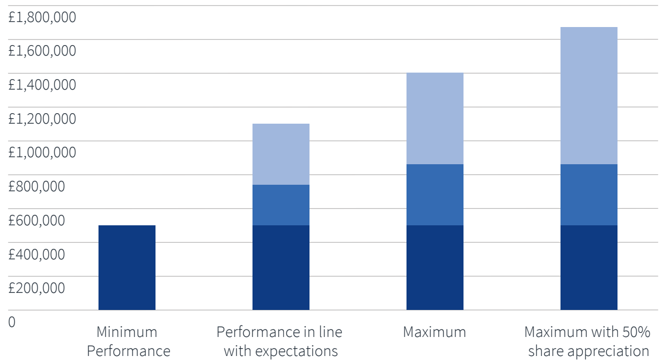
The Group aims to provide a remuneration package that is competitive and which is appropriate to promote the long-term success of the Company. The Company intends to apply this policy fairly and consistently and does not intend to pay more than is necessary to attract and motivate colleagues. In respect of the Executive Directors, a greater proportion of the remuneration package is 'at risk' and determined by reference to performance conditions.

Base salaries are reviewed annually together with all employees and increases ordinarily become effective from 1 October. The Committee is kept informed of salary increases across the wider workforce and how decisions are made.

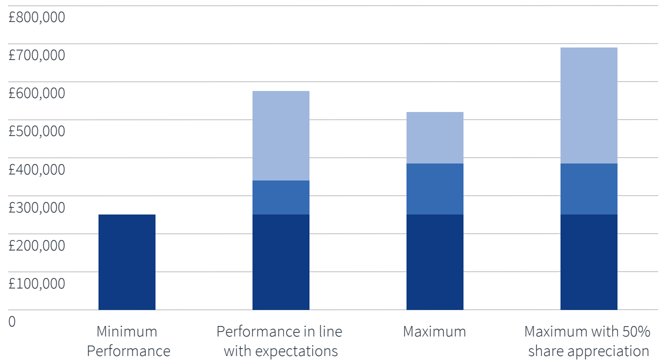
Illustrations of application of the Remuneration Policy

The following charts provide an illustration, for each of the Executive Directors, of the application of the Policy in the year ending in September 2020. The charts show the split of remuneration between fixed pay (that is base salary, benefits, employer pension contributions/ salary supplement), EIP pay on the basis of minimum remuneration, remuneration receivable for performance in line with AJ Bell's expectations and maximum remuneration.

Andy Bell – Illustrations of Remuneration Policy



Michael Summersgill – Illustrations of Remuneration Policy



Key

Base salary, benefits and pension
EIP – Annual Award
EIP – Deferred Award

Directors' Remuneration Policy
continued

In illustrating the potential reward the following assumptions have been made:

- Fixed pay

Base salary (being the latest known salary as at 1 October 2019) and benefits disclosed in the single figure table on page 64 for the 2019 financial year.

- Executive Incentive Plan

Minimum performance	No payout
Performance in line with expectations	67% vesting of the annual and deferred elements of the EIP based on the maximum EIP award of 187.5% of salary for the CEO and 150% of salary for the CFO.
Maximum performance	Maximum vesting of the annual and deferred elements of the EIP based on a maximum EIP award of 187.5% of salary for the CEO and 150% of salary for the CFO.
Maximum performance with share price appreciation of 50%	Maximum vesting of the EIP with additional 50% share price growth appreciation on the deferred award.

Recruitment remuneration policy

When recruiting a new Executive Director, the Committee will typically align the remuneration package with the above Policy.

When determining appropriate remuneration arrangements, the Committee may include other elements of pay which it considers are appropriate. However, this discretion is capped and is subject to the limits referred to below.

Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate. Pension will be provided in line with the above Policy.

The Committee will not offer non-performance related incentive payments (such as a 'guaranteed sign-on bonus', for example).

Other elements may be included in the following circumstances:

- an interim appointment being made to fill an Executive Director role on a short-term basis;
- if exceptional circumstances require that the Chairman or a Non-Executive Director takes on an executive function on a short-term basis;
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide an incentive for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis;
- if a Director is required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.

The Committee may also alter the performance measures, performance period, vesting period and holding period of the EIP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' Remuneration report.

The maximum level of variable remuneration which may be granted (excluding 'buyout' awards as referred to below) is 250% of salary.

The Committee may make payments or awards in respect of hiring an employee to 'buyout' remuneration arrangements forfeited in connection with leaving a previous employer. In doing so, the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure 'buyout' awards or payments on a comparable basis to the remuneration arrangements forfeited. Any such payments or awards are excluded from the maximum level of variable remuneration referred to above. 'Buyout' awards will ordinarily be granted on the basis that they are subject to forfeiture or 'clawback' in the event of departure within 12 months of joining AJ Bell, although the Committee will retain discretion not to apply forfeiture or clawback in appropriate circumstances.

Any share awards referred to in this section will be granted as far as possible under the EIP. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under the Listing Rules which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue in accordance with their terms.

Fees payable to a newly appointed Chairman or Non-Executive Director will be in line with the policy in place at the time of the appointment.

Policy on service contracts

Details of the Executive Directors' service contracts and Non-Executive Directors' letters of appointments are set out on page 69.

The Company's policy is for service agreements with Executive Directors to be capable of termination by either the Company or the Executive Director by the giving of six months' notice.

Policy on payments for loss of office

The following table summarises the Company's policy on the determination of payments for loss of office by Executive Directors.

Provision	Treatment
Fixed remuneration	Salary/fees, benefits and any pension will be paid to the date of termination.
Payments in lieu of notice	Where a payment in lieu of notice is made, this will include salary, benefits and any pension (or a cash equivalent) until the end of the notice period that would otherwise have applied. Alternatively, the Company, may continue to provide the relevant benefits. Unless the Committee determines otherwise, amounts will be paid in equal monthly instalments. Mitigation will apply.
Executive Incentive Plan	If an Executive Director leaves during the first six months of the performance period, that award will lapse. If an Executive Director leaves more than six months after the start of the performance period but before the end of the performance period: • as a consequence of death, ill health, injury, disability or for any other reason at the Committee's discretion (a 'Good Leaver'), annual awards and deferred awards made in respect of that period will be apportioned on a time basis and will usually be released at the normal release date to the extent that the performance conditions and underpin conditions are satisfied. The Committee may reduce or increase the extent to which an award is released to take account of the underlying financial performance of the Company and other factors the Committee considers relevant. • other than as a Good Leaver, the award will lapse. If an Executive Director leaves after the end of the performance period but before the normal release date: • as a Good Leaver, annual awards and deferred awards will usually be released at the normal release date to the extent that the performance conditions and underpin conditions are satisfied. The Committee may reduce or increase the extent to which an award is released to take account of the underlying financial performance of the Company and other factors the Committee considers relevant. • other than as a Good Leaver, awards will only be released at the normal release date to the extent that the performance conditions and underpin conditions are satisfied and only in respect of such shares as determined by the Committee in its absolute discretion.
Other payments	The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. Payments may include, but are not limited to, the amount of any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office or employment and payments in respect of accrued but untaken holiday. Where a 'buyout' or other award is made in connection with recruitment, the leaver provisions would be determined at the time of the award. Payments may be made under the Company's all employee share plans which are governed by HMRC tax-advantaged plan rules and which cover certain leaver provisions. There is no discretionary treatment of leavers under these plans.
Change of control	In the event of a change of control during the performance period applying to an EIP award, the number of shares which will be capable of release will be calculated by reference to the proportion of the performance period that has elapsed and the extent to which the performance condition has been met or is expected to be met. The Committee has the discretion to reduce or increase the extent to which an award is released to take account of the underlying financial performance of the Company and any other factors the Committee considers relevant. In the event of a change of control after the end of the performance period, awards will become capable of release (in respect of the number of shares determined by reference to the satisfaction of the performance condition). Alternatively, the Committee may permit awards to be exchanged for an award of shares in a different company (including the acquiring company).

Non-Executive Directors are not entitled to compensation for termination of their appointment.

Consideration of employment conditions elsewhere in the Group

Whilst the Committee does not formally consult with employees as part of its process when determining Executive Director pay and has not used any specific remuneration comparison measurement, it does take into account pay practices and policies for employees across the wider Group. This includes the general basic salary increase, remuneration arrangements and employment conditions.

Consideration of shareholder views

The Committee is committed to open and transparent dialogue with shareholders in relation to executive remuneration and took account of guidance issued by the main shareholder representative bodies during the preparation of this policy. Going forwards, the Committee would consult with shareholders in advance of any amendments to the policy.

Legacy remuneration arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed:

- before the policy came into effect; or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Directors' Remuneration report
continued

Annual Report on Remuneration

Reporting requirements
We have presented the Annual Report on Remuneration (the 'Report') to reflect 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 2016 relating to remuneration matters.

Implementation of the remuneration policy for 2018/19
The following table sets out total remuneration for each Director in respect of the year ended 30 September 2019. AJ Bell listed on the London Stock Exchange on 12 December 2018.

Single figure of remuneration for the year ended 30 September 2019 (Audited)

	Salary and fees[(a)] £000	Benefits[(b)] £000	Annual bonus[(c)] £000	Executive Incentive Plan[(c)] £000 – Annual award	Executive Incentive Plan[(c)] £000 – Deferred award	Pension[(d)] £000	Total remuneration £000
Executive Directors							
Andy Bell	**470**	**18**	**–**	**567**	**851**	**–**	**1,906**
Michael Summersgill	**220**	**8**	**–**	**216**	**323**	**–**	**767**
Non-Executive Directors							
Les Platts	**100**	**–**	**–**	**–**	**–**	**–**	**100**
Laura Carstensen	**45**	**–**	**–**	**–**	**–**	**–**	**45**
Eamonn Flanagan	**45**	**–**	**–**	**–**	**–**	**–**	**45**
Simon Turner	**45**	**–**	**–**	**–**	**–**	**–**	**45**

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. The Directors have benefited from the significant increase in share price growth from 160p at IPO to 396p at the vesting date, which was acknowledged by the Committee as being exceptional.

Single figure of remuneration for the year ended 30 September 2018 (Audited)

	Salary and fees £000	Benefits £000	Annual bonus £000	Executive Incentive Plan £000 – Annual award	Executive Incentive Plan £000 – Deferred award	Pension £000	Total remuneration £000
Executive Directors							
Andy Bell	428	50	106[1]	–	–	–	584
Michael Summersgill	172	27	87	–	–	–	286
Non-Executive Directors							
Les Platts	77	–	–	–	–	–	77
Laura Carstensen	20	–	–	–	–	–	20
Eamonn Flanagan	21	–	–	–	–	–	21
Simon Turner	42	–	–	–	–	–	42
John Tomlins	24	–	–	–	–	–	24

1 Andy Bell sacrificed a bonus of £220k to which he would have become entitled in respect of the year ended 30 September 2018. The amount stated above is after that sacrifice.

The figures in the single figure tables above are derived from the following:

(a)	Salary and fees	The amount of salary / fees earned in respect of the year. A salary sacrifice arrangement is operated by the Company. Employees who join this arrangement no longer pay contributions to the pension schemes but receive a lower taxable salary. Directors' salaries are shown gross of salary sacrifice pension contributions.
(b)	Benefits	The benefits received by the Executive Directors comprise: • private medical insurance • private fuel up until 31 October 2018 • car allowances – provided to both the CEO and CFO up to 30 September 2018 • interest free loans on part paid shares held ahead of the listing • life assurance provided to the CEO
(c)	Annual bonus	*Annual bonus – FY18* Annual bonus earned in respect of FY18 under the annual bonus plan in place prior to admission and paid in cash.
	Executive Incentive Plan	*EIP – FY19* Annual award for FY19: the value of the annual award earned in respect of the financial year based on the share price at vesting of 396p. A description of performance against the measures which applied for the financial year is provided on pages 66 to 69. Deferred award for FY19: the value of the deferred award earned in respect of the financial year based on the share price at vesting of 396p. A description of performance against the measures which applied for the financial year is provided on pages 66 to 69. Note: deferred awards are not released until the end of a three year deferral period and are subject to a further performance underpin and continued employment during the deferral 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. In the period between IPO an vesting, the share price increased from 160p to 396p. Therefore, c.60% of the values are attributable to the share price growth over that period. The values of the deferred awards are included in the FY19 table, notwithstanding that the values will not be released to the Directors until the end of the deferral period.
(d)	Pension	Excluding any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement, none of the Directors received any other employer pension contributions in respect of the year.

Base salary and fees

Annual base salaries for Executive Directors were set on admission and disclosed in the Prospectus as set out below. Changes to the Executive Directors' salaries from 1 October 2019 can be found on page 71.

	Base salary from admission
Andy Bell	£470,000
Michael Summersgill	£220,000

Details of Chairman and Non-Executive Directors' fees were also set on admission. The Chairman and Non-Executive fees set at admission are detailed below. Changes to the Chairman and Non-Executive Directors' fees from 1 October 2019 can be found on page 71.

	Base fee
Les Platts (Chairman)	£100,000
Laura Carstensen	£40,000
Eamonn Flanagan	£40,000
Simon Turner	£40,000

An additional fee of £5,000 is payable for each Non-Executive Director (excluding the Chairman) in respect of acting as a Committee Chair.

Executive Incentive Plan (EIP) (Audited)

For the financial year ended 30 September 2019, the maximum EIP awards granted to the CEO and CFO equated to 187.5% and 150% of base salary respectively.

Executive Director	Maximum opportunity	On-target opportunity	Number of shares	Face value at grant[1]	Performance period[2]
Andy Bell	187.5% of salary	125% of salary	220,312 Annual 330,469 Deferred	£352,499 £528,750	Financial year ended 30 September 2019
Michael Summersgill	150% of salary	100% of salary	82,500 Annual 123,750 Deferred	£132,000 £198,000	Financial year ended 30 September 2019

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 160p, the share price at admission.

2 Each award was subject to performance conditions assessed over the financial year ended 30 September 2019 (as described further below). Deferred awards are also subject to a performance underpin for a further three years (to 30 September 2022).

