

5 December 2024

AJ Bell plc
Final results for the year ended 30 September 2024

AJ Bell plc ('AJ Bell' or the 'Company'), one of the UK's largest investment platforms, today announces its final results for the year ended 30 September 2024.

Highlights

Financial performance

- Record financial performance, with revenue up 23% to £269.4 million (FY23: £218.2 million) and profit before tax (PBT) up 29% to £113.3 million (FY23: £87.7 million)
- PBT margin of 42.0% (FY23: 40.2%), driven by an increased revenue margin of 31.6bps (FY23: 29.8bps) combined with operational gearing
- Diluted earnings per share up 23% to 20.34 pence (FY23: 16.53 pence)

Shareholder returns

- Final dividend of 8.25 pence per share proposed, increasing the total ordinary dividend for the year by 16% to 12.50 pence per share (FY23: 10.75 pence), the 20th consecutive year of ordinary dividend growth
- Share buyback programme of up to £30 million announced, reflecting AJ Bell's strong cash generation, healthy capital position and commitment to return surplus capital to shareholders

Operational performance

Platform business

- Another year of strong growth across AJ Bell's dual-channel platform, with 66,000 customers added to close at 542,000, up 14% in the year
- Record assets under administration (AUA) of £86.5 billion (FY23: £70.9 billion), up 22% in the year driven by net inflows of £6.1 billion (FY23: £4.2 billion) and favourable market movements of £9.5 billion
- High customer retention rate of 94.2% (FY23: 95.2%)
- Consistently high customer service levels evidenced by AJ Bell's Trustpilot rating of 4.8

AJ Bell Investments

- Assets under management ("AUM") up 45% in the year to a record £6.8 billion (FY23: £4.7 billion)
- Strong net inflows in the year of £1.5 billion (FY23: £1.6 billion)

Michael Summersgill, Chief Executive Officer at AJ Bell, commented:

"I am pleased to report on another excellent year for AJ Bell, with our dual-channel platform delivering strong growth in both customers and AUA. Platform customers increased by 14% to 542,000, while platform AUA increased by 22% to £86.5 billion, driven by strong net inflows and favourable market movements. AJ Bell Investments' range of simple, low-cost investment solutions also attracted excellent flows across both the advised and D2C markets, driving AUM up 45% to £6.8 billion. The continued growth of our business, underpinned by our scalable operating model, drove record financial performance in the year, with profit before tax up 29% to £113.3 million.

"Backed by our strong profitability and highly cash-generative business model, we have accumulated significant surplus capital above our regulatory requirements. We have today announced a record level of shareholder returns, reflecting the Board's confidence in the long-term outlook for AJ Bell. Firstly, a final dividend of 8.25 pence has been proposed, increasing the total ordinary dividend for the year by 16% to 12.50 pence, the 20th consecutive year of ordinary dividend growth. Secondly, in line with our new capital allocation framework, we have announced a share buyback programme to return up to £30 million to shareholders. This level of buyback reflects our current capital position; however we see opportunities for further shareholder returns in future, over and above a progressive ordinary dividend, as we continue to deliver on our growth strategy.

"We remain committed to our purpose of helping people invest, focusing on our three strategic drivers: trust, ease of use, and low-cost. Over the past year, we have reduced fees for our customers and invested in our platform with a focus on ease of use, while sustaining our multi-year strategy to increase brand awareness. These factors, together with our market-leading customer service levels, have all contributed to our organic growth in the year, driving further

with our market-leading customer service levels, have all contributed to our organic growth in the year, driving further market share gains in the growing UK investment platform market.

"We continue to engage actively with policymakers and regulators, campaigning on behalf of customers for a supportive landscape for long-term retail investors. Across the industry, the run up to the recent Autumn Budget saw some customers making significant decisions in response to speculation about tax reform. While Capital Gains and Inheritance Tax changes announced at the Budget will impact some customers, the fundamental features of the pension and investment tax system remain unchanged. The Government now has an opportunity to galvanise the retail investment market through a long-term commitment to tax stability, allowing more people to invest for the future with certainty. We will continue to campaign for stability and simplicity for retail investors, helping to make it easy for people to invest and plan for the long-term.

"Looking ahead, I am confident in the outlook for both AJ Bell and the broader platform market. The long-term structural growth drivers of the market remain strong, as more individuals recognise the importance of taking control of their financial future. Platforms offer an excellent solution for managing long-term finances, and we remain very well-positioned to capitalise on this growing demand. We will continue to reinvest the benefits of scale in our platform propositions, ensuring that we are well equipped to serve both existing and new customers, delivering great value to them alongside strong profitability and shareholder returns."

Financial highlights

	Year ended 30 September 2024	Year ended 30 September 2023	Change
Revenue	£269.4 million	£218.2 million	23%
Revenue per £AUA*	31.6bps	29.8bps	1.8bps
PBT	£113.3 million	£87.7 million	29%
PBT margin	42.0%	40.2%	1.8ppts
Diluted earnings per share	20.34 pence	16.53 pence	23%
Total ordinary dividend per share	12.50 pence	10.75 pence	16%

Non-financial highlights

	Year ended 30 September 2024	Year ended 30 September 2023	Change
Number of retail customers	557,000	491,000	13%
- Platform	542,000	476,000	14%
- Non-platform	15,000	15,000	-
AUA*	£92.2 billion	£76.1 billion	21%
- Platform	£86.5 billion	£70.9 billion	22%
- Non-platform	£5.7 billion	£5.2 billion	10%
AUM*	£6.8 billion	£4.7 billion	45%
Customer retention rate	94.2%	95.2%	(1.0ppts)

*see definitions

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Results presentation details

A pre-recorded video with Michael Summersgill (CEO) and Peter Birch (CFO) discussing these results will be available on our website (ajbell.co.uk/investor-relations) along with an accompanying investor presentation from 07.00 GMT today. Management will be hosting a meeting for sell-side analysts at 09.30 GMT today. Attendance is by invitation only.

Management will also be hosting a group call for investors at 15.30 GMT today. Please contact Kate Street at kstreet@jefferies.com for registration details.

Forward-looking statements

The full year results contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements

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

Chair's statement

"AJ Bell rightly prides itself on its open and transparent culture which permeates throughout the whole organisation."

Dear shareholder

This year I have thoroughly enjoyed immersing myself in the business to gain a deeper understanding of its drivers and culture. AJ Bell is a fantastic business; with a strong management team, collaborative Board and a track record of delivering growth. Our dual-channel business model is a real strength in the investment platform market and our focus on ease of use and low-cost, ensures we are well-positioned to deliver sustainable growth for the longer-term.

We have delivered an excellent set of results this year with PBT of £113.3 million. Over the past 12 months customer numbers increased by 66,000 to 557,000 and we delivered £6.1 billion of net inflows, ending the year with total AUA of £92.2 billion. Our strong performance reflects the investment we have made in our brand and propositions and our ongoing commitment to deliver excellent customer service, alongside improved retail investor confidence. Michael discusses our business performance and strategic progress in more detail in the CEO review.

This year the Board's primary areas of focus were succession planning at both Board and Executive Committee (ExCo) level and onboarding of new members, as well as ensuring that the right strategy is adopted to deliver sustainable success for the Company. As a Board we have aimed to support and appropriately challenge ExCo on their strategic priorities, for the benefit of all our stakeholders.

Board priorities

Growth and efficiency:

The business has delivered another excellent set of results in 2024, with impressive growth in both our customers and AUA. I fully recognise the importance of sustaining strong growth while also managing our cost base amid an unpredictable macroeconomic and political landscape. The Board's focus in the upcoming year will be on ensuring ExCo strikes an appropriate balance between growth and efficiency, continuing to deliver our growth plans whilst also realising operational gearing.

Consumer Duty:

Good customer outcomes are at the heart of everything we do, with good value products, simple communications and strong processes to support our customers. Our Consumer Duty implementation programme enabled us to strengthen our foundations and leverage new frameworks, tools and processes to further enhance the delivery of good consumer outcomes.

This year we completed our first annual Consumer Duty assessment. Whilst we are confident that we are operating in line with the requirements of the Duty, we recognise that embedding the Duty is a journey and there are opportunities to further enhance our business processes and continue to improve our customer offering. The Board's focus will be on maintaining oversight to ensure the business is delivering good consumer outcomes for its customers which are consistent with the Consumer Duty.

Executive Succession:

Succession planning for ExCo and other senior management has been a key priority for FY24. A comprehensive review took place during the year to evaluate our overall talent pool within the Company. It is gratifying to note the number of internal candidates identified, showcasing the effectiveness of personal development and career advancement at AJ Bell. We also continue to evaluate the market to identify external talent, ensuring a diverse senior management team in the future. The Board will maintain oversight and challenge the progress of our succession planning at ExCo level, and we anticipate further enhancements in the upcoming year.

Culture, purpose and stakeholder engagement

The Board plays a crucial role in shaping and embedding a strong and healthy culture by endorsing the core values and principles of the Group. The Board receives updates and feedback on staff engagement and regularly reviews its culture dashboard to monitor how we nurture our strong cohesive culture and ensure it remains a real strength as we continue to grow.

One of my priorities as Chair is to ensure that the voice of our stakeholders is heard and represented in Board

discussions. We welcomed the opportunity to engage with our staff and shareholders in person again this year, providing invaluable insight into the operation and culture of our business. Throughout this year our senior management team and Board have connected with our staff through various platforms including hosting in-person and virtual leadership sessions, participating in our annual manager's day, attending talent networking events and regular employee surveys.

Positive, meaningful staff engagement is key to realising our strategic objectives and so as the nominated Employee Engagement Director I engaged with our Employee Voice Forum (EVF) members during the year to gather insights on a range of topics that directly impact our company's growth and direction.

Alongside fellow Non-Executive Directors (NED) and our CFO, Peter Birch, we discussed hybrid working, our culture, and the future role of artificial intelligence (AI) in supporting our operations. These have been high-quality debates and the forum has been invaluable for fostering discussions and ideas. It has been great to witness the high level of engagement and the initiatives that have emerged from these sessions.

This year we participated in the Great Place to Work survey for the first time, having previously used Best Companies to measure employee engagement. We were delighted to receive a score of 83% which places us amongst the best large companies in the country.

We have maintained a high level of engagement with existing and potential shareholders this year and I have spent time with our shareholders to hear their views. It was important this year for us to engage with our larger shareholders on proposed changes to our Remuneration Policy. Our Chair of the Remuneration Committee, Margaret Hassall, led the consultation exercise which demonstrated there is strong support for the proposals that will be put to a vote at our AGM in January 2025.

Board changes and succession

As reported last year, we were pleased to welcome Fiona Fry to the Board as an independent Non-Executive Director. Following regulatory approval in March 2024, Fiona was appointed Chair of the Risk & Compliance Committee, succeeding Simon Turner who completed nine years' service and stepped down from the Board on 31 March 2024. On behalf of the Board I would like to thank Simon for his significant contribution to the Company during his tenure and particularly for his support with the succession process for the Chair of Risk & Compliance Committee and ensuring a smooth handover to Fiona.

We were also delighted to welcome Julie Chakraverty to the Board on 1 June 2024, concluding our search for a further independent Non-Executive Director. Julie brings more than 30 years' experience in the financial services, consumer and cyber sectors which will be invaluable to the Board as we continue to focus on our strategic priorities.

The Board values diverse skills, experience and perspectives around the board table. With the appointments of Fiona and Julie during the year, our position has strengthened. The recent external Board evaluation and results from work commissioned on cognitive diversity confirmed that we have well-rounded Board skills and diverse thinking across the Board and ExCo. Whilst we are pleased with the results and our progress to date in meeting the diversity requirements of the FCA Listing rules and Parker Review recommendations, we acknowledge there is still more to be done to continue to drive greater diversity. Our challenge for the year ahead will be how we can enhance this at both Board and ExCo levels.

Finally, in September we announced that Roger Stott will retire from the Board at the end of the year, after 16 years with AJ Bell, the final three of which were served as COO. Roger has been an excellent thought leader and ambassador and has played a significant role in the success of the business. I would like to extend my gratitude to Roger for his outstanding contribution to the Board and Company over many years, and especially for his support and guidance during my first year as Chair. We wish him all the very best for the future.

