

**AJ Bell Capital Limited**  
**Annual Report and Financial Statements**  
**For the Period from 1 January 2016 to 30 September 2016**  
**Company Registration No: 06754551**



**AJ Bell Capital Limited**

**Company No: 06754551**

**Company Information**

<b>Directors</b>	A J Bell R S Taylor M T Summersgill F J Lyons C W Galbraith R J Stott C B Robinson
<b>Company Secretary</b>	C B Robinson
<b>Company number</b>	06754551
<b>Registered office</b>	Trafford House Chester Road Manchester M32 0RS
<b>Auditor</b>	KPMG LLP 1 St Peter's Square Manchester M2 3AE
<b>Principal banker</b>	Bank of Scotland plc 1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA

**Contents**

	<b>Page</b>
Directors' report	1
Statement of Directors' responsibilities in respect of the Directors' report and financial statements	5
Independent Auditor's Report to the members of AJ Bell Capital Limited	6
Income statement	8
Statement of financial position	9
Notes to the financial statements	10

**Directors' report**

For the Period from 1 January 2016 to 30 September 2016

The directors have pleasure in presenting their report along with the financial statements of AJ Bell Capital Limited (the "Company") for the period from 1 January 2016 to 30 September 2016.

**Principal activities**

The Company's principal activity during the year continued to be consulting on commercial contracts in relation to collective investment schemes.

**Business Review**

In the nine months ending 30 September 2016 revenue was £55,000 (2015: £67,000).

The Company made an operating loss of £622,000 (2015: £133,000).

**Results and dividends**

The loss attributable to the shareholder for the year ended 30 September 2016 was £524,000 (2015: £135,000). No dividend was paid during the year (2015: £Nil).

**Outlook**

The focus for the forthcoming year will be to continue to provide quality consultation services on commercial contracts and to increase the level of services provided to the wider AJ Bell group and its customers.

**Directors of the company**

The directors, who served throughout the period, were as follows:

A J Bell (appointed 29 February 2016)

R S Taylor (appointed 22 April 2016)

M T Summersgill (appointed 29 February 2016)

F J Lyons (appointed 29 February 2016)

C W Galbraith (appointed 22 April 2016)

R J Stott (appointed 22 April 2016)

C B Robinson - Company secretary and director (appointed 29 February 2016)

R V Kearney (resigned 29 February 2016)

A M Berry (resigned 29 February 2016)

**Dividends**

The directors recommend that no final dividend should be paid (2015: £Nil). No interim dividend was paid during the year (2015: £Nil).

**Directors' report**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**Principal risks and uncertainties**

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

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

**Financial Risks**

**Interest rate risk**

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

**Liquidity risk**

This is the risk that the Company may be unable to meet its liabilities as and when they fall due. These liabilities arise from the day-to-day activities of the Company and from its obligations to customers. The Company is a highly cash generative business and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

**Credit and bank default risk**

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

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

**Directors' report**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**Industry risks**

**Regulatory risk**

The Company operates within an increasingly regulated environment such that new or revised legislation or regulation may have a materially adverse effect on it.

The Company monitors all regulatory developments to enable an assessment to be made of their impact on the Company's businesses and for steps to be taken to mitigate any regulatory risks.

The Brexit vote has created doubt over the future shape of regulation in the UK. However, in the short term, the FCA has made clear that, until the UK has actually left the EU, regulated firms must comply with existing and new EU regulation, including MiFID II, the implementation of which is expected to require significant resource over the next eighteen months.

The new capital framework for SIPP operators became effective from September 2016. This will generally increase the amount of regulatory capital required to be held by SIPP operators. The Company has assessed the financial impact on its capital requirement at a regulated entity level, and does not expect it to be material.

The Company has considered the FCA's 2016 Business Plan and the forward-looking areas of focus identified by the FCA, and these have been taken into account in our assessment of the Company's material risks, the controls in place to mitigate these risks and our risk and compliance plans for 2017.

In view of the increase in regulatory requirements, we have increased the resource in our Risk and Compliance teams and established an Investment Committee to oversee certain activities of the investment business.

**Disabled employees**

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

**Employee consultation**

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

**Directors' report**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**Going concern**

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

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

**Auditor**

Each of the persons who are a director at the date of approval of this Directors' report and financial statements confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

- the director has taken all steps that he ought to have taken as a director in order to make him aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

Approved by the Board on 15 December 2016 and signed on its behalf by:



**C B Robinson (Company Secretary)**  
**for and on behalf of AJ Bell Capital Limited**  
Trafford House  
Chester Road  
Manchester  
M32 0RS

15 December 2016

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

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

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

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

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

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



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

We have audited the financial statements of AJ Bell Capital Limited for the period from 1 January 2016 to 30 September 2016 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' responsibilities in respect of the Directors' report and financial statements (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Other matter - Prior period financial statements**

In forming our opinion on the financial statements, which is not modified by this matter, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

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

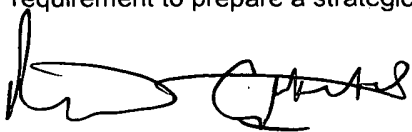
In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Richard Gabbertas (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