Annual Report on Remuneration
continued

The EIP awards are made up of an annual award and a deferred award (40% and 60% of the total number of shares respectively). 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 ended 30 September 2019 as set out below:

Finance and assurance	Growth	Our customers	Customer services	Our people
Revenue PBT Diluted EPS	Total Customer Total AUA	Customer retention rates	PBT margin Operating Performance Indicators (OPI)	Staff engagement
Weighting: CEO: 65% CFO: 65%	Weighting: CEO: 12.2% CFO: 5.2%	Weighting: CEO: 10.5% CFO: 8.8%	Weighting: CEO: 7.0% CFO: 12.2%	Weighting: CEO: 5.3% CFO: 8.8%

Finance and assurance

	Operating plan target	Actual	Prior year	Commentary on achievements
Revenue	£102.9m	£104.9m	£89.7m	Revenue and revenue per AUA were 1.9% higher than plan. The Committee noted this was due to a higher rate of ad valorem revenue earned on platform AUA.
Revenue per £ AUA	21.5bps	21.9bps	21.0bps	Revenue increased by 17% compared with last year.
Profit before tax	£37.5m	£37.7m	£28.4m	PBT and EPS were broadly comparable to plan with higher revenue offset by higher costs.
Diluted EPS	7.47p	7.47p	5.63p	The Committee noted the challenging target within the plan, with a 33% increase in PBT and in diluted EPS achieved compared with the prior year.
Summary performance: on-target performance				

Growth

	Operating plan target	Actual	Prior year	Commentary on achievements
Total customers	233,156	232,066	197,912	Total customers were marginally lower than the ambitious growth plan due to a shortfall in non-platform customers. The Committee noted a strong performance in context of the challenging market conditions, with ongoing UK political and macroeconomic uncertainty. The total number of customers increased by 34,154 during the year.
Total AUA	£50.9bn	£52.3bn	£46.1bn	AUA was 3% higher than plan due to favourable market movements. The Committee noted the strong growth in platform AUA during the year increasing the overall AUA by 13% to £52.3bn.
Summary performance: slight under performance against targets				

Our customers

	Operating plan target	Actual	Prior year	Commentary on achievements
Combined AJBIC/ AJBYI customer % retention rate	95.2%	95.4%	95.1%	The customer retention rate of our platform customers was marginally higher than the plan. The Committee noted the improvement was due to a higher AJBYI retention rate.
Summary performance: on-target performance				

Customer services

	Operating plan target	Actual	Prior year	Commentary on achievements
Profit margin	36.5%	35.9%	31.6%	The profit margin was 0.6% lower than plan. The Committee noted the reduction in profit margin was due to higher costs, including marketing, FSCS levy and an increase in the dilapidation provision. The profit margin increased by 4.3% during the year, due to the continued growth in the business, higher revenue margins and operational gearing.
OPI	93%	96%	n/a	A new suite of measures were used for FY19. There is therefore no prior year comparison. The percentage of operational performance indicators rated on target was 3% higher than plan. The Committee noted the strong performance in context of the high growth in the customer base during the year.
Summary performance: on-target performance				

Our people

	Operating plan target	Actual	Prior year	Commentary on achievements
Star rating from Best Companies survey results	3 star	3 star	3 star	Staff engagement targets were met as the score in the Best Companies survey increased and position strengthened as a 3 star company. The Committee noted the increase seen in engagement levels across the business and, in particular, in relation to the personal growth of our employees and their wellbeing.
Summary performance: on-target performance				

Annual Report on Remuneration
continued

In considering the extent to which the Executive Directors' EIP awards vested, the Committee assessed achievement against the financial and non-financial targets set alongside the findings of the CRO risk report, in which no adverse findings were reported. They also took account of relevant external market conditions. The Committee recognised that strong performance had been delivered against ambitious targets with only a slight shortfall in meeting overall customer numbers and shortfall in profit margin, both of which had significantly increased from the previous year.

Accordingly, the CEO's and the CFO's awards vested at 65% and 66% respectively, as regards both the annual and deferred awards. Further detail is included in the table below:

		Granted	Vested and released	Vested and deferred	Lapsed
	Annual awards	220,312	143,202	–	77,110
CEO	Deferred awards	330,469	–	214,804	115,665
	Annual awards	82,500	54,450	–	28,050
CFO	Deferred awards	123,750	–	81,675	42,075

The deferred awards are also subject to performance underpins for a further three years. The underpin conditions are set out below:

Underpin	Measure	Details
Grow shareholder value	Measurement of the underlying performance and strength of the Company	No material deterioration in the underlying performance of the Company which is significantly greater than any deterioration in the performance of comparator listed financial services companies.
Risk, conduct and compliance	Effective individual and Company risk management	No material failure in risk management, conduct or compliance.

The participants are entitled to acquire shares following the assessment of the underpins but (other than as regards sales to cover tax liabilities) participants are required to hold acquired shares (and to not dispose of shares) for a further 12 months.

Payments made to former Directors and payments for loss of office during the year (Audited)

No payments for loss of office and no payments to any former Director of the Company were made in the year.

Statement of Directors' shareholding and share interests (Audited)

The interests of the Directors and their connected persons in the Company's ordinary shares as at admission and 30 September 2019 were as follows:

	30 September 2019	Admission
Executive Directors		
Andy Bell	103,813,095	103,813,095
Michael Summersgill	2,290,109	2,290,109
Non-Executive Directors		
Les Platts	669,935	669,935
Laura Carstensen	104,090	104,090
Eamonn Flanagan	166,590	166,590
Simon Turner	309,142	328,581

There has been no subsequent change in Directors' shareholdings and share interests since 30 September 2019.

Executive Directors' interests under share schemes (Audited)

Awards under share plans:

		Award date	As at 1 October 2018	Granted during the year	Lapsed during the year	Exercised during the year	Number of options at 30 September 2019	Status
Andy Bell	Annual award	18 Jan 19	–	220,312	(77,110)	–	143,202	Vested and unexercised
	Deferred award	18 Jan 19	–	330,469	(115,665)	–	214,804	Subject to performance underpins
Michael Summersgill	Annual award	18 Jan 19	–	82,500	(28,050)	–	54,450	Vested and unexercised
	Deferred award	18 Jan 19	–	123,750	(42,075)	–	81,675	Subject to performance underpins
	CSOP	1 Oct 10	24,194	–	–	(24,194)	–	Exercised
	CSOP	19 Dec 11	9,722	–	–	(9,722)	–	Exercised

The Committee has adopted a shareholding guideline for the Executive Directors, which requires a shareholding equivalent to 350% of base salary for the Chief Executive Officer and 300% of base salary for the Chief Financial Officer, as further described in the Directors' Remuneration Policy. The Executive Directors have significantly exceeded this guideline at 30 September 2019, based on the share price at the end of the financial year.

Current service contracts and terms of engagement

Executive Directors

The Executive Directors are employed under rolling service contracts that can be terminated by the Executive Director or the Company with six months' notice. These contracts were dated as follows:

	Contract date
Andy Bell	1 November 2018
Michael Summersgill	1 November 2018

Non-Executive Directors

The Non-Executive Directors do not have service agreements and are appointed subject to letters of appointment that can be terminated with one month's notice by either the Non-Executive Director or the Company. The letters of appointment are dated as follows:

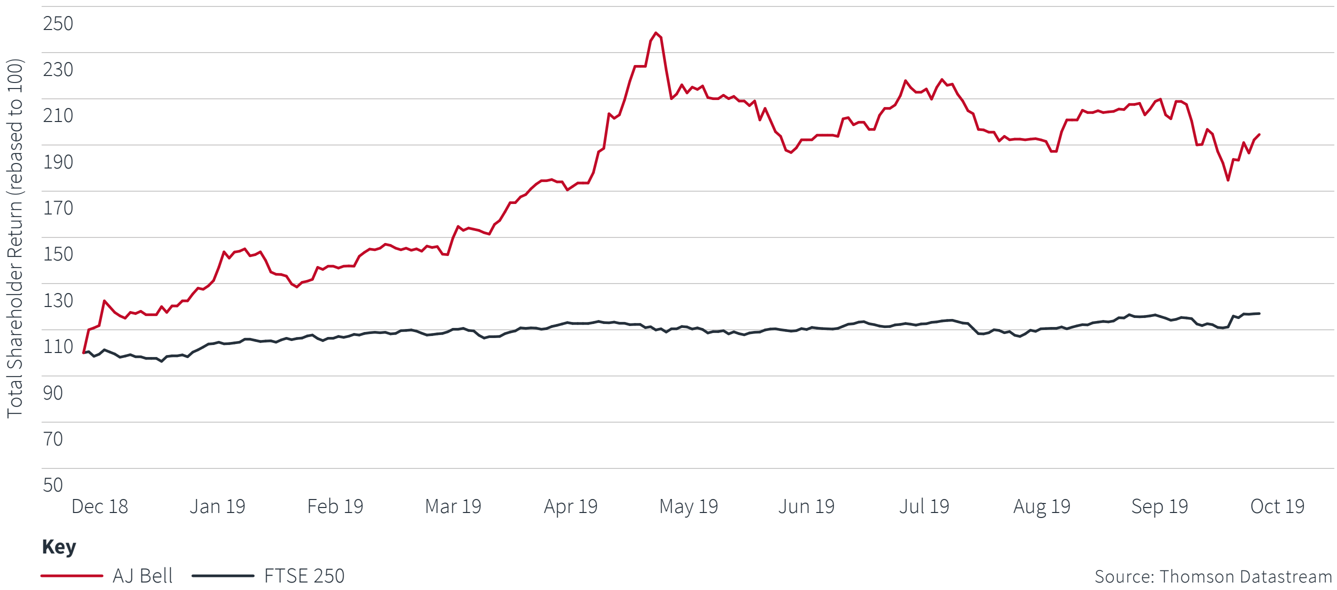
	Contract date
Les Platts (Chairman)	15 September 2008
Laura Carstensen	29 March 2018
Eamonn Flanagan	22 March 2018
Simon Turner	1 July 2014

Annual Report on Remuneration
continued

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 to 30 September 2019. 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 2019, 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



Source: Thomson Datastream

The table below shows details of the total remuneration and EIP vesting (as a percentage of the maximum opportunity) for the Chief Executive Officer in 2019.

	Total single figure remuneration £000	Annual EIP award (% of maximum opportunity)	Deferred EIP award (% of maximum opportunity)
Andy Bell	1,906	65%	65%

CEO pay increase in relation to all employees

The table below sets out in relation to salary, taxable benefits and incentives, the percentage increase in pay for Andy Bell compared to the wider workforce.

Element	CEO	Wider workforce
Base salary	9.8%[1]	3.7%
Benefits	(64.0)%[2]	3.1%
Annual bonus	n/a[3]	9.9%[4]

1 This includes an amount equivalent to the previous year's car allowance amount which was consolidated into base salary from 1 October 2018.

2 The reduction in the CEO's benefits between FY18 and FY19 reflects that for FY19 he was no longer eligible for a car allowance and interest free loans repaid ahead of the listing.

3 For FY18, the CEO earned a bonus by reference to the annual bonus plan in place prior to admission, part of which he sacrificed as described in the note to the FY18 single figure of remuneration table on page 64. For FY19, the CEO participated in the EIP under which he was granted both an annual award and a deferred award, each of which vested by reference to performance in FY19. Given the significant differences between the FY18 and FY19 annual bonus arrangements, the percentage increase is not included as, in the opinion of the Committee, it would not provide a meaningful disclosure.

4 For FY18, certain members of senior management also earned a bonus by reference to the annual bonus plan in place prior to admission. For FY19 those members of senior management participated in the EIP. Therefore, consistent with the approach in relation to the CEO, those members of senior management have been disregarded when considering the change in the wider workforce annual bonus.

Distribution statement

The following table sets out the total remuneration for all employees and the total shareholder distributions:

	2019 £000	2018 £000
Total remuneration for all employees	**34,213**	32,629
Dividends and share buybacks	**14,988**	21,459

Implementation of the Directors' Remuneration Policy for the financial year ending 30 September 2020

Information on how AJ Bell intends to implement the Directors' Remuneration Policy for the financial year ending 30 September 2020 is set out below:

Salary and fees

Details of annual base salaries for Executive Directors are set out below:

	Base salary from admission	Base salary at 1 October 2019	Increase %
Andy Bell	£470,000	£481,752	2.5
Michael Summersgill	£220,000	£225,504	2.5

This increase is in-line with the standard c.2.5% increase for the wider workforce.

The Chairman's fee increased to £115,000 and Non-Executive base fees increased by 2.5% on fees set at admission from 1 October 2019.

Executive Incentive Plan

The maximum incentive opportunity for FY20 will be 187.5% of salary for the CEO and 150% of salary for the CFO. The incentive will be subject to financial and strategic/individual performance measures. The Committee considers the targets are commercially sensitive as they provide competitors with insight into our business plans and expectations and therefore they should remain confidential. However, the Committee intends to disclose the performance targets and performance against them retrospectively in the 2020 Directors' Remuneration report.

Consideration by the Directors of matters relating to Directors' remuneration

The Committee meets at least three times a year and otherwise as required. The table below shows the Committee membership and members' attendance at meetings for the year ended 30 September 2019:

Member	Position	Eligible meetings	Attended meetings
Laura Carstensen	Chair	4	4
Les Platts	Non-Executive Director (Chairman)	4	4
Eamonn Flanagan	Non-Executive Director	4	4
Simon Turner	Non-Executive Director	4	4

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.

The Committee's key responsibilities are:

- reviewing the on-going appropriateness and relevance of remuneration policy
- reviewing and approving the remuneration packages of the Executive Directors
- recommending and monitoring the level and structure of remuneration of senior management
- producing the annual report on the Directors' remuneration

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.

Advisers

In relation to its consideration of Directors' remuneration during the year, the Committee has received advice from:

- The Chairman, Chief Executive Officer, Chief Financial Officer, HR Director and Company Secretary
- Deloitte LLP (Deloitte)

Deloitte is retained to provide independent advice to the Committee as required. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operated under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte's fees for providing remuneration advice to the Committee were £14k for the year ended 30 September 2019. 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. Deloitte was appointed by the Committee and has provided share scheme advice and general remuneration advice to the Company, including the provision of wider tax services during the year ending 30 September 2019.

Approval

This report was approved by the Board on 4 December 2019 and signed on its behalf by:

Laura Carstensen
Chair of the Remuneration Committee

4 December 2019

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 2019.

On 16 November 2018, AJ Bell Holdings Limited re-registered as a public company and changed its name to AJ Bell plc.