Further details on Board changes can be found in the Nomination Committee report.

Dividend

In line with our commitment to a progressive dividend, the Board is pleased to announce a final ordinary dividend of 8.25 pence per share, reflecting the financial performance of the business and strong capital position. The final ordinary dividend will be paid, subject to shareholder approval, at our AGM on 29 January 2025, to shareholders on the register at the close of business on 10 January 2025.

This brings the total ordinary dividend for the financial year to 12.50 pence per share, representing an increase of 16% on the previous year.

During the year the Board approved a new capital allocation framework. This reaffirmed our commitment to continue to invest in our organic growth plans and pay a progressive annual ordinary dividend. We have also committed to reviewing our capital position annually and will consider returning any surplus funds to shareholders through a share buyback or special dividend, in accordance with our Capital Allocation Policy. The Board is pleased to announce recent approval of our plan to return up to £30 million through a share buyback programme in the upcoming financial year.

Consideration of our wider stakeholders in some of our key decisions in the year is outlined in our Section 172 statement.

Looking ahead

AJ Bell is a financially strong business as evidenced by a profitable, well-capitalised and highly cash-generative business model. The business has a track record of delivering growth and has a clear strategy to ensure that this continues. Although we have seen improvements in the macroeconomic environment this year, geopolitical uncertainties continue. The recent Budget announcements, particularly around increases in capital gains tax and bringing unspent pension assets under the inheritance tax regime will also have an impact on some of our customers.

Whilst these factors may present some challenges, it is clear that the fundamental growth drivers for the platform market remain firmly in place. The Board remains confident in the long-term prospects of the business.

I have thoroughly enjoyed being part of the team and am hugely proud of our achievements in 2024. On behalf of the Board I would like to thank our management team and all of our people for their hard work and commitment this year and I look forward to another successful year ahead.

Fiona Clutterbuck

Chair

4 December 2024

Chief Executive Officer's review

"Our easy-to-use, low-cost platform and market-leading customer service place us at the forefront of the UK investment platform market, ready to capitalise on the significant long-term growth opportunity."

Consistently strong growth

I am pleased to report on another excellent year in which we have delivered strong growth in customers and AUA. Our dual-channel approach to the platform market means we benefit from growth in both the advised and D2C sub-sectors of the market. This is set to continue, with approximately two-thirds of the estimated £3 trillion total addressable market still held off-platform.

We continue to increase our share of the growing UK investment platform market, both by attracting new customers entering the market for the first time and by attracting customers to AJ Bell from other platforms.

Over the past year we have reduced fees for our customers, invested in our platform propositions and sustained our multi-year marketing campaign to increase brand awareness. Together with our market-leading customer service levels, these factors have helped to drive our organic growth this year and will further strengthen our ability to capitalise on the significant long-term growth opportunity that exists in the platform market.

We have a track record of achieving consistently strong growth in our business whilst also increasing dividends to shareholders. Our growth this year has enabled us to deliver record financial results and further increase the level of surplus capital held. We are therefore pleased to recommend an increase in our ordinary dividend for the twentieth successive year, alongside the initiation of a share buyback programme to return up to £30 million of surplus capital to shareholders.

Another record performance

Platform customers increased by 14% to 542,000 (FY23: 476,000), whilst platform AUA increased by 22% to £86.5 billion (FY23: £70.9 billion), driven by strong net inflows of £6.1 billion, up 45% versus the prior year (FY23: £4.2 billion). This strong performance was supported by the continued investment in our platform propositions, pricing and brand, alongside improved retail investor confidence as markets rebounded and inflationary pressures eased. The increase in asset values across global equity markets led to favourable market movements of £9.5 billion.

AJ Bell Investments AUM increased by 45% to £6.8 billion (FY23: £4.7 billion). Our range of simple, low-cost investment solutions continues to perform exceptionally well, including our managed portfolios, which remain highly attractive to financial advisers via both AJ Bell Investcentre and third-party adviser platforms.

The growth in customers and AUA and the improving macroeconomic environment enabled us to deliver a record financial performance. Revenue increased by 23% to £269.4 million (FY23: £218.2 million), driven by higher revenue from interest income, custody fees and dealing fees. Profit before tax increased by 29% to £113.3 million (FY23: £87.7 million), driven by the increases in revenue and higher profit margin resulting from our focus on delivering operational gearing.

Our strategy to help people invest

We invest in our propositions with a focus on our three strategic drivers; ease of use, trust and low-cost.

Ease of use

We make it easy for customers to invest through our full-service and simplified propositions, supplemented by our in-house investment solutions. Our range of solutions provides our customers with a straightforward investment journey, supported by additional tools to make investing easier.

We are committed to continually investing in our propositions with a focus on ease of use to meet the evolving needs of customers and advisers.

Adviser efficiency

On our full-service advised proposition, AJ Bell Investcentre, we have improved efficiency and ease of use for advisers, helping them to remain focused on delivering excellent service to the customer.

We have developed a significantly improved interface, mapped to the advice process, to streamline the onboarding of new clients. Fund-specific illustrations and pre-sale costs & charges disclosures are produced instantly as part of the process, with all progress visible to the adviser on the onboarding dashboard.

We have also introduced a new feature which enables regular investments directly into model portfolios. This allows advisers to instruct the regular investments into a model portfolio rather than individual asset lines, again improving efficiency.

The development of AJ Bell Touch, our simplified advised proposition, is ongoing. We completed beta testing during the year, receiving some excellent feedback from advisers. The fully digital solution will expand our offering in the advised market. Through its streamlined, intuitive user interfaces, AJ Bell Touch is able to deliver greater efficiencies for advisers, enabling them to engage with a wider range of clients.

Improving and simplifying the D2C customer experience

A proportion of our addressable market sits in legacy pension products. The vast majority of people have multiple employers during their career, and subsequently accumulate several different pension pots which can result in higher charges, whilst also being more difficult to manage. Our customers have been consolidating such pensions with us for many years, but as part of our focus on ease of use we have launched our Ready-made pension service, helping customers to consolidate their existing pensions with minimal effort. The combination of a pension-finding service, a new pension product and a multi-asset investment solution with an all-in cost of just 0.45% represents excellent value for customers.

Customer experience is a key component of ease of use, and as such we are undertaking a project to roll out a new, fresh design for our D2C website in early 2025. This will be followed by the redesign of our mobile app. These developments will focus on improving navigation and enhancing content delivery for customers, all centred on ease of use.

Long-term cash savings represent a significant part of the addressable market for platforms. There are millions of people in the UK who hold high levels of cash savings for sustained periods of time, missing out on the superior returns that can be achieved through risk-based investing. Many of these consumers are deterred from investing due to its perceived complexity and their own lack of confidence. AJ Bell Dodl provides an ideal platform to address this market opportunity, and to increase its attractiveness to this cohort of customers, we introduced a highly-competitive interest rate for cash held in an ISA or Lifetime ISA, with the current rate of 4.84% being higher than the UK base rate of 4.75%. Customers are able to access educational content on the platform to help build their confidence to invest via AJ Bell Dodl's streamlined investment range.

Trust

Our award-winning platform propositions and market-leading customer service levels have enabled us to build a platform which is highly trusted by both customers and financial advisers, evidenced by our 94.2% customer retention rate. This trusted relationship is key to retaining existing customers.

Trust and brand awareness are also key drivers of a new customer's decision when choosing an investment platform. Therefore, alongside our highly trusted platform, we are continuing to focus on enhancing our brand awareness.

A scalable platform with market-leading customer service

Our scalable platform offers a reliable digital solution. During the year we processed in excess of ten million trades and transactions, highlighting our capacity to manage growing demand and ensuring our customers can invest whenever they choose.

While our digital services are at the core of our offering, we recognise there are moments in the investment journey when customers and advisers want to speak to us directly. Our knowledgeable Customer Services Team provide help and reassurance by ensuring queries are resolved swiftly and effectively. During the year we handled over 450,000 calls, with 97% of calls answered within 20 seconds, highlighting our commitment to providing exceptional service. The strength of our service is further demonstrated by our market-leading Trustpilot rating of 4.8-stars and being the only platform to be recognised as a Which? Recommended investment platform provider for six years in a row.

We believe this is paramount to retaining the trust of our customers and their advisers, and to ensure we maintain our high customer retention and referral rates.

Increased brand awareness

We continued our multi-year strategy to enhance brand awareness through our TV advertising campaign and title partnership with the AJ Bell Great Run Series. Our efforts have yielded positive results, with prompted brand awareness reaching an all-time high, reinforcing our position as a trusted platform in the market. We remain committed to this strategy, and recently relaunched our TV and radio advertising campaigns with refined messaging to build on our improved brand awareness.

Low-cost

Our scale, combined with an efficient dual-channel, single operating model, enables us to keep costs low for our customers. Our philosophy has always been to share the benefits of operating at scale with our customers so that we can provide one of the most competitively priced platforms in the market.

Reducing customer charges

During the year we have reduced charges on both our advised and D2C platform propositions.

For our advised customers, we reduced custody charges for assets held on the platform, as well as removing various transactional charges.

For our D2C customers, we halved our dealing charges on shares, ETFs, investment trusts and bonds to £5.00 per trade, while charges for frequent traders were reduced from £4.95 to £3.50.

Competitive interest rates

We pay competitive interest rates to customers on the instant access cash balances held on our platform. Customers often hold cash in their accounts temporarily while they wait for investment opportunities. This can differ for pensions, particularly where customers are approaching or are in retirement, as they will often hold larger cash balances to fund short-to-medium-term income withdrawals. We have therefore introduced new higher rates of interest on cash held in pensions in drawdown.

These price reductions and increased interest rates deliver annualised savings to our customers of over £20 million. We believe they will ensure that our pricing levels will remain highly competitive and sustainable over the medium term.

A highly engaged workforce

A strong, purpose-led culture and high levels of staff engagement are integral to our continued growth and success. This year we changed our employee engagement survey to Great Place to Work, a well-established employee engagement tool with accreditations recognised globally, as we wanted to continue to challenge ourselves and gain a different perspective on our workplace culture. We are therefore pleased to report strong results, being certified as a Great Place to Work with a total score of 83% well in excess of the 65% accreditation threshold, placing us

Great Place to Work with a total score of 63%, well in excess of the 60% accreditation threshold, placing us amongst the best large companies in the country.

We continue to invest in our pay and benefits package for employees. For FY24, we increased base pay by an average of 5% and introduced uplifts to employer pension contributions. Employee share ownership remains fundamental to our business and we continue to operate our annual free share scheme award, which has resulted in 79% of our workforce owning shares in the company.

We believe that having a diverse leadership team is important to ensure that we bring a wealth of perspectives to the table, and I am pleased with the strong levels of both demographic and cognitive diversity in our ExCo. In addition, we recognise the importance of having a robust and diverse talent pipeline, and our commitment to developing internal talent is demonstrated by over 200 internal promotions this year.

Leadership team changes

Roger Stott will be retiring and stepping down from his role as Chief Operating Officer (COO), as planned, on 31 December 2024. Throughout his 16-year tenure, Roger has served in several senior positions and has significantly contributed to our long-term success. Roger has been a pleasure to work with and I would like to thank him for his contribution to the business and wish him all the best in his retirement. His responsibilities will be assumed by our CFO, Peter Birch, and Chief Technology Officer (CTO), Mo Tagari. Peter and Mo are excellent leaders who have the skills and experience to ensure our focus on operational delivery remains as sharp as ever.

Following the year end, we announced the appointment of Ryan Hughes to our ExCo in the role of Managing Director of AJ Bell Investments, a role he had held on an interim basis since October 2023. Ryan excelled in his interim role and I look forward to continuing our work together as we build on the successes of our fast-growing AJ Bell Investments business.

Campaigning for retail investors

There are a number of ongoing legislative and regulatory developments that will impact customers in our market. We continue to engage with the Government and regulators on their behalf, campaigning for a range of measures which we believe will help to foster a supportive environment for long-term retail investors in the UK.

