Interim results

for the six months ended 31 March 2021

AJ Bell plc ('AJ Bell' or the 'Company'), one of the UK's largest investment platforms, today announces interim results for the six-month period ended 31 March 2021.

Performance overview

- Revenue up 21% to £73.9 million (HY20: £60.9 million)
- Profit before tax (PBT) up 39% to £31.6 million (HY20: £22.7 million)
- PBT margin up 5.6 percentage points to 42.8% (HY20: 37.2%)
- Balance sheet strengthened, with net assets up 8% in the period to £117.9 million
- Interim dividend of 2.46 pence per share, in line with the Company's dividend policy (HY20: 1.50 pence per share)
- Total customers increased by a record 51,492 in the period, up 32% over the last 12 months and 17% in the first half of the current financial year
- Total net inflows of £3.1 billion (HY20: £2.1 billion), driven by platform net inflows of £3.3 billion (HY20: £2.5 billion)
- Assets under administration (AUA) up 35% over the last 12 months and 15% in the first half of the current financial year, closing at £65.2 billion
- Assets under management (AUM) up 180% over the last 12 months and 75% in the first half of the current financial year, closing at £1.4 billion
- Customer retention rate remained high at 94.8% (FY20: 95.5%)

Andy Bell, Chief Executive Officer at AJ Bell, commented:

"We have delivered a strong financial performance in the first half of the year, driven by record levels of new customers, inflows and dealing activity, with revenue up 21% and profit before tax up 39%.

The average age of our new direct-to-consumer customers was 38 in the first half of the year, five years younger than the average of the wider customer base. Average portfolio values remained high at £79,000. Our record number of new customers has been helped by the low interest rate environment, as savers seek higher returns on cash held in savings accounts and Cash ISAs.

Our advised platform proposition remains very popular with advisers, who appreciate the wider adoption of digital processes to support their remote working and the highly competitive charging structure. The recent acquisition of Adalpha will accelerate the development of a new mobile-focused platform to enhance our advised proposition and enable advisers to service a wider range of clients.

Our investment business has performed extremely well, supporting both our advised and direct-to-consumer platform propositions, with total AUM increasing by 75% in the first half of the year. The recent additions of the AJ Bell Responsible Growth fund and Responsible Managed Portfolio service to our suite of investment solutions have proved very popular with customers and advisers.

We have a resilient business model, our financial position is strong, we continue to grow market share and the outlook for the business remains positive."

Financial highlights

	Six months ended 31 March 2021	Six months ended 31 March 2020	Change
Revenue	£73.9 million	£60.9 million	21%
Revenue per £AUA*	24.0bps	23.2bps	0.8bps
PBT	£31.6 million	£22.7 million	39%
PBT margin	42.8%	37.2%	5.6ppts
Diluted earnings per share	6.26 pence	4.36 pence	44%
Interim dividend per share	2.46 pence	1.50 pence	64%

Non-financial highlights

	Six months ended 31 March 2021	Year ended 30 September 2020	Change
Number of retail customers	346,797	295,305	17%
Platform	332,276	281,094	18%
Non-platform	14,521	14,211	2%
AUA*	£65.2 billion	£56.5 billion	15%
Platform	£58.0 billion	£49.7 billion	17%
Non-platform	£7.2 billion	£6.8 billion	6%
AUM*	£1.4 billion	£0.8 billion	75%
Customer retention rate	94.8%	95.5%	(0.7ppts)

*see Alternative Performance Measures on page 25

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AJ Bell

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Analyst presentation details

A recorded Q&A with Andy Bell (CEO) and Michael Summersgill (CFO) discussing these results will be available on our website (ajbell.co.uk/investor-relations) along with an accompanying investor presentation from 07.00 BST today. Management will be hosting a Q&A video call for sell-side analysts at 09:15 BST today. Those wishing to participate should register their interest with Shaun Yates by emailing ir@ajbell.co.uk.

Forward-looking statements

The interim results contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding AJ Bell's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies, and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of these interim results and AJ Bell does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of the interim results.

Chief Executive Officer's report

> We delivered a strong financial performance in the first half of the year, driven by record levels of new customers, inflows and dealing activity. As more and more people look to take control of their financial future, whether directly or via an adviser, we remain focused on providing a high-quality service at a low cost through our award-winning, easy-to-use platform.

Overview

We delivered strong organic growth in the six-month period to 31 March 2021, with revenue increasing by 21% to £73.9m (HY20: £60.9m) and profit before tax (PBT) rising by 39% to £31.6m (HY20: £22.7m).

Retail customers grew by a record 51,492 during the period to 346,797 (FY20: 295,305), an increase of 17%. The increase was driven by significant growth in the platform business, with our retention rate remaining high at 94.8%.

We delivered record net AUA inflows of £3.1bn (HY20: £2.1bn) in the first half of the year, with AUA closing at £65.2bn (FY20: £56.5bn). The strong performance across global markets during the period led to favourable market movements of £5.6bn.

We operate a profitable, well-capitalised and highly cash-generative business model. We have not participated in any of the Government's financial support schemes during the COVID-19 pandemic and none of our people were furloughed. I am pleased to announce that we will pay an interim dividend of 2.46 pence per share.

Strategic update

We remain focused on our core purpose, to help people to invest. Fundamental to this is our ability to innovate and continuously enhance our platform propositions to support the investment needs of our growing customer base.

Advised proposition

Customer numbers grew by 9,598 during the period to 118,509 (FY20: 108,911), an increase of 9%. Net inflows of £1.7bn in the period resulted in closing AUA of £41.1bn.

During the period we continued to support advisers online with the increasing use of digital processes and virtual engagement channels, whilst providing our very popular 'Off the Road' webinars remotely.