Additional disclosures

The Strategic report is a requirement of the UK Companies Act 2006 and can be found on pages 4 to 35 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
Likely future developments in the business	8 to 11

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 can be located as follows:

Listing Rule 9.8.4 Required Disclosure	Location in the Report and Financial Statements
(12) Current year dividend waiver agreements	Note 10 to the consolidated financial statements provides information on employee benefit trusts that have waived dividends
(13) Future dividend waiver agreements	Note 10 to the consolidated financial statements provides information on employee benefit trusts that have waived dividends
(14) Information regarding controlling shareholder	A statement regarding the controlling shareholder is on page 73 of the Directors' report

Principal activity

AJ Bell plc (the 'Company') and its subsidiaries (together the 'Group') provide an investment platform operating in the advised and D2C markets. The Company is registered as a public limited company under the Companies Act 2006 and is listed on the Main Market of the London Stock Exchange.

Results and future performance

A review of the Group's results and activities is covered within the Strategic report on pages 4 to 35. This incorporates the Chairman's statement and Chief Executive Officer's review, which include an indication of likely future developments.

Key performance indicators

Key performance indicators in relation to the Group's activities are continually reviewed by senior management and are presented on pages 18 and 19.

Dividends

The Board recommends a final dividend of 3.33p per ordinary share for the year ended 30 September 2019. This, together with the interim dividend of 1.50p per ordinary share paid on 28 June 2019, makes a total dividend in respect of the financial year end 30 September 2019 of 4.83p per ordinary share. The final dividend proposed by the Directors will be subject to approval at the AGM on 22 January 2020. If approved, the Company will pay a final dividend on 31 January 2020 to shareholders on the register at 10 January 2020. The ex-dividend date will be 9 January 2020.

The AJ Bell Employee Benefit Trust has elected to waive all dividends on shares held under the trust relating to AJ Bell plc. Further details can be found in note 10 to the financial statements.

Corporate governance

The Corporate Governance report is set out on pages 44 to 47.
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.

Articles of Association

The Articles of Association of the Company were adopted by special resolution on 15 November 2018. Any amendments to the Articles of Association may be made in accordance with the provisions of the Companies Act 2006, by way of special resolution.

Directors

The Directors of the Group who were in office during the year, are disclosed on pages 40 to 41.

Under the Company's Articles of Association all of the Directors are required to retire from the Board at the AGM. Accordingly, each of the Directors, being eligible, will offer themselves for re-election by the members of the Company.

The service agreements of current Executive Directors and the Letters of Appointments 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 Executive Management Board 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 68.

During the period covered by this report, no Director had any material interest in a contract to which the Company or any of its subsidiary undertakings was a party (other than their own service contract) that requires disclosure under the requirements of the Companies Act 2006.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors. These provisions were for the purposes of section 234 of the Companies Act 2006 and were in force throughout the financial year and remain so at the date of this report.

Share capital

Details of the Company's authorised and issued share capital, together with details of the movements therein, are set out in note 22 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 carry 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 of Association and prevailing legislation.

Pursuant to an underwriting agreement entered into between the Company, directors and employees of the Company, Invesco Perpetual and Seneca Investment Managers, the following restrictions applied:

Invesco Perpetual and Seneca Investment Managers was subject to a 180 day lock-in period in respect of their shareholding from the date of admission. This lock-in lapsed on 10 June 2019.

The non-employee shareholders were subject to a 180 day lock-in period from the date of admission in respect of their shareholding at admission (but excluding any ordinary shares they purchased pursuant to the qualifying offer at admission). This lock-in lapsed on 10 June 2019.

The employee shareholders were subject to a one year lock-in period for 100% of their shares and a two year lock-in period in respect of 50% of their shares from the date of admission. In the case of Management, this lock-in is inclusive of any ordinary shares purchased pursuant to the qualifying offer. The one year lock-in will expire on 11 December 2019 and the two year lock-in will expire on 11 December 2020.

The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

The AJ Bell Employee Benefit Trust was established in order to provide benefits for the Group's employees and former employees and certain of their relatives. This includes acting as a vehicle for the acquisition and holding of a pool of shares to satisfy share awards under the Company's employee share plans. During the reporting period, the Trust purchased 12,701 shares prior to the share reorganisation discussed within note 22. The equivalent number restated for the reorganisation is 122,272 shares.

Authority to purchase its own shares

The Company is permitted pursuant to the terms of its Articles of Association to purchase its own shares subject to shareholder approval. The Company will seek authority to purchase its own shares up to an aggregate value of 10% of the issued nominal capital. This resolution gives the Directors authority to make market purchases of up to 40,873,000 ordinary shares representing approximately 10% of the Company's issued share capital at 4 December 2019. The authority will expire on the earlier of the end of the next AGM after the passing of the proposed resolution and 28 February 2021.

Substantial shareholdings

As at 30 September 2019, the Company had been notified in accordance with Chapter 5 of the DTR of the following shareholdings:

Interested party	Number	% of Ordinary Shares
Andy Bell	103,813,095	25.40
Invesco	54,413,262	13.31
Fergus Lyons	19,623,273	4.80

Between 30 September 2019 and 4 December 2019 (the latest practicable date for inclusion in this report), the Company was notified that Invesco had sold 6,540,558 shares taking its interest to an aggregate 47,872,704 ordinary shares, representing 11.71% of the total voting rights attached to the Company's issued ordinary share capital as at 4 December 2019.

There is a relationship agreement between Andy Bell and the Company to ensure that the independence provisions as set out in the Listing Rules are complied with. The Board confirms that for the year ended 30 September 2019 and in accordance with the Listing Rule 9.8.4(14):

i) the Company has complied with the independence provisions included in the relationship agreement; and
ii) so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by the other parties to the relationship agreement and their associates.

Capital management

The Group is subject to CRD IV requirements and therefore has a consolidated regulatory capital requirement. The capital held to meet this requirement comprises share capital, share premium and retained earnings. The Directors ensure that the level of capital held in the Group:

- meets the regulatory capital requirements;
- provides a strong base for ongoing trading activities; and
- is sufficient to support the Group's long-term strategy.

The Group's regulatory capital requirement and details can be found under our CRR Part Eight (Pillar 3) disclosures; which can be found on the Group's website at www.ajbell.co.uk. The Group continues to hold a significant amount of capital above its regulatory capital requirement.

Country by country reporting

AJ Bell plc is a parent institution of a group regulated by the FCA with a subsidiary, AJ Bell Securities Limited, regulated under CRD IV and CRR. Regulation requires disclosure of certain financial information on a country by country basis. The following table demonstrates how we comply with the country by country reporting requirements of CRD IV, by showing where the relevant information can be found within the financial statements. The Company has taken the exemption permitted under CRD IV to provide this information on a consolidated basis.

Jurisdiction	Number of employees	Turnover	Profit (or loss) before tax	Cash tax paid on profit or loss	Public subsidies received
UK	See note 7 of the financial statements	See income statement	See income statement	See statement of cash flows	None received

Financial instruments and risk management

The risk management objectives and policies of the Group are set out within note 24 of the financial statements.

Political and charitable contributions

During the year the Group made charitable donations of £410,000 (2018: £142,000). No political contributions were made by the Group during the year (2018: Nil).

Corporate social responsibility

Information about the Group's approach to the environment including details of our greenhouse gas emissions, are set out on pages 22 to 23 of the Strategic report.

Disabled employees

Applications for employment by disabled persons are considered bearing in mind the aptitude of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the Group continues and that 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 identical to that of other employees.

Employee consultation

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. Employee share schemes have been operated since June 2005. These schemes have promoted wider employee involvement in the Group.

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

Internal control

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

Market Abuse Regulation

The Company has its own internal dealing rules which apply to all staff and which encompass the requirements of the Market Abuse Regulation.

Going Concern and Viability statement

The consolidated financial statements have been prepared on a going concern basis. After making enquiries, and considering the Group's financial position, its business model, strategy, financial forecasts and regulatory capital together with its principal risks and uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The going concern basis of preparation is discussed within note 2.1 of the consolidated financial statements.

In accordance with the provision of C.2.2 of the UK Corporate Governance Code, the Directors have assessed the viability 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 35.

Events after reporting date

Details of significant events since the reporting date are contained in note 29 to the financial statements.

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In January 2019, the Company commenced a competitive tender process for the appointment of new external auditors. That process was supervised by the Audit Committee, who made a recommendation to the Board on the appointment of the replacement auditor.

Following the conclusion of the competitive tender process, the Company announced on 25 June 2019 that the Board had approved the proposed appointment of BDO LLP as the Company's auditor for the financial year ending on 30 September 2020. The appointment remains subject to approval by shareholders at the AGM to be held on 22 January 2020, and should the resolution be passed, the appointment will take effect from the conclusion of that meeting.

KPMG LLP were reappointed as the auditor by shareholders at the 2018 AGM and will cease to hold office with effect from the conclusion of the AGM on 22 January 2020.

Approved by the Board on 4 December 2019 and signed on its behalf by:

Christopher Bruce Robinson
Company Secretary

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and responsibilities are listed in the Corporate Governance report, confirms that, to the best of their knowledge:

The Group and Parent Company financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Parent Company and the undertakings included in the Group taken as a whole; and

The Strategic report and the financial statements include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board on 4 December 2019 and signed on its behalf by:

Christopher Bruce Robinson
Company Secretary

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Financial statements

Independent Auditors’ report to the members of AJ Bell plc

1. Our opinion is unmodified

We have audited the financial statements of AJ Bell Plc (“the Company”) for the year ended 30 September 2019 which comprise the consolidated income statement, consolidated and Company statement of financial position, consolidated and Company statement of changes in equity, consolidated statement of cash flows and the related notes, including the accounting policies in note 2.

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 2019 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 22nd May 2009. The period of total uninterrupted engagement is for the 11 financial years ended 30 September 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: group financial statements as a whole	£1.6m (2018: £1.4m) 4.2% (2018: 4.9%) of Profit before tax	
Coverage	100% (2018: 100%) of group profit before tax	
Key audit matters		**vs 2018**
Event driven	Group: The impact of uncertainties due to the UK exiting the European Union	◀▶
Recurring risks	Group: Revenue recognition	◀▶
	Parent company: Investment in Subsidiaries	◀▶

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon,and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to page 30 (principal risks and uncertainties) and page 35 (viability statement).	**Unprecedented levels of uncertainty** All audits assess and challenge the reasonableness of estimates, in particular as described in Recoverability of parent company’s investment in subsidiary below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group’s future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors’ statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: • **Our Brexit knowledge** – We considered the directors’ assessment of Brexit-related sources of risk for the group’s business and financial resources compared with our own understanding of the risks. We considered the directors’ plans to take action to mitigate the risks. • **Sensitivity analysis** – When addressing Revenue and Investments in subsidiary and other areas that depend on forecasts, we compared the directors’ analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • **Assessing transparency** – As well as assessing individual disclosures as part of our procedures on Revenue and Investment in subsidiary we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the over all picture against our understanding of the risks. **Our results** – As reported under Recoverability of parent company’s investment in subsidiary we found the resulting estimates and related disclosures of Recoverability of parent company’s investment in subsidiary and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

	The risk	Our response
Revenue (£104.9 million; 2018: £89.7 million) Refer to page 91 (accounting policy) and page 95 (financial disclosures).	**Revenue recognition:** Revenue may be misstated due to errors in IT application calculations or in manual processes. Revenue calculations place reliance on the amount or value of customer assets under administration recorded in the IT applications. Due to the variety and complexity of transaction types, assets under administration and fee schedules there is a risk inappropriate changes to data recorded in the IT application could lead to a misstatement.	Our procedures included: **Control design, operation and observation** – We engaged IT specialists to perform work over general IT controls and specific IT application controls relevant to the recognition of revenue, such as the calculation of recurring fixed, ad valorem and transactional fees. – We identified and tested the operating effectiveness of controls which support the accuracy of the underlying data used in the calculation of revenue. **Re-performance** – To address the risk identified in IT application calculations we independently re-calculated the revenue recognised on custody fees, based on data extracted from the administration system. – In order to rely on the data extract we sample tested relevant data characteristics back to supporting documentation such as external custodian confirmations to allow us to rely on its accuracy and completeness. We agreed the fee rate charged to customer terms and conditions. **Tests of details** – We agreed 100% of pension administration revenue on a line by line basis to bank statements. – We agreed 100% of retained interest income earned on cash deposits to bank statements, along with the relevant interest rate expected on each account. – On a sample basis we agreed transactional fees to bank statements and customer account records. – The remaining revenue was sampled and agreed to supporting documentation. **Our results** – The results of our testing were satisfactory and we considered the revenue recognised to be acceptable (2018 result: acceptable).
Recoverability of parent company's investment in subsidiary (£2.4 million; 2018: £1.8 million) Refer to page 115 (accounting policy) and page 116 (financial disclosures).	**Forecast-based valuation** The carrying amount of the parent company's investments in a subsidiary is significant and at risk of irrecoverability. The estimated recoverable amount of this balance is subjective due to the inherent uncertainty in forecasting trading conditions and cash flows used in the budgets. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the cost of investment in subsidiary has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 3) disclose the sensitivity estimated by the Parent.	Our procedures included: – **Benchmarking assumptions:** Challenging the assumptions used in the cash flows included in the budgets based on our knowledge of the Group and the markets in which the subsidiary operates; – **Historical comparisons:** Assessing the reasonableness of the budgets by considering the historical accuracy of the previous forecasts; – **Our sector experience:** Evaluating the current level of trading, including identifying any indications of a downturn in activity, by examining the post year end management accounts and considering our knowledge of the Group and the market; and – **Assessing transparency:** Assessing the adequacy of the parent company's disclosures in respect of the investment in subsidiary. **Our results:** – We found the group's assessment of the investment in subsidiary to be acceptable (2018: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £1.6m, determined with reference to a benchmark of group profit before tax of £37.7m of which it represents 4.2% (2018: 4.9%).

Materiality for the parent company financial statements as a whole was set at £0.55m (2018: £0.3m), determined with reference to a benchmark of profit before tax, of which it represents 4.2% (2018: 4.9%). The reduction in the percentage of the benchmark used in the current year for both parent and group is due to the listing of the parent company near the start of the current period and is in line with guidelines for appropriate percentages for listed entities.

