

A J Bell Holdings Limited

Directors' Report and Financial Statements

For the year ended 30th September 2008

Company Registration No: 4503206 (England and Wales)



December 2008

Consolidated and Company financial statements

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Joint statement from the Chairman and Chief Executive

We are pleased to announce our final results for the year ended 30th September 2008. This has been another year of strong growth in very challenging market conditions.

This positive performance is reflected in our profit before tax which increased by 48% from £6.55m to £9.69m and our revenue which increased by 52% from £16.15m to £24.53m. During the year operating costs have increased by 53% from £9.85m to £15.03m.

Cash flow has been strong throughout the year, despite the acquisition of Lawshare Limited (re-branded and hereinafter referred to as A J Bell Securities) in December 2007 and dividend payments totalling £3.7m (2007: £1.2m), with £0.8m cash flow generation compared to £2.62m in the previous year. Fully diluted earnings per share has increased by 53% from 11.47 pence per share to 17.59 pence per share and we have declared a final dividend of 6.5 pence per share, taking the total ordinary dividend to 10.75 pence per share. This represents an increase in total ordinary dividend of 30%, up from 8.3 pence per share in 2007.

Operational review

Client numbers and assets under administration

Pension assets under administration increased by £522m from £5,015m to £5,537m. This growth in assets has been as a result of strong net inflows, both into new and existing SIPP accounts, countering the fall in asset values during a period when the FTSE All Share index dropped by 32%.

Contributions into SIPPs reached record levels, up 14% from £351m to £399m. Inflows from pension transfers decreased by 7% from £1,111m to £1,030m. The number of SIPP clients has continued to grow, up by 21% from 26,898 to 32,477.

The number of SSASs we administer reduced by 3%, from 668 to 647. SSAS assets under administration increased in value by 7%, from £617m to £660m. Although this remains an important offering within our overall product range, it has reached a mature phase in its life cycle and we do not foresee this product delivering significant organic growth going forward.

Institutional stockbroking assets under administration have increased by £18m since acquisition, from £2,701m to £2,719m.

Management team

Following a restructure of the senior management team, Richard Taylor was appointed managing director of our pensions business (A J Bell Pensions), with Charles Galbraith continuing as managing director of our stockbroking business (A J Bell Securities). Both managing directors have their own senior management team and share central resources. We also recruited Billy Mackay as our marketing director during the year, who worked previously as head of UK marketing at Skandia.

Joint statement from the Chairman and Chief Executive (continued)

Staff & training

Staff numbers increased by 30%, from 220 reaching a year end total of 287, with 43 of this increase being accounted for by acquisition. We have invested heavily in our in-house training resource supplementing this with external training where required.

We have recently carried out our second detailed staff survey, which will help us to identify those areas that can be improved. The actions resulting from the inaugural survey were instrumental in the increased staff satisfaction evidenced this year.

We recognise that our staff are our single biggest asset and our enviable reputation for service is directly attributed to the hard work, loyalty and commitment shown by all of our employees.

Awards

The quality of our service delivery and product propositions have been recognised by us winning several prestigious SIPP-industry awards. Whilst these are a positive reflection of the standards achieved, they act as a reminder that we cannot rest on our laurels.

Products and developments

Our key product offerings can be summarised as follows:

SIPPcentre – a low cost SIPP with significant online functionality that is distributed via financial advisers throughout the UK. Investment options include a choice of fund supermarkets, discretionary investment managers, insurance company funds, cash deposits and commercial property.

Sippdeal/Sippdealxtra – execution only, low cost, online SIPP offering no pension or investment advice.

Platinum - our fully bespoke SSAS and SIPP products that are differentiated from other products by five key factors: The member is a trustee; is a signatory on the trustee bank account; as a trustee is a legal owner of all scheme assets; each Platinum SIPP or SSAS has a named administrator; and finally, Platinum SIPP and SSAS clients have access to our fee based consultancy service.

SIPP white labelling – we offer white-labelled SIPP administration services that enable other financial institutions to offer a SIPP to their clients under their own branding without having to worry about the administrative or regulatory burden of being a SIPP operator.

Institutional stockbroking - we are a leading provider of stockbroking services to institutional investment businesses. We offer a complete range of integrated dealing, settlement, custody and research services.

Joint statement from the Chairman and Chief Executive (continued)

We enhanced our SIPPcentre proposition in January 2008 by broadening the range of permitted investments. This has resulted in a significant increase in new business and has introduced new income generating opportunities into this product. An enhanced adviser remuneration facility was also introduced speeding up the payment of adviser remuneration and providing increased online supporting information.

A significant project was undertaken later in the year to enable our SIPPs to accept protected rights from 1st October 2008. This new market has been greatly anticipated and the early signs are very encouraging.

Branding

Following a branding review, we have introduced a new group website (www.ajbell.co.uk), containing an investor relations section and links to all of our product websites. We have also finalised a fresh and integrated brand proposition that will be rolled out across the business during the coming year.

Premises

We have expanded our space in Manchester to 36,000 square feet and we are in regular dialogue with our landlords to ensure we have sufficient space to cater for our planned growth without carrying too much redundant space. We have recently signed a new lease on 8,000 square feet of modern office space in Tunbridge Wells and our stockbroking business will be moving there in January 2009. This is in addition to the space we retain for disaster recovery purposes.

Regulation

Following the introduction of FSA regulation of SIPPs in 2007, we have continued to develop our systems, procedures and product literature to meet FSA best practice and guidance. In particular, we have worked hard to embed "Treating Customers Fairly" ("TCF") across the business and have carried out a wide ranging review of security policies and procedures in light of the FSA's report on data security in the financial services industry. We continue to invest heavily in this area and have recruited additional compliance staff in both A J Bell Pensions and A J Bell Securities to ensure we are able to maintain standards as the businesses develop.

Risk

No report would be complete without discussing the recent troubled times faced by the banking industry. We hold significant cash deposits on behalf of clients with Bank of Ireland and HBOS plc. Whilst our clients have been understandably nervous about the security of their cash deposits, we were able to reassure them that each individual client had the full protection of the Financial Services Compensation Scheme (FSCS). Many clients mitigated their position further by either spreading their cash around a number of other financial institutions or by investing in UK Government bonds or other assets that did not share the same risk profile as cash deposits.

Joint statement from the Chairman and Chief Executive (continued)

As well as the risk of exposure to the default of a bank, or indeed other major supplier of services to the Group, we have monitored and mitigated where possible other key risks to our business as highlighted in the Directors' Report.

Board and committees

Our Board and sub-committees continue to provide a very effective framework for our Group's corporate governance. The Board met on 10 occasions throughout the year, this supplemented by 3 meetings of the Audit & Risk Committee, 5 meetings of the Remuneration Committee and 1 meeting of the Nomination Committee. We are delighted to report 100% attendance by all members of the Board and committees.

We would like to take this opportunity to welcome Les Platts, who joined the Board on 15th September 2008 and became Chairman of the Audit & Risk Committee and a member of the Remuneration and Nomination committees. Les retired in May this year from the positions of audit partner and practice senior partner for the north east with international professional services firm Deloitte LLP.

Outlook and strategy

Our long term vision and strategy is to provide a market leading, execution only suite of savings and ancillary financial services products, distributed via direct offer and intermediaries. Furthermore, we will continue to provide SIPP white labelling services to other financial services firms.

We have taken a conscious and strategic decision not to provide investment management or wider FSA regulated advice. Our Group operates different brands aimed at distinct market segments and our primary focus and lead product will continue to be SIPP. This will be complemented by a number of related savings products that will be developed over the next eighteen months.

Despite 2008-09 being a year of transition, with the proposed introduction of our new retail dealing and settlement platform, we expect growth to continue in all of our key market segments.

The outlook for all mainstream investments that can be held within a SIPP is uncertain, however the SIPP market continues to be remarkably resilient. The economy will undoubtedly have an impact on how much can be saved into all types of savings products, including SIPPs, although we believe that any downturn in contributions will be more than offset by the boost to the SIPP market as a result of SIPPs being allowed to hold protected rights from 1st October 2008.