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

The introduction of our Retirement Investment Account (RIA), our simplified pension proposition, designed to meet the needs of advised customers with pension portfolios under £250,000, continues to be well received following its launch last year. The addition of the RIA to our existing product range ensures we are highly competitive on service and price across all client scenarios and portfolio sizes.

In March 2021, we successfully completed the acquisition of the Adalpha group of companies. Adalpha is currently developing a mobile-focused platform proposition, which will be known as Touch by AJ Bell. This will complement our advised proposition and further broaden our offering to financial advisers, helping them to service a wider base of clients.

D2C (direct-to-consumer) proposition

Customer numbers grew by 41,584 during the period to 213,767 (FY20: 172,183), an increase of 24%. Net inflows of £1.6bn in the period, resulted in closing AUA of £16.9bn.

We continue to see an increase in applications from younger and less experienced investors, as a growing number of people look to take control of their financial future and seek to generate better returns in a low-interest-rate environment. AJ Bell Youinvest offers our customers an award-winning platform proposition, with access to global stock markets and a range of investment solutions to suit different risk appetites.

High levels of customer engagement have continued throughout the period, with a higher number of customers dealing via our mobile app. We have seen a year-on-year increase in dealing activity and increased demand for dealing in US equities, across our different account types.

We continue to develop our online dealing service and, in response to customer feedback, launched live portfolio pricing in January 2021 allowing users to view real-time prices for UK shares in their portfolio, during market hours.

As I outlined last year, the launch of our Cash savings hub in September 2020 means we can now cater for our customers' cash saving requirements as well as their investment needs. Our customers have access to a range of competitive notice and fixed-term savings accounts from UK authorised banks. Our Cash savings hub offers customers greater choice and flexibility, making it easy to generate better returns from long-term cash savings. We anticipate growing levels of customer engagement as interest rates increase over the longer term.

AJ Bell Investments

We have seen significant growth across our range of investment solutions, with total AUM increasing by 75% to £1.4bn in the first half of the year.

This growth was driven by increased demand for our simple, transparent, low-cost investment solutions from both advisers and D2C customers, as we maintain a strong three-year track record of performance across our range of active and passive portfolios.

We continued to see an increasing level of demand for investment solutions which place a greater emphasis on environmental, social and governance (ESG) factors. In October 2020, we launched the AJ Bell Responsible Growth fund, a well-diversified portfolio favouring companies with strong ESG credentials. The fund provides a low-cost, easy-to-understand responsible investing option for both our advised and D2C customers. This was supplemented by the launch of the AJ Bell Responsible MPS range in March 2021, providing advisers with a highly-competitive ESG solution for their clients. It is managed by our investment team, with the objective of long-term growth, combined with a wider social and environmental benefit.

Customer services and technology

We continue to invest in technology to enhance our platform propositions and operational resilience, in line with the growth of our business.

Following Board approval in September 2020, we commenced our transition to a hybrid cloud-based technology framework. This will provide a more efficient environment to accelerate the delivery of our change programme to support our strategic aim to become the easiest platform to use.

Our secure and scalable platform has been designed to facilitate the continued growth in the business and during the first six months we welcomed a record number of new retail customers onto our platform and executed a record number of deals on behalf our customers.

During the period, and as referenced in our latest Annual Report, the announcement of two significant events on a single day in November 2020, the development of a vaccine for COVID-19 and the outcome of the US election, led to an exceptional spike in activity across the market. This resulted in intermittent service issues over a few hours on that day. We subsequently carried out an extensive and detailed root-cause analysis and have taken a number of actions which have prevented any recurrence. Additionally, we have also accelerated work on our operational resilience strategy to further enhance the resilience of our platform.

We have continued to operate successfully within the COVID-19 environment and our customer services and operations teams have worked incredibly hard to meet the needs of our growing customer base.

People and culture

Our investment in technology has enabled the vast majority of our people to work remotely since the start of the pandemic and has resulted in a new and successful way of working. None of our staff were furloughed and we have continued to recruit new talent to support the continued growth in the business.

We have maintained our training and personal development programmes and have put systems in place to ensure employees feel secure and supported both in the office and whilst working at home. We recognise the benefits of the current working patterns and will consider the continued adoption of a hybrid approach to office and home working over the longer-term, as we emerge from current restrictions.

Our Wage War on COVID campaign continues to distribute funds to support those in need as a result of the pandemic. As part of our AJ Bell Easter Eats campaign, volunteers from our Manchester office supported FareShare, the UK's largest food redistribution charity, to distribute over 4,800 food hampers to local families. The food hampers also included a holiday activity pack from children's mental health charity Place2Be, which was awarded the naming rights of the North Stand at the AJ Bell Stadium in November 2020.

Regulatory developments

During the period we have continued to engage with the Government and the FCA on changes to the legislative and regulatory framework that we operate within.

The low level of retirement savings remains a significant challenge and now, more than ever, we need the Government to promote stability in the UK pensions system so that people can invest for their own retirement with confidence. We are encouraged that no changes were made to the tax relief available for pension contributions in the recent Budget and believe the focus should be firmly on encouraging more people to save for their financial future.

In February 2021, I co-wrote an open letter to HM Treasury, which called for a Government consultation into retail investors' access to participate in UK IPOs. Individual investors are currently disadvantaged in favour of city institutions, and, despite growing demand, were excluded from 93% of new share listings between 2017 and 2020. Our platform propositions are well equipped to provide quick and easy access to IPOs for retail investors and I look forward to further discussion with the Treasury.

In line with the final phase of the FCA's Retirement Outcomes Review, investment pathways were introduced in February 2021 for non-advised customers entering drawdown. We support the intention of investment pathways to encourage investors to engage with their portfolios, however we remain sceptical that default investments will resolve the issues around investors holding cash in their pension portfolios.