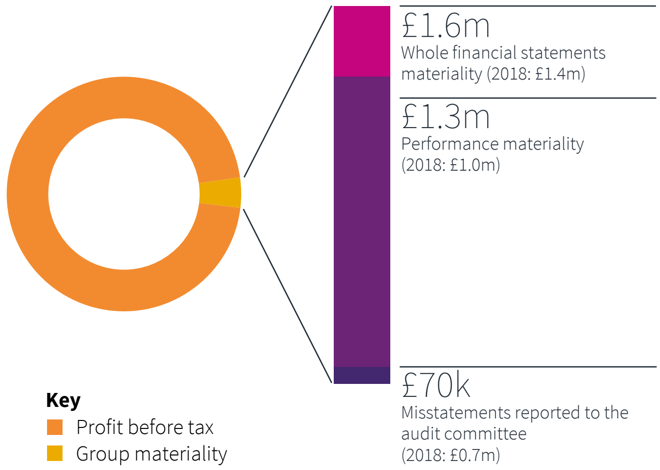
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £70k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 1 (2018:1) reporting component, we subjected 1 (2018: 1) to full scope audit for group purposes. The component within the scope of our work accounted for the percentages illustrated opposite.

The work on the component (2018: all of the component) was performed by the Group team.

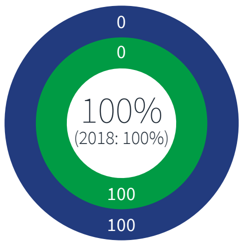
Profit before tax
£37.7m (2018: £28.4m)

Group Materiality
£1.6m (2018: £1.4m)

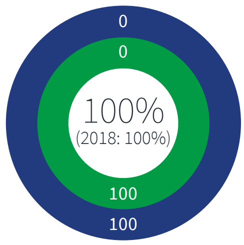


Key
- Profit before tax
- Group materiality

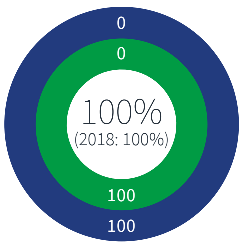
Group revenue



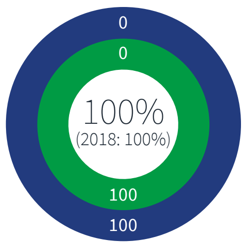
Group profit before tax



Group total assets



Group profit before exceptional items and tax



Key
- Full scope for group audit purposes 2019
- Full scope for group audit purposes 2018

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- Changes in UK savings tax legislation; and
- Falls in either the Bank of England base rate or capital markets, which may or may not be impacted by a disorderly Brexit.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit in terms of the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 74 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement page 35 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether 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 period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or

- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- we are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 75, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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.

Alexander Simpson
Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Consolidated income statement

for the year ended 30 September 2019

	Note	2019 £000	2018 £000
Revenue	5	**104,902**	89,691
Administrative expenses		**(67,493)**	(61,435)
Operating profit	6	**37,409**	28,256
Investment income		**328**	128
Finance costs	8	**(42)**	(25)
Profit before tax		**37,695**	28,359
Tax expense	9	**(7,342)**	(5,713)
Profit for the year		**30,353**	22,646
Profit for the financial year attributable to:			
Equity holders of the parent company		**30,353**	22,646
Earnings per share:			
Basic (pence)	11	**7.51**	5.76
Diluted (pence)	11	**7.47**	5.63

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 87 to 112 form an integral part of these financial statements.

Consolidated statement of financial position

as at 30 September 2019

	Note	2019 £000	2018 £000
Assets			
Non-current assets			
Goodwill	12	**3,660**	3,660
Other intangible assets	13	**2,453**	3,124
Property, plant and equipment	14	**4,062**	4,433
Deferred tax asset	16	**1,094**	372
		11,269	11,589
Current assets			
Trade and other receivables	17	**22,954**	20,075
Cash and cash equivalents	18	**69,067**	49,695
		92,021	69,770
Total assets		**103,290**	81,359
Liabilities			
Current liabilities			
Trade and other payables	19	**(9,965)**	(11,438)
Current tax liabilities		**(2,804)**	(2,491)
Other financial liabilities	20	**(338)**	(300)
Provisions	21	**(1,095)**	(1,282)
		(14,202)	(15,511)
Non-current liabilities			
Trade and other payables	19	**(1,241)**	(603)
Other financial liabilities	20	**(234)**	(431)
Provisions	21	**(1,550)**	(778)
		(3,025)	(1,812)
Total liabilities		**(17,227)**	(17,323)
Net assets		**86,063**	64,036
Equity			
Share capital	22	**51**	42
Share premium		**7,667**	4,410
Own shares		**(1,147)**	(1,364)
Retained earnings		**79,492**	60,948
Total equity		**86,063**	64,036

The financial statements were approved by the Board of Directors and authorised for issue on 4 December 2019 and signed on its behalf by:

Michael Summersgill
Chief Financial Officer

AJ Bell plc
Company registered number: 04503206

The notes on pages 87 to 112 form an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 30 September 2019

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 30 September 2018	**42**	**4,410**	**60,948**	**(1,364)**	**64,036**
Adjustments on initial application of IFRS 9	**–**	**–**	**78**	**–**	**78**
Adjustments on initial application of IFRS 15	**–**	**–**	**172**	**–**	**172**
Balance at 1 October 2018 – as restated	**42**	**4,410**	**61,198**	**(1,364)**	**64,286**
Total comprehensive income for the year:					
Profit for the year	**–**	**–**	**30,353**	**–**	**30,353**
Transactions with owners, recorded directly in equity:					
Issue of shares	**–**	**1,081**	**–**	**–**	**1,081**
Settlement of part-paid shares	**1**	**2,185**	**–**	**–**	**2,186**
Bonus issue	**9**	**(9)**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(14,938)**	**–**	**(14,938)**
Equity settled share-based payment transactions	**–**	**–**	**1,100**	**–**	**1,100**
Deferred tax effect of share-based payments	**–**	**–**	**663**	**–**	**663**
Tax relief on exercise of share options	**–**	**–**	**1,383**	**–**	**1,383**
Purchase of own share capital	**(1)**	**–**	**–**	**–**	**(1)**
Share transfer to employees	**–**	**–**	**(267)**	**267**	**–**
Own shares acquired	**–**	**–**	**–**	**(50)**	**(50)**
Total transactions with owners	**9**	**3,257**	**(12,059)**	**217**	**(8,576)**
Balance at 30 September 2019	**51**	**7,667**	**79,492**	**(1,147)**	**86,063**

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2017	40	2,806	58,516	–	61,362
Total comprehensive income for the year:					
Profit for the year	–	–	22,646	–	22,646
Transactions with owners, recorded directly in equity:					
Issue of shares	1	1,291	–	–	1,292
Settlement of part-paid shares	1	313	–	–	314
Dividends paid	–	–	(20,095)	–	(20,095)
Equity settled share-based payment transactions	–	–	112	–	112
Deferred tax effect of share-based payments	–	–	51	–	51
Tax relief on exercise of share options	–	–	128	–	128
Purchase of own share capital	–	–	(410)	–	(410)
Own shares acquired	–	–	–	(1,364)	(1,364)
Total transactions with owners	2	1,604	(20,214)	(1,364)	(19,972)
Balance at 30 September 2018	42	4,410	60,948	(1,364)	64,036

The notes on pages 87 to 112 form an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 30 September 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Profit for the financial year		**30,353**	22,646
Adjustments for:			
Investment income		**(328)**	(128)
Finance costs		**42**	25
Income tax expense		**7,342**	5,713
Depreciation and amortisation		**2,110**	1,971
Share-based payment expense		**1,100**	112
Net increase in provisions and other payables		**1,223**	108
Loss on disposal of property, plant and equipment		**4**	11
(Increase) / decrease in trade and other receivables		**(2,626)**	2,137
(Decrease) / increase in trade and other payables		**(1,473)**	1,323
Cash generated from operations		**37,747**	33,918
Interest paid		**(42)**	(25)
Income tax paid		**(5,704)**	(5,045)
Net cash from operating activities		**32,001**	28,848
Cash flows from investing activities			
Purchase of other intangible assets	13	**–**	(6)
Purchase of property, plant and equipment	14	**(858)**	(951)
Interest received		**324**	128
Net cash used in investing activities		**(534)**	(829)
Cash flows from financing activities			
Payments of obligations under finance leases and hire purchase contracts	26	**(373)**	(199)
Proceeds from issue of share capital		**1,081**	1,292
Proceeds from settlement of part-paid shares		**2,186**	314
Payments for purchase of own shares		**(1)**	(410)
Purchase of own shares for employee share schemes		**(50)**	(1,364)
Dividends paid	10	**(14,938)**	(20,095)
Net cash used in financing activities		**(12,095)**	(20,462)
Net increase in cash and cash equivalents		**19,372**	7,557
Cash and cash equivalents at beginning of year	18	**49,695**	42,138
Total cash and cash equivalents at end of year	18	**69,067**	49,695

The notes on pages 87 to 112 form an integral part of these financial statements.

1 General information

AJ Bell plc (formerly AJ Bell Holdings Limited) (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.

On 12 December 2018 the Company was admitted to the premium listing segment of the Official List of the Main Market for listed securities of London Stock Exchange plc.

The consolidated financial statements for the Company and its subsidiaries were approved by the Board on 4 December 2019.

2 Significant accounting policies

Basis of accounting

The consolidated financial statements of AJ Bell plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 accounting standards and interpretations that are relevant to the Group became effective during the year:

		Effective for periods commencing
IFRS 9	Financial Instruments	1 Jan 2018
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018

The Group applies IFRS 9 and IFRS 15 for the first time and the impact of the adoption of these standards is disclosed below. The remaining new standards have not had a material impact on the financial statements of the Group.

The following amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2018 but have not had a material effect on the Group and so have not been discussed in detail in the notes to the financial statements:

IFRS 2	Share-Based Payments (amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 1	Annual Improvements to IFRSs: 2014-2016 cycle (IFRS 1 First-time Adoption of IFRS, IFRS 12 Disclosures of interest in Other Entities and IAS 28 Investments in Associates and Joint Ventures)

IFRS 9 – Financial Instruments

The Group has applied IFRS 9 Financial Instruments (IFRS 9) and the related amendments in the current period. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) for annual periods beginning on or after 1 January 2018. IFRS 9 introduces new requirements for:

i) classification and measurement of financial assets and financial liabilities
ii) impairment for financial assets
iii) hedge accounting

Classification and measurement

The basis of classification for financial assets under IFRS 9 has changed from those of IAS 39. Under IFRS 9 financial assets are classified as; amortised cost, fair value through profit or loss, or fair value through other comprehensive income, which replace the categories of available-for-sale, loans and receivables and held to maturity. An assessment of the classification of financial assets has been undertaken, taking into account both the business model within which the asset is held and the contractual cash flow characteristics of the asset.

2 Significant accounting policies continued

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 October 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 October 2018 relates solely to the new impairment requirements.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 £000	New carrying amount under IFRS 9 £000
Trade and other receivables	Loans and receivables	Amortised cost	20,075	20,153
Cash and cash equivalents	Cash and cash equivalents	Amortised cost	49,695	49,695

The Group's financial assets consist of trade and other receivables and cash and cash equivalents. The cash flows arising on these assets are solely payments of principal and interest and therefore continue to be recognised at amortised cost on transition.

The classification and measurement of financial liabilities remains unchanged from IAS 39, therefore there has been no impact on the Group's financial liabilities on adoption of the new standard.

Impairment of financial assets

IFRS 9 replaces the 'incurred-loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The expected credit loss model requires the Group to account for credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Essentially this means that it is not necessary for a credit event to have occurred before credit losses are recognised.

A large proportion of trade receivables relate to outstanding fees from individual customers who hold asset balances far exceeding the value of their outstanding fees. Outstanding fees may be recovered through the sale of assets, therefore the expected loss relating to these balances is not material.

The Group has applied the IFRS 9 simplified approach in respect of financial assets without this type of collateral and has calculated ECLs based on lifetime expected credit losses.

As a result of adopting the expected credit loss model, the loss allowance for trade receivables on 1 October 2018 is as follows:

	£000
Opening loss allowance – calculated under IAS 39	**463**
Amounts restated through opening retained earnings	*(78)*
Opening loss allowance – calculated under IFRS 9	**385**

Hedge accounting

IFRS 9 incorporates new hedge accounting requirements. The Group does not carry out, and does not intend to carry out, any material hedging activities which would be accounted for in accordance with IFRS 9.

Transition impact

The date of initial application is 1 October 2018. The Group has elected not to restate comparatives, and to recognise the impact of the new accounting requirements in opening retained earnings on the date of adoption in accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26). Accordingly the comparatives presented do not reflect the accounting requirements of IFRS 9 but rather those of IAS 39.

On application of IFRS 9 the Group has recognised an increase in retained earnings and a corresponding decrease in the provision for trade receivables following the introduction of a new expected credit loss impairment model. The total impact on the Group's retained earnings as at 1 October 2018 is as follows:

	£000
Opening retained earnings IAS 39	**60,948**
Decrease in provision for trade receivables	78
Total adjustment to retained earnings from adoption of IFRS 9	*78*
Opening retained earnings IFRS 9	**61,026**

There has been no material impact on the income statement.

IFRS 15: Revenue from Contracts with Customers

The Group has applied IFRS 15 Revenue from Contracts with Customers (IFRS 15) and the related amendments in the current period. IFRS 15 replaces IAS 18 Revenue (IAS 18), IAS 11 Construction Contracts (IAS 11) and related interpretations for annual periods beginning on or after 1 January 2018.

IFRS 15 changes how and when revenue is recognised from contracts with customers and the treatment of the costs of obtaining a contract with a customer. The new standard is based on the principle that revenue is recognised when control of goods or services transfer to the customer. IFRS 15 establishes a comprehensive framework for determining how much revenue should be recognised and when.

IFRS 15 establishes a more systematic approach for revenue measurement and recognition by introducing a five-step revenue recognition model. The five-step model includes: 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied.

Impact on revenue recognition
The Group performed an assessment to determine the impact of the new standard on the Group's statement of financial position and performance.