We acquired our stockbroking business in December 2007 as a base from which to develop our retail share dealing and settlement capabilities and we would like to welcome our new staff to A J Bell Group. The integration of this business has gone well and we are on course to launch our retail share dealing and settlement platform within budgeted costs, in summer 2009.

Joint statement from the Chairman and Chief Executive (continued)

This has been a challenging yet exciting year and the early signs for 2008-09 are very encouraging. Our clients and staff are the key to our continued success and will remain central to delivering our vision and strategy for our business.



Jim Martin
Chairman



Andy Bell
Chief Executive

11th December 2008

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report for the year ended 30th September 2008.

Principal activities

The principal activities of the Group comprise:

- (i) The provision of administration services for SIPPs and SSASs;
- (ii) Stockbroking services.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 14 to the financial statements.

Business review

The Company is required by the Companies Act to set out in this report a fair review of the business of the Group during the financial year ended 30th September 2008 and of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group ("Business Review"). The information that fulfils the requirements of the business review can be found within the Chairman's and Chief Executive's joint statement on pages 3 to 7 and in the Principal Risks and Uncertainties section of this report.

Dividends

The Company has declared a final dividend of 6.5p (2007: 5.3p) per ordinary share which will be paid on 17th December 2008 to ordinary shareholders on the register as at 11th December 2008. This, together with the interim dividend of 4.25p (2007: 3.0p) paid on 29th May 2008, makes a total dividend with respect to the financial year 2007-08 of 10.75p per share (2007: 8.3p).

Directors

The directors, who served throughout the year except as noted, were as follows:

Jim Martin (Non-Executive Chairman)
Andy Bell (Chief Executive)
Stuart Dootson (Chief Financial Officer)
Nicholas Littlefair (Non-Executive)
Les Platts (Non-Executive) (appointed 15th September 2008)

Directors' report (continued)

Directors' interests

The directors who held office at 30th September 2008 had the following interests in the shares of the Company:

	Ordinary		A non-voting	
	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
Andy Bell	14,790,727	16,434,161	-	-
Nicholas Littlefair	1,997,315	3,025,079	-	-
Jim Martin	125,000	125,000	-	-
Les Platts*	-	-	-	-
Stuart Dootson	-	-	105,455	-
Total	<u>16,913,042</u>	<u>19,584,240</u>	<u>105,455</u>	<u>-</u>

No director held Ordinary non-voting shares at either 30 September 2008 or 30 September 2007

* Les Platts was appointed to the Board of Directors on 15th September 2008 and comparatives relate to the date of his appointment.

Directors' share options

During the year, Stuart Dootson was granted the following options to A non-voting ordinary shares in the Company:

Number	Exercise price £	Date of grant of exercise	Earliest date of exercise
100,000	0.22	17 th December 07	1 st December 10
44,545	1.00	18 th July 08	1 st December 08

There are no performance criteria attaching to either of the two tranches of share options. This is in line with the terms on which previous share options have been granted in the past to staff and directors of subsidiary companies.

Directors' report (continued)

Principal risks and uncertainties

The directors believe that there are a number of potential risks to the Group that could hinder the successful implementation of its strategy. These risks are present in both AJBP and AJBS and arise from internal or external events, acts or omissions which may pose a threat to the future success of the Group. The directors are proactive in identifying, assessing and managing all the known risks.

The risk profile of the Group has changed during the year due to the acquisition of AJBS. The directors have reacted to this and introduced key additional controls, monitoring and compliance to ensure the new risks are managed within this business. Furthermore, the Board when seeking to appoint a further non-executive director, set as one of its recruitment criteria that all candidates must have a knowledge and understanding of stockbroking business. The expertise of Les Platts in this area is already adding value.

Litigation

There is a risk of liability related to litigation from clients or third parties and action taken by the industry regulator. The Group maintains an appropriate level of professional indemnity insurance (as estimated by the directors) cover and an internal audit function will be created during the financial year 2008-09 to review and help mitigate all of these risks.

Capital market fluctuations

Capital market fluctuations can have an adverse effect on securities trading activity and the value of the Group's assets under administration. In unstable economic times, customers have the option to change the profile of their investments and move to cash. In executing the clients' instructions through this process, the Group is able to generate fees or commission for the work it performs.

Competitor risks

The Group operates in a highly competitive and dynamic industry which constantly improves the services and products available to customers. This may impact the Group such that either its products become out of date or uncompetitive when compared to other offerings in the market place. The Group continually reviews its product range and prices against competitors and actively seeks new income streams, whilst enhancing its existing portfolio. An example of a new development is the in-house retail stockbroker (through AJBS), which is scheduled to launch during the financial year 2008-09. The acquisition of AJBS in December 2007 will ensure that within the investment dealing sphere of activity, the Group's products remain commercially attractive and competitive.

Directors' report (continued)

Evolving technology

The reliance on advancing technology remains crucial to the Group's effort to develop its services and enhance products. The risk exists that either the Group's technology fails to operate correctly in some way or that the Group fails to take advantage of any emerging technologies. The Board has acknowledged that scaleable technology is paramount to the continued success of the Group and an in-house development team is dedicated to ensure the pension administration software and systems enable it to deliver market leading service to its clients. In addition, external developers, with particular expertise in the design and build of investment dealing systems, have been employed to develop the systems for AJBS.

Regulatory risk

The Group operates within an increasingly regulated environment such that new or revised legislation or regulation may have a materially adverse effect on one or both of AJBP and AJBS. The Group retains sufficient cash or banking facilities to provide the resources if an increase in regulatory capital requirements is imposed. The Group also works to ensure FSA best practice is followed. Additional resource has been recruited to strengthen the compliance functions within both AJBP and AJBS.

Taxation law changes

Changes to tax legislation may reduce the attractiveness of SIPP's or SSAS's as a means of saving for retirement. The Government's current policy is to encourage people to invest in private pensions to reduce the burden on the state. The Board considers significant changes in this area to be unlikely in the present or foreseeable future.

Group reputation

Damage may be sustained to the Group's reputation or to one of its leading brands either because of the actions of an unassociated third party or the misconduct of an employee. The security procedures for all customers within the Group remain robust and are well communicated to ensure any risk of fraudulent access to online SIPP accounts is minimised. Information technology security measures have been reviewed in the light of the FSA's report on data security in financial services published earlier this year. Where necessary, improvements have been made. Thorough controls and checks are in place to ensure the appropriate calibre of individual is recruited into the Group and training is ongoing to ensure employees are aware of the latest developments in the pension/securities industry.

Directors' report (continued)

Business continuity management

There is a risk of disruption to the Group's business in the event of a loss of access to either of the buildings used by AJBP or AJBS or in the event of a catastrophic systems failure. We maintain a geographically remote disaster recovery site for AJBP and retain disaster recovery services with an outside contractor for AJBS.

Key personnel risk

The loss of key personnel within the Group or an inability to find new staff and adequate replacements, particularly in periods of sustained growth, may have a material adverse impact on the Group's performance. The Group has sought to negate this risk by facilitating equity ownership for employees within the organisation through various share schemes. Furthermore, the Group offers competitive salaries to its employees, a range of other benefits and provides in-job training.

Third party reliance

Any regulatory breach or service failure on the outsourced dealing platform may breach the Group's contractual obligations with its clients, damage reputation or cause financial loss. A retail stockbroking arm is under development that will help to mitigate this risk. In addition to this initiative, an internal audit function will be created during the financial year 2008-09 of which one function will be to review third party suppliers.

Liquidity risk

This is the risk that the Group may be unable to meet its liabilities as and when they fall due. The Group is a highly cash generative business and maintains a surplus of regulatory capital and sufficient cash to fund its foreseeable requirements.