The FCA remains focused on ensuring the UK financial sector is operationally resilient for consumers, firms and financial markets. In March 2021, we welcomed the publication of the Policy Statement 'PS21/3 Building Operational Resilience', which outlines a series of either new or enhanced requirements that firms need to meet ahead of 31 March 2022.

Board appointments

I am delighted to announce two Board appointments during the period. Baroness Helena Morrissey and Evelyn Bourke have been appointed as Non-Executive Directors and will join the Board on 1 July 2021. Helena will join the Board as Chair Designate and will succeed Les Platts, who will have served on the Board for 13 years. Les will step down as Chair at the Company's next Annual General Meeting, which is expected to take place in January 2022.

Helena and Evelyn bring with them a wealth of knowledge and experience in the financial services sector. Their appointments will further strengthen the diversity and skillset of our Board as we progress our ambitious growth plans.

Dividend

Our strong balance sheet and robust liquidity position support both ongoing investment in the business and continuing returns to shareholders. The Board therefore recommends an interim dividend of 2.46 pence per share.

The Board recognises the importance that our investors place on AJ Bell's progressive dividend history and remains committed to this and our stated dividend policy for future dividend distributions.

Outlook

At AJ Bell, our core purpose is to help people to invest and we continue to develop our platform propositions and range of simple investment solutions to make investing easier for our customers.

We have delivered a strong set of results in the first half of the year, with our award-winning, competitively-priced propositions attracting record levels of new customers and AUA inflows. The platform market continues to grow at pace in both the advised and D2C segments, and there is a growing awareness of the importance of investing for the future. Our secure, scalable and resilient platform ensures we continue to be well placed to capitalise on the resulting opportunities.

We expect to be operating in a low-interest-rate environment for the foreseeable future, as the UK and global economies recover from the COVID-19 pandemic. While we expect to see some normalisation of trading activity, our balanced revenue model provides resilience during times of market volatility and low interest rates.

The future for the business remains positive. We have a robust business model, with a track record of delivering strong organic growth and increasing market share.

Andy Bell
Chief Executive Officer

Financial review

> The Group delivered strong growth in the first half of the year, with revenue up 21% from £60.9m to £73.9m and PBT increasing by 39% from £22.7m to £31.6m. The strong performance was primarily due to the continued success of our platform propositions.

Business performance

Customers

Customer numbers increased by a record 51,492 during the period to a total of 346,797. This growth has been driven by our platform propositions, with particularly strong customer acquisition on our D2C platform. In addition, our platform customer retention rate remained high at 94.8% (FY20: 95.5%).

	Six months ended 31 March 2021	Six months ended 31 March 2020
Platform	332,276	248,074
Non-platform	14,521	14,105
Total	346,797	262,179

Assets Under Administration (AUA)

Six months ended 31 March 2021

	Advised Platform £bn	D2C Platform £bn	Total Platform £bn	Non-platform £bn	Total £bn
As at 1 October 2020	36.3	13.4	49.7	6.8	56.5
Inflows	2.8	2.2	5.0	0.1	5.1
Outflows	(1.1)	(0.6)	(1.7)	(0.3)	(2.0)
Net inflows/(outflows)	1.7	1.6	3.3	(0.2)	3.1
Market and other movements	3.1	1.9	5.0	0.6	5.6
As at 31 March 2021	41.1	16.9	58.0	7.2	65.2

Six months ended 31 March 2020

	Advised Platform £bn	D2C Platform £bn	Total Platform £bn	Non-platform £bn	Total £bn
As at 1 October 2019	33.8	11.1	44.9	7.4	52.3
Inflows	2.4	1.4	3.8	-	3.8
Outflows	(0.9)	(0.4)	(1.3)	(0.4)	(1.7)
Net inflows/(outflows)	1.5	1.0	2.5	(0.4)	2.1
Market and other movements	(3.9)	(1.5)	(5.4)	(0.7)	(6.1)
As at 31 March 2020	31.4	10.6	42.0	6.3	48.3

We continued to see significant growth in the level of AUA inflows across both our advised and D2C platform propositions, with total platform inflows increasing by 32% to £5.0bn, compared to £3.8bn in the same period last year.

The £0.2bn non-platform net outflows in the period were primarily due to the loss of an institutional stockbroking client and were in line with our expectations for the period.

The strong performance across global markets contributed £5.6bn to asset values with AUA closing at £65.2bn at 31 March 2021, an overall increase of 15% in the period.

Financial performance

Revenue

	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Recurring fixed	14,050	13,395	26,618
Recurring ad valorem	37,917	35,978	72,422
Transactional	21,930	11,503	27,709
Total	73,897	60,876	126,749

Revenue increased by 21% to £73.9m (HY20: £60.9m). We have three categories of revenue, these being: recurring fixed fees, recurring ad valorem fees and transactional fees.

Revenue from recurring fixed fees saw an increase of 5% to £14.1m (HY20: £13.4m), primarily as a result of increased pension administration revenue from our advised platform customers.

Recurring ad valorem revenue grew by 5% to £37.9m (HY20: £36.0m). The key driver of the growth in ad valorem revenue was the increase in average AUA, which was partially offset by a lower interest rate earned on customer cash balances in the period.

Revenue from transactional fees grew by 91% to £21.9m (HY20: £11.5m). This increase was driven by the strong growth in D2C customers, elevated levels of customer dealing throughout the period and a higher proportion of deals placed in international equities.

Our overall revenue margin increased by 0.8bps from 23.2bps to 24.0bps in the period, primarily due to the increased transactional revenues noted above.