It considered the five-step model prescribed by the standard, taking into account the different types of contracts it has with its customers, the corresponding types of services provided to customers and when these performance obligations are satisfied. The assessment concluded that the accounting treatment for the majority of revenue streams remains unchanged, except for annual pension administration fees for certain products and cash incentives for acquiring new customers. The application of IFRS 15 required the acceleration of certain annual pension administration fees and the deferral of others due to the charging mechanism and timing of satisfying the performance obligations. Under IFRS 15, cash incentives for acquiring new customers should be recognised as a reduction of the transaction price, and therefore of revenue, whereas previously these incentives were considered to be an operating cost.

Transition impact
The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognised at the date of the initial application, i.e. 1 October 2018. The Group has elected not to restate comparatives, and to recognise the impact of the new accounting requirements in opening retained earnings on the date of adoption in accordance with the transitional provisions in IFRS 15 (C3(b)). Accordingly the comparatives presented do not reflect the accounting requirements of IFRS 15 but rather those of IAS 18.

The following table summarises the impact on the Group's retained earnings as at 1 October 2018:

	£000
Opening retained earnings IAS 18	**60,948**
Increase in deferred income	(192)
Increase in deferred cash incentives	93
Increase in accrued income	271
Total adjustment to retained earnings from adoption of IFRS 15	*172*
Opening retained earnings IFRS 15	**61,120**

The impact on the income statement for the year is a reduction in revenue of £145,000.

Interpretations and standards which have been issued and are not yet effective:
At the date of authorisation of these financial statements the following standards and interpretations have been issued but are not yet effective and have not been applied in preparing the financial statements.

		Effective for periods commencing
IFRS 16	Leases	1 Jan 2019
IFRIC 23	Uncertainty over income tax treatments	1 Jan 2019
IAS 1 and IAS 8	Definition of Material	1 Jan 2020

There are no other standards issued but not yet effective that are expected to have an impact on the Group in the current or future reporting periods and on foreseeable future transactions.

IFRS 16 – Leases
The Group is required to adopt IFRS 16 Leases from 1 October 2019.

IFRS 16 introduces a single accounting model for lessees and eliminates the classification of leases as either operating or finance leases. The Group has elected to take advantage of the exemptions for short-term leases and leases of low-value items.

The Group will recognise right-of-use assets and associated lease liabilities in respect of the Group's various leasehold offices in the statement of financial position. The right-of-use asset will be depreciated over the shorter of the expected life of the asset and the lease term on a straight-line basis, recognised in the income statement. The lease liability will be reduced by the lease payments over the lease term with interest being recognised on the lease liability and charged to the income statement. Depreciation and interest charges will replace the lease costs currently charged to the income statement. Higher interest charges will be recognised in the earlier years of the lease and lower in later years as the liability is reduced.

2 Significant accounting policies continued

The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

At transition, lease liabilities will be measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 October 2019. Right-of-use assets will be measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of application. Therefore the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to opening retained earnings at 1 October 2019 and no restatement of comparatives.

On transition to IFRS 16, the Group estimates that it will recognise right-of-use assets of £16m and lease liabilities of £18m. This is subject to change until the Group presents its first full financial statements that include the date of application i.e. 1 October 2019.

The Group will take advantage of the practical expedient to apply a single discount rate to a portfolio of leases with similar characteristics when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

IFRIC 23 – Uncertainty over income tax treatments

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments under IAS 12 and is effective for accounting periods commencing on or after 1 January 2019. It is anticipated this clarification update will not have an impact on the Group on application.

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 4 to 35 and the Directors' report on pages 72 to 74. Note 24 includes the Group's policies and processes for managing exposure to credit and liquidity risk. The Group's forecasts and objectives, taking into account a number of potential changes in trading performance, show that the Group should be able to operate at adequate levels of both liquidity and capital for the foreseeable future. The Directors have performed a number of stress tests on capital and liquidity and these provide assurance that the Group has sufficient capital to operate under stressed conditions.

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

2.2 Business combinations

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 income statement or other comprehensive income, except for obligations that are classified as equity, which are not re-measured.

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 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.

2.4 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 platform and 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.

2.5 Revenue recognition

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in note 2. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

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.

Media revenue is recognised evenly over the period in which the related service is provided. Media revenue includes advertising, subscriptions, events and award ceremony and corporate solutions contracts.

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. Under IAS 18, annual pension administration fees were recognised in the period to which the service was rendered using the percentage completion method. Percentage completion was determined by the different work activity profiles of the associated individual service. On adoption of IFRS 15, the Group changed its accounting treatment in relation to the timing of income recognised in relation to annual pension administration fees for certain products. 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.

There were no other material changes to fee recognition from the adoption of IFRS 15.

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.

Recurring ad valorem:

Recurring ad valorem revenue comprises custody fees, retained interest income and investment management fees provided by the Group and are 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.

On adoption of IFRS 15, the Group has changed its accounting treatment in respect of cash incentives offered to acquire new retail customers. Cash incentives paid to new retail customers are considered to be a reduction in revenue under IFRS 15, whereas previously they would have been recognised as an operating cost. In line with IFRS 15, cash incentives to acquire new customers are offset against recurring ad valorem revenue and spread over a period of 12 months, i.e. the period over which the incentive is earned.

2.6 Leasing and hire purchase contracts

Leasing:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the asset. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

2 Significant accounting policies continued

Rental payments under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a liability. The aggregate benefit of the incentive is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Hire purchase contracts:

Assets held under hire purchase contracts are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the contract. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the asset. The corresponding liability is included in the consolidated statement of financial position as an obligation under hire purchase contracts. Payments are apportioned between finance charges and reduction of the obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

2.7 Investment income

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

2.8 Finance costs

Finance costs comprise interest payable and finance charges on finance leases and hire purchase contracts. Finance costs are recognised in the income statement using the effective interest rate method.

2.9 Retirement benefit costs

The Group makes payments into the personal pension schemes of certain employees as part of their overall remuneration package. Contributions are recognised in the income statement as they are payable.

The Group also contributes to employees' stakeholder pension schemes. The assets of the scheme are held separately from those of the Group in independently administered funds. Any amount charged to the income statement represents the contribution payable to the scheme in respect of the period to which it relates.

Alternatively, the Group will pay contributions to an employee's AJ Bell Youinvest SIPP, if they wish, instead of the stakeholder pension.

2.10 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 (other than in a business combination) 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 other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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.

2.11 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.

2.12 Property, plant and equipment

All property, plant and equipment is stated at cost, which includes directly attributable acquisition costs, less accumulated depreciation and any recognised impairment losses. Depreciation is provided on all property, plant and equipment, except assets under construction, at rates calculated to write off the cost, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful economic life as follows:

Leasehold improvements – Over the life of the lease
Office equipment – 4 years
Computer equipment – 3–5 years

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than the recoverable amount.

Assets held under finance leases and hire purchase contracts are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

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.

2.13 Intangible assets (excluding goodwill)

Intangible assets comprise computer software, customer contracts and non-contractual customer relationships and the Group's Key Operating System (KOS). These are stated at cost less amortisation or fair value and any recognised impairment loss. Amortisation is provided on all intangible fixed assets excluding goodwill at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful economic life as follows:

Computer software – 3–4 years
KOS – 13 years
KOS enhancements – Over the remaining life of the KOS
Customer contracts and non-contractual – 5–10 years

The assets' estimated useful lives, amortisation rates and residual values are reviewed, and adjusted if appropriate at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than the recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement immediately.

2.14 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.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2.15 Impairment of tangible and intangible assets (excluding goodwill)

At each reporting date the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment. If such an indication exists then the recoverable amount of that particular asset is estimated.

An impairment test is performed for an individual asset unless it belongs to a CGU, in which case the present value of the net future cash flows generated by the CGU is tested. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or of groups of other assets. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount of a tangible or intangible asset is the higher of its fair value less costs to sell and its value-in-use. In assessing its value-in-use, the estimated net future 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.

2 Significant accounting policies continued

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

2.16 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.

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, 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 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 expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September 2019 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 Group's other financial liabilities comprise borrowings, trade and other payables and obligations under finance leases and hire purchase contracts. 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 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. Trade and other payables are measured at amortised cost using the effective interest method.

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 are discounted to present value where the effect is material.

2.18 Share-based payments

The Group operates a number of share incentive plans for its employees. These generally involve an award of share options (equity-settled share-based payments) to certain employees which are measured at the fair value of the equity instrument at the date of grant.

The share incentive plans have conditions attached before the employee becomes entitled to the award. These can be performance and/or service conditions.

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 entity revises its estimates of the number of share options expected to vest based on the non-market vesting conditions. It recognises any revision to original estimates in the income statement, with a corresponding adjustment to equity reserves. 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. Prior to 12 December 2018, the Company's shares were not listed on a recognised stock exchange and therefore no readily available market price existed for the shares, the share price of options granted prior to 12 December 2018 has been estimated using a generally accepted business valuation method. Share price volatility has been estimated as the average of the volatility applying to a comparable group of listed companies.

2.19 Dividends

Dividend distributions to the Company's shareholders are recognised in the period in which the dividends are declared and approved. Final dividends declared after the reporting period are not included as a liability in the financial statements but are disclosed in the notes to the financial statements.

2.20 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.

2.21 Employee Benefit Trust

The Group has an employee benefit trust, the AJ Bell Employee Benefit Trust, used for satisfying share awards under the Company's employee share plans. AJ Bell plc is considered to be the sponsoring employer and so the assets and liabilities of the Trust are recognised as those of AJ Bell plc.

Shares of AJ Bell plc held by the Trust are treated as 'own shares' held and shown as a deduction from equity at the price paid for them. 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 retained earnings.

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. Investment services in the advised and D2C space administering investments in SIPP's, ISA's and General Investment/Dealing accounts. Details of the Group's revenue, results and assets and liabilities for the reportable segment are shown within the consolidated income statement and consolidated statement of financial position on pages 83 and 84 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:

	2019 £000	2018 £000
Recurring fixed	**25,395**	25,212
Recurring ad valorem	**63,095**	47,890
Transactional	**16,412**	16,589
	104,902	89,691

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 spread of rate charged is variable dependent on portfolio size and asset mix within the portfolio. The risks associated with this revenue stream in terms of its nature and uncertainty is discussed further within the Financial Instruments note on pages 108 and 109.

Recurring ad valorem fees also include retained interest income earned on the level of customer cash balances, which are based on customers' asset mix and portfolio size and are therefore subject to market and economic risks. The risks associated with this revenue stream in terms of its nature and uncertainty is discussed further within the Financial Instruments note on pages 108 and 109.

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:

	2019 £000	2018 £000
Amortisation of intangible assets	**671**	723
Depreciation of property, plant and equipment	**1,439**	1,248
Loss on the disposal of property, plant and equipment	**4**	11
Operating lease rentals:		
• property	**1,733**	1,617
Auditor's remuneration (see below)	**465**	817
Staff costs (see note 7)	**34,213**	32,629
IPO related costs	**948**	1,769
Restructuring costs	**–**	364

IPO related costs relate to professional fees incurred in relation to listing AJ Bell plc on the London Stock Exchange. These costs also include the fee for the Reporting Accountant's work disclosed within 'corporate finance services' within auditor's remuneration below.

Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the company's annual accounts	**92**	56
Fees payable to the Company's auditor and its associates for other services to the Group:		
• Audit of the Company's subsidiaries' accounts, pursuant to legislation	**173**	63
• Audit-related assurance services	**84**	81
• Other assurance services	**44**	19
• Corporate finance services	**65**	592
• Non-audit services	**7**	6
	465	817

Of the above, audit related services for the year totalled £349,000 (2018: £200,000).

7 Employees

The average monthly number of employees (including Executive Directors) of the Group was:

	2019 Number	2018 Number
Operational and support	**596**	578
Technology	**137**	116
Distribution	**77**	64
	810	758

Employee benefit expense for the Group during the year:

	2019 £000	2018 £000
Wages and salaries	**27,761**	27,742
Social security costs	**3,355**	3,010
Retirement benefit costs	**1,924**	1,423
Termination benefits	**73**	342
Share-based payments	**1,100**	112
	34,213	32,629

As described in note 23, an Executive Incentive Plan was introduced during the year to replace the Executive Bonus Scheme. Bonus remuneration classified under wages and salaries for the year ended 30 September 2018 has been replaced by a share-based payment charge for the year ended 30 September 2019.

8 Finance costs

	2019 £000	2018 £000
Interest on obligations under finance leases and hire purchase contracts	**42**	25

9 Taxation

Tax charged in the income statement:

	2019 £000	2018 £000
Current taxation		
UK Corporation Tax	**7,478**	5,694
Adjustment to current tax in respect of prior periods	**(78)**	113
	7,400	5,807
Deferred taxation		
Origination and reversal of temporary differences	**(59)**	(16)
Adjustment to deferred tax in respect of prior periods	**(5)**	(80)
Effect of changes in tax rates	**6**	2
	(58)	(94)
Total tax expense	**7,342**	5,713

Corporation Tax is calculated at 19% of the estimated assessable profit for the year to 30 September 2019 (2018: 19%).

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

	2019 £000	2018 £000
Deferred tax relating to share-based payments (see note 16)	**(663)**	(51)
Current tax relief on exercise of share options	**(1,383)**	(128)
	(2,046)	(179)

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

	2019 £000	2018 £000
Profit before tax	**37,695**	28,359
UK Corporation Tax at 19% (2018: 19%)	**7,162**	5,388
Effects of:		
Expenses not deductible for tax purposes	**257**	338
Change in recognised deductible temporary differences	**–**	(47)
Effect of rate changes to deferred tax	**6**	2
Adjustments to current tax in respect of prior periods	**(83)**	32
	7,342	5,713
Effective tax rate	**19.5%**	20.1%

It is expected that the ongoing effective tax rate will remain at a rate approximating to the standard UK Corporation Tax rate in the medium term except for the impact of deferred tax arising from the timing of the exercising of share options. The standard UK Corporation Tax rate was reduced from 20% to 19% (effective from 1 April 2017) and again to 18% (effective from 1 April 2020), as substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

Deferred tax has been recognised at 17% (2018: 17%), being the rate at which the deferred tax assets are expected to reverse.

