

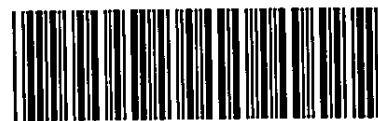
**AJ Bell Limited**

**Directors' Report and Financial Statements**

**For the year ended 30 September 2013**

**Company Registration No: 03091664**

TUESDAY



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## Company Information

<b>Directors</b>	A J Bell R S Taylor M T Summersgill F J Lyons C W Galbraith R J Stott
<b>Company Secretary</b>	C B Robinson
<b>Company Number</b>	03091664
<b>Registered office and business address</b>	Trafford House Chester Road Manchester M32 0RS
<b>Auditor</b>	KPMG Audit Plc St James' Square Manchester M2 6DS
<b>Principal bankers</b>	Bank of Scotland plc 1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA

**Contents**

	<b>Page</b>
Strategic report	4
Directors' report	7
Statement of directors' responsibilities in respect of the Directors' report and financial statements	10
Independent auditor's report to the members of AJ Bell Limited	11
Profit and loss account	13
Balance sheet	14
Notes to the financial statements	15

**Strategic report**

For the year ended 30 September 2013

The directors have pleasure in presenting their report along with the financial statements of AJ Bell Limited (the "Company") for the year ended 30 September 2013

**Business review**

In the year ended 30 September 2013 turnover increased to £7,103,000 (2012 £6,279,000) This was due to an increase in the level of administration services charged to other companies within the Group

The Company made an operating profit of £739,000 (2012 £581,000) This increased profitability was due to continuing savings made from operational efficiencies

**Key business and financial information**

Year ended 30 September	2013	2012	Change %
Turnover	£7.1million	£6.3million	13%
Profit on ordinary activities before taxation	£0.7million	£0.6million	17%

**Principal risks and uncertainties**

The Board is committed to a continual process of improvement and enhancement to the risk management framework within the Company. This is to ensure that the business identifies both existing and emerging risks and develops appropriate mitigation strategies.

The directors believe that there are a number of potential risks to the Company that could hinder the successful implementation of their strategy. These risks may arise from internal and external events, acts and omissions. The directors are proactive in identifying, assessing and managing all risks facing the business.

The Internal Audit function carries out a rolling programme, reviewing key business areas throughout the Company. These reviews have been focused on areas where the directors believe they require further assurance on controls and risk mitigation. This, along with the Compliance, Quality Assurance and Risk Management functions within the Company, comprises the "Assurance Framework". The appropriateness and effectiveness of the Assurance Framework is assessed and documented separately within the AJ Bell Group's Combined Assurance Model, Annual Assurance Plans and Target Operating Models.

The directors present below the principal risks and uncertainties facing the Company that could pose a threat to the delivery of their strategy. No analysis is included to differentiate between a risk and an uncertainty. Uncertainties create risks and the directors consider both with equal importance.

**Industry risks****Taxation law change risk**

Changes to tax legislation may reduce the attractiveness of tax-advantaged savings including SSASs as a means of saving for retirement. The Government has announced that the amount which can be paid into a pension each tax year, whilst still receiving tax relief, is being reduced from 1 April 2014. The amount which an investor can accumulate in a pension scheme and receive tax relief when drawing a pension is also being reduced from 1 April 2014.

**Strategic report (continued)**

For the year ended 30 September 2013

**Competitor and market risks**

No significant growth is expected in the SSAS market, with much of the new business activity related to the transfer of schemes from one SSAS administrator to another, rather than the establishment of new schemes. However, the market remains competitive with other SSAS administrators routinely improving their services and products to encourage transfers to them. This may impact the Company because if its products and services become uncompetitive when compared to other offerings in the marketplace, it may be more difficult both to attract new business and to retain existing customers. The Company regularly reviews its services and prices against competitors and will make changes, if necessary, to protect the value of its SSAS business.

**Evolving technology risk**

The reliance on evolving technology remains crucial to the Company's effort to develop its services and enhance products. The risk exists that either the Company's technology fails to operate correctly in some way or that the Company fails to take advantage of any emerging technologies. During the year the board has approved new strategies for IT, Change, Software Development and Technology which will be implemented over the next few years. These changes have triggered an investment in new personnel and skills supporting the Company's IT assets as they grow in scale and complexity. The strategies increase our focus on system performance, capacity and security planning controls.