Bank default

The current economic climate has created troubled times in the banking industry where there is now a risk of bank failure. The main banks used by the Group are both substantial and have long-term credit ratings of A+ (Standard & Poor's) or greater. Furthermore, in respect of HBOS plc we believe that the proposed merger with Lloyds/TSB and the Government taking a substantial stake in the banks will secure its future. With respect to Bank of Ireland all deposits benefit from a guarantee from the Irish Government.

Directors' report (continued)

Interest rate risk

As at the year end, the Group had no borrowings and therefore was not exposed to risk in this area. The Group's income levels however, are affected by the mix of assets and levels of investment activity within client SIPP's and SSASs. Inevitably these will themselves be affected by macro-economic factors such as stock market trends and interest rates. The directors believe that the Group's income streams are sufficiently diversified to ensure that a major change in any one macro-economic factor will be mitigated and will not therefore result in a material adverse impact on the profitability of the Group.

Exchange rate risk

Within AJBP, all transactions are conducted in UK £-Sterling and thus no exchange rate risk exists. However, within AJBS there are a number of foreign currency transactions entered into on behalf of clients. The Group is not subject to any exchange rate risk on these transactions as they are conducted on behalf of clients who bear this risk. All dealing fees in respect of these transactions are in UK £-Sterling.

Environment

The Group operates in the financial services sector and as such does not have a significant impact on the environment. The Group recognises the importance of the environment and acts to minimise its impact where it can, particularly in respect of recycling and energy consumption.

Supplier payment policy

The Group'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 the payment and abide by the terms of the payment. Trade creditors of the Group at 30th September 2008 were equivalent to 31 (2007: 37) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions

During the year the Group made charitable donations of £28,248 (2007: £13,949), principally to local charities serving the communities in which the Group operates. Of this amount, £25,000 was donated to The Christie NHS Foundation Trust where Jim Martin is Chairman.

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and internal publications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. An employee share scheme has operated since June 2005, which has promoted employee involvement in this Group.

The directors believe that the incentivisation of senior management and key employees by equity participation is an important factor in the continuing success of the Group and aligns the interests of management with that of the non-employee shareholders.

Since the last Budget in March 2008, the rules concerning Enterprise Management Incentive Schemes (EMIS) have changed. Regrettably, the Company is no longer able to issue share options under this scheme, though all existing un-exercised options remain enforceable and continue to enjoy the taxation advantages associated with an EMIS.

Auditors

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

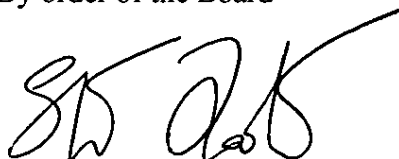
- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Directors' report (continued)

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Accordingly, a resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'SD' followed by a stylized flourish.

Stuart Dootson
Director and company secretary
11th December 2008

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the group financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union and the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

However directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company. 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 as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985.

Statement of directors' responsibilities (continued)

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors' report to the members of A J Bell Holdings Limited

To the shareholders of A J Bell Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of A J Bell Holdings Limited for the year ended 30th September 2008 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet and the Consolidated Cash Flow Statement and the related notes 1 to 28 and the Company Balance Sheet and related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you, if, in our opinion the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

**Independent auditors' report to the members of A J Bell Holdings Limited
(continued)**

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurances that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 30th September 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30th September 2008;
- the group and parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered accountants
and registered auditors
Manchester
11th December 2008

Consolidated income statement
For the year ended 30 September 2008

	Notes	2008 £000	2007 £000
Continuing operations			
Revenue	3, 4	24,532	16,150
Cost of sales		(1,435)	-
Gross profit		<u>23,097</u>	<u>16,150</u>
Administrative expenses		(13,596)	(9,854)
Profit from operations	5	<u>9,501</u>	<u>6,296</u>
Net finance income	7	185	256
Profit before tax		<u>9,686</u>	<u>6,552</u>
Tax	8	(2,712)	(2,080)
Profit for the year from continuing operations	22	<u><u>6,974</u></u>	<u><u>4,472</u></u>
Attributable to:			
Equity holders of the parent		<u><u>6,974</u></u>	<u><u>4,472</u></u>
Earnings per ordinary share:			
Basic (pence)	10	17.93	11.60
Diluted (pence)	10	17.59	11.47

There were no other items of recognised income and expense in either year and consequently no Statement of Recognised Income and Expense has been presented.

Consolidated balance sheet
As at 30 September 2008

	Notes	2008 £000	2007 £000
Assets			
Non-current assets			
Goodwill	11	420	-
Other intangible assets	12	3,009	144
Tangible assets	13	773	810
		<u>4,202</u>	<u>954</u>
Current assets			
Trade and other receivables	15	5,915	3,996
Client debtors	15	11,393	-
Cash and cash equivalents	15	5,266	4,457
Clients' cash balances	15	1,992	-
		<u>24,566</u>	<u>8,453</u>
Total assets		<u><u>28,768</u></u>	<u><u>9,407</u></u>
Liabilities			
Current liabilities			
Trade and other payables	18	(3,697)	(1,425)
Client creditors	18	(13,080)	-
Obligations under finance leases	17	(82)	(82)
Current tax liabilities		(1,632)	(1,404)
Provisions	19	(97)	-
		<u>(18,588)</u>	<u>(2,911)</u>
Total assets less current liabilities		10,180	6,496
Non-current liabilities			
Obligations under finance leases	17	(19)	(117)
Provisions	19	(169)	(53)
Other payables	18	(35)	(42)
Deferred tax liabilities	16	(399)	(49)
		<u>(622)</u>	<u>(261)</u>
Total liabilities		<u><u>(19,210)</u></u>	<u><u>(3,172)</u></u>
Net assets		<u><u>9,558</u></u>	<u><u>6,235</u></u>

Equity

Share capital	20	39	39
Share premium	21	155	110
Other reserves	22	18	8
Retained earnings	22	9,346	6,078
		<hr/>	<hr/>
Total equity attributable to equity holders of the parent company		9,558	6,235
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 11th December 2008 and were signed on its behalf by:



Stuart Dootson

Director

11th December 2008

Consolidated cashflow statement
For the year ended 30 September 2008

	Notes	2008 £000	2007 £000
Continuing operations			
Cashflows from operating activities			
Cash generated from operations	24	10,572	5,602
Tax paid		(2,601)	(1,631)
Net cash inflow from operating activities		<u>7,971</u>	<u>3,971</u>
Cashflows from investing activities			
Purchase of property, plant and equipment		(1,643)	(398)
Acquisition of subsidiaries, net of cash received	23	(1,897)	-
Interest paid		(65)	(57)
Interest received		250	314
Net cash used in investing activities		<u>(3,355)</u>	<u>(141)</u>
Cashflows from financing activities			
Payment of obligations under finance leases		(146)	(112)
Proceeds from issue of share capital		45	66
Dividends paid		(3,706)	(1,161)
Net cash used in financing activities		<u>(3,807)</u>	<u>(1,207)</u>
Net increase in cash and cash equivalents		809	2,623
Cash and cash equivalents at beginning of year		4,457	1,834
Cash and cash equivalents at end of year		<u>5,266</u>	<u>4,457</u>
Client Cash		1,992	-
Total cash and cash equivalents at end of year (including client cash)		<u><u>7,258</u></u>	<u><u>4,457</u></u>

Notes to the financial statements
For the year ended 30 September 2008

1. General information

The Company is incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 63. The nature of the Group's operations and its principal activities are set out on pages 8 to 15.

The consolidated financial statements for the Group were approved by the Board on 11 December 2008.

2. Basis of information

The Group financial statements are presented in pounds sterling, rounded to the nearest thousand. They are prepared on the historical cost basis and the principal accounting policies applied in the preparation of these financial statements are set out on pages 24 to 32. These policies have been consistently applied to both years presented with the exception of IFRS7 Financial Instrument: Disclosures. In the current year, the Group has adopted IFRS7 which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS1 Presentation of Financial Statements.