10 Dividends

	2019 £000	2018 £000
Amounts recognised as distributions to equity holders during the year:		
Final dividend for the year ended 30 September 2018 of 21.50p (2018: 15.50p) per share	**8,827**	6,362
Interim dividend for the year ended 30 September 2019 of 1.50p (2018: 14.00p) per share	**6,111**	5,728
Special dividend for the year ended 30 September 2019 of Nil (2018: 19.50p) per share	**–**	8,005
Total dividends paid on equity shares	**14,938**	20,095
Proposed final dividend for the year ended 30 September 2019 of 3.33p (2018: 21.50p) per share	**13,565**	8,826

A final dividend declared of 3.33p per share is payable on 31 January 2020 to shareholders on the register on 10 January 2020. The ex-dividend date will be 9 January 2020. The final dividend is subject to approval by the shareholders at the Annual General Meeting on 22 January 2020 and has not been included as a liability within these financial statements.

As disclosed in note 22, prior to the listing of AJ Bell plc, a share reorganisation took place. The restated equivalent comparable dividend per share for the prior period was 5.73p per share. This included a special dividend paid on 28 September 2018.

Dividends are payable on all ordinary shares as disclosed in note 22.

AJ Bell Employee Benefit Trust, which held 1,369,896 ordinary shares (30 September 2018: 1,619,645) in AJ Bell plc at 30 September 2019, has agreed to waive all dividends. This represented 0.3% (2018: 0.4%) of the company's called up share capital. The maximum amount held by the Trust during the year was 1,619,645.

11 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of ordinary shares, excluding own shares, in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume exercise of all potentially dilutive share options.

The calculation of basic and diluted earnings per share is based on the following data:

	2019 £000	2018 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent company	**30,353**	22,646

	2019 Number	2018 Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the year	**404,203,556**	393,407,642
Effect of potentially dilutive share options	**2,296,539**	8,821,105
Weighted average number of ordinary shares for the purposes of fully diluted EPS	**406,500,095**	402,228,747

	2019	2018
Earnings per share (EPS)		
Basic (pence)	**7.51**	5.76
Diluted (pence)	**7.47**	5.63

On 15 November 2018, as part of the AJ Bell plc listing process, a bonus issue and sub-division of shares occurred resulting in the number of shares in issue increasing from 42,950,663 to 407,055,994. The nominal value of each share was reduced from 0.1p to 0.0125p per share. The calculation of earnings per share for the comparative periods presented have been adjusted to reflect these changes.

12 Goodwill

	2019 £000	2018 £000
Cost		
At 1 October and 30 September	**3,772**	3,772
Impairment		
At 1 October and 30 September	**(112)**	(112)
Carrying value at 30 September	**3,660**	3,660

Goodwill relates to historical 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 4 year period and then extrapolated for the remaining useful economic life of the asset using a growth rate of nil% (2018: nil%).

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 rate of 12% (2018: 13%) has been used to assess the expected growth in revenue for the 4 year forecast period. This is based on historical performance.
- economies of scale are expected to be gained in the medium to long-term, although there are not expected to be any significant changes to the nature of administrative expenses.
- modest ongoing maintenance expenditure is required on the assets within the CGU in order to generate the expected level of cash flows.

The Directors have made these assumptions based upon past experience and future expectations in the light of anticipated market conditions and the results of streamlining processes through implementation of the target operating model for customer services.

Cash flows have been discounted using a pre-tax discount rate of 8.2% (2018: 5.5%).

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 2019 goodwill is not impaired.

13 Other intangible assets

	Key operating system £000	Contractual customer relationships £000	Computer software £000	Total £000
Cost				
At 1 October 2017	8,657	2,135	6,382	17,174
Additions	–	–	6	6
Disposals	–	–	(1,154)	(1,154)
At 30 September 2018	8,657	2,135	5,234	16,026
At 30 September 2019	**8,657**	**2,135**	**5,234**	**16,026**
Amortisation				
At 1 October 2017	5,032	2,135	6,166	13,333
Amortisation charge	604	–	119	723
Eliminated on disposals	–	–	(1,154)	(1,154)
At 30 September 2018	5,636	2,135	5,131	12,902
Amortisation charge	604	–	67	671
At 30 September 2019	**6,240**	**2,135**	**5,198**	**13,573**
Carrying amount				
At 30 September 2019	**2,417**	**–**	**36**	**2,453**
At 30 September 2018	3,021	–	103	3,124
At 30 September 2017	3,625	–	216	3,841
Average remaining amortisation period	4 years		11 months	

The amortisation charge above is included within administrative expenses in the income statement.

14 Property, plant and equipment

	Leasehold improvements £000	Office equipment £000	Assets under construction £000	Computer equipment £000	Total £000
Cost					
As at 1 October 2017	1,581	1,560	163	3,327	6,631
Additions	161	132	–	1,405	1,698
Disposals	–	(754)	–	(302)	(1,056)
Transfers	–	–	(163)	163	–
At 30 September 2018	1,742	938	–	4,593	7,273
Additions	25	257	275	515	1,072
Disposals	–	–	–	(124)	(124)
At 30 September 2019	**1,767**	**1,195**	**275**	**4,984**	**8,221**
Depreciation					
At 1 October 2017	71	822	–	1,744	2,637
Charge for the year	119	279	–	850	1,248
Eliminated on disposal	–	(746)	–	(299)	(1,045)
At 30 September 2018	190	355	–	2,295	2,840
Charge for the year	128	295	–	1,016	1,439
Eliminated on disposal	–	–	–	(120)	(120)
At 30 September 2019	**318**	**650**	**–**	**3,191**	**4,159**
Carrying amount					
At 30 September 2019	**1,449**	**545**	**275**	**1,793**	**4,062**
At 30 September 2018	1,552	583	–	2,298	4,433
At 30 September 2017	1,510	738	163	1,583	3,994

The depreciation charge above is included within administrative expenses in the income statement.

During the year the Group acquired assets under finance lease of £214,000 (2018: £747,000). The carrying amount of office equipment and computer equipment includes an amount of £578,000 (2018: £686,000) in respect of assets held under finance leases and hire purchase contracts.

At the year-end, the Group had no commitments (2018: £Nil) to purchase any property, plant and equipment.

15 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.

16 Deferred tax asset

	2019 £000	2018 £000
Deferred tax asset	**1,146**	386
Deferred tax a liability	**(52)**	(14)
	1,094	372

Deferred tax asset

The movement on the deferred tax account and movement between deferred tax assets and liabilities is as follows:

	Accelerated capital allowances £000	Share-based payments £000	Short-term timing differences £000	Losses £000	Total £000
At 1 October 2017	(92)	245	11	63	227
Credit/(charge) to the income statement	78	19	11	(14)	94
Credit to equity	–	51	–	–	51
At 1 October 2018	(14)	315	22	49	372
(Charge)/credit to the income statement	(38)	85	12	–	59
Credit to equity	–	663	–	–	663
At 30 September 2019	**(52)**	**1,063**	**34**	**49**	**1,094**

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 2019.

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 2019, deferred tax assets have not been provided on trading losses of £1,407,000 (2018: £1,407,000).

17 Trade and other receivables

	2019 £000	2018 £000
Trade receivables	**2,529**	2,203
Prepayments	**3,245**	3,522
Accrued income	**14,469**	10,147
Other receivables	**2,711**	4,203
	22,954	20,075

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Other receivables represent client money required to meet settlement obligations and are payable on demand.

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised a provision for impairment as there has been no significant change in credit quality and the amounts are still considered recoverable.

The ageing profile of trade receivables were as follows:

	2019 £000	2018 £000
Neither past due or impaired	**1,245**	550
Past due but not impaired:		
0 to 30 days	**346**	705
31 to 60 days	**220**	188
61 to 90 days	**48**	58
91 days and over	**973**	1,165
	2,832	2,666
Provision for impairment	**(303)**	(463)
	2,529	2,203

17 Trade and other receivables continued

The movement in the provision for impairment of trade receivables is as follows:

	2019 £000	2018 £000
Balance at beginning of year – calculated under IAS 39	**463**	412
Amounts restated through opening retained earnings	**(78)**	–
Opening loss allowance as at 1 October	**385**	412
Loss allowance recognised	**100**	135
Receivables written off during the year as uncollectable	**(157)**	(27)
Amounts recovered during the year	**(8)**	(57)
Unused amount reversed	**(17)**	–
Balance at end of year	**303**	463

In determining the recoverability of trade receivables the Directors considered any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

18 Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	**69,067**	49,695

All cash held at bank at 30 September 2019 and 30 September 2018, had a maturity date of less than one month.

19 Trade and other payables

Current liabilities

	2019 £000	2018 £000
Trade payables	**993**	1,052
Accruals	**5,217**	6,656
Deferred income	**1,559**	1,437
Social security and other taxes	**1,643**	1,711
Other payables	**553**	582
	9,965	11,438

Trade payables, accruals and deferred income principally comprise amounts outstanding for trade purposes and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

Non-current liabilities

	2019 £000	2018 £000
Other payables	**1,241**	603

Other payables relate to lease incentives of £1,241,000 (2018: £603,000).

20 Other financial liabilities

During the year, the Group had other financial liabilities relating to obligations under finance leases and hire purchase contracts as follows:

	Minimum lease payments £000	Less finance charges £000	Present value of lease obligations £000
2019			
Within one year	**363**	**(25)**	**338**
In the second to fifth years inclusive	**241**	**(7)**	**234**
	604	**(32)**	**572**
2018			
Within one year	330	(30)	300
In the second to fifth years inclusive	447	(16)	431
	777	(46)	731

It is the Group's policy to lease certain items of office and computer equipment under finance leases and hire purchase contracts. The average term of the contract is three years. All lease obligations are denominated in sterling. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The fair value of the Group's lease obligations approximates to their carrying amount.

21 Provisions

	Office dilapidations £000	Other provision £000	Restructuring costs £000	Total £000
At 1 October 2018	795	1,095	170	2,060
Additional provisions	772	–	–	772
Utilisation of provision	(17)	–	(117)	(134)
Unused provision reversed	–	–	(53)	(53)
At 30 September 2019	**1,550**	**1,095**	**–**	**2,645**
Included in current liabilities	–	1,095	–	1,095
Included in non-current liabilities	1,550	–	–	1,550

Office dilapidations:

The Group is contractually obliged to reinstate its leased properties to their original state and layout at the end of the lease terms. The office dilapidations provision represents the management's best estimate of the present value of costs which will ultimately be incurred in settling these obligations.

Other provision:

The other provision recognised is to cover the settlement of a one-off tax liability. There is some uncertainty regarding any amount and timing of the outflow required to settle the obligation; therefore a best estimate has been made by assessing a number of different outcomes considering the potential areas and time periods at risk and any associated interest. The timings of the outflows are uncertain but the Group expects that settlement will be within the next 12 months.

Restructuring costs:

The restructuring provision represented the estimated costs associated with the closure of the Tunbridge Wells office.

22 Share capital

	2019 Number	2018 Number	2019 £	2018 £
Issued, fully-called and paid:				
Ordinary shares of 0.0125p each	**408,730,211**	–	**51,091**	–
Ordinary shares of 0.1p each	**–**	38,840,741	**–**	38,841
Ordinary non-voting shares of 0.1p each	**–**	75,000	**–**	75
A non-voting ordinary shares of 0.1p each	**–**	957,692	**–**	958
X non-voting ordinary shares of 0.1p each	**–**	767,465	**–**	767
B non-voting ordinary shares of 0.1p each	**–**	158,890	**–**	159
C non-voting ordinary shares of 0.1p each	**–**	188,056	**–**	188
D non-voting ordinary shares of 0.1p each	**–**	255,189	**–**	255
E non-voting ordinary shares of 0.1p each	**–**	919,160	**–**	919
F non-voting ordinary shares of 0.1p each	**–**	203,500	**–**	203
	408,730,211	42,365,693	**51,091**	42,365

	2019 Number	2018 Number	2019 £	2018 £
Issued, partly-called and paid:				
A Non-voting ordinary shares of 0.1p each	**–**	260,973	**–**	–
X Non-voting ordinary shares of 0.1p each	**–**	318,497	**–**	7
	–	579,470	**–**	7
	408,730,211	42,945,163	**51,091**	42,372

On 15 November 2018 the Company passed an ordinary and special resolution authorising:

- a bonus issue to the holders of Ordinary Shares, Non-voting Ordinary Shares, A Shares, B Shares, C Shares, D Shares, E Shares, F Shares and X Shares in issue at close of business on 31 October 2018, in the proportion of one for every five shares held;
- the sub-division of those Ordinary Shares, Non-voting Ordinary Shares, A Shares, B Shares, C Shares, D Shares, E Shares, F Shares and X Shares into eight shares of the same class with a nominal value of 0.0125p each.

Immediately prior to admission on the London Stock Exchange each Non-voting Ordinary Shares, A Shares, B Shares, C Shares, D Shares, E Shares, F Shares and X Shares were then re-designated as Ordinary Shares of 0.0125p each.

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	Premium £000
Exercise of CSOP options	Ordinary shares of 0.1p each	213,895	112
Full payment	X non-voting ordinary shares of 0.1p each	318,497	1,064
Full payment	A non-voting ordinary shares of 0.1p each	260,973	1,120
Bonus issue	All share classes of 0.1p each	8,590,131	(9)
Sub-division	All share classes of 0.1p each to 0.0125p each	360,785,390	–
Exercise of CSOP options	Ordinary shares of 0.0125p each	2,249,707	970
Deferred shares cancellation	Ordinary shares of 0.0125p each	(6,054,075)	–
		366,364,518	**3,257**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. They are entitled to share in the proceeds on the return of capital, or upon the winding up of the Company in proportion to the number of and amounts paid on shares held. The shares are non-redeemable.

Own shares

The Group has an employee benefit trust in order to acquire own shares in the Company to satisfy future share incentive plans. Shares held by the Trust are valued at £1,147,000 and the carrying value is shown as a reduction within shareholders' equity. The costs of operating the Trust are borne by the Group but are not material.

During the year ended 30 September 2019 the Trust purchased 12,701 ordinary own shares in exchange for cash consideration of £50,000 in order to satisfy share awards under the Company's employee share plans. The share purchase took place before the share reorganisation, the post reorganisation shares purchased equates to 122,272. The Trust waived the right to receive dividends on these shares.

23 Share-based payments

Company Share Option Plan ('CSOP')

The CSOP is a HMRC approved scheme in which the Board, at their discretion, grant options to employees to purchase ordinary shares. Each participating employee can be granted options up to the value of £30,000. Options granted under the CSOP can be exercised between the third and tenth anniversary after the date of grant. 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 an award scheme whereby the Board at their discretion grant growth shares to employees. Growth shares entitle 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 have 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 ('BAYE')

During the year the Company introduced a BAYE scheme which is an all-employee share plan under which shares can be issued to employees as either free shares or partnership shares. During the year, free shares up to a maximum value of £750 have been offered to all employees who were employed by the Company at 6 December 2018.