Administrative expenses

	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Distribution	5,402	5,517	10,245
Technology	11,482	9,784	20,027
Operational and support	24,978	21,115	45,646
CSR initiative	-	1,595	1,595
Total	41,862	38,011	77,513

Administrative expenses increased by 10% to £41.9m (HY20: £38.0m). We have three core categories of administrative expenses: distribution, technology, and operational and support.

Distribution costs remained broadly flat at £5.4m, with a higher number of customers acquired by word of mouth and increased brand awareness.

Technology costs increased by 17% to £11.5m (HY20: £9.8m). This increase reflects the continued investment in the scalability and resilience of the platform, to support our continuing growth.

Operational and support costs increased by 18% to £25.0m (HY20: £21.1m). Excluding the costs associated with the customer dealing activity referenced in the revenue section, the underlying increase was 5% in support of the longer-term growth of the business.

Our 2020 share-based payment expense included a one-off charge of £1.6m relating to the CSR initiative announced in December 2019.

Whilst we do not anticipate a material change in our underlying cost base, administrative expenses in the second half of the year are expected to include additional costs in the region of £3m relating to Adalpha and then £3m-£4m in FY22.

Profit before tax (PBT)

PBT rose to £31.6m (HY20: £22.7m), an increase of 39% compared with the prior period, and our PBT margin increased to 42.8% (HY20: 37.2%). This was due to the continued growth in the business and higher revenue margins.

Tax

The effective rate of tax for the period was 18.7% (HY20: 21.2%), slightly lower than the standard rate of UK Corporation tax of 19.0%, as a result of allowable deductions relating to employee share schemes.

Earnings per share

Basic earnings per share increased by 44% to 6.29 pence and diluted earnings per share (DEPS) increased by 44% to 6.26 pence. The increase in DEPS was higher than the 39% increase in PBT due to a change in the effective tax rate in the period, as discussed above.

Financial position

Capital and liquidity

The Group's financial position remains strong, with net assets totalling £117.9m (HY20: £93.3m) at 31 March 2021 and a return on assets of 22% (HY20: 19%).

We operate a highly cash-generative business, with a short working-capital cycle that ensures PBT is quickly converted into cash. Our period end balance sheet included cash balances of £80.6m.

Our regulatory capital requirements are continually kept under review, incorporating comprehensive stress and scenario testing, and are formally reviewed at least annually. We have maintained a healthy surplus over our regulatory capital requirement throughout the period.

Acquisition of Adalpha

On 18 March 2021, AJ Bell plc acquired Adalpha, which is currently developing a simplified mobile-focused platform proposition for financial advisers.

Given the proximity of the acquisition to the reporting date, the acquisition has had minimal impact on the Group's first half results. Costs incurred in the period relate to the costs incurred in the development of the simplified advised platform proposition.

On acquisition, the Group recognised an intangible asset of £1.1m, relating to the development of the simplified advised platform proposition, and goodwill of £3.3m. Further details can be found within note 7.

Dividend

The Board has recommended an interim dividend of 2.46 pence per share (HY20: 1.50 pence per share), representing 40% of the FY20 total ordinary dividend of 6.16 pence per share, in line with our dividend policy.

The recommended interim dividend reflects the financial strength of the business, as evidenced by our well-capitalised, profitable and highly cash-generative business model.

Michael Summersgill
Chief Financial Officer

Responsibility statement

Directors' responsibility statement

We confirm that to the best of our knowledge:

a. the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union (EU); and

b. the Interim management report includes a fair review of the information required by:

   i. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties facing the Group for the remaining six months of the financial year; and

   ii. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related-party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related-party transactions described in the last annual report that could do so.

By order of the Board:

Christopher Bruce Robinson
Company Secretary
26 May 2021

Independent review report to AJ Bell plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2021, which comprises the condensed consolidated income statement, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
26 May 2021

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

Condensed consolidated income statement

For the six months ended 31 March 2021

	Notes	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Revenue		73,897	60,876	126,749
Administrative expenses		(41,862)	(38,011)	(77,513)
Operating profit		32,035	22,865	49,236
Investment income		6	219	162
Finance costs		(398)	(433)	(848)
Profit before tax		31,643	22,651	48,550
Tax expense	8	(5,926)	(4,794)	(9,721)
Profit for the period attributable to:				
Equity holders of the parent company		25,717	17,857	38,829
Earnings per ordinary share:				
Basic (pence)	9	6.29	4.38	9.51
Diluted (pence)	9	6.26	4.36	9.47

All revenue, profit and earnings are in respect of continuing operations.

There were no other components of recognised income or expense in any of the periods presented and consequently no statement of other comprehensive income has been presented.

The notes on pages 15 to 24 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

As at 31 March 2021

	Notes	Unaudited 31 March 2021 £000	Unaudited 31 March 2020 £000	Audited 30 September 2020 £000
Assets				
Non-current assets				
Goodwill		6,991	3,660	3,660
Other intangible assets	10	4,350	2,189	1,986
Property, plant and equipment	11	3,426	3,387	3,224
Right-of-use assets	11	13,650	15,421	14,522
Deferred tax asset		797	551	1,003
		29,214	25,208	24,395
Current assets				
Trade and other receivables		39,727	37,172	30,561
Cash and cash equivalents		80,596	60,816	86,384
		120,323	97,988	116,945
Total assets		149,537	123,196	141,340
Liabilities				
Current liabilities				
Trade and other payables		(11,577)	(10,178)	(12,368)
Current tax liabilities		(1,200)	(32)	(17)
Lease liabilities		(1,404)	(1,416)	(1,323)
Provisions	12	(1,570)	(1,095)	(1,595)
		(15,751)	(12,721)	(15,303)
Non-current liabilities				
Lease liabilities		(14,292)	(15,674)	(15,022)
Provisions	12	(1,549)	(1,550)	(1,549)
		(15,841)	(17,224)	(16,571)
Total liabilities		(31,592)	(29,945)	(31,874)
Net assets		117,945	93,251	109,466
Equity				
Share capital	13	51	51	51
Share premium		8,647	8,383	8,459
Own shares		(1,037)	(1,147)	(1,147)
Retained earnings		110,284	85,964	102,103
Total equity		117,945	93,251	109,466