The directors have acknowledged that a scalable operating system is paramount to the continued success of the Company and significant investment continues to be made in a project to renew the IT and administration infrastructure.

**Economic risk**

In the event that the economy falls into a prolonged recession, this may impact contribution levels and confidence generally in the savings and investment markets. The directors believe that the Company's overall income levels provide a robust defensive position against any economic downturn.

**Capital market fluctuations risk**

Capital market fluctuations can have an effect on customer transactional activity and the value of assets under administration. The Company has a variety of transactional and recurring turnover streams which helps to limit the Company's exposure to capital market fluctuations.

**Operational risks****Company reputation risk**

Damage may be sustained to the Company's reputation because of either the actions of an unassociated third party or the misconduct of an employee. The security procedures within the Company remain robust and are well communicated to ensure any risk of fraudulent access to customer accounts is minimised. Thorough controls and checks are in place to ensure the appropriate calibre of individual is recruited into the Company and training is ongoing to ensure employees maintain technical competency in fulfilling their role within the Company along with awareness of risks.

**Conduct risk**

Conduct risk is the risk that detriment is caused to the Company or its customers as a result of inappropriate execution of the Company's business activities. During the year the Company has focussed on continued enhancements to its Product Governance Framework, including the design, sales & marketing and operation of its principal product lines and on the development of appropriate Conduct Risk MI to mitigate this risk. The level of service provided to customers is monitored on an ongoing basis to ensure any weaknesses are identified and remedial action taken where required.

**Strategic report (continued)**

For the year ended 30 September 2013

**Third party reliance risk**

On behalf of the AJ Bell Group, the Company is undertaking a renewal of IT infrastructure and administration systems to support service delivery to customers along with providing the capability to offer new products. Whilst reducing other risks, the directors recognise that this increases the Company's reliance on third party software suppliers.

To mitigate the risk posed by third party software suppliers, the Company maintains a strong partnership relationship with all of them and monitors their performance to ensure their continued commitment to service, financial stability and viability. Where possible, the Company has had, or will have, software code from these suppliers placed into escrow so that access can be gained to that code in the event of the supplier's failure.

Where a regulatory breach in one of the AJ Bell Group's regulated subsidiaries or a failure in service supply could be caused by an external supplier, the Company performs extensive due diligence on that supplier prior to entering into the commercial relationship. The Company secures the ability to audit that supplier at regular intervals during the term of the relationship.

**Operational processing risk**

There is a risk that the Company's operational processes are subject to error, causing both a reduction in earnings and damage to the Company's reputation. The Company focuses on increasing the effectiveness of all its operational procedures and aims to achieve straight-through processing wherever practical.

The Company has incorporated a high level of operational resilience within its day-to-day operations. It has documented procedures with pre-set, specified management authorisation limits for all relevant operational processes.

**Litigation risk**

There is a risk of liability related to litigation from customers or third parties. The Company has robust systems and controls and maintains an appropriate level of professional indemnity insurance cover against these potential liabilities.

**Business continuity management risk**

There is a risk of disruption to the Company's business in the event of a loss of access to any of the Company's properties or in the event of a catastrophic systems failure. The Company has agreements in place with specialist suppliers for geographically remote disaster recovery facilities for all of its operations, including separate offsite IT recovery facilities. There is an extensive, rolling programme of testing of all business continuity plans.

**Key personnel risk**

The loss of key personnel within the Company or an inability to find new or replacement employees, appropriately qualified, particularly in periods of sustained growth, may have a material adverse impact on the Company's performance. The Company has sought to mitigate this risk by facilitating equity ownership in the AJ Bell Group for employees within the organisation through various share schemes. Furthermore, the Company has developed a succession plan for key members of management across the whole business.

Approved by the Board on 11 December 2013 and signed on its behalf by



C B Robinson  
Company Secretary

AJ Bell Limited  
Trafford House  
Chester Road  
Manchester  
M32 0RS

## **Directors' report**

For the year ended 30 September 2013

The directors have pleasure in presenting their report along with the financial statements of AJ Bell Limited (the "Company") for the year ended 30 September 2013

## **Principal activities**

The principal activity of the Company is the provision of investment administration services for Small Self Administered Schemes ("SSASs"), and to act as a central supplier of administration services to the other operating companies (including the ultimate holding company) in the AJ Bell Group (the "Group")