Employees have been offered the opportunity to participate in the partnership plan where employees are required to save an amount of their gross monthly salary, up to a maximum of £150 per month, for a period of 12 months. Under the terms of the plan, at the end of the 12 month period the employees are entitled to purchase shares using funds saved at the lower of the IPO price of £1.60 or the market value at the date of purchase. Employees who cease their employment before the 12 month period expires, will be refunded their saved amounts.

Executive Incentive Plan ('EIP')

An EIP has been introduced during the year to replace the Executive Bonus Scheme and OTB scheme. This 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.

As described in note 22, the Company passed an ordinary and special resolution authorising a bonus issue and sub-division of all classes of shares referred to as the share reorganisation. The share reorganisation also applied to all options granted before 15 November 2018.

The tables below summarises the outstanding options and awards including the impact of the share reorganisation.

CSOP

	2019 Number	2018 Number
Outstanding at beginning of the year	**394,076**	526,152
Granted during the year	**52,750**	35,039
Bonus issue and share split	**3,641,632**	–
Forfeited during the year	**(140,147)**	(30,316)
Exercised during the year	**(2,463,602)**	(136,799)
Outstanding at the end of the year	**1,484,709**	394,076
Exercisable at the end of the year	**235,924**	168,066

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23 Share-based payments continued

The movements in the weighted average exercise price of share options during the year were as follows:

	2019 £	2018 £
Outstanding at beginning of the year	**4.52**	4.17
Granted during the year	**7.01**	6.00
Bonus issue and share split	**0.51**	–
Forfeited during the year	**0.44**	4.79
Exercised during the year	**0.71**	3.39
Outstanding at the end of the year	**0.65**	4.52
Exercisable at the end of the year	**0.45**	3.56

The lowest exercise price for share options outstanding at the end of the period was 20p (2018: 190p) and the highest exercise price was 160p (2018: 600p). The weighted average remaining contractual life of share options outstanding at the end of the period was seven years (2018: six years).

OTB – Growth shares

	2019 Number	2018 Number
Outstanding at beginning of the year	**1,724,795**	628,840
Granted during the year	**–**	1,135,160
Repurchased and cancelled	**–**	(39,205)
Bonus issue and share split	**14,833,165**	–
Converted to ordinary shares	**(7,116,258)**	–
Converted to deferred shares and cancelled	**(6,054,075)**	–
Outstanding at the end of the year	**3,387,627**	1,724,795
Exercisable at the end of the year	**–**	–

The movements in the weighted average exercise price of growth shares during the year were as follows:

	2019 £	2018 £
Outstanding at beginning of the year	**5.60**	4.86
Granted during the year	**–**	6.00
Repurchased and cancelled	**–**	5.42
Bonus issue and share split	**0.58**	–
Converted to ordinary shares	**0.56**	–
Converted to deferred shares and cancelled	**0.59**	–
Outstanding at the end of the year	**0.63**	5.60
Exercisable at the end of the year	**–**	–

Upon listing to the London Stock Exchange, all growth shares were converted to ordinary shares and therefore no exercise price exists for growth shares outstanding at the end of the period. The weighted average remaining contractual life of growth shares converted to ordinary shares under a call option agreement at the end of the period was 2.9 years (2018: 1.4 years).

BAYE
Free shares

	2019 Number	2018 Number
Granted during the year	**324,882**	–
Forfeited during the year	**(38,844)**	–
Outstanding at the end of the year	**286,038**	–
Exercisable at the end of the year	**–**	–

Free shares are issued to employees for free and therefore do not have an exercise price. The weighted average remaining contractual life of free shares outstanding at the end of the period was 2.2 years (2018: nil).

Partnership shares

Under the terms of the partnership plan, employees will be entitled to purchase shares in December 2019 from funds saved during the 12 month accumulation period.

EIP

	2019 Number	2018 Number
Granted during the year	**1,454,424**	–
Outstanding at the end of the year	**1,454,424**	–
Exercisable at the end of the year	**–**	–

The movements in the weighted average exercise price of EIP options during the year were as follows:

	2019 £	2018 £
Granted during the year	**0.000125**	–
Outstanding at the end of the year	**0.000125**	–
Exercisable at the end of the year	**–**	–

The weighted average remaining contractual life of EIP shares outstanding at the end of the period was 9.3 years (2018: Nil).

The fair value of equity-settled share options and awards granted is estimated as at the date of grant using the Black-Scholes method for all share-based payment arrangements except free shares, taking into account the terms upon which the options and awards were granted.

The fair value of a free share is based on the share price at the date of grant being £1.60.

The inputs into the Black-Scholes model and assumptions used in the calculations are as follows:

	CSOP 07/11/2018	CSOP 06/12/2018	Partnership shares 06/12/2018
Grant date			
Number of shares under option	34,000	18,750	–
Fair value of share from generally accepted business model (£)	10.00	1.60	1.60
Exercise price of an option (£)	10.00	1.60	1.60
Expected volatility	30%	30%	30%
Expected dividend yield	3.55%	3.55%	3.55%
Risk-free interest rate	0.84%	0.75%	0.75%
Expected option life to exercise (months)	36	36	12

EIP

	Annual award	Deferred award	
	07/12/2018	07/12/2018	07/12/2018
Grant date			
Number of shares under option	721,247	278,958	454,219
Fair value of share from generally accepted business model (£)	1.60	1.60	1.60
Exercise price of an option (£)	0.000125	0.000125	0.000125
Expected volatility	30%	30%	30%
Expected dividend yield	3.55%	3.55%	3.55%
Risk-free interest rate	0.79%	0.83%	0.88%
Expected option life to exercise (months)	12	36	48

Prior to 12 December 2018, the Company's shares were not listed on a stock exchange and therefore, no readily available market price existed for the shares. Options granted prior to 12 December 2018, the share value was calculated using dividend and earnings-based models to determine a range of valuations. The average price indicated by these valuations is assumed to be the approximate market value at the date of grant. This is discounted to represent the minority value of one share and is agreed with HMRC prior to granting of the options.

23 Share-based payments continued

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 total share-based payment expenses of £1,100,000 (2018: £112,000).

24 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 and obligations under finance leases and hire purchase contracts. 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:

	2019			2018		
	Amortised cost £000	Financial liabilities £000	Carrying value £000	Loans & receivables £000	Financial liabilities £000	Carrying value £000
Financial assets						
Trade receivables	**2,529**	**–**	**2,529**	2,203	–	2,203
Other receivables	**2,711**	**–**	**2,711**	4,203	–	4,203
Cash and cash equivalents	**69,067**	**–**	**69,067**	49,695	–	49,695
	74,307	**–**	**74,307**	56,101	–	56,101
Financial liabilities						
Trade payables	**–**	**993**	**993**	–	1,052	1,052
Obligations under finance leases and hire purchase contracts	**–**	**572**	**572**	–	731	731
	–	**1,565**	**1,565**	–	1,783	1,783

The carrying amount of all financial assets and liabilities approximate to their fair value due to their short-term nature.

Market risk

Interest rate risk

The Group holds interest bearing assets in the form of cash and cash deposits. Cash at bank earns interest at floating rates based on daily bank deposit rates. Term deposits can also be made for varying periods depending on the immediate cash requirements of the Group, and interest is earned at the respective fixed-term rate. Based on the cash balances shown in the Group's statement of financial position at the reporting date, if interest rates were to move by 25bps it would change profit before tax by approximately:

	2019 £000	2018 £000
+ 25 bps (0.25%)	**142**	129
- 25 bps (0.25%)	**(142)**	(89)

As at the year end the Group had no significant borrowings, as disclosed in note 20, and therefore was not exposed to a material interest rate risk related to debt as the interest rate is fixed as the inception of the lease.

The Group retains a proportion of the interest income generated from the pooling of customer cash balances and as a result, the Group has an indirect exposure to interest rate risk. The cash balances are held with a variety of banks and are placed in a range of fixed term, notice and call deposit accounts with due regard for counterparty credit risk, capacity risk, concentration risk and liquidity risk requirements. The spread of rate retained by the Group is variable dependent on rates received by banks (disclosed to customers at between 0.25% below and 0.60% above the prevailing base rate) and amounts paid away to customers.

The impact of a 25bps increase or decrease in UK base interest rates on the Group's revenue has been calculated and shown below. This has been modelled on a historical basis for each year separately assuming that the UK base rate was 25bps higher or lower than the actual position at the time.

	2019 £000	2018 £000
+ 25 bps (0.25%)	**2,155**	3,150
- 25 bps (0.25%)	**(4,150)**	(5,119)

Customer cash balances are not a financial asset of the Group and so are not included in the statement of financial position.

Market movement sensitivity

The Group's custody fees are derived from the market value of the underlying assets held by the retail customer in their account, based on mix and portfolio size, charged on an ad valorem basis. As a result, the Group has an indirect exposure to market risks, as the value of the underlying customers' assets may rise or fall. The impact of a 10% increase or reduction in the value of the customers' underlying assets subject to the custody fees on the Group's revenue has been calculated and shown below. This has been modelled on a historical basis for each year separately assuming that the value of the customers' assets were 10% higher or lower than the actual position at the time.

	2019 £000	2018 £000
+ 10% higher	**3,401**	2,860
- 10% lower	**(3,401)**	(2,860)

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 17.

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, Santander UK plc and Clearstream Banking SA. 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.

24 Financial instruments and risk management continued

Liquidity risk

This is the risk that the Group may be unable to meet its liabilities as and when they fall due. These liabilities arise from the day-to-day activities of the Group and from its obligations to customers. The Group is a highly cash generative business and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

There has been no change to the Group's exposure to liquidity risk or the manner in which it manages and measures the risk during the year.

The following table shows the undiscounted cash flows relating to non-derivative financial liabilities of the Group based upon the remaining period to the contractual maturity date at the end of the reporting period.

	Less than 1 month £000	1 to 3 months £000	3 to 12 months £000	1 to 5 years £000	Total £000
2019					
Trade payables	**993**	**–**	**–**	**–**	**993**
Obligations under finance leases and hire purchase contracts	**21**	**62**	**255**	**234**	**572**
	1,014	**62**	**255**	**234**	**1,565**
2018					
Trade payables	1,052	–	–	–	1,052
Obligations under finance leases and hire purchase contracts	–	–	300	431	731
	1,052	–	300	431	1,783

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;
- 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 £86,063,000 (2018: £64,036,000).

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 funds its foreseeable trading requirements.

The Group conducts an Internal Capital Adequacy Assessment Process ('ICAAP'), as required by the Financial Conduct Authority ('FCA') to assess the appropriate amount of regulatory capital to be held by the Group. Regulatory capital resources for ICAAP are calculated in accordance with published rules. The ICAAP compares regulatory capital resources against regulatory capital requirements as specified by the relevant regulatory authorities.

The Group maintained a surplus of regulatory capital throughout the year. Information under Part Eight (Pillar 3) Disclosure of the Capital Requirements Regulation is available on the Group's website at www.ajbell.co.uk.

25 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 are 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
2019	**OEIC**	**8**	**277.7**	**288**	**34**
2018	OEIC	6	141.1	157	52

The annual management charge is included within recurring ad valorem fees within revenue in the consolidated income statement.

The annual management charge receivable is included within accrued income in the consolidated statement of financial position.

The maximum exposure to loss relates to future management fees should the market value of the investment funds decrease.

26 Reconciliation of liabilities arising from financing activities

2019	1 October 2018 £ 000	Cash flows £ 000	Acquisition £ 000	**30 September 2019 £ 000**
Finance lease and hire purchase contracts liabilities	731	(373)	214	**572**
Total liabilities from financing activities	**731**	**(373)**	**214**	**572**

2018	1 October 2017 £ 000	Cash flows £ 000	Acquisition £ 000	30 September 2018 £ 000
Finance lease and hire purchase contracts liabilities	143	(199)	787	731
Total liabilities from financing activities	**143**	**(199)**	**787**	**731**

27 Operating leases

The Group has future minimum lease payments under non-cancellable operating leases as follows:

	Property	
	2019 £000	2018 £000
Within one year	**1,764**	1,350
In the second and fifth years inclusive	**8,298**	6,243
After five years	**12,776**	12,912
	22,838	20,505

During the year the Group recognised £1,733,000 as an expense (2018: £1,617,000).

Operating lease payments represent rentals payable by the Group for its office properties, under non-cancellable operating lease contracts. At original inception, office property leases have been negotiated for an average term of seven to fifteen years and rentals are fixed for an average of three years.

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 40 and 41 and the Executive Management Board as shown on pages 42 and 43.

The remuneration expense of key management personnel is as follows:

	2019 £000	2018 £000
Short-term employee benefits (excluding NI)	**1,595**	2,353
Retirement benefits	**53**	54
Share-based payment	**632**	45
Gain on the exercise of share options	**658**	64
	2,938	2,516

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 64 to 71.

Dividends totalling £4,098,000 (2018: £5,848,000) 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 shares options during the year were £64,000 (2018: £64,000).

Other related party transactions:

Charitable donations

During the year the Group made two donations totalling £407,000 (2018: £140,000) to the AJ Bell Trust, a registered charity of which Mr A J Bell is a trustee. The first donation was for £187,000 and represented 0.5% of the PBT for the year as per the Group's donation policy. The second donation for £220,000 was approved separately by the Board and represented the value of a salary sacrifice made by Andy Bell during the year.

EQ Property Services Limited

The Group is party to three leases with EQ Property Services Limited for rental of the Head Office premises, 4 Exchange Quay, Salford Quays, Manchester M5 3EE. Mr A J Bell and Mr M T Summersgill are directors and shareholders of both AJ Bell plc and EQ Property Services Limited. Mr C Galbraith, Mr R Stott and Mr F Lyons are members of key management personnel and shareholders of AJ Bell plc and are directors and shareholders of EQ Property Services Limited. The leases for the rental of the building were entered into on 17 August 2016 for terms which expire on 30 September 2031, at an aggregate market rent of £1,594,000 per annum.

At the reporting date, there is no payable outstanding (2018: £116,000) with EQ Property Services Limited.

Any amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties.