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 May 2021 and signed on its behalf by:

Michael Summersgill
Chief Financial Officer

AJ Bell plc
Company registered number: 04503206

The notes on pages 15 to 24 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 31 March 2021

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
Balance at 1 October 2020	51	8,459	(1,147)	102,103	109,466
Total comprehensive income for the period:					
Profit for the period	-	-	-	25,717	25,717
Transactions with owners, recorded directly in equity:					
Issue of shares	-	188	-	-	188
Dividends paid	-	-	-	(19,070)	(19,070)
Equity-settled share-based payment transactions	-	-	-	1,656	1,656
Deferred tax effect of share-based payment transactions	-	-	-	(228)	(228)
Tax relief on exercise of share options	-	-	-	216	216
Employee share transfer	-	-	110	(110)	-
Total transactions with owners	-	188	110	(17,536)	(17,238)
Balance at 31 March 2021	51	8,647	(1,037)	110,284	117,945

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
Balance at 1 October 2019	51	7,667	(1,147)	79,136	85,707
Total comprehensive income for the period:					
Profit for the period	-	-	-	17,857	17,857
Transactions with owners, recorded directly in equity:					
Issue of shares	-	716	-	-	716
Dividends paid	-	-	-	(13,601)	(13,601)
Equity-settled share-based payment transactions	-	-	-	2,352	2,352
Deferred tax effect of share-based payment transactions	-	-	-	(623)	(623)
Tax relief on exercise of share options	-	-	-	843	843
Total transactions with owners	-	716	-	(11,029)	(10,313)
Balance at 31 March 2020	51	8,383	(1,147)	85,964	93,251

The notes on pages 15 to 24 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 March 2021

	Notes	Unaudited six months ended 31 March 2021 £000	Unaudited six months ended 31 March 2020 £000	Audited year ended 30 September 2020 £000
Cash flows from operating activities				
Profit for the period		25,717	17,857	38,829
Adjustments for:				
Investment income		(6)	(219)	(162)
Finance costs		398	433	848
Income tax expense		5,926	4,794	9,721
Depreciation and amortisation		2,035	1,807	3,574
Share-based payment expense		1,277	2,352	3,364
(Decrease)/increase in provisions and other payables		(25)	-	499
Loss on disposal of property, plant and equipment		-	1	1
Profit on disposal of right-of-use assets		(3)	-	-
Increase in trade and other receivables		(9,154)	(14,236)	(7,644)
(Decrease)/increase in trade and other payables		(2,535)	295	2,485
Cash generated from operations		23,630	13,084	51,515
Income tax paid		(4,766)	(6,720)	(11,827)
Interest expense paid		(1)	-	-
Net cash flows from operating activities		18,863	6,364	39,688
Cash flows from investing activities				
Purchase of other intangible assets	10	(1,413)	(63)	(201)
Purchase of property, plant and equipment	11	(732)	(489)	(856)
Purchase of right-of-use assets		-	(9)	-
Acquisition of a subsidiary, net of cash acquired	7	(2,561)	-	-
Proceeds from sale of property, plant and equipment		-	2	3
Interest received		6	218	180
Net cash used in investing activities		(4,700)	(341)	(874)
Cash flows from financing activities				
Payments of principal in relation to lease liabilities		(672)	(956)	(1,708)
Payments of interest on lease liabilities		(397)	(433)	(848)
Proceeds from issue of shares		188	716	792
Dividends paid	14	(19,070)	(13,601)	(19,733)
Net cash used in financing activities		(19,951)	(14,274)	(21,497)
Net (decrease)/increase in cash and cash equivalents		(5,788)	(8,251)	17,317
Cash and cash equivalents at beginning of period		86,384	69,067	69,067
Cash and cash equivalents at end of period		80,596	60,816	86,384

The notes on pages 15 to 24 form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the six months ended 31 March 2021

1. General information

AJ Bell plc ('the Company') is the Parent Company of the AJ Bell group of companies (together 'the Group'). The Group provides investment administration, dealing and custody services. The 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.

2. Basis of preparation

The condensed consolidated interim financial statements ('interim financial statements') have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union (EU). They do not include all of the information and disclosures required for full annual financial statements and therefore should be read in conjunction with the AJ Bell plc Annual Report and financial statements for the year ended 30 September 2020, which were prepared under International Financial Reporting Standards (IFRSs) as adopted by the EU and the Companies Act 2006.

The interim financial statements have been prepared on the historical cost basis and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates. All amounts have been rounded to the nearest thousand, unless otherwise stated.

The financial information contained in the interim financial statements does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 30 September 2020 has been derived from the audited financial statements of AJ Bell plc for that year, which have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was:

i. unqualified, and
ii. did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and
iii. did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 30 September 2020 are available to view online at ajbell.co.uk/investor-relations.

Going concern

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, covering a significant reduction in equity market values and negative Bank of England base interest rates with a further Group-specific, idiosyncratic stress relating to a scenario whereby prolonged IT issues cause a reduction in customers. These provide assurance that the Group has sufficient capital and liquidity to operate under stressed conditions.

As a consequence, the Directors believe that the Group has sufficient resources to continue in operation for a period of at least 12 months from the date of approval of these interim financial statements. Accordingly, they have continued to adopt the going concern basis in preparing the interim financial statements.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 March 2021

Significant accounting policies

The accounting policies adopted by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 September 2020, except for:

- an update to the share-based payment accounting policy (see below).