The new Labour Government's first Budget proposed subjecting unused pensions on death to inheritance tax (IHT) from April 2027. Bringing pensions into IHT in the way proposed is arguably the most complex and costly way of raising tax from pensions on death. As the proposals currently stand, they will create delays for beneficiaries, will be costly to administer and will prove unworkable in many situations. We have proposed alternative approaches directly to the Government that would address these issues and we will contribute to industry-wide efforts to agree a workable alternative.

The tax treatment of pension contributions and pension commencement lump sums are the cornerstone of the UK pension system. In the period leading up to the Budget, speculation around the amendment or withdrawal of these key incentives was covered extensively by national media outlets. This caused a meaningful change in customer behaviour, with contributions into pensions and withdrawals from them both increasing significantly. Whilst neither aspect of pension legislation was actually amended in the Budget, customers were clearly concerned.

Pension saving is a long-term financial decision and it requires a system in which people have a high degree of confidence. We will continue to make representations to the Treasury calling for a public commitment to stability in the pension tax system throughout this parliament. Our campaign for a 'Pensions Tax Lock' has been well received and we continue to call for Government to use this 'no-cost option' to ensure people saving for retirement can have confidence in pensions.

AJ Bell has campaigned over a number of years for simplification of the ISA system, making it easier for people to invest, reducing complexity in the savings and investment system and breaking down barriers between cash saving and investing. We are pleased proposals for a UK ISA will not be taken forward by this Government, with the introduction of another type of ISA risking undue product complexity with little benefit to customers. The Government has instead committed to simplifying the ISA system and making it easier for people to benefit from investing in ISAs and we look forward to working with policymakers and industry towards that objective.

The ongoing Advice Guidance Boundary Review represents an opportunity for us to provide greater support to our

customers and we are in favour of proposals to permit more targeted support, as outlined by the FCA in late 2023. Feedback from the consultation on those proposals was published in November and we look forward to seeing them implemented in due course.

Outlook

The structural growth drivers of the platform market remain strong, as more individuals recognise the importance of taking control of their financial future.

We will continue to invest in our business with a focus on our technology and brand in order to capitalise on the significant growth opportunity the platform market presents.

The benefits of operating our dual-channel platform, underpinned by a single operating model, will continue to drive operational gearing. Alongside this, we are increasingly focused on creating efficiencies through a framework of strong cost control and the automation of processes.

Our diversified revenue model ensures we can deliver strong financial performance across a wide range of economic conditions. If the Bank of England's base rate reduces in line with current market expectations, this has the potential to gradually increase the attractiveness of investing, providing a potential tailwind for customer acquisition and inflows.

Pensions and ISAs are the core investment products in the UK and rely on continued belief from Government in the importance of long-term investing for individuals' financial futures. As with any new government, changes in legislation can be expected. There is a risk that some changes could reduce the attractiveness of long-term investing in these key products, or add complexity to the industry and increase costs. However, we remain confident that the new Government will continue to support the key, long-standing features of these products.

Finally, I would like to express my thanks to all members of the AJ Bell team. Their ongoing commitment and dedication continues to be at the heart of our success and it is a pleasure to work with them.

Michael Summersgill

Chief Executive Officer

4 December 2024

Financial review

"Our consistently strong financial performance has enabled us to invest in enhancing our propositions, lowering charges for our customers and increasing our brand awareness whilst delivering record results."

Overview

We are pleased to report excellent results for our business this year, achieving record highs in customer numbers, AUA, revenue and profit. Our dual-channel platform achieved very strong net inflows of £6.1 billion (FY23: £4.2 billion) and customer growth of 14% (FY23: 12%) as we realised the benefits of the investments we made in the business and retail investor confidence improved.

Our diversified revenue model enables us to deliver sustainable profit in different market conditions. Revenue increased by 23% to £269.4 million (FY23: £218.2 million), with increasing margins driving PBT up 29% to £113.3 million (FY23: £87.7 million).

The low-cost element of our business strategy ensures we can offer great value to our customers, and to achieve this we have continued to focus on maintaining an efficient operating model. We are reviewing processes, optimising resource allocation and leveraging technology as part of an organisational-wide initiative to continue to drive future operational efficiency. These efforts will deliver controlled cost growth and ensure we retain the capacity to invest in the business to deliver long-term growth.

Alongside consistently delivering strong business growth, we have also returned capital to shareholders in the form of

a progressive dividend. Our excellent financial performance over recent periods, supported by our highly cash-generative business model, has allowed us to accumulate surplus capital beyond regulatory requirements. Consequently, the Board recommends a final dividend of 8.25 pence per share (FY23: 7.25 pence per share), alongside the launch of a share buyback programme of up to £30 million, set to begin immediately.

Business performance

Customers

Customer numbers increased by 66,000 during the year to a total of 557,000 (FY23: 491,000). D2C customers increased by 17%, with advised customers up by 8%. Our platform customer retention rate remained high at 94.2% (FY23: 95.2%).

	Year ended 30 September 2024 '000	Year ended 30 September 2023 '000
Advised platform	171	159
D2C platform	371	317
Total platform	542	476
Non-platform	15	15
Total	557	491

Assets under administration

Year ended 30 September 2024

	Advised platform £bn	D2C platform £bn	Total platform £bn	Non-platform £bn	Total £bn
As at 1 October 2023	48.2	22.7	70.9	5.2	76.1
Inflows	6.5	6.6	13.1	0.3	13.4
Outflows	(4.3)	(2.7)	(7.0)	(0.3)	(7.3)
Net inflows	2.2	3.9	6.1	-	6.1
Market and other movements	5.7	3.8	9.5	0.5	10.0
As at 30 September 2024	56.1	30.4	86.5	5.7	92.2

Year ended 30 September 2023

	Advised platform £bn	D2C platform £bn	Total platform £bn	Non-platform £bn	Total £bn
As at 1 October 2022	44.8	19.3	64.1	5.1	69.2
Inflows	5.0	4.3	9.3	0.2	9.5
Outflows	(3.1)	(2.0)	(5.1)	(0.3)	(5.4)
Net inflows / (outflows)	1.9	2.3	4.2	(0.1)	4.1
Market and other movements	1.5	1.1	2.6	0.2	2.8
As at 30 September 2023	48.2	22.7	70.9	5.2	76.1

We achieved platform net inflows of £6.1 billion (FY23: £4.2 billion), up 45% versus the prior year, highlighting the strength of our overall customer value proposition in both the advised and D2C markets.

Advised platform net inflows were £2.2 billion (FY23: £1.9 billion), driven by an increase in gross inflows to £6.5 billion (FY23: £5.0 billion). We have seen higher inflows from new customers supported by an uptick in inbound migration activity, as advisers were more willing to bulk transfer customers in FY24 following stronger market conditions. Outflows in the year increased to £4.3 billion (FY23: £3.1 billion), predominantly driven by higher levels of client withdrawals in response to inflationary pressures, and to a lesser extent, the impact of recent adviser consolidation.

D2C platform net inflows were £3.9 billion (FY23: £2.3 billion). Gross inflows increased to £6.6 billion (FY23: £4.3 billion), as investor confidence improved following a strong recovery in global equity markets. We achieved a 63% increase in SIPP gross inflows, reiterating the importance of tax-wrapped products for our customers, and also delivered strong inflows from new customers as our investment in brand continued to deliver results. Outflows increased to £2.7 billion (FY23: £2.0 billion), reflecting the overall growth in customers numbers, as well as some customers drawing down on their investments to meet higher costs of living.

Non-platform net inflows remained stable in line with our expectation, with AUA closing at £5.7 billion (FY23: £5.2 billion). Favourable market movements contributed £10.0 billion (FY23: £2.8 billion) as global equity values continued to recover strongly from the challenges experienced in previous years. This resulted in record closing AUA of £92.2 billion (FY23: £76.1 billion).

Assets under management

	Year ended 30 September 2024 £bn	Year ended 30 September 2023 £bn
Advised	3.5	2.5
D2C	1.9	1.3
Non-platform ^[1]	1.4	0.9
Total	6.8	4.7

[1] Non-platform AUM relates to AJ Bell funds and MPS held on third-party platforms.

We continue to see increased demand for our suite of straightforward, cost-effective investment solutions particularly in the advised market via AJ Bell Investcentre and third-party adviser platforms. We recorded net inflows of £1.5 billion, supported by strong investment performance that generated market movements of £0.6 billion, resulting in total AUM closing at £6.8 billion (FY23: £4.7 billion).

Financial performance

Revenue

	Year ended 30 September 2024 £000	Year ended 30 September 2023 £000
Recurring fixed	32,078	30,666
Recurring ad valorem	202,040	161,152
Transactional	35,317	26,416
Total	269,435	218,234

Revenue increased by 23% to £269.4 million (FY23: £218.2 million).

Recurring fixed fees increased by 5% to £32.1 million (FY23: £30.7 million), driven by increased pension administration revenue following growth in our advised platform customers.

Recurring ad valorem revenue grew by 25% to £202.0 million (FY23: £161.2 million) with two key driving factors. Firstly, we earned higher custody fee income in the period, driven by the higher average AUA on the platform. Secondly, net interest income generated on customer cash balances held on the platform also increased with the rate retained peaking in March. Cash held on the platform is readily available for customers to invest or withdraw and in most cases represents a temporary position while customers await investment opportunities. Our economies of scale allow us to generate better gross interest rates which enables us to pay market-competitive rates on customers' cash balances and keep our charges low. Further information on the impact to revenue of changes to the UK base interest rate has been disclosed in note 25 to the consolidated financial statements.

Transactional fees increased by 34% to £35.3 million (FY23: £26.4 million). Dealing activity was higher in the year due to improved retail investor sentiment following a recovery in global equity markets. FX revenue was also strong due to increased levels of dealing in overseas shares, particularly US.

Our consolidated revenue margin increased to 31.6bps (FY23: 29.8bps). This was in line with expectation following the increases to revenue detailed above. The revenue margin in the second half of the year was lower than the first half following the reduction in charges across the platform, which were effective from 1 April 2024, as we passed on the benefits of our scale to our customers.

In FY25, we expect our revenue margins to moderate slightly taking into account the annualised impact of our recent charge reductions. We expect our revenue margins to be sustainable beyond 2025.

Administrative expenses

	Year ended 30 September 2024 £000	Year ended 30 September 2023 £000
Distribution	29,592	25,928
Technology	49,873	40,317
Operational and support - underlying	76,453	64,991
Operational and support - exceptional	6,239	778
Total	162,157	132,014

Total administrative expenses increased by 23% to £162.2 million (FY23: £132.0 million) as we delivered planned investments in our people, technology and brand. The largest expense remains staff costs, which increased by £15.5 million to £80.3 million (FY23: £64.8 million) as we increased headcount to support our growth. We also further enhanced our benefits package and ensured that our people received appropriate salary increases that reflected the high inflation environment at the start of the year.

Distribution costs increased by 14% to £29.6 million (FY23: £25.9 million). This was driven by the delivery of our multi-channel advertising campaign, alongside our decision to increase spend on direct marketing activity in the lead up to the tax year end resulting in over 12,000 new customers joining the platform in March alone. As part of our initiatives to raise brand awareness we have continued our partnership as the title sponsor of the AJ Bell Great Run Series. In addition, we incurred costs relating to our new Ready-made pension service, which enables customers to locate their existing pensions and easily consolidate them into our range of award-winning funds.

Technology costs increased by 24% to £49.9 million (FY23: £40.3 million). We have continued to invest in our change teams to increase the pace at which we deliver enhancements to the platform. Our improved change capacity gave us the confidence to accelerate certain improvements to AJ Bell Investcentre in the second half of the year that had originally been planned for FY25, which resulted in technology costs being slightly higher than we guided in May 2024. This additional investment will deliver longer-term efficiencies.

Underlying operational and support costs increased by 18% to £76.5 million (FY23: £65.0 million) with 4% of the increase being higher transaction costs and higher variable pay, which were a direct consequence of increased customer dealing activity and the record financial performance of the business. The year-on-year increase also reflected a higher-than-normal level of salary inflation, which is expected to settle in future years, as well as increased headcount to drive business growth.