15 December 2016

**Income statement**

for the Period from 1 January 2016 to 30 September 2016

		<b>9 months ending 30 September 2016 £ 000</b>	<b>Unaudited Year ending 31 December 2015 £ 000</b>
	<b>Note</b>		
<b>Revenue</b>	2	55	67
Administrative expenses		<u>(677)</u>	<u>(200)</u>
<b>Operating loss</b>		(622)	(133)
Finance charges (net)		<u>-</u>	<u>(2)</u>
<b>Loss on ordinary activities before taxation</b>	3	(622)	(135)
Tax on loss on ordinary activities	4	<u>98</u>	<u>-</u>
<b>Loss for the financial period</b>	8	<u><u>(524)</u></u>	<u><u>(135)</u></u>

The notes and information on pages 10 to 17 form part of these financial statements.

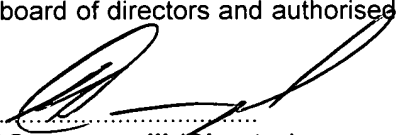
The loss for the financial year arose from continuing operations. There were no gains or losses in either the current period or prior period other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

**Statement of financial position**  
as at 30 September 2016

		<b>Period ending 30 September 2016 £ 000</b>	<b>Unaudited Year ended 31 December 2015 £ 000</b>
	<b>Note</b>		
<b>Current assets</b>			
Trade and other receivables	5	154	64
Cash and cash equivalents		<u>522</u>	<u>2</u>
		676	66
<b>Trade and other payables:</b> Amounts falling due within one year	6	<u>(521)</u>	<u>(238)</u>
<b>Net assets/(liabilities)</b>		<u>155</u>	<u>(172)</u>
<b>Equity</b>			
Called up share capital	7	953	102
Share premium account	8	1,068	1,068
Capital redemption reserve		5	5
Retained earnings	8	<u>(1,871)</u>	<u>(1,347)</u>
<b>Shareholders' funds/(deficit)</b>	9	<u>155</u>	<u>(172)</u>

The notes and information on pages 10 to 17 form part of these financial statements.

The financial statements of AJ Bell Capital Limited (registered number 06754551) were approved by the board of directors and authorised for issue on 15 December 2016. They were signed on its behalf by:

  
**M T Summersgill (Director)**  
**for and on behalf of AJ Bell Capital Limited**  
 Trafford House  
 Chester Road  
 Manchester  
 M32 0RS

15 December 2016

**Notes to the financial statements**

For the Period from 1 January 2016 to 30 September 2016

**1 Accounting policies**

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

**1.1 Basis of accounting**

The financial statements are presented in sterling. They are prepared in accordance with Financial Reporting Standard FRS101 Reduced Disclosure Framework ("FRS 101").

This is the first year that the Company has presented its results under FRS101. The last financial statements under Financial Reporting Standards for Smaller Entities (effective April 2008) were for the year ended 31 December 2015, with the date of transition being 1 January 2016. The financial statements have been presented in accordance with the provisions of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulation 2008 but have been prepared in accordance with FRS101. This UK GAAP standard allows the use of EU-adopted International Financial Reporting Standards ("IFRS") with reduced disclosures, where allowed, by the Companies Act and associated legislation. Shareholders were notified of, and did not object to, the use of the EU-adopted IFRS disclosure exemptions.

Information on the impact of first-time adoption of FRS 101 is given in note 11

**1.2 Disclosure exemptions**

The Company is included in the consolidated financial statements of AJ Bell Holdings Limited, a company incorporated in the United Kingdom, whose consolidated financial statements are publicly available. Consequently, the Company has, in compliance with FRS101, taken advantage of the exemption from preparing the following disclosures that would otherwise have been required by IFRS:

- IAS 7 Presentation of a cash flow statement;
- IAS 8 Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 Disclosure of key management personnel compensation and the disclosure of transaction with group companies;
- IAS16 and IAS 38 Comparative information in respect of the reconciliation of net carrying value;
- IFRS 7 Disclosure in respect of financial instruments, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- IFRS 13 Fair Value Measurement paragraphs 91 to 99, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

**1.3 Related party transactions**

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

**Notes to the financial statements**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**1 Accounting policies (continued)****1.4 Going concern**

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

**1.5 Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company activities.

**1.6 Taxation**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

**1.7 Interest payable and similar charges**

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

**1.8 Financial liabilities and equity**

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

**1.9 Disclosure of short period**

The accounting period has been reduced to 9 months following the acquisition in order to bring it in line with the Group's financial year end of the 30 September. The comparative amounts presented in the financial statements are for a 12 month period and are not entirely comparable.