The consolidated Group financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union. These are those standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board ('IASB') that have been endorsed by the European Union at the year end. They also comply with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue, but not yet effective:

IFRS 3 (revised)	Business Combinations
IFRS 8	Operating Segments
IFRIC 11	IFRS2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty
IFRIC 14	IAS19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IAS 23 (revised)	Borrowing Costs
IAS 27 (revised)	Consolidated and separate financial statements

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Notes to the financial statements (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. They cease to be consolidated from the date that the Group no longer has control.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

The financial statements of all subsidiaries except Lawshare Limited (referred to in this document as AJBS) are prepared for the same reporting period as the parent company. Lawshare Limited's reporting period extends to 17 months as a result of its change of accounting reference date from 30 April to 30 September following its acquisition by the Company. Consistent accounting policies are used in all subsidiaries.

A list of the significant investments in subsidiaries, including the name, country of incorporation, and proportion of ownership interest is given in note 14 to these financial statements.

Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Customer related intangible assets

The value of the customer related intangible asset has been estimated using a discounted cash flow methodology. Within the calculation, historical churn rates for customer-loss have been used along with an assumed average profitability per client. The net cash inflow has been estimated over a 10 year period and this has been discounted to the date of acquisition. The useful economic life of the asset has been estimated based on the level of customer churn and is reviewed on an annual basis.

Accrued income

Accrued income is recognised in respect of commissions due to the Group on investments, unit trust trail commission and bank deposits placed during the accounting period as well as fees receivable from customers that have been earned but not billed which have not been received at the balance sheet date.

Notes to the financial statements (continued)

This requires an estimation of the amount of commission income that will be received subsequent to the balance sheet date in respect of the accounting period. The carrying amount of accrued commission income at 30 September 2008 was £2,819,000 (2007: £1,610,606).

Share based payments

In applying IFRS2 Share Based Payments, the directors have used the Black Scholes Model in calculating the fair value of any share options granted. In the past the directors have estimated that an 85% discount rate be applied to the share option valuation as calculated by a generally accepted valuation model. However, in calculating the value of the options issued in July 2008, this valuation discount was reduced and the directors issued those share options with an exercise price of £1 per share.

Significant accounting policies

Accounting policies as shown below have been consistently applied throughout the current and prior year, with the exception of IFRS7 as noted above, and in respect of client cash in the acquired subsidiary as noted below.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable tangible and intangible assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit and loss and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

Notes to the financial statements (continued)

Transaction date accounting

All securities transactions entered into on behalf of clients are recorded in the accounts on the date of the transaction.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and where the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

No revenue is recognised if there are significant uncertainties regarding recovery.

Interest income is recognised as earned, using the effective interest method. Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Retirement benefit costs

The Group makes discretionary payments into the personal pension schemes of certain employees. Contributions are recognised in the income statement as they are payable.

Foreign currencies

The Group's functional currency is in UK £-Sterling. There are however, foreign currency transactions entered into on behalf of certain clients in the institutional stockbroking division.

Any foreign currency monetary assets or liabilities of the client have been translated into UK £-Sterling at the exchange rate prevailing at the balance sheet date and appear in the balances relating to client assets/liabilities. For the avoidance of doubt, all currency movements creating losses or gains are to the account of the client involved in those transactions with the Group not being exposed in any way.

Taxes

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Sales tax

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

Where the sales tax is not recovered in whole or in part from the taxation authority, it is expensed through the Income Statement.

Notes to the financial statements (continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the balance sheet date and are discounted to present value where the effect is material. Regarding property leases, provisions for dilapidation charges that will crystallise at the end of the period of occupancy are charged to the income statement evenly over the period of the lease.

Shared based payments

The Group has applied the requirements of IFRS2 Share Based Payment. For the purposes of this financial information, IFRS2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 30 September 2005.

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured by use of the Black Scholes method. The expected life used in the model has been adjusted, based on the directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. As the Company's shares are not currently listed on a recognised stock exchange and therefore no readily available market price exists for the shares, the share price has been estimated using a generally accepted business valuation method. Share price volatility has been estimated as the average of the volatility applying to a comparable group of listed companies.

Leasing

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

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Notes to the financial statements (continued)

Rental payments under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided, where material, on all tangible fixed assets at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life as follows:

Leasehold improvement	over the life of the lease
Office equipment	4 years
Computer equipment	4 years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets excluding goodwill

Intangible assets comprise computer software and acquired non-contractual customer relationships which are stated at cost or fair value less amortisation and any recognised impairment loss. Amortisation is provided, where material, on all intangible fixed assets excluding goodwill at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life as follows:

Computer software	4 years
Non-contractual customer relationships	10 years

The carrying value of computer software is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value of non-contractual customer relationships is reviewed annually and an impairment provision is made if necessary.

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

Notes to the financial statements (continued)

Website development design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset, which delivers benefits beyond one year and which are at least as great as the amount capitalised. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

During the financial year, two subsidiaries of the Company began a project to develop a retail share-dealing platform – including both front and back office functionality. As at the balance sheet date, these assets were in the course of construction. The directors have formed the view that these costs (along with future completion costs) will produce an asset which will provide economic benefits to those subsidiaries into the future. Accordingly, these costs have been capitalised and classed as “Assets under construction”. Until the construction phase is complete and the asset begins to generate economic benefits, no depreciation will be provided.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments

Financial assets and liabilities are recognised in the Group’s balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured on initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, client cash held in any of the Group’s subsidiaries, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Notes to the financial statements (continued)

Where appropriate, bank overdrafts are shown within borrowings in current liabilities on the Group balance sheet. For the purposes of the Group cashflow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

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 group after deducting all of its liabilities.

Trade payables

Trade payables are measured at fair value.

3 Revenue

2008	2007
£000	£000

An analysis of the Group's revenue is as follows:

Pension administration - fee and other income	22,127	16,150
Stockbroking fees and associated income	2,405	-
Total	<u>24,532</u>	<u>16,150</u>

4 Segmental reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The principal activities of the Group are:

(i) The provision of administration services (AJBP).

(ii) Stockbroking services (AJBS).

The segmental reporting is therefore analysed under the two principal activities of the Group.

All business activities are located within the UK and therefore the Group operates in a single geographical segment.

Segment information relating to these divisions is presented over the page:

Notes to the financial statements (continued)

Segmental reporting (continued)

	AJBP 2008 £'000	AJBS 2008 £'000	Consolidated 2008 £'000
Revenue			
External sales	22,127	2,405	24,532

No inter segment sales occurred from the date of acquisition of AJBS to 30 September 2008.

	AJBP 2008 £'000	AJBS 2008 £'000	Consolidated 2008 £'000
Result			
Segment result and operating profit	9,394	107	9,501
Net finance income			185
Profit before tax			9,686
Tax			(2,712)
Profit after tax			6,974

	AJBP 2008 £'000	AJBS 2008 £'000	Consolidated 2008 £'000
Other information			
Capital additions	1,145	2,299	3,444
Depreciation and amortisation	429	172	601

Notes to the financial statements (continued)

Segmental reporting (continued)

	AJBP 2008 £'000	AJBS 2008 £'000	Consolidated 2008 £'000
Balance sheet			
Assets			
Segment assets	10,642	18,126	28,768
Liabilities			
Segment liabilities	(4,836)	(14,374)	(19,210)
Net assets			<u>9,558</u>

Lawshare Limited was acquired on 13 December 2007 and it was at that point that the Group acquired an additional business segment for statutory reporting purposes. Prior to that date, the Group operated with only one business segment, that of pension administration.