Exceptional operational and support costs of £6.2 million (£0.8 million) represent a provision for potential customer redress relating to historical SIPP operator due-diligence issues in respect of non-mainstream investments made by customers who had regulated financial advisers acting for them prior to 2014. During the year a small number of Financial Ombudsman Service (FOS) complaints were upheld in favour of customers and the provision represents management's best estimate of the cost to compensate these customers as well as other customers with comparable circumstances. The issue is historical in nature and does not relate to our ongoing business. We have one remaining FOS case in relation to such investments which has recently been provisionally upheld in our favour, compared with circa 800 open cases across the industry per the FCA's Dear CEO letter of 4 November 2024. On the basis of published FOS decisions, we believe that future complaints would be time-limited.

In FY25, we expect inflationary pressures to ease and further operational gearing to be realised. We will continue to invest to deliver our strategic priorities whilst maintaining strong profit margins.

Profitability and earnings

Investment income of £6.9 million (FY23: £2.4 million) was driven by higher interest earned on corporate cash balances in the year.

PBT increased by 29% to £113.3 million (FY23: £87.7 million) whilst PBT margin increased to 42.0% (FY23: 40.2%). The higher profit margin versus the prior year reflects the higher revenue margins combined with a lower rate of cost growth as we continue to drive cost efficiencies as part of our strategic focus.

The standard rate of UK corporation tax remained at 25.0% throughout the year. Our effective rate of tax for the period was slightly ahead of this at 25.6% (FY23: 22.2%).

Basic earnings per share rose by 23% to 20.46 pence (FY23: 16.59 pence) in line with the increase to PBT. Diluted earnings per share (DEPS), which accounts for the dilutive impact of outstanding share awards, also increased by

23% to 20.34 pence (FY23: 16.53 pence).

Financial position

The Group's financial position remains healthy, with net assets totalling £204.0 million as at 30 September 2024 (FY23: £166.0 million) and a return on assets of 41% (FY23: 41%).

Financial resources and regulatory capital position

Our financial resources are continually kept under review, incorporating comprehensive stress and scenario testing which is formally reviewed and agreed at least annually.

	Year ended 30 September 2024 £000	Year ended 30 September 2023 £000
Total shareholder funds	203,990	166,037
Less: unregulated business capital	(4,150)	(3,675)
Regulatory group shareholder funds	199,840	162,362
Less: foreseeable dividends	(34,019)	(29,807)
Less: foreseeable share buyback	(30,000)	-
Less: non-qualifying assets	(12,994)	(12,887)
Total qualifying capital resources	122,827	119,668
Less: capital requirement	(59,577)	(53,930)
Surplus capital	63,250	65,738
% of capital resource requirement held	206%	222%

During the year, we have continued to maintain a healthy surplus over our regulatory capital requirement and as at the balance sheet date this was 206% (FY23: 222%) of the capital requirement.

We operate a highly cash-generative business, with a short working-capital cycle that ensures profits are quickly converted into cash. We generated net cash from operating activities of £96.3 million (FY23: £101.4 million) and held a significant surplus over our basic liquid asset requirement during the period, with our year-end balance sheet including cash balances of £196.7 million (FY23: £146.3 million).

Shareholder capital returns

For FY24, in line with our new capital allocation framework, the Board has recommended a final dividend of 8.25 pence per share (FY23: 7.25 pence per share), resulting in a total ordinary dividend of 12.50 pence (FY23: 10.75 pence) for the year. This equates to a pay-out of 61% of statutory profit after tax and is our 20th year of progressive ordinary dividend growth. Reflecting the significant surplus capital held in excess of our regulatory requirements, alongside our commitment to deliver enhanced shareholder returns, the Board approved a new share buyback programme of up to £30 million, to be completed before the end of the forthcoming financial year to 30 September 2025.

Peter Birch

Chief Financial Officer

4 December 2024

Principal risks and uncertainties

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

The Board believes that there are a number of potential risks to the Group that could hinder the successful implementation of its strategy. These risks may arise from internal and external events, acts and omissions. The Board is proactive in identifying, assessing and managing all risks facing the business, including the likelihood of each risk materialising in the short or longer term.

The principal risks and uncertainties facing the Group are detailed below, along with potential impacts and mitigating actions. The residual risk of the majority of the Group's principal risks and uncertainties has remained stable, however the residual risk has increased for ESG risk, due to increasing volumes of regulatory change, and liquidity risk, due to the increased scale and volume of orders being processed. The residual risk has decreased for people risk due to softening demand in the labour market and enhancements to recruitment processes and talent development programmes.

Residual risk direction

↑ Increased ⇌ Stable ↓ Decreased

Risk	Potential Impact	Mitigations
1. Strategic risk		
<p>Strategic risk (<i>Trend: →</i>)</p> <p>The risk that the Group fails to remain competitive in its peer group, due to lack of innovative products and services, increased competitor activity, regulatory expectations, and lack of marketing focus and spend to keep pace with competitors.</p>	<ul style="list-style-type: none"> Loss of competitive advantage, such that AUA and customer number targets are adversely impacted. This would have a negative impact on profitability. Reputational damage as a result of underperformance and / or regulatory scrutiny. 	<p>The Group regularly reviews its products against competitors, in relation to pricing, functionality and service, and actively seeks to make enhancements where necessary to maintain or improve its competitive position in line with the Group's strategic objectives.</p> <p>The Group remains closely aligned with trade and industry bodies, and other policy makers across our market. The use of ongoing competitor analysis provides insight and an opportunity to adapt strategic direction in response to market conditions.</p>
<p>ESG risk (<i>Trend: ↑</i>)</p> <p>The risk that environmental, social and governance factors could negatively impact the Group, its customers, investors and the wider community.</p>	<ul style="list-style-type: none"> Environmental, physical and transition risks resulting from climate change, which may impact the Group and our customer's assets. Social risks, include employee wellbeing and diversity & inclusion. Governance risks, including the risks related to the Group's governance structures being ineffective, which could manifest in governance-related reputational and conduct risks. 	<p>We behave in a responsible manner with a focus on our four responsible business pillars: responsible propositions, responsible employer, supporting our local communities and environmental awareness. Further details of our material ESG risks and our mitigations are disclosed in our Responsible Business report.</p> <p>ESG-related strategic objectives are incorporated in the Group's Business Planning Process (BPP), and a cross functional ESG Working Group is responsible for the co-ordination of day-to-day ESG-related matters and the delivery of these objectives. The Group operates a robust ESG governance framework, further details of which are included in our Responsible Business report.</p>
2. Operational risk		
<p>Legal & regulatory risk (<i>Trend: →</i>)</p> <p>The risk that the Group fails to comply with regulatory and legal standards.</p>	<ul style="list-style-type: none"> Regulatory censure and / or fines, including fines from the FCA and Information Commissioner's Office (ICO). Related negative publicity could reduce customer confidence and affect ability to generate positive net inflows. Poor conduct could have an adverse impact on customer outcomes. 	<p>The Group maintains a strong compliance culture geared towards positive customer outcomes and regulatory compliance.</p> <p>The Group performs regular horizon scanning to ensure all legislative and regulatory change is detected and highlighted to the Group for consideration.</p> <p>The Group maintains an open dialogue with the FCA and actively engages with them on relevant proposed regulatory change.</p> <p>The Compliance function is responsible for ensuring all standards of the regulatory system are being met by the Group. This is achieved by implementing policies and procedures across the business, raising awareness and maintaining an effective control environment. Compliance performs a rolling programme of risk-prioritised reviews to ensure compliance standards have been embedded into the business.</p>

<p>Information security risk (Trend: →)</p> <p>The risk of a vulnerability in the Group's infrastructure being exploited or user misuse that causes harm to service, data and / or an asset causing material business impact.</p>	<ul style="list-style-type: none"> Information security breaches could adversely impact individuals' data rights and freedoms and could result in fines / censure from regulators, such as the ICO and FCA. Failure to maintain or quickly recover operations could lead to intolerable harm to customers and the Group. The Group could suffer damage to its reputation, eroding trust and making it difficult to attract and retain customers, employees, partners, and investors. 	<p>The Group continually reviews and evolves its cyber security position to ensure that it protects the confidentiality, integrity and availability of its network and the data that it holds.</p> <p>A defence in depth approach is in place with firewalls, web gateway, email gateway and anti-virus amongst the technologies deployed. Staff awareness is seen as being a key component of the layered defences, with regular updates, training and mock phishing exercises.</p> <p>Our security readiness is subject to independent assessment by a penetration testing partner that considers both production systems and development activities. This is supplemented by running a programme of weekly vulnerability scans to identify configuration issues and assess the effectiveness of the software patching schedule.</p> <p>The Group regularly assesses its maturity against an acknowledged security framework, which includes an ongoing programme of staff training and assessment through mock security exercises.</p>
<p>Data risk (Trend: →)</p> <p>Data risk is defined as the potential threats and vulnerabilities that can compromise the confidentiality, integrity, availability, and compliance of sensitive or valuable data within the Group and its third-party suppliers. This risk encompasses the possibility of unauthorised access, loss, theft, alteration, or exposure of data.</p>	<ul style="list-style-type: none"> A data breach could adversely impact individuals' data rights and freedoms and could result in fines / censure from regulators, such as the ICO and FCA. A data breach could result in financial loss due to the cost of investigating the breach, notifying impacted individuals, and implementing remediation measures. The Group could suffer damage to its reputation, eroding trust and making it difficult to attract and retain customers, employees, partners, and investors. 	<p>The Group monitors the adequacy of its data governance framework via the Data Forum.</p> <p>The Group has data protection policies and procedures, security controls to protect data such as encryption, access controls and monitoring.</p> <p>The Group educates employees about data privacy, security and importance of protecting sensitive data.</p> <p>The Group conducts regular data audits to identify and address potential security risks.</p> <p>The Group's Data Protection Officer / CRO provides an assessment of the adequacy of the Group's data protection framework as part of the annual DPO report.</p>
<p>Financial crime risk (Trend: →)</p> <p>The risk of failure to protect the Group and its customers from all aspects of fraud and financial crime, including anti-money laundering, terror financing, proliferation financing, sanctions restrictions, market abuse, fraud, cyber-crime and the facilitation of tax evasion.</p>	<ul style="list-style-type: none"> The Group may be adversely affected, including regulatory censure or enforcement, if we fail to mitigate the risk of being used to facilitate any form of financial crime. Potential customer detriment as customers are at risk of losing funds or personal data, which can subject them to further loss via other organisations. Fraudulent activity leading to identity fraud and / or loss of customer holdings to fraudulent activity. The Group could suffer damage to its reputation, eroding trust and making it difficult to attract and retain customers, employees, partners, and investors. 	<p>Extensive controls are in place to minimise the risk of financial crime.</p> <p>Policies and procedures include: mandatory financial crime training in anti-money laundering and counter terrorist financing, fraud, market abuse and the Criminal Finances Act (2017) to aid the detection, prevention and reporting of financial crime. The Group has an extensive recruitment process in place to screen potential employees.</p> <p>The Group actively maintains defences against a broad range of likely attacks by global actors, bringing together tools from well-known providers, external consultancy and internal expertise to create multiple layers of defence. The latter includes intelligence shared through participation in regulatory, industry and national cyber security networks.</p>
<p>Third party management risk</p>	<p>Loss of service from a third</p>	<p>To mitigate the risk posed by</p>