**Notes to the financial statements**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**2 Revenue**

The analysis of the company's revenue for the period from continuing operations is as follows:

	<b>9 months ending 30 September 2016 £ 000</b>	<b>Unaudited Year ending 31 December 2015 £ 000</b>
Investment management income	<u>55</u>	<u>67</u>

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

**3 Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging:

	<b>9 months ending 30 September 2016 £ 000</b>	<b>Unaudited Year ending 31 December 2015 £ 000</b>
Loss on ordinary activities is stated after charging:		
Auditors remuneration		
Fees for the audit of the Company	6	2

Fees paid to the company's auditor, KPMG LLP, and its associates for services other than the statutory audit of the company are not disclosed in AJ Bell Capital Limited's accounts since the consolidated accounts for AJ Bell Capital Limited's parent, AJ Bell Holdings Limited, are required to disclose non-audit fees on a consolidated basis

**Notes to the financial statements**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**4 Tax on loss on ordinary activities**

Tax charged/(credited) in the income statement

	9 months ending 30 September 2016 £ 000	Unaudited Year ending 31 December 2015 £ 000
<b>Current taxation</b>		
UK corporation tax	(98)	-

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20.5% (2015 - 20.25%).

The differences are reconciled below:

	9 months ending 30 September 2016 £ 000	Unaudited Year ending 31 December 2015 £ 000
Loss before tax	(622)	(135)
Corporation tax at standard rate	(127)	(27)
Increase (decrease) in current tax from adjustment for prior periods	-	(32)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	1	41
Increase (decrease) arising from group relief tax reconciliation	-	108
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	28	-
<b>Total tax (credit)/charge</b>	<b>(98)</b>	<b>90</b>

Corporation Tax is calculated at 20% of the estimated assessable profit for the financial year. The year end falls halfway between the 2015/16 and 2016/17 tax year-ends, the main rate of Corporation Tax was constant in both years at 20%.

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



**Notes to the financial statements**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**5 Trade and other receivables**

	9 months ending 30 September 2016 £ 000	Unaudited year ending 31 December 2015 £ 000
Amounts owed by group undertakings	130	56
Prepayments and accrued income	6	2
Other receivables	18	6
	<u>154</u>	<u>64</u>

**6 Trade and other payables**

	9 months ending 30 September 2016 £ 000	Unaudited year ending 31 December 2015 £ 000
<b>Due within one year</b>		
Trade and other payables	4	-
Accruals and deferred income	499	9
Amounts owed to group undertakings	19	223
Other payables	(1)	6
	<u>521</u>	<u>238</u>

**7 Share capital****Allotted, called up and fully paid shares**

	30 September 2016		31 December 2015	
	No.	£	No.	£
A Ordinary shares of £1 each	950,000	950,000	100,000	100,000
Non voting shares of £1 each	2,500	2,500	2,500	2,500
	<u>952,500</u>	<u>952,500</u>	<u>102,500</u>	<u>102,500</u>

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

**Notes to the financial statements**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**8 Statement of movement in reserves**

	Share premium £ 000	Profit and loss £ 000
Balance at 1 January 2016	1,068	(1,347)
Loss for the financial year	-	(524)
Balance at 30 September 2016	<u>1,068</u>	<u>(1,871)</u>

**9 Reconciliation of movements in shareholder funds**

	9 months ending 30 September 2016 £ 000	Unaudited year ending 31 December 2015 £ 000
Loss for the financial year	<u>(524)</u>	<u>(135)</u>
Net deduction from shareholder funds	(524)	(135)
Capital injection	851	-
Opening shareholder funds	<u>(172)</u>	<u>(37)</u>
Closing shareholder funds	<u>155</u>	<u>(172)</u>

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

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

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

**Notes to the financial statements**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**11 Transition to FRS 101**

As explained in Accounting policies 1.1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in Accounting policies above have been applied in preparing the financial statements for the year ended 30 September 2016, the comparative information presented in these financial statements for the year ended 30 September 2015 and in the preparation of an opening FRS 101 statement of financial position at 1 October 2015 (the Company's date of transition). In preparing its FRS 101 statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRSSE). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position is set out in the following tables and the notes that accompany the tables.

**Statement of financial position at 31 December 2015**

	UK GAAP	FRS 101
Note	£ 000	£ 000
<b>Current assets</b>		
Trade and other receivables	64	64
Cash and cash equivalents	<u>2</u>	<u>2</u>
	66	66
Trade and other payables: Amounts falling due within one year	<u>(238)</u>	<u>(238)</u>
Net assets/(liabilities)	<u>(172)</u>	<u>(172)</u>
<b>Equity</b>		
Share capital presented as equity	102	102
Share premium reserve	1,068	1,068
Other reserves	5	5
Retained earnings	<u>(1,347)</u>	<u>(1,347)</u>
Shareholders' funds/(deficit)	<u>(172)</u>	<u>(172)</u>

**Notes to the financial statements**

For the Period from 1 January 2016 to 30 September 2016 (continued)

**11 Transition to FRS 101 (continued)****Income statement for the financial year ended 31 December 2015**

		<b>UK GAAP</b>	<b>FRS 101</b>
	<b>Note</b>	<b>£ 000</b>	<b>£ 000</b>
Revenue		67	67
Cost of sales		<u>(202)</u>	<u>(202)</u>
Profit/(loss) for the financial year		<u><u>(135)</u></u>	<u><u>(135)</u></u>