5 Profit from operations	2008 £000	2007 £000
Profit from operations has been arrived at after charging/(crediting):		
Depreciation of tangible assets	307	251
Amortisation of intangible assets	294	52
Loss on disposal of tangible assets	15	1
Operating lease rentals:		
Plant and machinery	6	5
Other assets	726	417
Staff costs	9,447	7,254
Auditors' remuneration for:		
The audit of the Group's annual financial statements	35	30
The audit of the Company's annual financial statements	10	9
Taxation services	8	10
Other services to the Group	12	-

Notes to the financial statements (continued)

6 Employee benefit costs and employee numbers

	2008 No.	2007 No.
The average number of employees (including executive directors) in the continuing operations of the Group was:		

Administrative functions	255	193
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The aggregate employee costs for the continuing operations of the Group were as follows:

	2008 £000	2007 £000
Wages and salaries	8,191	6,315
Social security costs	933	681
Retirement benefit costs (see note 2)	323	258
	<u>9,447</u>	<u>7,254</u>

Remuneration of key management personnel

	2008 £000	2007 £000
Key management personnel is represented by the Board of Directors as shown on page 8 and certain senior management		

Wages and salaries	1,882	1,568
Retirement benefit costs	93	88
Share based payments	5	4
	<u>1,980</u>	<u>1,660</u>

Remuneration of directors

	2008 £000	2007 £000
This relates to the Board of Directors as shown on page 8		
Wages and salaries	821	811
Retirement benefit costs	37	47
Share Based Payments	1	-
	<u>859</u>	<u>858</u>

Notes to the financial statements (continued)

Remuneration of highest paid director

	2008 £000	2007 £000
Salary	537	572
Retirement benefit costs	12	23
	<u>549</u>	<u>595</u>

7 Net finance income

	2008 £000	2007 £000
Interest income:		
Interest on bank deposits	250	313
Interest expense:		
Obligations under finance leases	(36)	(42)
Other	<u>(29)</u>	<u>(15)</u>
Net finance income	<u>185</u>	<u>256</u>

8 Tax expense

	2008 £000	2007 £000
Analysis of charge recognised in the consolidated income statement		
Current tax:		
UK Corporation Tax on income for the year	2,764	1,975
Adjustment in respect of prior years	(21)	91
	<u>2,743</u>	<u>2,066</u>
Deferred tax (see note 16)	(31)	14
Total tax expense in consolidated income statement	<u>2,712</u>	<u>2,080</u>

Corporation tax is calculated at 29% of the estimated assessable profit for the year. The rate of Corporation Tax was changed from 30% to 28% on the 6 April 2008. As this is approximately half way through the financial year, 29% has been taken as an average for the period.

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

Notes to the financial statements (continued)

	2008 £000	2007 £000
Profit before tax from continuing operations	9,686	6,552
Profit before tax multiplied by a pro-rata rate of Corporation Tax in the UK of 29% (2007:30%)	2,809	1,966
Effects of:		
Adjustments to tax charge in respect of prior periods	(21)	91
Expenses not deductible	-	11
Difference in tax rates	-	12
Other adjustments	(76)	-
Total tax expense in consolidated income statement	2,712	2,080
Effective tax rate	28.0%	31.7%

9 Dividends

	2008 £000	2007 £000
Amounts recognised as distributions to equity holders during the year:		
Final dividend for 2006/2007 of 5.3p	2,051	-
Interim dividend for 2007/2008 of 4.25p per share (2006/2007: 3p per share)	1,655	1,161
Ordinary dividends paid on equity shares	3,706	1,161

Dividend is payable to all classes of issued and fully or partially paid up shares as disclosed in note 20. Partially paid up shares rank for dividend in proportion to the value paid up.

10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Notes to the financial statements (continued)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all potentially dilutive share options.

Earnings (all from continuing operations)

	2008 £000	2007 £000
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	6,974	4,472

Number of Shares

	Number of shares 2008	Number of shares 2007
Weighted average number of ordinary shares for the purpose of basic earnings per share in issue during the year	38,904,019	38,557,959
Dilutive effect of potential ordinary shares	734,757	439,438
Weighted average number of ordinary shares for the purposes of fully diluted earnings per share	<u>39,638,776</u>	<u>38,997,397</u>

11 Goodwill

	2008 £000	2007 £000
Cost		
As at 1 October	112	112
Recognised on acquisition of subsidiary	420	-
As at 30 September	<u>532</u>	<u>112</u>
Accumulated impairment provisions		
	2008 £000	2007 £000
As at 1 October and 30 September	<u>112</u>	<u>112</u>
Carrying value at 30 September	420	-

Notes to the financial statements (continued)

Goodwill of £420,000 arose on the acquisition of Lawshare Limited in December 2007.

12 Other intangible assets

	Computer software £000	Assets under construction £000	Non- contractual customer relationship £000	Total £000
Cost				
As at 1 October 2006	300	-	-	300
Additions	88	-	-	88
At 30 September 2007	<u>388</u>	<u>-</u>	<u>-</u>	<u>388</u>
Additions	210	898	-	1,108
Acquisition of subsidiary undertaking	215	-	1,523	1,738
Internally generated	291	22	-	313
At 30 September 2008	<u>1,104</u>	<u>920</u>	<u>1,523</u>	<u>3,547</u>
Amortisation				
As at 1 October 2006	192	-	-	192
Charge for the year	52	-	-	52
At 30 September 2007	<u>244</u>	<u>-</u>	<u>-</u>	<u>244</u>
Charge for the year	180	-	114	294
At 30 September 2008	<u>424</u>	<u>-</u>	<u>114</u>	<u>538</u>
Carrying value at 30 September 2007	<u>144</u>	<u>-</u>	<u>-</u>	<u>144</u>
Carrying value at 30 September 2008	<u>680</u>	<u>920</u>	<u>1,409</u>	<u>3,009</u>

The net book value of computer software held under finance lease and capitalised in other intangible assets is £nil (2007: £4,000). There were no intangible asset additions under finance lease in the current year.

Notes to the financial statements (continued)

13 Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Office equipment £000	Total £000
Cost or valuation				
At 1 October 2006	241	774	310	1,325
Additions	201	177	45	423
Disposals	-	(1)	(25)	(26)
At 30 September 2007	<u>442</u>	<u>950</u>	<u>330</u>	<u>1,722</u>
Additions	77	98	94	269
Acquisition of subsidiary undertaking	-	12	4	16
Disposals	-	(21)	(52)	(73)
At 30 September 2008	<u>519</u>	<u>1,039</u>	<u>376</u>	<u>1,934</u>
Depreciation				
At 1 October 2006	88	429	170	687
Charge for the year	38	150	63	251
Disposals	-	(1)	(25)	(26)
At 30 September 2007	<u>126</u>	<u>578</u>	<u>208</u>	<u>912</u>
Charge for year	63	171	73	307
Disposals	-	(19)	(39)	(58)
At 30 September 2008	<u>189</u>	<u>730</u>	<u>242</u>	<u>1,161</u>
Carrying amount at 30 September 2007	316	372	122	810
Carrying amount at 30 September 2008	330	309	134	773

During the year, additions of tangible fixed assets under finance lease totalled £47,000 (2007: £113,000).

The carrying amount of the Group's computer equipment and office equipment includes an amount of £160,000 (2007: £230,000) in respect of assets held under finance leases.

Notes to the financial statements (continued)

14 Subsidiaries

A list of the all the investments in subsidiaries, all of which are incorporated in the UK, is shown below. All of the subsidiaries are wholly owned and registered in England & Wales.

Name of Company	Country of incorporation	Principal activity	Holding %
A J Bell Limited+	England	Pension administration	100
A J Bell Trustees Limited	England	Dormant	100
Ken Hovers (Pension Consultants Limited)	England	Dormant	100
A J Bell Number 2 Limited+	England	Dormant	100
Ashby London Actuarial + Services Limited	England	Pension administration	100
Ashby London Trustees Limited	England	Dormant	100
A J Bell Management Limited+	England	Pension administration	100
Sippdeal Trustees Limited	England	Dormant	100
A J Bell (PP) Trustees Limited	England	Dormant	100
Whitehead Trustees Limited	England	Dormant	100
Ashby London (PP) Trustees Limited	England	Dormant	100
Sippdeal Limited	England	Dormant	100
Fi Software Limited+	England	Dormant	100
Lawshare Limited+	England	Stockbroking	100
Lawshare Nominees Limited	England	Dormant	100

+ Held directly by A J Bell Holdings Limited.