<p>Third-party management risk (Trend: →)</p> <p>The risk that a third-party provider materially fails to deliver the contracted services.</p>	<ul style="list-style-type: none"> Loss of service from a third-party provider could have a negative impact on customer outcomes due to website unavailability, delays in receiving and / or processing customer transactions or interruptions to settlement and reconciliation processes. Financial impact through increased operational losses. Regulatory fine and / or censure. 	<p>To mitigate the risk posed by third-party suppliers, the Group conducts onboarding due diligence and monitors performance against documented service standards to ensure their continued commitment to service, financial stability and viability. Performance metrics are discussed monthly with documented actions for any identified improvements. This is supplemented by attendance at formal user groups with other clients of the key suppliers, sharing experience and leveraging the strength of the user base. Where relevant and appropriate, annual financial due diligence on critical suppliers and on-site audits are also undertaken.</p>
<p>Technology risk (Trend: →)</p> <p>The risk that the design, implementation and management of applications, infrastructure and services fail to meet current and future business requirements.</p>	<ul style="list-style-type: none"> The reliance on evolving technology remains crucial to the Group's effort to develop its services and enhance products. Prolonged underinvestment in technology will affect our ability to serve our customers and meet their needs. Failing to deliver and manage a fit-for-purpose technology platform could have an adverse impact on customer outcomes and affect our ability to attract new customers. Technology failures may lead to financial or regulatory penalties, and reputational damage. 	<p>The Group continues to implement a programme of increasing annual investment in the technology platform. This is informed by recommendations that result from regular architectural reviews of applications and of the underpinning infrastructure and services.</p> <p>Daily monitoring routines provide oversight of performance and capacity, which supports our operational resilience risk management activities. Our rolling programme of both business continuity planning and testing, and single point of failure management, maintains our focus on the resilience of key systems in the event of an interruption to service.</p>
<p>Operational resilience risk (Trend: →)</p> <p>The risk that the Group does not have an adequate operational resilience framework to prevent, adapt, respond to, recover and learn from operational disruptions.</p>	<ul style="list-style-type: none"> Failure to maintain or quickly recover operations could lead to intolerable harm to customers and the Group. Operational resilience disruptions may lead to financial or regulatory penalties, and reputational damage. 	<p>The Group has developed a comprehensive operational resilience framework, under the direction of the Operations sub-committee of ExCo. The R&CC and Board also provide oversight. An annual operational resilience self-assessment document is reviewed by the Board and R&CC. The Group's Risk Team provides a second line of defence review of the operational resilience self-assessment. During FY24, a successful group-wide disaster recovery exercise was carried out, allowing the business to operate for a week on a cloud-based disaster recovery platform.</p>
<p>Process risk (Trend: →)</p> <p>The risk that, due to unexpectedly high volumes, the Group is unable to process work within agreed service levels and / or to an acceptable quality for a sustained period.</p>	<ul style="list-style-type: none"> A decline in the quality of work will have a financial impact through increased operational losses. Unexpectedly high volumes coupled with staff recruitment and retention issues could lead to poor customer outcomes and reputational damage. 	<p>There is an ongoing programme to train staff on multiple operational functions. Diversifying the workforce enables the business to deploy staff when high work volumes are experienced. Causes of increased volumes of work, for example competitor behaviour, are closely monitored in order to plan resources effectively. The Group focuses on increasing the effectiveness of its operational procedures and, through its business improvement function, aims to improve and automate more of its processes. This reduces the need for manual</p>

		intervention and the potential for errors.
<p>Change risk (<i>Trend: →</i>)</p> <p>The risk of potential negative consequences and uncertainties associated with introducing modifications, alterations, or adjustments to established processes or systems.</p>	<ul style="list-style-type: none"> Operational resilience disruptions resulting from crystallisation of change risk may lead to financial or regulatory penalties, and reputational damage. Change can increase costs if not delivered within budget or introduce complexity to end users due to a lack of compatibility with existing systems. Reduced quality because of a change can lead to customer dissatisfaction, rework, and additional costs. An inability to deliver change can result in reputational damage to the Group, making it difficult to attract customers and talent. 	<p>All operational and regulatory change is prioritised, captured, and monitored through the Operations sub-committee of ExCo.</p> <p>Technical change is prioritised, captured, and monitored within Technology Services and through associated Committees.</p> <p>Product Change is managed within the Product areas and overseen by the corresponding Proposition Committee.</p>
<p>Financial control environment risk (<i>Trend: →</i>)</p> <p>The risk that the financial control environment is weak. This includes the risk of loss to the business, or its customers, because of either the actions of an associated third-party or the misconduct of an employee.</p>	<ul style="list-style-type: none"> Reputational damage with regulators, leading to increased capital requirement. Potential customer detriment resulting from inadequate protection of customer assets. Increased expenditure in order to compensate customers for loss incurred. 	<p>The Group's financial control and fraud prevention policies and procedures are designed to ensure that the risk of fraudulent access to customer or corporate accounts is minimised.</p> <p>Anti-fraud training is provided to all members of staff who act as first line of defence to facilitate early detection of potentially fraudulent activity.</p> <p>Strong technology controls are in place to identify potential money laundering activity or market abuse.</p>
<p>Conduct (Consumer Outcomes) risk (<i>Trend: →</i>)</p> <p>The risk that the fair treatment of customers is not central to the Group's corporate culture.</p>	<ul style="list-style-type: none"> Poor conduct could have an adverse impact on customer outcomes. Reputational damage resulting from poor levels of customer service. The Group may be adversely affected, including regulatory censure or enforcement. 	<p>Delivering good customer outcomes is core to our purpose, business model, strategy and guiding principles. This drives the culture and objectives of the business and ensures customers remain at the heart of everything we do.</p> <p>The Group enhanced its conduct controls to align with the requirements of the Consumer Duty. These include training and education, product governance, and ongoing monitoring arrangements, and provide the ExCo and Board assurance on the delivery of good customer outcomes.</p>
<p>People risk (<i>Trend: ↓</i>)</p> <p>The risk that the Group fails to attract, retain, develop and engage employees who are aligned to the Group's Guiding Principles.</p>	<ul style="list-style-type: none"> Difficulties in recruiting the right, culturally aligned, people to work for the Group. Existing employees who are not motivated, do not perform well and may impact the quality and effectiveness of the services provided to the Group's customers. Talented employees who are not appropriately developed and / or have limited opportunities to progress are likely to leave the Group. Resource shortfalls may impact quality and service and could lead to poor service / consumer outcomes and reputational damage. 	<p>The Group has improved its recruitment processes to attract the best people possible to join the Group.</p> <p>The AJ Bell Way and Guiding Principles are embedded into our culture through people policies, procedures, and training.</p> <p>The Group undertakes a staff engagement survey at least annually and uses this feedback to address any areas for improvement to ensure staff engagement remains high.</p> <p>The Group conducts regular reviews of its employee remuneration packages to ensure it is competitive.</p> <p>The Group operates talent development programmes for management and leadership roles.</p>

<p>Investment Performance & Oversight risk (<i>Trend: →</i>)</p> <p>The risk the Group fails to make effective decisions in relation to its discretionary investment activities and maintain strong governance processes.</p>	<ul style="list-style-type: none"> • Outflows or loss of assets under management as a result of poor or unexpected performance, which would reduce investment management revenues. • Potential customer detriment, such as the loss of investment value or inaccessibility of assets due to poor liquidity. • Reputational damage resulting from inadequate oversight or governance arrangements. 	<p>The Group maintains robust Investment Governance arrangements in relation to the investment activities associated with AJ Bell Asset Management's products and services. The performance of these products and services is monitored on an ongoing basis for alignment with customer expectations and investment mandates, including through dedicated forums and by the second line of defence Risk Team.</p> <p>A dedicated Investment Committee which is a sub-committee of ExCo, includes two independent committee members and provides oversight of investment management activities.</p>
<p>3. Financial risk</p>		
<p>Market risk (<i>Trend: →</i>)</p> <p>The risk that a significant and prolonged capital market or economic downturn has an adverse effect on customer confidence, asset values and interest rates.</p>	<ul style="list-style-type: none"> • Adverse effect on customer transactional activity or ad valorem fees generated from assets under administration from which the Group derives revenue. Sensitivities for interest rate and market movements are shown in note 25 to the consolidated financial statements. 	<p>The Group's products are targeted at UK residents. We do not do business in any other countries and have relatively few customers outside the UK. Therefore, in the event that the economy falls into a prolonged recession, this may impact contribution levels and confidence generally in the savings and investment markets. The Directors believe that the Group's overall income levels and in particular the balance between the different types of assets and transactions from which that income is derived, provide a robust defensive position against a sustained economic downturn. Revenue from retained interest income is derived from the pooling of customer cash balances.</p> <p>The Group has a variety of transactional and recurring revenue streams, some of which are monetary amounts while others are ad valorem. This mix of revenue types helps to limit the Group's exposure to interest rate fluctuations and capital market fluctuations.</p>
<p>Capital risk (<i>Trend: →</i>)</p> <p>The risk that the Group does not maintain sufficient capital resources to cover unexpected losses.</p>	<ul style="list-style-type: none"> • Inability to cover unexpected losses. • Additional regulatory scrutiny and potential for increased regulatory capital resource requirements. 	<p>The Group adopts a cautious and controlled approach to managing its capital risk.</p> <p>The Group conducts an Internal Capital and Risk Assessment (ICARA) process aligned with its risk management framework to identify, monitor and mitigate potential harms.</p> <p>Where harms can not be mitigated, the Group holds capital to cover potential unexpected losses (its capital resource requirement). The Group's capital risk appetite is to maintain its capital resources at greater than 125% of the Group's capital resource requirement.</p>
<p>Credit risk (<i>Trend: →</i>)</p> <p>The risk of potential failure of clients, market counterparties or banks used by the Group to fulfil contractual obligations.</p>	<ul style="list-style-type: none"> • Unintended market exposure. • Customer detriment. 	<p>The Group's credit risk extends principally to its financial assets: cash balances held with banks and trade and other receivables. The Group carries out initial and ongoing due diligence on the market counterparties and banks that it uses, and regularly</p>

		<p>monitors the level of exposure. The Group continues to diversify across a range of approved banking counterparties, reducing the concentration of credit risk as exposure is spread over a larger number of counterparties. The banks currently used by the Group are detailed in note 25 to the consolidated financial statements.</p> <p>With regard to trade receivables, the Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken. This has minimised credit risk in this area.</p> <p>The Group will maintain its existing strategy of diversification to ensure acceptable exposure across a wide range of well-capitalised banks with appropriate credit ratings. It will continue to regularly monitor its level of exposure and to assess the financial strength of its banking counterparties.</p>
<p>Liquidity risk (<i>Trend: ↑</i>)</p> <p>The risk that the Group suffers significant settlement default or otherwise suffers major liquidity problems or issues of liquidity deficiency which severely impact the Group's reputation in the markets.</p> <p>The risk that the Group does not have available readily realisable financial resources to enable it to meet its obligations as they fall due or can only secure such resources at excessive cost.</p>	<ul style="list-style-type: none"> • Reputational damage. • Potential customer detriment. • Financial loss. • Inability to meet obligations as they fall due. 	<p>The Group has robust systems and controls and monitors all legal entities to ensure they have sufficient funds to meet their liabilities as they fall due. The Group continues to monitor trade settlement on both an intra-day and daily basis, and we continue to assess opportunities to strengthen our internal control environment.</p> <p>The Group continues to be a highly cash-generative business and to maintain sufficient cash and standby banking facilities to fund its foreseeable trading requirements.</p>

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Board has assessed the viability of the Group, considering a four-year period to September 2028. The Board considers a four-year horizon to be an appropriate period to assess the Group's strategy and its capital requirements, considering the investment needs of the business and the potential risks that could impact the Group's ability to meet its strategic objectives.

This assessment has been made by considering the Group's financial position and regulatory capital and liquidity requirements in the context of its business model, strategy and four-year financial forecasts and in consideration of the principal risks and uncertainties, as detailed in the Strategic report Principal risks and uncertainties. The principal risks and uncertainties are those that may adversely impact the Group based on its business model and strategy and are derived from both the Group's business activities and the wider macroeconomic environment in which the Group operates but does not control.

As an FCA-regulated entity, as part of its Internal Capital and Risk Assessment (ICARA) the Group is required to use stress testing of the business model and strategy to identify whether it holds sufficient own funds and liquid assets. Forward-looking hypothetical stress testing scenarios have been determined by considering potential macroeconomic and idiosyncratic events that would have a significant adverse impact on the Group's ability to generate profits, and therefore maintain the existing levels of own funds and liquid assets, over the business planning period.

The Board-approved four-year financial forecast assumes the business continues to grow customer numbers and AUA through investment in our brand, product propositions, technology and people. The financial forecasts assume that the Bank of England base interest rate will continue to gradually fall throughout the forecast period, in line with market projections. There are no significant market movements in underlying asset values based on the position at

the point the projections were approved by the Board.