## **Results and dividends**

The profit attributable to the shareholder for the year ended 30 September 2013 was £592,000 (2012 £502,000) No dividend was paid during the year (2012 £Nil)

## **Outlook**

The focus for the year ending 30 September 2014 be to continue providing a quality service to the Company's SSAS customers, as well as enhancing its supply of administration services to the other operating companies in the AJ Bell Group

## **Directors**

The directors, who served throughout the year, were as follows

A J Bell  
R S Taylor  
M T Summersgill  
F J Lyons  
C W Galbraith  
R J Stott

## **Directors' interests**

None of the directors held interests in the shares of the Company during the financial year

## **Dividends**

The directors recommend that no final dividend should be paid (2012 £Nil) No interim dividend was paid during the year (2012 £Nil)

**Directors' report (continued)**

For the year ended 30 September 2013

**Financial risks**

**Interest rate risk**

As at the year-end, the Company had no borrowings and therefore was not exposed to debt interest rate risk

**Credit and bank default risk**

The Company's credit risk extends to its principal financial assets. These are cash balances held with banks and trade and other debtors.

As regards trade debtors, the Company has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken. This minimises credit risk in this area.

**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 Company continues and that appropriate facilities and training are arranged. It is the policy of the Company that the training, career development and promotion of disabled persons must, as far as possible, be identical to that of other employees.

**Employee consultation**

The Company places considerable value on the involvement of its employees. It has continued to keep them informed on matters affecting them as employees and arising from the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and internal publications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

**Supplier payment policy**

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 30 September 2013 were equivalent to 17 (2012: 19) days' purchases, based on the average daily amount invoiced by suppliers during the year.

**Going concern**

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found within note 1.4 to the financial statements.



**Directors' report (continued)**

For the year ended 30 September 2013

**Auditor**

Each of the persons who is a director at the date of approval of this directors' report and financial statements confirms that

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all steps that he ought to have taken as a director in order to make him aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Our auditors, KPMG Audit Plc have instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditors and resolution concerning their appointment will be put to the forthcoming AGM of the company

Approved by the Board on 11 December 2013 and signed on its behalf by



C B Robinson  
Company Secretary

AJ Bell Limited  
Trafford House  
Chester Road  
Manchester  
M32 0RS

**Statement of Directors' responsibilities in respect of the Directors' report and financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Independent Auditor's Report to the members of AJ Bell Limited**

We have audited the financial statements of AJ Bell Limited for the year ended 30 September 2013 set out on pages 13 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

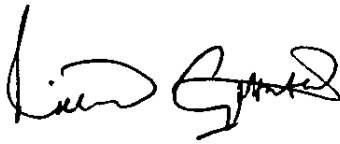
In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the members of AJ Bell Limited (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Richard Gabbertas (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
Chartered Accountants  
St James' Square  
Manchester  
M2 6DS

11 December 2013

**Profit and loss account**

For the year ended 30 September 2013

	Notes	2013 £'000	2012 £'000
<b>Turnover</b>	2	7,103	6,279
Administrative expenses		(6,364)	(5,698)
<b>Operating profit</b>		739	581
Finance charges (net)	3	(20)	(5)
<b>Profit on ordinary activities before taxation</b>	4	719	576
Tax on profit on ordinary activities	7	(127)	(74)
<b>Profit for the financial year</b>	15	592	502

The notes and information on pages 15 to 27 form part of these financial statements

The profit for the financial year arose from continuing operations. There were no gains or losses in either the current period or prior period other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

**Balance sheet**

As at 30 September 2013

	Notes	2013 £'000	£'000	2012 £'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	8	8,406		8,194	
Investments	9	<u>-</u>		<u>-</u>	
			8,406		8,194
<b>Current assets</b>					
Debtors Amounts falling - due within one year	10	3,384		3,127	
Cash at bank and in hand		<u>1,483</u>		<u>383</u>	
			4,867		3,510
<b>Current liabilities</b>					
Creditors Amounts falling due within one year	11		(2,710)		(9,220)
<b>Total assets less current liabilities</b>			10,563		2,484
<b>Creditors</b> Amount falling due after more than one year	12		(7,554)		(121)
<b>Provisions for liabilities</b>	13		(709)		(655)
<b>Net assets</b>			<u>2,300</u>		<u>1,708</u>
<b>Capital and reserves</b>					
Called up share capital	14		2		2
Share premium account	15		1		1
Profit and loss account	15		<u>2,297</u>		<u>1,705</u>
<b>Shareholders' funds</b>	16		<u>2,300</u>		<u>1,708</u>

The notes and information on pages 15 to 27 form part of these financial statements

The financial statements of AJ Bell Limited (registered number 03091664) were approved by the board of directors and authorised for issue on 11 December 2013. They were signed on its behalf by



M T Summersgill  
Director

**Notes to the financial statements**

For the year ended 30 September 2013

**1 Accounting policies**

The principal accounting policies are summarised below. All have been applied consistently throughout the year and the preceding year.