29 Subsequent events

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

Company statement of financial position
as at 30 September 2019

	Note	2019 £000	2018 £000
Assets			
Non-current assets			
Investments	6	**12,978**	11,282
Current assets			
Trade and other receivables – due within one year	7	**6,566**	2,461
Trade and other receivables – due after one year	7	**3,513**	2,765
Current tax asset		**25**	128
Cash and cash equivalents		**16,232**	12,894
		26,336	18,248
Total assets		**39,314**	29,530
Liabilities			
Current liabilities			
Trade and other payables	8	**(2,956)**	(3,182)
Total liabilities		**(2,956)**	(3,182)
Net assets		**36,358**	26,348
Equity			
Share capital	10	**51**	42
Share premium		**7,667**	4,410
Own shares		**(1,147)**	(1,364)
Retained earnings		**29,787**	23,260
Total equity		**36,358**	26,348

The financial statements were approved by the Board of Directors and authorised for issue on 4 December 2019 and signed on its behalf by:

Michael Summersgill
Chief Financial Officer

AJ Bell plc
Company registered number: 04503206

The notes on pages 115 to 118 form an integral part of these financial statements.

Company statement of changes in equity

for the year ended 30 September 2019

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2018	**42**	**4,410**	**23,260**	**(1,364)**	**26,348**
Total comprehensive income for the year:					
Profit for the year	**–**	**–**	**18,586**	**–**	**18,586**
Transactions with owners, recorded directly in equity:					
Issue of share capital	**–**	**1,081**	**–**	**–**	**1,081**
Settlement of part-paid shares	**1**	**2,185**	**–**	**–**	**2,186**
Bonus issue	**9**	**(9)**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(14,938)**	**–**	**(14,938)**
Equity settled share-based payment transactions	**–**	**–**	**1,100**	**–**	**1,100**
Deferred tax effect of share-based payments	**–**	**–**	**663**	**–**	**663**
Tax relief on exercise of share options	**–**	**–**	**1,383**	**–**	**1,383**
Purchase of own share capital	**(1)**	**–**	**–**	**–**	**(1)**
Share transfer to employees	**–**	**–**	**(267)**	**267**	**–**
Own shares acquired	**–**	**–**	**–**	**(50)**	**(50)**
Total transactions with owners	**9**	**3,257**	**(12,059)**	**217**	**(8,576)**
Balance at 30 September 2019	**51**	**7,667**	**29,787**	**(1,147)**	**36,358**

	Share capital £000	Share premium £000	Retained earnings £000	Own shares £000	Total equity £000
Balance at 1 October 2017	40	2,806	21,009	–	23,855
Total comprehensive income for the year:					
Profit for the year	–	–	22,465	–	22,465
Transactions with owners, recorded directly in equity:					
Issue of shares	1	1,291	–	–	1,292
Settlement of part paid shares	1	313	–	–	314
Dividends paid	–	–	(20,095)	–	(20,095)
Equity settled share–based payment transactions	–	–	112	–	112
Deferred tax effect of share–based payment transactions	–	–	51	–	51
Tax relief on exercise of share options	–	–	128	–	128
Purchase of own share capital	–	–	(410)		(410)
Own shares acquired	–	–	–	(1,364)	(1,364)
Total transactions with owners	2	1,604	(20,214)	(1,364)	(19,972)
Balance at 30 September 2018	42	4,410	23,260	(1,364)	26,348

The notes on pages 115 to 118 form an integral part of these financial statements.

1 General information

The principal activity of AJ Bell plc (the 'Company') is that of a holding company.

The Company is a public limited company which is listed on the London Stock Exchange and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company's number is 04503206 and its registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

2 Significant accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis and a going concern basis. These financial statements are presented in sterling, which is the currency of the primary economic environment in which the Company operates, rounded to the nearest thousand.

The financial statements are prepared in accordance with Financial Reporting Standard FRS 101 Reduced disclosure framework ('FRS 101'). The amendments to FRS 101 (2014/15) issued in 2015 have been applied.

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRS's') but makes amendments where necessary in order to comply with the Companies Act 2006 and 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 EU-adopted 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 IFRS:

- IAS7 presentation of a cash flow statement;
- IAS8 Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS24 Disclosure of key management personnel compensation and the disclosure of transactions with group companies;
- IFRS7 Disclosure in respect of financial instruments, provided that the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- IFRS 13 Fair Value Measurement paragraphs 91 to 99, provided that equivalent disclosures are included within the consolidated financial statements of the group for which the entity is consolidated; and
- IFRS 2 Share-Based Payment paragraphs 45 and 46 to 52 provided that equivalent disclosures are included within the consolidated financial statements of the group for which the entity is consolidated.

The accounting policies have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

Investments

Investments in subsidiary undertakings are shown at cost less provision for impairment.

Taxation

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

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

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

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

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

Financial instruments

The Company follows the accounting policy of the Group for financial instruments. In addition the Company has balances with other group companies. Amounts owed by group companies are financial assets and are recognised at amortised cost. Amounts owed to group companies are financial liabilities and the classification and measurement remain unchanged on transition.

Employee Benefit Trust

The Group has an employee benefit trust, the AJ Bell Employee Benefit Trust, used for satisfying share awards under the Company's employee share plans. AJ Bell plc is considered to be the sponsoring employer and so the assets and liabilities of the Trust are recognised as those of AJ Bell plc.

2 Significant accounting policies continued

Shares of AJ Bell plc held by the Trust are treated as 'own shares' held and shown as a deduction from equity at the price paid for them. 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 retained earnings.

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:

Investments 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 have used 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. Management have identified impairment indicators over investment in subsidiaries with a total carrying value of £2.4m.

Key judgements and estimates in relation to the estimated recoverable amount of this investment include:

- cash flow forecasts based on anticipated future demand for the investments products and services;
- budgeted future costs attributable to the supply of the investments products and services; and
- the level of ongoing maintenance expenditure required by the Company's assets in order to generate the expected level of cash flows.

Any share transactions undertaken in the past 12 months are considered when assessing the fair value of the investment.

The Directors have performed sensitivity analysis on their calculations, with key assumptions being revised adversely to reflect the potential for assets under management to be 25% below expected levels and a 20% 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 £10,000.

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 £18,586,000 for the year ended 30 September 2019 (2018: £22,465,000). 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 to the consolidated financial statements.

5 Dividends

Details of dividends paid during the year are disclosed in note 10 of the consolidated financial statements.

6 Investments

	2019 £000	2018 £000
Cost		
At 1 October	**15,484**	14,304
Additions	**600**	700
Share based payments	**1,096**	500
Disposal	**–**	(20)
At 30 September	**17,180**	15,484
Accumulated impairment losses		
At 1 October	**(4,202)**	(4,202)
Accumulated impairment losses at 30 September	**(4,202)**	(4,202)
Carrying value at 30 September	**12,978**	11,282

The Company has investments in the ordinary share capital of the following subsidiaries at 30 September 2019:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting rights held 2019	2018
AJ Bell Business Solutions Limited*	Investment/Group administration	England and Wales	**100%**	100%
AJ Bell Trustees Limited	Dormant	England and Wales	**100%**	100%
Ashby London Trustees Limited	Dormant	England and Wales	**100%**	100%
AJ Bell Platinum Limited*	Dormant	England and Wales	**100%**	100%
AJ Bell Management Limited*	Investment administration	England and Wales	**100%**	100%
Sippdeal Trustees Limited	Dormant	England and Wales	**100%**	100%
AJ Bell (PP) Trustees Limited	Dormant	England and Wales	**100%**	100%
Whitehead Trustees Limited	Dormant	England and Wales	**100%**	100%
Ashby London (PP) Trustees Limited	Dormant	England and Wales	**100%**	100%
Sippdeal Limited	Dormant	England and Wales	**100%**	100%
AJ Bell Securities Limited*	Dealing and custody	England and Wales	**100%**	100%
Lawshare Nominees Limited	Dormant	England and Wales	**100%**	100%
AJ Bell EBT Limited*	Dormant	England and Wales	**100%**	100%
AJ Bell Media Limited*	Media	England and Wales	**100%**	100%
AJ Bell Asset Management Limited*	Investment management services	England and Wales	**100%**	100%
AJ Bell Digital Savings Limited*	Dormant	England and Wales	**100%**	100%

* indicates direct investment of AJ Bell plc

The financial statements for the year ended 30 September 2019 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.

During the year AJ Bell Investments LLP, a dormant entity has been struck off the register at Companies House.

The registered office of all subsidiaries is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

7 Trade and other receivables

	2019 £000	2018 £000
Amounts due within one year:		
Amounts owed by Group undertakings	**1,456**	272
Prepayments	**21**	72
Accrued income	**5,082**	2,117
Other receivables	**7**	–
	6,566	2,461
Amounts due after one year:		
Deferred tax asset relating to share-based payments (Consolidated note 16)	**1,063**	315
Amounts owed by Group undertakings	**2,450**	2,450
	3,513	2,765

Amounts owed by Group undertakings falling due after one year relate to loans issued to AJ Bell Business Solutions Limited by the Company in relation to costs incurred by AJ Bell Business Solutions Limited in renewing IT infrastructure and administration systems in order to enhance products and services for the Group.

8 Trade and other payables

	2019 £000	2018 £000
Current liabilities		
Trade payables	**139**	771
Amounts owed to Group undertakings	**2,817**	2,411
	2,956	3,182

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:

	2019		2018	
	Receivable £000	**Payable £000**	Receivable £000	Payable £000
Recharges	**–**	**131**	–	855
Dividends received	**18,800**	**–**	23,900	–
	18,800	**131**	23,900	855

During the year the Company made a capital contribution of £0.6m (2018: £0.7m) to AJ Bell Asset Management Limited.

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 and outstanding balances with fellow group companies are priced on an arm's length basis and are to be settled in cash. None of the balances are secured and no provisions have been made for doubtful debts for any amounts due from fellow group companies.

Other related party transactions:

Charitable donations:

During the year the Company made two donations totalling £407,000 (2018: £140,000) to the AJ Bell Trust, a registered charity of which Mr A J Bell is a trustee. The first donation was for £187,000 and represented 0.5% of the PBT for the year as per the Company's donation policy. The second donation for £220,000 was approved separately by the Board and represented the value of a salary sacrifice made by Andy Bell during the year.

10 Called-up share capital

The Company's share capital is disclosed in note 22 to the consolidated financial statements.

Other information

Unaudited five-year summary

for the year ended 30 September 2019

	IFRS				
	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Results					
Revenue	**104,902**	89,691	75,576	64,466	57,038
Profit from operations	**37,409**	28,256	21,776	16,749	15,387
Profit before tax	**37,695**	28,359	21,697	16,779	15,469
Profits attributable to equity holders of AJ Bell plc	**30,353**	22,646	17,571	13,440	12,329
Assets employed					
Non-current assets	**11,269**	11,589	11,722	9,993	10,011
Current assets	**92,021**	69,770	64,310	57,248	52,231
Current liabilities	**(14,202)**	(15,511)	(13,634)	(11,693)	(9,372)
Non-current liabilities	**(1,475)**	(1,034)	(246)	(1,006)	(199)
Long-term provisions	**(1,550)**	(778)	(790)	(754)	(398)
Net assets	**86,063**	64,036	61,362	53,788	52,273
Financed by					
Equity	**86,063**	64,036	61,362	53,788	52,273
Key statistics					
Earnings per share (pence)[1]	**7.51**	5.76	4.46	3.42	3.15
Fully diluted earnings per share (pence)[1]	**7.47**	5.63	4.44	3.41	3.14
Dividends per share paid in year (pence)[1]	**3.74**	5.10[2]	2.68	2.99	2.63
Dividend per share declared with respect to profits generated in year (pence)[1]	**4.83**	5.73[2]	2.94	2.68	2.66

1 Restated to reflect the share reorganisation as disclosed in note 22.

2 Includes a special dividend of 2.03p

Glossary

The following abbreviations are used throughout the annual report and financial statements:

AGM	Annual General Meeting
AJBIC	AJ Bell Investcentre
AJBYI	AJ Bell Youinvest
Android	Mobile Operating System
Board	The Board of Directors of AJ Bell plc
BPS	Basis points
CASS	Client Assets Sourcebook
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
CRD IV	The Capital Requirements Directive IV
CRR	Capital Requirement Regulation
CSOP	Company Share Option Plan
DEPS	Diluted Earnings Per Share
DTR	Disclosure Guidance and Transparency Rules
D2C	Direct to Consumer
EMB	Executive Management Board
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FRS	Financial Reporting Standards
FTSE	The Financial Times Stock Exchange
GIA	General Investment Account
HMRC	Her Majesty's Revenue and Customs
HR	Human Resources
IAS	International Accounting Standard
ICAAP	Internal Capital Adequacy Assessment Process
ICO	Information Commissioner's Office
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
iOS	Mobile Operating System developed by Apple Inc.
IPO	Initial Public Offering
ISA	Individual Savings Account
IT	Information Technology
KOS	Key Operating System
KPI	Key Performance Indicator
LISA	Lifetime ISA
MBO	Management buy out
MiFID II	Markets in Financial Instruments Directive II
MPS	Managed Portfolio Service
OCF	Ongoing Charges Figure
OEIC	Open-Ended Investment Company
OTB	Option To Buy
PBT	Profit Before Tax
PLC	Public Limited Company
SIPP	Self-Invested Personal Pension
SMCR	Senior Manager and Certification Regime
SREP	Supervisory Review and Evaluation Process
SSAS	Small Self-Administered Scheme

Definitions

AUA
Assets Under Administration.

Brexit
The exit of the United Kingdom from the European Union.

Customer retention rate
Relates to platform customers.

FY19
Our financial year 1 October 2018 - 30 September 2019.

FY20
Our financial year 1 October 2019 - 30 September 2020.

Listing rules
Regulations subject to the oversight of the FCA applicable to companies listed on a UK stock exchange.

Own shares
Shares held by the Group to satisfy future incentive plans.

Platforum
The advisory and research business specialising in investment platforms.

Recurring revenue
Recurring revenue is revenue that is derived from an ongoing service provided to the customer.

Return on assets
Profit after tax divided by net assets.

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
Transactional revenue is revenue that is derived from a customer's transactional activity.

UK Corporate Governance Code
A code which sets out standards for best boardroom practice with a focus on Board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Company information

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04503206

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