The Board has considered the potential impact of three stress test scenarios, which cumulatively represent a severe, remote but plausible scenario:

- 1) **Macroeconomic (Market risk)** - a significant reduction in equity market values, based on the 2008-09 global financial crisis. Asset values fall by 40% in year one, recovering to 20% below the level they were prior to the fall in year two, and remain flat in years three and four.
- 2) **Macroeconomic (Market risk)** - Bank of England base interest rate reduced to 0.50% over a 15-month period leading to a lower interest rate retained on customer cash balances.
- 3) **Idiosyncratic (Technology risk, Third-party management risk)** - prolonged IT issues with key operating software suppliers cause significant damage to AJ Bell's service and reputation, which results in a reduction in customers. Following year one the Group incurs development and licence costs to upgrade or replace key components of the platform software, with service levels and net inflows returning to normal in year three.

The Board has identified a number of potential management actions that could be taken in the event the modelled scenarios crystallise. The action selected would be dependent upon the nature of the scenario.

The results have confirmed that the Group would be able to withstand the adverse financial impact of these three scenarios occurring simultaneously over the four-year assessment period. This assumes that dividends and share buybacks are paid in line with the recommendation made in the 30 September 2024 annual report and with the Group capital allocation framework on a forward-looking basis. During the period, the Group continues to retain surplus financial resources over and above its regulatory capital and liquidity requirements, with or without any management remediation actions.

The Group's strategy and four-year financial forecasts were approved by the Board in September 2024. The Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period ending September 2028.

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

Michael Summersgill

Chief Executive Officer

4 December 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with UK-adopted International Accounting Standards and applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss for the Group for that period. The Directors are also required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the UK.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted

- for the Group financial statements, state whether they have been prepared in accordance with or adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Parent Company will continue in business; and
- prepare a Directors' report, a Strategic report and Directors' Remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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

- the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face.

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

Approved by the Board on 4 December 2024 and signed on its behalf by:

Kina Sinclair

Company Secretary

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Consolidated income statement
for the year ended 30 September 2024

	Notes	2024 £000	2023 £000
Revenue	5	269,435	218,234
Administrative expenses		(162,157)	(132,014)
Operating profit	6	107,278	86,220
Investment income	8	6,909	2,393
Finance costs	9	(904)	(952)
Profit before tax		113,283	87,661

Profit before tax		113,283	87,661
Tax expense	10	(28,988)	(19,442)
Profit for the financial year attributable to:			
Equity holders of the parent company		84,295	68,219
Earnings per share			
Basic (pence)	12	20.46	16.59
Diluted (pence)	12	20.34	16.53

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

There were no other components of recognised income or expense in either period and, consequently, no statement of other comprehensive income has been presented.

Consolidated statement of financial position
as at 30 September 2024

	Notes	2024 £000	2023 £000
Assets			
Non-current assets			
Goodwill	13	6,991	6,991
Other intangible assets	14	7,540	7,433
Property, plant and equipment	15	3,777	3,809
Right-of-use assets	16	11,762	10,800
Deferred tax asset	18	1,546	484
		31,616	29,517
Current assets			
Trade and other receivables	19	59,545	58,501
Current tax receivable		1,069	-
Cash and cash equivalents	20	196,651	146,304
		257,265	204,805
Total assets		288,881	234,322
Liabilities			
Current liabilities			
Trade and other payables	21	(61,921)	(52,437)
Current tax liability		-	(151)
Lease liabilities	16	(1,453)	(1,540)
Provisions	22	(7,421)	(1,126)
		(70,795)	(55,254)
Non-current liabilities			
Lease liabilities	16	(11,724)	(10,866)
Provisions	22	(2,372)	(2,165)
		(14,096)	(13,031)
Total liabilities		(84,891)	(68,285)
Net assets		203,990	166,037
Equity			
Share capital	23	52	52
Share premium		8,963	8,963
Own shares		(2,049)	(2,377)
Retained earnings		197,024	159,399
Total equity		203,990	166,037

The financial statements were approved by the Board of Directors and authorised for issue on 4 December 2024 and signed on its behalf by:

Peter Birch

Chief Financial Officer

AJ Bell plc

Company registered number: 04503206

Consolidated statement of changes in equity
for the year ended 30 September 2024

	Share capital £000	Share premium £000	Retained earnings £000
Balance at 1 October 2023	52	8,963	159,399
Total comprehensive income for the year:			
Profit for the year	-	-	84,295
Transactions with owners, recorded directly in equity:			
Issue of shares	-	-	-
Dividends paid (note 11)	-	-	(47,416)
Equity settled share-based payment transactions (note 24)	-	-	567
Deferred tax effect of share-based payment transactions (note 18)	-	-	498
Tax relief on exercise of share options	-	-	9
Share transfer relating to EIP (note 23)	-	-	(328)
Total transactions with owners	-	-	(46,670)
Balance at 30 September 2024	52	8,963	197,024

	Share capital £000	Share premium £000	Retained earnings £000
Balance at 1 October 2022	51	8,930	124,886
Total comprehensive income for the year:			
Profit for the year	-	-	68,219
Transactions with owners, recorded directly in equity:			
Issue of shares	1	33	-
Dividends paid (note 11)	-	-	(33,294)
Equity settled share-based payment transactions (note 24)	-	-	(110)
Deferred tax effect of share-based payment transactions (note 18)	-	-	(88)
Tax relief on exercise of share options	-	-	123
Share transfer relating to EIP (note 23)	-	-	(96)
Payment of tax from employee benefit trust	-	-	(241)
Own shares acquired (note 23)	-	-	-
Total transactions with owners	1	33	(33,706)
Balance at 30 September 2023	52	8,963	159,399

Consolidated statement of cash flows
for the year ended 30 September 2024

	Notes	2024 £000	2023 £000
Cash flows from operating activities			
Profit for the financial year		84,295	68,219
Adjustments for:			
Investment income	8	(6,909)	(2,393)
Finance costs	9	904	952
Income tax expense	10	28,988	19,442
Depreciation, amortisation and impairment	6	3,432	4,788
Share-based payment expense	24	1,502	1,103
Increase in provisions	22	6,061	607
Loss on disposal of property, plant and equipment		340	16
Increase in trade and other receivables	19	(1,044)	(9,065)
Increase in trade and other payables	21	9,484	36,833
Cash generated from operations		127,053	120,502
Income tax paid		(30,763)	(19,092)
Net cash flows from operating activities		96,290	101,410
Cash flows from investing activities			

Purchase of other intangible assets	14	(1,473)	(1,926)
Purchase of property, plant and equipment	15	(1,476)	(1,574)
Interest received	8	6,909	2,393
Net cash flows generated from/(used) in investing activities		3,960	(1,107)
Cash flows from financing activities			
Payments of principal in relation to lease liabilities	16	(1,583)	(1,576)
Payment of interest on lease liabilities	16	(904)	(952)
Proceeds from issue of share capital	23	-	34
Purchase of own shares for employee share schemes	23	-	(2,000)
Payment of tax from employee benefit trust		-	(241)
Dividends paid	11	(47,416)	(33,294)
Net cash flows used in financing activities		(49,903)	(38,029)
Net increase in cash and cash equivalents		50,347	62,274
Cash and cash equivalents at beginning of year	20	146,304	84,030
Total cash and cash equivalents at end of year	20	196,651	146,304

Notes to the consolidated financial statements
for the year ended 30 September 2024

1 General information

AJ Bell plc (the 'Company') is the Parent Company of the AJ Bell group of companies (together the 'Group'). The Group provides investment administration, dealing and custody services. The nature of the Group's operations and its principal activities are set out in the Strategic report and the Directors' report.

The Company is a public limited company which is listed on the Main Market of the London Stock Exchange and incorporated and domiciled in the United Kingdom. The Company's number is 04503206 and the registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE. A list of investments in subsidiaries, including the name, country of incorporation, registered office, and proportion of ownership is given in note 6 of the Company's separate financial statements.

The consolidated financial statements were approved by the Board on 4 December 2024.

The financial information contained in this report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information set out in this report has been extracted from the Group's 2024 Annual Report and Financial Statements, which have been approved by the Board of Directors on 4 December 2024. The Auditors have reported on the 2023 and 2024 accounts, their reports were (i) unqualified; (ii) did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

2 Material accounting policies

Basis of accounting

The consolidated financial statements of AJ Bell plc have been prepared in accordance with UK-adopted International Financial Reporting Standards.

The financial statements are prepared on the historical cost basis and prepared on a going concern basis. They are presented in sterling, which is the currency of the primary economic environment in which the Group operates, rounded to the nearest thousand.

The accounting policies have been applied consistently to all periods presented in these financial statements and by all Group entities, unless otherwise stated.

Changes to International Reporting Standards

Interpretations and standards which became effective during the year:

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

		Effective from
IFRS 17	Insurance Contracts	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments)	1 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	1 January 2023
IAS 12	Deferred Tax relates to Assets and Liabilities arising from a Single Transaction (Amendments)	1 January 2023

Interpretations and standards in issue but not yet effective:

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. The Group controls an entity when it is exposed to, or it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an entity if facts and circumstances indicate there are changes to one or more elements of control. The results of a subsidiary undertaking are included in the consolidated financial statements from the date the control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Acquisition related costs are expensed as incurred in the income statement, except if related to the issue of debt or equity securities. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the Group's share of the identifiable net assets of the subsidiary acquired, the difference is taken immediately to the income statement.

All intercompany transactions, balances, income, and expenses are eliminated on consolidation.

2.1 Going concern

The Group's business activities, together with its financial position and the factors likely to affect its future development and performance are set out in the Strategic report and the Directors' report. Note 25 includes the Group's policies and processes for managing exposure to credit and liquidity risk.

The Group's forecasts and objectives, considering a number of potential changes in trading conditions, show that the Group should be able to operate at adequate levels of both liquidity and capital for at least 12 months from the date of signing this report. The Directors have performed a number of stress tests, covering a significant reduction in equity market values, a fall in the Bank of England base interest rate leading to a lower interest rate retained on customer cash balances, and a further Group-specific idiosyncratic stress relating to a scenario whereby prolonged IT issues cause a reduction in customers. Further detail of the forecasts and stress test scenarios are set out in the Viability statement. These scenarios provide assurance that the Group has sufficient capital and liquidity to operate under stressed conditions.

Consequently, after making reasonable enquiries, the Directors are satisfied that the Group has sufficient financial resources to continue in business for at least 12 months from the date of signing the report and therefore have continued to adopt the going concern basis in preparing the consolidated financial statements.

2.2 Segmental reporting

The Group determines and presents operating segments based on the information that is provided internally to the Board, which is the Group's Chief Operating Decision Maker (CODM). In assessing the Group's operating segments the Directors have considered the nature of the services provided, product offerings, customer bases, operating model and distribution channels amongst other factors. The Directors concluded there is a single segment as it operates with a single operating model; operations, support and technology costs are managed and reported centrally to the CODM. A description of the services provided is given within note 4.

2.3 Revenue recognition

Revenue represents fees receivable from investment administration and dealing and custody services for both client assets and client money. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Recurring fixed

Recurring fixed revenue comprises recurring administration fees and media revenue.

Administration fees include fees charged in relation to the administration services provided by the Group and are recognised over time as the related service is provided.

Included within administration fees are annual pension administration fees. The Group recognises revenue from such fees over time, using an input method to measure progress towards complete satisfaction of a single performance obligation. The Group determined that the input method is the best method in measuring progress of the services relating to these fees because there is a direct relationship between the Group's effort (i.e. labour hours incurred) and the transfer of service to the customer.

The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Certain pension administration fees are received in arrears or in advance. Where revenue is received in arrears for an ongoing service, the proportion of the income relating to services provided but not yet received is accrued. This is recognised as accrued income until the revenue is received. Where revenue is received in advance for an ongoing service, the proportion of the income relating to services that have not yet been provided is deferred. This is recognised as deferred income until the services have been provided.

Media revenue includes advertising, subscriptions, events and award ceremony and corporate solutions contracts. Subscriptions and corporate solutions revenue is recognised evenly over the period in which the related service is provided. Advertising, event and award ceremony revenue is recognised in the period in which the publication is made available to customers or the event or award ceremony takes place.