15 Current assets	2008	Restated 2007
	£000	£000
Trade and other receivables		
Trade receivables	2,248	1,732
Unpaid share capital and share premium	21	-
Prepayments and accrued income	3,646	2,264
Trade and other receivables	<u>5,915</u>	<u>3,996</u>

Notes to the financial statements (continued)

The directors consider that the carrying value of trade and other receivables approximates to their fair value. Comparative figures have been restated to classify sales reserves of £1,940,000 in prepayments and accrued income, rather than trade receivables.

The maturity profile of the Group's trade receivables were as follows:

	2008 £000	2007 £000
Neither past due nor impaired	1,877	1,388
31 to 60 days	22	14
61 to 90 days	91	62
91 days and over	260	280
	<u>2,250</u>	<u>1,744</u>
Less provision for doubtful debts	(2)	(12)
Aged receiveables per consolidated balance sheet	<u>2,248</u>	<u>1,732</u>

The directors have reviewed the collectability of all receivables and are satisfied that they are recoverable.

Client debtors	<u>11,393</u>	<u>-</u>
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Client debtors relate entirely to AJBS and arise during the share settlement process.

Cash and cash equivalents

	2008 £000	2007 £000
Cash and cash equivalents	5,266	4,457
Clients' cash balances	<u>1,992</u>	<u>-</u>
Total	<u>7,258</u>	<u>4,457</u>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. Any client bank accounts in foreign currency have been translated into sterling at the prevailing exchange rate at the balance sheet date.

Notes to the financial statements (continued)

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cashflows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken.

Interest rate risk

The Group had no external borrowings at the year end and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank earns interest at floating and fixed rates dependent on the level of cash held.

Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

Liquidity risk

The Group actively maintains a liquid cash balance on short term deposit to ensure that it has sufficient available funds to adequately resource all of its operations.

Embedded derivatives

In accordance with IAS39, 'Financial Instruments: Recognition and Measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. The directors are satisfied that there are no material embedded derivatives held by the Group.

Financial assets

Financial assets consist of cash and cash equivalents, trade receivables and client debtors and total £20,899,000 (2007: £6,705,000).

Notes to the financial statements (continued)

16 Deferred tax

The following are the major deferred tax (assets)/liabilities recognised by the Group and movements thereon during the current and prior reporting period:

	Accelerated depreciation	Share based payment	Other temporary differences	Total
	£000	£000	£000	£000
At 1 October 2006	46	(1)	(10)	35
Charge/(credit) to income	18	(1)	(3)	14
At 1 October 2007	<u>64</u>	<u>(2)</u>	<u>(13)</u>	<u>49</u>
Charge/(credit) to income	-	(3)	(28)	(31)
Acquisition of subsidiary undertaking	-	-	381	381
At 30 September 2008	<u>64</u>	<u>(5)</u>	<u>340</u>	<u>399</u>

17 Obligations under finance leases

Minimum lease payments

	2008 £000	2007 £000
Amounts payable under finance leases:		
Within one year	87	158
In the second to fifth years inclusive	19	74
	<u>106</u>	<u>232</u>
Less: Future finance charges	(5)	(33)
Present value of lease obligations	<u>101</u>	<u>199</u>

Present value of minimum lease payments

Amounts payable under finance leases:		
Within one year	82	82
In the second to fifth years inclusive	19	117
Present value of lease obligations	<u>101</u>	<u>199</u>

Notes to the financial statements (continued)

It is the Group's policy to lease certain of its computer and office equipment under finance leases. The average lease term is three years. All lease obligations are denominated in UK £-Sterling. The fair value of the Group's lease obligations approximates to their carrying amount.

18 Trade, client and other payables

	2008 £000	2007 £000
Trade and other payables		
Trade payables	398	251
Social security and other taxes	645	541
Other	22	-
Accruals and deferred income	2,632	633
	<u>3,697</u>	<u>1,425</u>

Trade payables, accruals and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

	2008 £000	2007 £000
Client creditors	<u>13,080</u>	<u>-</u>

Client creditors arise from the settlement process of share transactions in AJBS.

Non-current payables

Other payables	<u>35</u>	<u>42</u>
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Notes to the financial statements (continued)

The following details the Group's remaining contractual maturity for its non-derivative financial liabilities.

	Less than 1 month £000	1 to 3 months £000	3 to 12 months £000	1 to 5 years £000	Total £000
2008					
Fixed rate instruments	<u>13,478</u>	<u>23</u>	<u>64</u>	<u>19</u>	<u>13,584</u>
2007					
Fixed rate instruments	<u>251</u>	<u>23</u>	<u>59</u>	<u>117</u>	<u>450</u>

Financial liabilities consist of trade payables, client creditors and obligations under finance leases.

19 Provisions

	Vacant Office £000	Office dilapidations £000	Total £000
At 1 October 2007	-	53	53
Charged in the year	204	9	213
At 30 September 2008	<u>204</u>	<u>62</u>	<u>266</u>
Included in current liabilities	<u>97</u>	<u>-</u>	<u>97</u>
Included in non-current liabilities	<u>107</u>	<u>62</u>	<u>169</u>

The vacant property provision incurred in the year relates to the premises occupied by AJBS. A binding obligation to enter into an agreement to lease new premises was agreed before the year end. The new site will be larger and more suitable for the division's future needs. The provision extends to rent, rates and service costs for the old premises and cannot be mitigated prior to the termination of this lease at its earliest point which is on 12 December 2010.

Notes to the financial statements (continued)

20 Share capital

	2008 £	2007 £
Authorised:		
90,900,000 ordinary shares of 0.1p each	90,900	90,900
10,000,000 ordinary non-voting shares of 0.1p each	10,000	10,000
9,100,000 A non-voting ordinary shares of 0.1p	9,100	9,100
	<u>110,000</u>	<u>110,000</u>
Issued and fully paid:		
37,664,482 (2007: 37,504,688) ordinary shares of 0.1p each	37,664	37,505
75,000 (2007: 75,000) ordinary non-voting shares of 0.1p each	75	75
1,205,518 (2007: 1,115,312) A non-voting ordinary shares of 0.1p each	1,206 38,945	1,115 38,695
Issued and partly paid		
210,638 A non-voting ordinary shares of 0.1p each (2007: nil) (see note (iii) below)	21	-
Total value of issued fully and partly paid shares	<u>38,966</u>	<u>38,695</u>

During the year:

- (i) On 1 December 2007, 250,000 options for 0.1p A non-voting ordinary shares were exercised resulting in a share premium of £24,750. Of these options 125,000 were exercised at 12p and 125,000 at 8p per share.
- (ii) On 4 April 2008, 159,794 shares were converted into 0.1p ordinary shares from 0.1p A non-voting ordinary shares.

Notes to the financial statements (continued)

- (iii) On 29 September 2008, 210,638 0.1p A non-voting shares were issued at £1 per share with 10p called up for payment. This share issue created a share premium of approximately £20,000. These were issued to a group of individuals including Stuart Dootson, the Chief Financial Officer. At the year end, the called up element remained outstanding and is included within trade and other receivables in note 15. All amounts due were settled shortly after the year end.

The ordinary non-voting shares and A non-voting ordinary shares have the same rights as to dividend and on winding-up as the ordinary shares except that they cannot vote at meetings of shareholders.