The following amendments and interpretations became effective during the year. Their adoption has not had any significant impact on the Group.

		Effective from
IFRS 16	Covid-19-Related Rent Concessions (Amendment)	1 June 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (Amendments)	1 January 2020
IAS 1 and IAS 8	Definition of Material (Amendments)	1 January 2020
IFRS 3	Definition of a Business (Amendments)	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards		1 January 2020

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

		Effective from
IFRS 17	Insurance Contracts	1 January 2023

The accounting policies have been updated as follows.

The share-based payment accounting policy has been updated to include a new equity-settled share-based payment arrangement introduced during the period, as described in note 15.

Share-based payments

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

The share-based payment arrangements have conditions attached before the beneficiary becomes entitled to the award. These can be performance and/or service conditions.

The total cost is recognised, together with a corresponding increase in the equity reserves, over the period in which the performance and/or service conditions are fulfilled. Costs relating to the development of internally generated intangible assets are capitalised in accordance with IAS 38. The cumulative cost recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and management's estimate of shares that will eventually vest. At the end of each reporting period, the entity revises its estimates of the number of share options expected to vest based on the non-market vesting conditions. It recognises any revision to original estimates in the income statement, with a corresponding adjustment to equity reserves.

No cost is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The cost of equity-settled awards is determined by the fair value at the date when the grant is made using an appropriate valuation model or the market value discounted to its net present value, further details of which are given in note 15. The expected life applied in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Following the listing of AJ Bell plc in December 2018, share price volatility has been estimated as the average volatility applying to a comparable group of listed companies.

3. Accounting judgements and estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements, estimates and assumptions made by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 September 2020.

4. Seasonality of operations

There is a peak in the Group’s operational activity around the tax year end. This impacts the financial results primarily in March and April, either side of the interim period-end. As such, no significant seasonal fluctuations affect the first or second half of the Group’s financial year in isolation.

5. 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 SIPPs, ISAs and General Investment/Dealing Accounts. Details of the Group's revenue, results and assets and liabilities for the reportable segment are shown within the condensed consolidated income statement and condensed consolidated statement of financial position.

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 the generation of revenues.

6. Revenue

The analysis of the consolidated revenue is disclosed within the Financial Review. The total revenue for the Group has been derived from its principal activities undertaken in the UK.

7. Business combinations

On 18 March 2021, AJ Bell plc acquired the entire issued share capital of Whiztec Limited and its wholly-owned subsidiary Ad Alpha Solutions Limited ('Adalpha'). Adalpha is an early-stage start-up business currently developing a simplified, mobile-focused platform proposition for advisers.

The acquisition will complement the Group's existing adviser platform business, AJ Bell Investcentre, and will broaden the offering to financial advisers and help them service a wider base of clients.

The consideration for the acquisition of Whiztec Limited was in the form of an earn-out arrangement, conditional upon completion of a number of operational and financial milestones. The maximum consideration payable is £16.5m and will be satisfied by the issue of shares in AJ Bell plc. This consideration is accounted for as post-combination remuneration in accordance with IFRS 3, for which further details are included within note 15.

Whiztec Limited acquired Ad Alpha Solutions Limited on the same day for consideration of £2.6m, comprising £2.6m cash together with a share-for-share exchange for the management team for nominal value shares in Whiztec Limited.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. The fair value of the identifiable assets and liabilities of Adalpha as at the date of acquisition was as follows:

	Book value £000	Fair value adjustments £000	Fair value on acquisition £000
Intangible assets	-	1,142	1,142
Deferred tax liability (arising on intangible assets)	-	(217)	(217)
	-	925	925
Property, plant and equipment	37	-	37
Trade and other receivables	12	-	12
Cash and cash equivalents	56	-	56
Total assets	105	925	1,030
Trade and other payables	(1,744)	-	(1,744)
Total liabilities	(1,744)	-	(1,744)
Total net liabilities acquired			(714)
Goodwill			3,331
Total cost of acquisition			2,617
Satisfied by:			
Cash consideration			2,617
Cash outflow on acquisition:			
Cash paid for the subsidiary			2,617
Less: cash acquired			(56)
Net cash outflow			2,561

Acquisition costs of £344,000 are recognised within administrative expenses in the condensed consolidated income statement.

The goodwill is attributable to the skills and technical talent of the assembled workforce and synergies expected to arise following the acquisition. It has been allocated to the Group's single CGU.

In addition to the goodwill recognised, the development of the simplified platform proposition obtained through the acquisition met the requirements to be separately identifiable under IFRS 3. A deferred tax liability of £217,000 has been provided in relation to these fair value adjustments.

None of the acquired intangible assets or goodwill is expected to be deductible for tax purposes.

Adalpha has not yet started to trade and therefore has not contributed any revenue to the Group but has contributed a net loss of £273,000 for the period from acquisition to 31 March 2021.

If the acquisition had occurred on 1 October 2020, Group revenue and Group profit after tax for the half-year ended 31 March 2021 would have been an estimated £73.9m and £25.2m respectively.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 March 2021

8. Taxation

Tax recognised in the condensed consolidated income statement:

	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Current taxation			
UK Corporation tax	6,167	4,793	9,830
Adjustment to current tax in respect of prior periods	-	-	21
	6,167	4,793	9,851
Deferred taxation			
Origination and reversal of temporary differences	(249)	(14)	(132)
Adjustments in respect of prior periods	8	21	23
Effect of changes in tax rates	-	(6)	(21)
	(241)	1	(130)
Total tax expense	5,926	4,794	9,721

Corporation tax for the six months ended 31 March 2021 has been calculated at 19% (six months ended 31 March 2020: 19%; year ended 30 September 2020: 19%), representing the average annual effective tax rate expected for the full year, applied to the estimated assessable profit for the six-month period.