Recurring ad valorem

Recurring ad valorem revenue comprises custody fees, retained interest income and investment management fees provided by the Group and is recognised evenly over the period in which the related service is provided.

Ad valorem fees include custody fees charged in relation to the holding of client assets and interest received on client money balances. Custody fees and investment management fees are accrued on a time basis by reference to the AUA.

Transactional

Transactional revenue comprises dealing fees and pension scheme activity fees. Transaction-based fees are recognised when received in accordance with the date of settlement of the underlying transaction.

Other non-recurring fees are recognised in the period to which the service is rendered.

Customer incentives

Customer incentives paid to new retail customers are considered to be a reduction in revenue under IFRS 15. In line with IFRS 15, customer incentives to acquire new customers are offset against recurring ad valorem revenue and spread over the period which the customer is required to remain a customer in order to be eligible for the incentive. Customer incentives are paid in cash and vouchers.

2.4 Share-based payments

The Group operates a number of share-based payment arrangements for its employees and non-employees. These generally involve an award of share options (equity-settled share-based payments)

which are measured at the fair value of the equity instrument at the date of grant.

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

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

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

The cost of equity-settled awards is determined by the fair value at the date when the grant is made using an appropriate valuation model or the market value discounted to its net present value, further details of which are given in note 24. The expected life applied in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

2.5 Investment income

Investment income comprises the returns generated on corporate cash at banks and short-term highly-liquid investments. Investment income is recognised in the income statement as it accrues, using the effective interest rate method.

2.6 Finance costs

Finance costs comprise interest incurred on lease liabilities recognised under IFRS 16. Finance costs are recognised in the income statement using the effective interest rate method.

2.7 Taxation

The tax expense represents the sum of the current tax payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised if the temporary difference arises from:

- the initial recognition of goodwill; or
- investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable they will not reverse in the foreseeable future; or
- the initial recognition of an asset and liability in a transaction other than a business combination that, at the time of the transaction, affects neither the accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available in the future, against which deductible temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at each reporting date.

The principal temporary differences arise from accelerated capital allowances, provisions for share-based payments and unrecognised losses.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

2.8 Goodwill

Goodwill arising on consolidation represents the difference between the consideration transferred and the fair value of net assets acquired of the subsidiary at the date of acquisition. Goodwill is not amortised, but is reviewed at least annually for impairment. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

For the purposes of impairment testing goodwill acquired in a business combination is allocated to the cash generating unit (CGU) expecting to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are reviewed annually or more frequently when there is an indication that the goodwill relating to that CGU may have been impaired. If the recoverable amount from the CGU is less than the carrying amount of the assets present on the consolidated statement of financial position forming that CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the assets forming that CGU and then to the assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.9 Intangible assets (excluding goodwill)

Intangible assets comprise computer software and mobile applications, and the Group's Key Operating Systems (KOS). These are stated at cost less amortisation and any recognised impairment loss. Amortisation is charged on all intangible assets excluding goodwill and assets under construction at rates to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful economic life as follows:

Computer software and mobile applications - 3-4 years

KOS - 15 years

KOS enhancements - over the remaining life of the KOS

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

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

2.10 Internally-generated intangible assets

An internally-generated asset arising from work performed by the Group is recognised only when the following criteria can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the asset first meets the recognition criteria. Development expenditure that does not meet the criteria is recognised as an expense in the period which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Assets under construction are not amortised until the asset is operational and available for use.

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

2.11 Property, plant and equipment

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

Leasehold improvements - over the life of the lease

Office equipment - 4 years

Computer equipment - 3-5 years

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

Assets under construction relate to capital expenditure on assets not yet in use by the Group and are therefore not depreciated.

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

2.12 Leased assets and lease liabilities

Leases

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the leases. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Depreciation is applied in accordance with IAS 16: Property, Plant and Equipment. Right-of-use assets are depreciated over the lease term. Right-of-use assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the addition of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

2.13 Impairment of intangible assets (excluding goodwill), property, plant and equipment and leased assets

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

An impairment test is performed for an individual asset unless it belongs to a CGU, in which case the present value of the net future cash flows generated by the CGU is tested. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or of groups of other assets. An intangible asset with an indefinite useful life or an intangible asset not yet available for use is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of its fair value less costs to sell and its value-in-use. In assessing its value-in-use, the estimated net future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU in which the asset sits is estimated to be lower than the

carrying value, then the carrying amount is reduced to the recoverable amount. An impairment loss is recognised immediately in the income statement as an expense.

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

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation.

The amount recognised as a provision is the Directors' best estimate of the consideration required to settle that obligation at the reporting date and is discounted to present value where the effect is material.

2.15 Levies

The Group applies the guidance provided in IFRIC 21 to levies issued under the Financial Services Compensation Scheme. The interpretation clarifies that an entity should recognise a liability when it conducts the activity that triggers the payment of the levy under law or regulation.

2.16 Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when a member of the Group becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified according to the business model within which the asset is held and the contractual cash-flow characteristics of the asset. All financial assets are classified at amortised cost.

Financial assets at amortised cost

The Group's financial assets at amortised cost comprise trade receivables, other receivables and cash and cash equivalents.

Financial assets at amortised cost are initially recognised at fair value including any directly attributable costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment. No interest income is recognised on financial assets measured at amortised cost, with the exception of cash and cash equivalents, as all financial assets at amortised cost are short-term receivables and the recognition of interest would be immaterial. Financial assets are derecognised when the contractual right to the cash flows from the asset expire.

Trade and other receivables

Trade and other receivables are initially recorded at the fair value of the amount receivable and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Other receivables also represent client money required to meet settlement obligations.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, on demand deposits with banks and other short-term highly-liquid investments with original maturities of one month or less, or those over which the Group has an immediate right of recall. Where appropriate, bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and number of days past due. The Group considers a trade receivable to be in default when it is past due by more than 90 days, or when the value of a client's receivable balance exceeds the value of the liquid assets they hold with AJ Bell.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September 2024 and the corresponding historical credit losses experienced within this period.

The carrying amount of the financial assets is reduced by the use of a provision. When a trade receivable

is considered uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the provision. Changes in the carrying amount of the provision are recognised in the income statement.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Lease liabilities

Lease liabilities consist of amounts payable by the Group measured at the present value of lease payments to be made over the lease term.

Other financial liabilities

The Group's other financial liabilities comprised trade and other payables. Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently carried at amortised cost using the effective interest rate method. A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or they expire.

Trade and other payables

Trade and other payables consist of amounts payable to clients and other counterparties and obligations to pay suppliers for goods and services in the ordinary course of business, including amounts recognised as accruals. Trade and other payables are measured at amortised cost using the effective interest method.

2.17 Employee benefit trust

The employee benefit trusts provide for the granting of shares, principally under share option schemes. AJ Bell plc is considered to have control of the trusts and so the assets and liabilities of the trusts are recognised as those of AJ Bell plc.

Shares of AJ Bell plc held by the trusts are treated as 'own shares' held and shown as a deduction from equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sales proceeds and original cost being taken to equity.

3 Critical accounting adjustments and key sources of estimation uncertainty

In the application of the Group's material accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions to determine the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on the Group's historical experience and other relevant factors. Actual results may differ from the estimates applied.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no judgements made, in applying the material accounting policies, about the future, or any other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Segmental reporting

It is the view of the Directors that the Group has a single operating segment being investment services in the advised and D2C space administering investments in SIPPs, ISAs and General Investment/Dealing Accounts. Details of the Group's revenue, results and assets and liabilities for the reportable segment are shown within the consolidated income statement and consolidated statement of financial position.

The Group operates in one geographical segment, being the UK.

Due to the nature of its activities, the Group is not reliant on any one customer or group of customers for generation of revenues.

5 Revenue

The analysis of the consolidated revenue is as follows:

	2024	2023
	£000	£000
Recurring fixed	32,078	30,666
Recurring ad valorem	202,040	161,152
Transactional	35,317	26,416
	269,435	218,234

Recurring ad valorem fees include custody fees. These recurring charges are derived from the market value of retail customer assets, based on asset mix and portfolio size, and are therefore subject to market and economic risks. The rate charged is variable dependent on the product, portfolio size and asset mix within the portfolio. The risks associated with this revenue stream in terms of its nature and uncertainty are discussed further within the financial instruments and risk management note 25.

Recurring ad valorem fees also include retained interest income earned on the level of customer cash balances, which are based on product type, customers' asset mix and portfolio size and are therefore subject to market and economic risks. The risks associated with this revenue stream in terms of its nature and uncertainty are discussed further within the financial instruments and risk management note 25.

The total revenue for the Group has been derived from its principal activities undertaken in the UK.

6 Operating profit

Profit for the financial year has been arrived at after charging:

	2024	2023
	£000	£000
Amortisation of intangible assets	430	2,055
Depreciation of property, plant and equipment	1,170	1,079
Depreciation of right-of-use assets	1,832	1,654
Loss on the disposal of property, plant and equipment	340	16
Auditor's remuneration (see below)	1,101	1,093
Provision for customer compensation (see note 22)	6,239	778
Staff costs (see note 7)	80,340	64,758

During the year there was £nil in relation to research and development expensed to the income statement (2023: £nil).

Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2024	2023
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	345	329
Fees payable to the Company's auditor for the audit of the Company's subsidiaries' accounts, pursuant to legislation	494	589
Audit-related assurance services	199	115
Other assurance services	63	60
	1,101*	1,093

* Of which £90,000 relates to the audit for year end 2023 (2023: £215,000 relates to the audit for year end 2022)

Of the above, audit-related services for the year totalled £1,072,000 (2023: £1,063,000).

7 Staff costs

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

	2024	2023
	No.	No.
Operational and support	928	856
Technology	330	279
Distribution	163	140

	1,421	1,275
Employee benefit expense for the Group during the year:		
	2024	2023
	£000	£000
Wages and salaries	62,164	51,854
Social security costs	7,505	5,846
Retirement benefit costs	8,427	5,937
Termination benefits	742	18
Share-based payments (note 24)	1,502	1,103
	80,340	64,758

In addition to the above, £1,472,000 staff costs (2023: £1,919,000) have been capitalised as an internally generated intangible asset (see note 14).

8 Investment income

	2024	2023
	£000	£000
Interest income on cash balances	6,909	2,393

9 Finance costs

	2024	2023
	£000	£000
Interest on lease liabilities	904	952

10 Taxation

Tax charged in the income statement:

	2024	2023
	£000	£000
Current taxation		
UK corporation tax	29,564	19,750
Adjustment to current tax in respect of prior periods	(12)	(346)
	29,552	19,404
Deferred taxation		
Origination and reversal of temporary differences	(537)	(170)
Adjustment to deferred tax in respect of prior periods	(27)	341
Effect of changes in tax rates	-	(133)
	(564)	38
Total tax expense	28,988	19,442

Corporation Tax is calculated at 25% of the estimated assessable profit for the year to 30 September 2024 (2023: 22%).

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

	2024	2023
	£000	£000
Deferred tax relating to share-based payments (note 18)	(498)	88
Current tax relief on exercise of share options	(9)	(123)
	(507)	(35)

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

	2024	2023
	£000	£000
Profit before tax	113,283	87,661
UK Corporation Tax at 25% (2023: 22%):	28,321	19,293
Effects of:		
Expenses not deductible for tax purposes	363	(22)
Income not taxable in determining taxable profit	(164)	(16)

income not taxable in determining taxable profit	(401)	(10)
Amounts not recognised	804	325
Effect of rate changes to deferred tax	-	(133)
Adjustments to current and deferred tax in respect of prior periods	(39)	(5)
	28,988	19,442
Effective tax rate	25.6%	22.2%

Deferred tax has been recognised at 25%, being the rate expected to be in force at the time of the reversal of the temporary difference (2023: 25%). A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price at 30 September 2024.