21 Share premium

	2008 £000	2007 £000
Balance at 1 October	110	45
Premium on shares issued in the year (see note 20)	45	65
Balance at 30 September	<u>155</u>	<u>110</u>

22 Reconciliation of movements in equity

	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Total £000
Year ended 30 September 2008					
Balance at 1 October 2007	39	110	6,078	8	6,235
Profit for the financial year	-	-	6,974	-	6,974
Dividends paid during the year	-	-	(3,706)	-	(3,706)
Shares issued in the year	-	45	-	10	55
Total equity at 30 September 2008	<u>39</u>	<u>155</u>	<u>9,346</u>	<u>18</u>	<u>9,558</u>
Year ended 30 September 2007					
Balance at 1 October 2006	38	45	2,767	4	2,854
Profit for the financial year	-	-	4,472	-	4,472
Dividends paid during the year	-	-	(1,161)	-	(1,161)
Shares issued in the year	1	65	-	4	70
Total equity at 30 September 2007	<u>39</u>	<u>110</u>	<u>6,078</u>	<u>8</u>	<u>6,235</u>

Notes to the financial statements (continued)

23 Acquisition of subsidiary

On 13 December 2007 the Company acquired the entire issued share capital of Lawshare Limited (now known as AJBS) for a cash consideration of £2.4m.

Net assets acquired:	Book value £000	Fair value £000
Intangible asset	-	1,523
Property, plant and equipment	231	231
Trade and other receivables	316	316
Cash and cash equivalents	594	594
Trade and other payables	(579)	(628)
Current tax liabilities	(40)	(40)
Client trade and other receivables	8,463	8,463
Clients' cash balances	405	405
Client trade and other payables	(8,412)	(8,412)
Deferred tax asset/(liability)	39	(381)
Net assets	<u>1,017</u>	<u>2,071</u>
Goodwill		420
Total consideration		<u>2,491</u>
Satisfied by:		
Cash		2,400
Directly attributable costs		91
		<u>2,491</u>
Total cash consideration		2,491
Less: Cash and cash equivalents acquired		(594)
Net cash outflow arising on acquisition		<u>1,897</u>
Client cash acquired		(405)
Net cash outflow		<u>1,492</u>

The intangible asset relates to the directors' estimate of the present value of the future profitability of Lawshare Limited's non-contractual customer relationships at the date of acquisition.

Notes to the financial statements (continued)

AJBS contributed £2,405,000 revenue and £186,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition of AJBS had been completed on the first day of the financial year, Group revenues for the period would have been £25.2m and Group profit attributed to equity holders of the parent would have been £7.0m.

24 Notes to the cashflow statement

	2008 £000	2007 £000
Profit for the year	6,974	4,472
Adjustments for:		
Net finance income	(185)	(256)
Income tax expense	2,712	2,080
Depreciation of tangible assets	307	251
Amortisation of intangible assets	294	52
Share based payment expense	10	4
Increase in provisions and other payables	206	10
Loss on disposal of fixed assets	15	1
Operating cashflows before movements in working capital	10,333	6,614
Increase in receivables	(5,326)	(1,088)
Increase in payables	5,565	76
Cash generated from operations	<u>10,572</u>	<u>5,602</u>

Notes to the financial statements (continued)

25 Operating leases

	2008	2007
	£000	£000
The Group as lessee:		
Minimum lease payments under operating leases recognised as an expense in the year	732	422
	<u> </u>	<u> </u>

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as shown in the table presented below. The calculations represent the minimum payments up to the next available break point in each of the Group's leases. In particular, the 2007 comparatives show a break in August 2009 to the AJBP property in Manchester (the ability for AJBP to exercise this break was subsequently repurchased by the landlord - see note on "Purchase of Generator"), whereas the 2008 values, show a break to the new AJBS property in October 2013.

	Leasehold property	
	2008	2007
	£000	£000
Within one year	625	417
In the second to fifth years inclusive	2,756	425
After five years	498	-
	<u>3,879</u>	<u>842</u>
	<u> </u>	<u> </u>

Presented below are the minimum lease payments to which the Group would be contractually obligated if all lease-break options were removed:

	2008	2007
	£000	£000
Within one year	625	417
In the second to fifth years inclusive	2,756	1,786
After five years	1,323	720
	<u>4,704</u>	<u>2,923</u>
	<u> </u>	<u> </u>

Operating lease payments represent rentals payable by the Group for all of its office properties plus sundry plant and equipment. At original inception of the lease, office property leases are negotiated for an average term of 10 years and rentals are fixed for an average of five years.

Notes to the financial statements (continued)

Purchase of generator

As a condition of the agreement with the landlord, Bruntwood 2000 First Properties Limited, for the Group to purchase a secondary generator located at Trafford House, Chester Road, Manchester, M32 0RS, the landlord bought back the right of the Group to break each of the leases (after five years) which all relate to the offices at Trafford House. The comparatives for 2007 reflect the inclusion of this break which has now been removed.

The consideration paid by the landlord was £100,000 and the Group proposes to recognise this amount evenly over the remaining life of the leases to the Trafford House property, all of which expire in 2014.

26 Share based payments

Historically, the Group has sought to facilitate equity ownership for all levels of employees within the organisation through an EMIS (Enterprise Management Incentive Scheme). This scheme operated successfully from its inception in June 2005 through to July 2008. In the budget of March 2008, the rules relating to the maximum size of an entity (as measured by its number of employees) that can operate an EMIS changed and a limit of 250 employees was created.

Regrettably at that point the size of the Group was such that it ceased to qualify and as such is now unable to issue any further options to shares under the EMIS. However, whilst no new options (under the EMIS) can be issued to employees, all options issued prior to July 2008 remain exercisable and continue to enjoy the significant tax advantages afforded by the EMIS.

Options granted under the former EMIS vest between nil and ten years. Options were historically valued based on an 85% discount rate to the value calculated by using a generally accepted valuation model. This discount rate was amended for the purposes of the issue of the most recent tranche of share options and the directors valued the exercise price subject to the share option applying a lower minority discount percentage. Options are usually forfeited if the employee leaves the Group before the options vest. The recognition and measurement principles in IFRS2 have been applied to all grants after 7 November 2002 which had not vested by 30 September 2005. They have not been applied to any grants prior to 7 November 2002.

The expense for share based payments under the EMIS is recognised over the respective vesting period of these options. The expense recognised in the year to 30 September 2008 is £10,206 (2007: £4,462), which entirely arises from equity-settled share based payment transactions.

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. The share option valuation is calculated using a discount rate applied to the value calculated for each share using a generally accepted valuation model methodology.

Notes to the financial statements (continued)

The following table lists the inputs to the model used for the year ended 30 September 2008:

	Jul 2008	Feb 2008	Dec 2007
Fair value of share from generally accepted business model (£)	1.90	1.47	1.47
Share option exercise price (£)	1.00	0.22	0.22
Expected volatility	25%	25%	25%
Expected dividend yield	6.37%	8.24%	8.24%
Risk free interest rate	5.17%	4.29%	4.29%
Expected option life to exercise (months)	4	32	35

The following table lists the inputs for the year ended 30 September 2007:

	Jan 2007
Fair value of shares from generally accepted business model (£)	0.80
Share option exercise price (£)	0.12
Expected volatility	25%
Expected dividend yield	3.95%
Risk free interest rate	5.01%
Expected option life to exercise (months)	11

The share price at the date of grant of all options is based on the market value of the shares on that date agreed with HM Revenue & Customs. The expected life of the options is based on historical data and not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the case.

Notes to the financial statements (continued)

Reconciliation of the movement in the number of share options

	2008		2007	
	Number of options	Weighted average exercise price (£)	Number of options	Weighted average exercise price (£)
Outstanding at beginning of period	375,000	0.11	945,000	0.08
Granted during the period	929,362	0.38	250,000	0.12
Exercised during the period	(250,000)	0.10	(820,000)	0.08
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the period	1,054,362	0.35	375,000	0.11
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at the end of the period	125,000	0.12	375,000	0.11

As the Company is private and not quoted on any recognised stock exchange, no reference price exists for the share price at the date of exercise of the options.

27 Related party transactions

The subsidiary undertakings at 30 September 2008 are shown in note 14 to these financial statements.

The Group has a related party relationship with its subsidiaries and with its directors and members of the senior management team (the 'key management personnel'). Transactions between the Group and its directors and key management personnel are discussed below. Details of transactions between the Group and other related parties are also discussed below.