**1.1 Basis of accounting**

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and under the historical cost convention.

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent of the voting rights are controlled within the parent group.

**1.2 Exemption from preparing consolidated financial statements**

The financial statements present information about the Company as an individual undertaking and not about the Group of which it forms part. The Company has not prepared consolidated financial statements as it is exempt from the requirement under section 400 of the Companies Act 2006. The Company is a subsidiary undertaking of AJ Bell Holdings Limited, a company incorporated in England & Wales and is included in the consolidated financial statements of that company.

**1.3 Related party transactions**

Given that the Company is a wholly owned subsidiary of AJ Bell Holdings Limited, it has taken advantage of the exemption in Financial Reporting Standard No 8 Related Party Disclosures, from the requirement to disclose transactions with Group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

**1.4 Going concern**

The financial statements have been prepared on a going concern basis. The directors believe that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date on which the financial statements are approved.

**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly using a straight-line method over its expected useful life, as follows

Leasehold improvements	Over the remaining life of the lease
Computer equipment	4 years
Office equipment	4 years
Key operating system ("KOS")	10 years
KOS enhancements	Over the remaining life of the KOS

Where an asset is under construction at the end of a reporting period, the costs involved that meet the relevant recognition criteria are disclosed as a separate class of asset. As these assets are not available for use by the business they are not depreciated or amortised, instead they are reviewed for impairment.

**Impairment**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro-rata or more appropriate basis. An income-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

**Calculation of recoverable amount**

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

**Reversals of impairment**

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

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.



**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**16 Investments**

Investments in subsidiary undertakings are stated at cost less provision for impairment

**17 Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when tangible fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

**18 Turnover**

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Pension administration fees are recognised in the period in which the service is rendered using the percentage completion method. The extent to which a service is complete is determined by the different work activity profiles of the associated individual services.

**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**1 9 Pension costs**

The Company makes discretionary payments into the personal pension schemes of certain employees. Contributions are recognised in the profit and loss account as they are payable.

The Company also contributes to an employee's stakeholder pension scheme up to a maximum of 3% of their salary. The assets of the scheme are held separately from those of the Company in independently administered funds. Any amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the period to which it relates.

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

**1.10 Leases**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives.

The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

**1.11 Investment income**

Investment income comprises interest received on bank deposits. Investment income is recognised in profit or loss as it accrues, using the effective interest method.

**1.12 Interest payable and similar charges**

Interest payable on financial liabilities is recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

**1 13 Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**1 14 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the consideration required to settle that obligation at the date of the balance sheet and are discounted to present value where the effect is material.

**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**1 15 Dividends**

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

**2 Turnover**

	2013 £'000	2012 £'000
<b>Turnover</b>		
Pension administration fees	1,835	1,774
Management charges	5,268	4,225
Other income	-	280
	<u>7,103</u>	<u>6,279</u>

The total turnover of the Company for the year has been derived from its principal activities undertaken in the United Kingdom.

**3 Finance charges (net)**

	2013 £'000	2012 £'000
Investment income	10	9
Less Interest payable and similar charges	<u>(30)</u>	<u>(14)</u>
	<u>(20)</u>	<u>(5)</u>

**4 Profit on ordinary activities before taxation**

	Note	2013 £'000	2012 £'000
Profit on ordinary activities before taxation is stated after charging			
Depreciation of tangible fixed assets			
- owned	8	1,342	666
- held under finance leases and hire purchase contracts	8	62	40
Loss on disposal of tangible fixed assets		5	2
Operating lease rentals			
- plant and machinery		-	8
- other		515	525
Auditor's remuneration			
- for the audit of the Company's financial statements		10	10

**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**5 Staff costs**

	2013 Number	2012 Number
Average number of staff	495	416
Company full-time equivalent staff	22	21
	2013 £'000	2012 £'000
Wages and salaries	717	929
Social security costs	80	111
Pension costs	15	19
	<u>812</u>	<u>1,059</u>

All employees within the AJ Bell Group are jointly employed by all Group companies. However, all staff costs are paid by the Company on behalf of its ultimate holding company.