In addition to the amount charged to the income statement, certain tax amounts have been recognised directly in equity as follows:

	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Deferred tax relating to share-based payments	228	623	304
Current tax relief on exercise of share options	(216)	(843)	(811)
	12	(220)	(507)

The charge for the period can be reconciled to the profit per the condensed consolidated income statement as follows:

	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Profit before tax	31,643	22,651	48,550
UK Corporation tax at 19% (six months ended 31 March 2020: 19%; year ended 30 September 2020: 19%):	6,012	4,304	9,225
Tax effects of:			
Expenses not deductible for tax purposes	(98)	471	448
Change in recognised deductible temporary differences	4	4	25
Effect of tax rate changes to deferred tax	-	(6)	(21)
Adjustments in respect of prior periods	8	21	44
Total tax expense	5,926	4,794	9,721
Effective tax rate	18.7%	21.2%	20.0%

Deferred tax has been recognised at 19% (six months ended 31 March 2020: 19%; year ended 30 September 2020: 19%), being the rate at which the deferred tax assets are expected to reverse.

The UK Corporation tax charge is due to increase to 25% from 1 April 2023. As the tax rate increase had not been substantively enacted at the reporting date the deferred tax asset was not re-measured.

9. 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 period.

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:

	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Earnings			
Earnings for the purposes of basic and diluted EPS being profit attributable to equity holders of the parent company	25,717	17,857	38,829

	Number	Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the period	409,058,991	407,943,894	408,342,783
Effect of potentially dilutive share options	1,685,073	1,664,706	1,722,941
Weighted average number of ordinary shares for the purposes of fully diluted EPS	410,744,064	409,608,600	410,065,724

	Unaudited Six months ended 31 March 2021 Pence	Unaudited Six months ended 31 March 2020 Pence	Audited Year ended 30 September 2020 Pence
Earnings per share			
Basic	6.29	4.38	9.51
Diluted	6.26	4.36	9.47

10. Other intangible assets

	Key operating systems £000	Contractual customer relationships £000	Computer software £000	Total £000
Cost				
As at 1 October 2019	8,657	2,135	5,234	16,026
Additions	50	-	13	63
As at 31 March 2020	8,707	2,135	5,247	16,089
Additions	-	-	138	138
As at 30 September 2020	8,707	2,135	5,385	16,227
Additions	379	-	1,413	1,792
Disposals	-	-	(554)	(554)
Arising on acquisition	1,142	-	-	1,142
As at 31 March 2021	10,228	2,135	6,244	18,607
Amortisation				
As at 1 October 2019	6,240	2,135	5,198	13,573
Amortisation charge	304	-	23	327
As at 31 March 2020	6,544	2,135	5,221	13,900
Amortisation charge	310	-	31	341
As at 30 September 2020	6,854	2,135	5,252	14,241
Amortisation charge	309	-	261	570
Eliminated on disposal	-	-	(554)	(554)
As at 31 March 2021	7,163	2,135	4,959	14,257
Carrying amount				
As at 31 March 2021	3,065	-	1,285	4,350
As at 30 September 2020	1,853	-	133	1,986
As at 31 March 2020	2,163	-	26	2,189

As part of the acquisition of Adalpha in the period, £1,142,000 of intangibles met the requirements to be separately identifiable under IFRS 3.

Additions include an amount of £379,000 relating to internally generated assets for the period to 31 March 2021 (six months ended 31 March 2020: £nil; year ended 30 September 2020: £nil).

The net carrying amount of key operating systems include £1,521,000 relating to assets in development which are currently not amortised.

11. Changes in capital expenditure

During the six months ended 31 March 2021, the Group acquired plant and equipment with a cost of £732,000 (six months ended 31 March 2020: £489,000; year ended 30 September 2020: £856,000).

During the six months ended 31 March 2021, the Group recognised additional right-of-use assets with a cost of £36,000 (six months ended 31 March 2020: £9,000; year ended 30 September 2020: £9,000).

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 March 2021

12. Provisions

	Office dilapidations £000	Other provisions £000	Total £000
As at 1 October 2019	1,550	1,095	2,645
As at 31 March 2020	1,550	1,095	2,645
Provisions used	(1)	-	(1)
Additional provisions	-	500	500
As at 1 October 2020	1,549	1,595	3,144
Provisions used	-	(33)	(33)
Additional provisions	-	8	8
As at 31 March 2021	1,549	1,570	3,119
Current liabilities	-	1,570	1,570
Non-current liabilities	1,549	-	1,549

Office dilapidations

The Group is contractually obliged to reinstate its leased properties to their original state and layout at the end of the lease terms. The office dilapidations provision represents management's best estimate of the present value of costs which will ultimately be incurred in settling these obligations.

Other provisions

The other provisions relate to the settlement of an operational tax dispute and the costs associated with defending a legal case. There is some uncertainty regarding the amount and timing of the outflows required to settle the obligations; therefore a best estimate has been made by assessing a number of different outcomes considering the potential areas and time periods at risk and any associated interest. The timings of the outflows are uncertain but the Group expects that settlement will be within the next 12 months.

13. Share capital and share premium

	Unaudited Six months ended 31 March 2021	Unaudited Six months ended 31 March 2020	Audited Year ended 30 September 2020
Issued, fully-called and paid:	£	£	£
Ordinary shares of 0.0125p each	51,308	51,250	51,271
Issued, fully-called and paid:	Number	Number	Number
Number of ordinary shares of 0.0125p each	410,471,093	410,003,449	410,168,330

All ordinary shares have full voting and dividend rights.