Subsidiaries

Transactions between the ultimate parent company and its subsidiaries and between subsidiaries have been eliminated on consolidation.

Key management personnel

Remuneration of key management personnel is disclosed in note 6. During the year there were no material transactions or balances between the Group and its key management personnel or members of their close family, other than noted below.

Notes to the financial statements (continued)

Directors

Remuneration of the directors is disclosed in note 6.

During the year other than disclosed below, there were no material transactions or balances between the Group and its key management personnel or members of their close family.

As outlined earlier, Stuart Dootson was issued with a number of EMIS share options and A non-voting shares during the year. The issue price of the shares was fixed at £1. In the event that a liability to Income Tax crystallises on Mr Dootson, the Company has agreed to make an interest-free loan available to him to pay this tax as and when it falls due. This unsecured loan may remain outstanding until these shares are sold at which point it must be repaid.

Directors' loans

Andrew Bell operates a loan account with the Company. The balance of this loan at 30 September 2008 was £657 payable by the Company to Mr Bell (2007: £2,090 payable by the Company to Mr Bell). The highest amount of the loan within the year was £2,690 (2007: £7,328).

28 Commitments

	2008 £000	2007 £000
Capital expenditure for which contracts have been placed:		
Leasehold improvements	201	59
Computer equipment	-	22
Software development	404	-
	<u>605</u>	<u>81</u>

Company balance sheet
For the year ended 30 September 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Investments	3	4,279	538
Current assets			
Debtors	4	2,761	2,087
Cash at bank and in hand		955	1,321
		<u>3,716</u>	<u>3,408</u>
Creditors: Amounts falling due within one year	5	(3,166)	(1,335)
Net current assets		<u>550</u>	<u>2,073</u>
Net assets		<u><u>4,829</u></u>	<u><u>2,611</u></u>
Capital and reserves			
Called up share capital	6	39	39
Share premium	7	155	110
Profit and loss account	7	4,635	2,462
Equity shareholders' funds	8	<u><u>4,829</u></u>	<u><u>2,611</u></u>

The financial statements were approved by the Board of Directors on 11 December 2008 and were signed on its behalf by:

Stuart Dootson
Director
11 December 2008

Notes to the Company financial statements
Year ended 30 September 2008

1 Significant accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 1985. They have been prepared under the historic cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

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

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Pensions

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2 Profit for the year

As permitted by section 230 of the Companies Act 1985, the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the year ended 30 September 2008 of £5,879,000 (2007: £2,683,000).

The auditors' remuneration for the audit and other services is disclosed in note 5 to the consolidated financial statements.

3 Fixed asset investments

	2008 £000	2007 £000
Subsidiaries	4,279	538

Notes to the Company financial statements (continued)

The Company has investments in the following subsidiaries.

Name of company	Country of incorporation	Principal activity	Holding %
A J Bell Limited+	England	Pension administration	100
A J Bell Trustees Limited	England	Dormant	100
Ken Hovers (Pension Consultants Limited)	England	Dormant	100
A J Bell Number 2 Limited+	England	Dormant	100
Ashby London Actuarial + Services Limited	England	Pension administration	100
Ashby London Trustees Limited	England	Dormant	100
A J Bell Management Limited+	England	Pension administration	100
Sippdeal Trustees Limited	England	Dormant	100
A J Bell (PP) Trustees Limited	England	Dormant	100
Whitehead Trustees Limited	England	Dormant	100
Ashby London (PP) Trustees Limited	England	Dormant	100
Sippdeal Limited	England	Dormant	100
Fi Software Limited+	England	Dormant	100
Lawshare Limited+	England	Stockbroking	100
Lawshare Nominees Limited	England	Dormant	100

+ Held directly by A J Bell Holdings Limited

Notes to the Company financial statements (continued)

Fixed asset investments (continued)

Cost	£000
At 1 October 2007	841
Acquisition of subsidiary (see note 23 in the consolidated accounts)	2,491
Share purchase in subsidiary	1,250
Total	<u>4,582</u>

Amortisation

At 30 September 2008	<u>303</u>
Net book value at 30 September 2008	4,279
Net book value at 30 September 2007	538

On the 30 September 2008, the Company subscribed for £1.25m ordinary shares with a nominal value of £1 each, these were issued at par.

4 Debtors

	2008 £000	2007 £000
Trade debtors	2,190	1,549
Amounts owed by Group undertakings	538	454
Prepayments and accrued income	33	84
	<u>2,761</u>	<u>2,087</u>

5 Creditors: Amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	63	98
Amounts owed to Group undertakings	1,534	31
Taxation and social security	413	378
Corporation tax	410	428
Accruals and deferred income	746	400
	<u>3,166</u>	<u>1,335</u>

Notes to the Company financial statements (continued)

6 Called up share capital

The Company's share capital is disclosed in note 20 to the consolidated financial statements.

7 Reserves

	Share premium £000	Profit & loss £000
Balances at 30 September 2007	110	2,462
Retained profit for the financial year	-	5,879
Issue of new shares	45	-
Dividends paid	-	(3,706)
Balance at 30 September 2008	<u>155</u>	<u>4,635</u>

8 Reconciliation of movement in equity shareholders' funds

	2008 £000	2007 £000
Retained profit for the year	5,879	2,683
Dividends	(3,706)	(1,161)
	<u>2,173</u>	<u>1,522</u>
Proceeds from issue of new shares	45	66
Net addition to shareholders' funds	<u>2,218</u>	<u>1,588</u>
Opening shareholders' funds	2,611	1,023
Closing shareholders' funds	<u>4,829</u>	<u>2,611</u>

9 Operating lease commitments

	Land and buildings		Other	
	2008 £000	2007 £000	2008 £000	2007 £000
Between two and five years	-	-	51	120
Over five years	29	29	-	-
	<u>29</u>	<u>29</u>	<u>51</u>	<u>120</u>

Consolidated Five year summary

	IFRS			UK GAAP	
	2008	2007	2006	2005	2004
	£000	£000	£000	£000	£000
Results					
Revenue	24,532	16,150	12,260	8,589	4,540
Profits from operations	9,501	6,296	4,417	2,521	1,307
Profit before tax	9,686	6,552	4,490	2,636	1,341
Profits attributable to equity holders of A J Bell Holdings Limited	6,974	4,472	3,128	1,822	928
Assets employed					
Non-current assets	4,202	954	746	251	372
Current assets	24,566	8,453	4,742	3,532	2,583
Current liabilities	(18,588)	(2,911)	(2,417)	(1,526)	(1,999)
Non-current liabilities	(453)	(208)	(174)	(30)	(83)
Long-term provisions	(169)	(53)	(43)	(-)	(-)
Net assets	9,558	6,235	2,854	2,227	873
Financed by					
Equity	9,558	6,235	2,854	2,227	873
Key Statistics					
Earnings per share	17.93	11.60	8.26	4.85	3.58
Diluted earnings per share	17.59	11.47	8.15	4.85	3.58

The amounts disclosed in 2004 and 2005 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRS. The principal differences between UK GAAP and IFRS that affect the Group are the treatment of goodwill, operating leases and interest income recognition.

Definitions

The following definitions are used throughout the financial statements, notes and Chairman/Chief Executive's joint statement.

Company, Holdings	A J Bell Holdings Limited.
Group	The group of companies listed in note 14 to the consolidated financial statements including the Company.
AJBP	A J Bell Pensions ("AJBP") – this is the business engaged in the provision of pension administration services.
AJBS	A J Bell Securities ("AJBS") - this is the business previously known as Lawshare Limited that is engaged in institutional stockbroking and in due course will include the retail sharedealing/settlement business once it is launched.
SIPP	Self invested personal pension.
SSAS	Small self administered scheme.

Company information

Presented below are the key elements of information for the Group

Company number

4503206

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M32 0RS

Auditors

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Bankers

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