For the purposes of clarity, the directors have disclosed the total number of employees to which the Company owes a contractual obligation during the year ended 30 September 2013, along with the number of employees whose services were utilised by the Company in the same period.

Payments made to employees on behalf of other companies within the Group are classified as amounts due from group undertakings and are settled in the month following that to which the payment relates.

**Notes to the financial statements (continued)**  
For the year ended 30 September 2013

**6 Directors' remuneration and transactions**

	2013 £'000	2012 £'000
Emoluments other than pension costs	70	87
Pension costs	2	3
	<u>72</u>	<u>90</u>
	2013 £'000	2012 £'000
<b>Remuneration of highest paid director.</b>		
Emoluments other than pension costs	25	40
Pension costs	-	3
	<u>25</u>	<u>43</u>

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

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

**Directors' transactions**

There were no transactions with directors during the year.

**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**7 Tax on profit on ordinary activities**

	2013 £'000	2012 £'000
Current year tax		
UK corporation tax	146	(39)
Adjustment for prior periods	(38)	-
Total current tax charge/ (credit)	108	(39)
Deferred tax charge	19	113
Tax charge on profit on ordinary activities	127	74

	2013 £'000	2012 £'000
<b>Deferred tax</b>		
Origination and reversal of timing differences	25	183
Effect of decrease in tax rate on opening asset	(38)	(37)
Adjustment to estimated amount of deferred tax liabilities arising in previous period	32	(33)
Total deferred tax charge	19	113

	2013 £'000	2012 £'000
<b>Factors affecting tax charge for the period</b>		
Profit on ordinary activities before taxation	719	576
Profit on ordinary activities before tax multiplied by a pro-rata standard rate of UK Corporation Tax of 23.5% (2012 25%)	169	144
Effects of		
Expenses not deductible for tax purposes	5	16
Accelerated capital allowances and other timing differences	(26)	(183)
Group relief received at small companies rate		-
Adjustments to tax charge in respect of previous periods	(37)	-
Adjustments to deferred tax in respect of tax rate decrease	(3)	(16)
Total current tax (credit)	108	(39)
Effective tax rate	15.0%	(6.8%)

During the period the Company has reflected the change in the main rate of corporation tax from 24% to 23%. The Company has also reflected the substantively enacted tax rates of 21% and 20%.

**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**7 Tax on profit on ordinary activities (continued)****Factors affecting future tax charges**

The Company will continue to incur substantial capital expenditure for the foreseeable future. This will result in higher capital allowance claims. In turn, these capital allowances are likely to result in the Company's corporation tax charge being depressed or a refund position being created.

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

**8 Tangible fixed assets**

	Computer Equipment £'000	Office Equipment £'000	Leasehold improve- ment £'000	Key Operating System £'000	Assets Under const- ruction £'000	Total £'000
<b>Cost</b>						
At 1 October 2012	2,794	591	543	1,173	5,679	10,780
Additions	383	65	5	-	1,168	1,621
Transfer	-	-	-	5,276	(5,276)	-
Disposals	(22)	(56)	-	-	-	(78)
At 30 September 2013	3,155	600	548	6,449	1,571	12,323
<b>Depreciation</b>						
At 1 October 2012	1,617	387	425	157	-	2,586
Charge for the year	529	85	50	740	-	1,404
Disposals	(22)	(51)	-	-	-	(73)
At 30 September 2013	2,124	421	475	897	-	3,917
<b>Net book value</b>						
At 30 September 2012	1,177	204	118	1,016	5,679	8,194
At 30 September 2013	1,031	179	73	5,552	1,571	8,406
Leased assets included above						
<b>Net book value</b>						
At 30 September 2012	-	160	-	-	-	160
At 30 September 2013	-	134	-	-	-	134

**Notes to the financial statements (continued)**  
For the year ended 30 September 2013

**9 Investments**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 30 September 2012 and 30 September 2013	<u>81,967</u>
<b>Provision for impairment</b>	
At 30 September 2012 and 30 September 2013	<u>81,667</u>
<b>Net book value</b>	
At 30 September 2012 and 30 September 2013	<u>300</u>