The following share transactions have taken place during the period:

Transaction type	Share class	Number of shares	Share premium £000
Exercise of CSOP options	Ordinary shares of 0.0125p each	302,763	188

Own shares

As at 31 March 2021, the Group held 1,238,733 own shares in the AJ Bell Employee Benefit Trust (31 March 2020: 1,369,428; 30 September 2020: 1,369,428). During the period, 130,695 EIP options were exercised and issued from the AJ Bell Employee Benefit Trust.

14. Dividends

The following dividends were declared and paid by the Company during the period:

	Unaudited Six months ended 31 March 2021 £000	Unaudited Six months ended 31 March 2020 £000	Audited Year ended 30 September 2020 £000
Final dividend for the year ended 30 September 2019 of 3.33p per share	-	13,601	13,601
Interim dividend for the year ended 30 September 2020 of 1.50p per share	-	-	6,132
Final dividend for the year ended 30 September 2020 of 4.66p per share	19,070	-	-
Ordinary dividends paid on equity shares	19,070	13,601	19,733

An interim dividend of 2.46 pence per share was approved by the Board on 26 May 2021 and is payable on 2 July 2021 to shareholders on the register at the close of business on 11 June 2021. The ex-dividend date will be 10 June 2021. This dividend has not been included as a liability as at 31 March 2021.

AJ Bell Employee Benefit Trust, which held 1,238,733 ordinary shares (31 March 2020: 1,369,428; 30 September 2020: 1,369,428) in AJ Bell plc at 31 March 2021, has agreed to waive all dividends.

15. Share-based payments

The Group operates the same equity-settled share-based payment arrangements as reported at 30 September 2020 with the exception of the below earn-out arrangement introduced during the period.

Earn-out arrangement

The acquisition of Adalpha during the period has given rise to an earn-out arrangement whereby share awards will be made should a number of operational and financial milestones, relating to AUA targets and the development of a simplified proposition for financial advisers, be met. The awards will be equity-settled and will vest in several tranches in line with the agreed milestones, expiring on 30 September 2026.

Under the terms of the acquisition agreement, shares will be awarded to eligible employees conditional upon the successful completion of certain performance milestones and their continued employment with the Group during the vesting period. There is no exercise price attached to the share award and the contractual life outstanding at the end of the period was five years (2020: nil). There were no share awards in the period (2020: £nil).

The fair value of the share awards is estimated as at the date of grant calculated by reference to the quantum of the earn-out payment for each performance milestone and an estimated time to proposition completion, discounted to net present value. The performance condition included within the arrangement is not considered a market condition and therefore the expected vesting will be reviewed at each reporting date.

During the period the Group recognised a total share-based payment expense in the income statement of £1,277,000 (six months ended 31 March 2020: £2,352,000; year ended 30 September 2020: £3,364,000), and capitalised £379,000 (six months ended 31 March 2020: £nil; year ended 30 September 2020: £nil) within the statement of financial position.

16. Principal risks and uncertainties

We continually review the principal risks and uncertainties facing the Group that could pose a threat to the delivery of our strategic objectives. The Board believes that the nature of the principal risks and uncertainties that may have a material effect on the Group's performance over the remainder of the financial year remain unchanged from those presented within the 2020 annual report and accounts.

17. Related-party transactions

The Group has a related-party relationship with its Directors and members of the Executive Management Board ('the key management personnel'). There were no changes to the related-party relationships or significant transactions during the financial period that would materially affect the financial position or performance of the Group, other than the acquisition of Adalpha disclosed in note 7. All other transactions are consistent in nature with the disclosure in note 29 of the consolidated financial statements for the year ended 30 September 2020.

18. Subsequent events

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

19. Cautionary statement

The interim results for the six months ended 31 March 2021 contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding AJ Bell's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of these interim results and AJ Bell does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these interim results.

Alternative performance measures

Within the interim report and condensed financial statements, various Alternative Performance Measures (APM) are referred to. APMs are not defined by International Financial Reporting Standards 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. The table below states those which have been used, how they have been calculated and why they have been used.

APMs	How they have been calculated	Why they have been used
Assets Under Administration (AUA)	AUA is the value of assets for which AJ Bell provides either an administration, custodian or transactional service.	AUA is a measurement of the growth of the business and is the primary driver of ad valorem revenue, which is the largest component of Group revenue.
Revenue per £AUA	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.
Assets Under Management (AUM)	AUM is the value of assets for which AJ Bell provides a management service.	AUM is a measurement of the growth of the business and is a driver of ad valorem revenue.

Definitions

Adalpha	Acquisition of Whiztec Limited and its wholly-owned subsidiaries
AUA	Assets Under Administration
AUM	Assets Under Management
BAYE	Buy As You Earn Plan
Board, Directors	The Board of Directors of AJ Bell plc
BPS	Basis points
Company	AJ Bell plc
CSOP	Company Share Option Plan
CSR	Corporate Social Responsibility
Customer retention rate	Relates to platform customers
DEPS	Diluted Earnings per Share
D2C	Direct-to-Consumer
EIP	Executive Incentive Plan
EMB	Executive Management Board
EPS	Earnings per Share
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FTSE	Financial Times Stock Exchange
GIA	General Investment Account
HMRC	Her Majesty's Revenue and Customs
IAS	International Accounting Standard
IFPR	Investment Firm Prudential Regime
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
ISA	Individual Savings Account
MPS	Managed Portfolio Service
Own shares	Shares held by the Group to satisfy future incentive plans
PBT	Profit Before Tax
Plc	Public Limited Company
PPTS	Percentage Points
RIA	Retirement Investment Account
SIPP	Self-Invested Personal Pension
TPDFM	Third-Party Discretionary Fund Managers
UK	United Kingdom
VAT	Value Added Tax

Company information

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Michael Summersgill

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Laura Carstensen
Eamonn Flanagan

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Christopher Bruce Robinson

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