**Holdings of more than 20%**

The Company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class of shares	Shares held %
AJ Bell Trustees Limited	England & Wales	Ordinary	100
Ken Hovers (Pension Consultants) Limited	England & Wales	Ordinary	100
Ashby London Trustees Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the profits of these undertakings for the last relevant financial year were as follows

Company	Principal activity	Capital and Reserves 2013 £
AJ Bell Trustees Limited	Dormant trustee company	100
Ken Hovers (Pension Consultants) Limited	Dormant trustee company	100
Ashby London Trustees Limited	Dormant trustee company	100

The subsidiary undertakings have been dormant companies throughout the financial year and therefore made no profit or loss

**10 Debtors Amounts falling due within one year**

	2013 £'000	2012 £'000
Trade debtors	294	300
Amounts owed by group undertakings	1,933	1,873
Prepayments and accrued income	<u>1,157</u>	<u>954</u>
	<u>3,384</u>	<u>3,127</u>



**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**11 Creditors Amounts falling due within one year**

	2013 £'000	2012 £'000
Trade creditors	247	299
Amounts owed to group undertakings	3	6,356
Other taxation and social security	555	476
Obligations under finance leases	43	46
Accruals and deferred income	1,716	2,043
Corporation tax creditor	146	-
	<u>2,710</u>	<u>9,220</u>

**12. Creditors Amounts falling due after one year**

	2013 £'000	2012 £'000
Obligations under finance leases	104	121
Amounts owed to group undertakings	7,450	-
	<u>7,554</u>	<u>121</u>

Amounts owed to group undertakings falling due after one year relate to loans received from AJ Bell Holdings Limited in relation to costs incurred by AJ Bell Limited in renewing IT infrastructure and administration systems in order to enhance products and services for the AJ Bell Group

The maturity of obligations under finance leases is as follows

	2013 £'000	2012 £'000
Within one year	43	46
In the second to fifth years	104	121
Over five years	-	-
	<u>147</u>	<u>167</u>

**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**13 Provisions for liabilities**

	Office dilapidations £'000	Deferred tax liability £'000	Total £'000
Balance at 1 October 2012	217	438	655
Charge in the year	35	19	54
Balance as at 30 September 2013	252	457	709
		2013 £'000	2012 £'000

The deferred tax liability is made up as follows

Accelerated capital allowances	469	465
Short-term timing differences	(12)	(27)
	457	438

The Company is contractually obliged to reinstate its leased property to its original state and layout at the end of the lease term. The office dilapidations provision represents the directors' best estimate of the present value of costs which will ultimately be incurred in settling this obligation.

**14. Share capital**

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
1,500 Ordinary shares of £1 each	1,500	1,500
75 Non-voting ordinary shares of £1 each	75	75
	1,575	1,575

The Ordinary shares and the Non-voting ordinary shares rank equally in all respects except that the holder of Non-voting ordinary shares cannot attend or vote at general meetings of the Company.

**15 Statement of movements in reserves**

	Share Premium £'000	Profit and Loss £'000
Balance at 1 October 2012	1	1,705
Profit for the financial year	-	592
Balance at 30 September 2013	1	2,297

**Notes to the financial statements (continued)**

For the year ended 30 September 2013

**16 Reconciliation of movements in shareholder funds**

	2013 £'000	2012 £'000
Profit for the financial year	592	502
Net addition to shareholder funds	592	502
Opening shareholder funds	1,708	1,206
Closing shareholder funds	2,300	1,708

**17 Financial commitments**

	2013 £'000	2012 £'000
Capital commitments are as follows		
Contracted for but not provided for	-	76

Annual commitments under non-cancellable operating leases are as follows

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	-	-	-	6
Between two and five years	-	-	-	-
After five years	565	-	488	-
	565	-	488	6

**18. Ultimate parent company and parent undertaking of larger group of which the company is a member**

The Company is a subsidiary undertaking of AJ Bell Holdings Limited which is the ultimate parent company

The largest group in which the results of the Company are consolidated is that headed by AJ Bell Holdings Limited, incorporated in the United Kingdom. No other consolidated financial statements include the results of the Company. The consolidated financial statements of AJ Bell Holdings Limited are available to the public and may be obtained from Trafford House, Chester Road, Manchester, M32 0RS or [www.ajbell.co.uk](http://www.ajbell.co.uk)