11 Dividends

	2024	2023
	£000	£000
Amounts recognised as distributions to equity holders during the year:		
Final dividend of 7.25p (2022: 4.59p per share)	29,891	18,893
Interim dividend of 4.25p (2023: 3.50p per share)	17,525	14,401
Total dividends paid	47,416	33,294
Proposed Final dividend of 8.25p (2023: 7.25p) per share	34,019	29,807

A final dividend declared of 8.25p per share is payable on 7 February 2025 to shareholders on the register on 10 January 2025. The ex-dividend date will be 9 January 2025. The final dividend is subject to approval by the shareholders at the Annual General Meeting on 29 January 2025 and has not been included as a liability within these financial statements.

Dividends are payable on all ordinary shares as disclosed in note 23.

The employee benefit trusts, which held 689,728 ordinary shares (2023: 1,082,343) in AJ Bell plc at 30 September 2024, have agreed to waive all dividends. This represented 0.2% (2023: 0.3%) of the Company's called-up share capital. The maximum amount held by the trusts during the year was 1,082,343.

12 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Parent Company by the weighted average number of ordinary shares, excluding own shares, in issue during the year.

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

The weighted average number of anti-dilutive share options and awards excluded from the calculation of diluted earnings per share was 219,558 as at 30 September 2024 (2023: 148,995).

The calculation of basic and diluted earnings per share is based on the following data:

	2024	2023
	£000	£000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being profit attributable to the owners of the Parent Company	84,295	68,219
	2024	2023
	No.	No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the year	412,040,127	411,242,458

basic EPS in issue during the year	412,040,137	411,242,400
Effect of potentially dilutive share options	2,313,011	1,405,191

Weighted average number of ordinary shares for the purposes of fully diluted EPS	414,353,148	412,647,649
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	2024	2023
Earnings per share (EPS)		
Basic (pence)	20.46	16.59
Diluted (pence)	20.34	16.53

13 Goodwill

	2024 £000	2023 £000
Cost		
As at 1 October and 30 September	7,103	7,103
Impairment		
As at 1 October and 30 September	(112)	(112)
Carrying value at 30 September	6,991	6,991

Goodwill relates to acquisitions allocated to the Group's single cash generating unit (CGU).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the assets within the CGU is determined using value-in-use calculations. In assessing the value-in-use the estimated future cash flows of the CGU are discounted to their present value using a pre-tax discount rate. Cash flows are based upon the most recent forecasts, approved by the Board, covering a three-year period.

The key assumptions for value-in-use calculations are those regarding discount rate, growth rates and expected changes to revenues and costs in the period, as follows:

- a compound rate of 6.4% (2023: 9.5%) has been used to assess the expected growth in revenue for the three-year forecast period. This is based on a combination of historical and expected future performance;
- benefits realised from our economies of scale are passed onto customers in the form of price reductions; and
- modest ongoing maintenance expenditure is required on the assets within the CGU in order to generate the expected level of cash flows.

The Directors have made these assumptions based upon past experience and future expectations in light of anticipated market conditions and the results of streamlining processes through implementation of the target operating model for customer services.

Cash flows have been discounted using a pre-tax discount rate of 11.4% (2023: 8.6%).

The pre-tax discount rate has been calculated using an independent external source. The Directors have performed sensitivity analysis on their calculations, with key assumptions being revised adversely to reflect the potential for future performance being below expected levels. Changes to revenue are the most sensitive as they would have the greatest impact on future cash flows. However, even with a 25% reduction in revenue, there would still be sufficient headroom to support the carrying value of the assets under the CGU.

Based upon the review above, the estimated value-in-use of the CGU comfortably supports the carrying value of the assets held within it, and so the Directors are satisfied that for the period ended 30 September 2024 goodwill is not impaired.

14 Other intangible assets

	Key operating system £000	Computer software and mobile applications £000	Total £000
Cost			
At 1 October 2022	14,430	7,036	21,466

Additions	706	7	713
Disposals	-	(36)	(36)
At 30 September 2023	15,136	7,007	22,143
Additions	537	1	538
Disposals	-	(238)	(238)
At 30 September 2024	15,673	6,770	22,443
Amortisation			
As at 1 October 2022	7,528	5,159	12,687
Amortisation and impairment	337	1,718	2,055
Eliminated on disposal	-	(32)	(32)
At 30 September 2023	7,865	6,845	14,710
Amortisation	338	92	430
Eliminated on disposal	-	(237)	(237)
At 30 September 2024	8,203	6,700	14,903
Carrying amount			
At 30 September 2024	7,470	70	7,540
At 30 September 2023	7,271	162	7,433
At 30 September 2022	6,902	1,877	8,779
Average remaining amortisation period	1 year	Nil	

The amortisation and impairment charge above is included within administrative expenses in the income statement.

Additions include an amount of £537,000 relating to internally generated assets for the year ended 30 September 2024 (2023: £706,000).

Total additions in the period are net of a credit of £935,000 related to the reversal of capitalised share-based payment expenses (2023: credit of £1,213,000). The reversal recognised in the period is due to the lapse of previously issued equity instruments under the earn-out arrangement (note 24).

The net carrying amount of key operating systems includes £6,967,000 (2023: £6,430,000), relating to assets in development which are currently not amortised. At the year end, the Group had not entered into any contractual commitments (2023: £nil) for the acquisition of intangible assets.

15 Property, plant and equipment

	Leasehold improvements £000	Office equipment £000	Computer equipment £000	Total £000
Cost				
At 1 October 2022	2,201	975	6,269	9,445
Additions	186	42	1,346	1,574
Disposals	-	(9)	(241)	(250)
At 30 September 2023	2,387	1,008	7,374	10,769
Additions	645	7	824	1,476
Disposals	(3)	(529)	(1,187)	(1,719)
Transfers	-	20	(20)	-
At 30 September 2024	3,029	506	6,991	10,526
Depreciation				
At 1 October 2022	822	868	4,430	6,120
Charge for the year	174	58	847	1,079
Eliminated on disposal	-	(9)	(230)	(239)
At 30 September 2023	996	917	5,047	6,960
Charge for the year	204	23	943	1,170
Eliminated on disposal	(2)	(496)	(883)	(1,381)
Transfers	-	36	(36)	-
At 30 September 2024	1,198	480	5,071	6,749
Carrying amount				
At 30 September 2024	1,831	26	1,920	3,777
At 30 September 2023	1,391	91	2,327	3,809
At 30 September 2022	1,379	107	1,839	3,325

The depreciation charge above is included within administrative expenses in the income statement.

At the year end, the Group had entered into contractual commitments for the acquisition of property, plant and equipment to the value of £177,000 (2023: £nil).

Computer equipment includes assets under construction of £117,000 (2023: £68,000) which are currently not depreciated.

not depreciated.

16 Leases

i) Right-of-use assets

	Property £000	Computer and office equipment £000	Total £000
Cost			
At 1 October 2022	16,696	252	16,948
Additions	161	21	182
Disposals	-	(6)	(6)
At 30 September 2023	16,857	267	17,124
Additions	2,759	36	2,795
Disposals	-	(1)	(1)
At 30 September 2024	19,616	302	19,918
Depreciation			
At 1 October 2022	4,481	194	4,675
Charge for the year	1,617	37	1,654
Disposals	-	(5)	(5)
At 30 September 2023	6,098	226	6,324
Charge for the year	1,799	33	1,832
At 30 September 2024	7,897	259	8,156
Carrying amount			
At 30 September 2024	11,719	43	11,762
At 30 September 2023	10,759	41	10,800
At 30 September 2022	12,215	58	12,273

The depreciation charge above is included within administrative expenses in the income statement.

The Group has entered into various leases in respect of property and office equipment as a lessee. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Property leases typically run for a period of five to fifteen years and office equipment for a period of one to six years.

Additions include £441,000 relating to the increase in the Group's dilapidation provision (2023: £161,000) (see note 22).

Other than property and office equipment there are no further classes of assets leased by the Group.

ii) Lease liabilities

	2024 £000	2023 £000
Current	1,453	1,540
Non-current	11,724	10,866
	13,177	12,406

The undiscounted maturity analysis of lease liabilities is shown below:

	2024 £000	2023 £000
Within one year	2,363	2,384
In the second to fifth years inclusive	10,572	8,216
After five years	3,603	5,525
Total minimum lease payments	16,538	16,125

The total lease interest expense for the year ended 30 September 2024 was £904,000 (2023: £952,000). Principal cash outflow for leases accounted for under IFRS 16 for the year ended 30 September 2024 was £1,583,000 (2023: £1,576,000).

17 Subsidiaries

The Group consists of a Parent Company, AJ Bell plc incorporated within the UK, and a number of subsidiaries held directly and indirectly by AJ Bell plc which operate and are incorporated in the UK. Note 6 to the Company's separate financial statements lists details of the interests in subsidiaries.

18 Deferred tax asset

	2024	2023
	£000	£000
Deferred tax asset	1,869	999
Deferred tax liability	(323)	(515)
	1,546	484

The movement on the deferred tax account and movement between deferred tax assets and liabilities is as follows:

	Accelerated capital allowances	Share-based payments	Short-term timing differences	Losses	Total
	£000	£000	£000	£000	£000
At 1 October 2022	(296)	746	160	-	610
Credit / (charge) to income statement	(219)	80	101	-	(38)
Charge to equity	-	(88)	-	-	(88)
At 30 September 2023	(515)	738	261	-	484
Credit / (charge) to income statement	192	393	(21)	-	564
Credit to equity	-	498	-	-	498
At 30 September 2024	(323)	1,629	240	-	1,546

The current year deferred tax adjustment relating to share-based payments reflects the estimated total future tax relief associated with the cumulative share-based payment benefit arising in respect of share options granted but unexercised as at 30 September 2024.

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered. As at 30 September 2024, deferred tax assets have not been recognised on trading losses of £8,736,000 (2023: £5,524,000).

19 Trade and other receivables

	2024	2023
	£000	£000
Trade receivables	3,409	2,613
Prepayments	7,812	8,861
Accrued income	37,327	33,662
Other receivables	10,997	13,365
	59,545	58,501

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Included within other receivables is client money required to meet settlement obligations, which is payable on demand.

Included within accrued income is £1,123,000 (2023: £1,081,000) relating to contract assets, a movement of £42,000 (2023: £97,000) during the year due to increased revenues.

The ageing profile of trade receivables was as follows:

	2024	2023
	£000	£000
Current - not past due	2,202	1,137
Past due:		
0 to 30 days	449	476
31 to 60 days	168	279
61 to 90 days	164	173
91 days and over	1,414	1,341
	4,397	3,406
Provision for impairment	(988)	(793)
	3,409	2,613

The movement in the provision for impairment of trade receivables is as follows:

	2024	2023
	£000	£000
Opening loss allowance as at 1 October	793	605
Loss allowance recognised	308	254
Receivables written off during the year as uncollectable	(89)	(8)
Unused amount reversed	(24)	(58)
Balance at end of year	988	793

20 Cash and cash equivalents

	2024	2023
	£000	£000
Group cash and cash equivalent balances	196,651	146,304

Cash and cash equivalents at 30 September 2024 and 30 September 2023 are considered to be holdings of less than one month, or those over which the Group has an immediate right of recall.

21 Trade and other payables

	2024	2023
	£000	£000
Trade payables	463	960
Social security and other taxes	3,822	3,453
Other payables	749	859
Accruals	54,661	45,043
Deferred income	2,226	2,122
	61,921	52,437

Trade payables, accruals and deferred income principally comprise amounts outstanding for trade purposes including payment of interest to customers and ongoing costs of the business. The Directors consider that the carrying amount of trade payables approximates their fair value.

Deferred income in the current and prior year relates to contract liabilities. Of the prior year deferred revenue balance, £2,117,000 has now been recognised as revenue. The current year balance all relates to cash received in the current period. Total deferred income as at 30 September 2024 is expected to be recognised as revenue in the coming year.

22 Provisions

	Office dilapidations	Compensation provisions	Other provisions	Total
	£000	£000	£000	£000
At 1 October 2023	2,165	778	348	3,291
Additional provisions	441	6,239	-	6,680
Provisions used	-	-	(178)	(178)
At 30 September 2024	2,606	7,017	170	9,793
Included in current liabilities	234	7,017	170	7,421
Included in non-current liabilities	2,372	-	-	2,372

Office dilapidations

The Group is contractually obliged to reinstate its leased properties to their original state and layout at the end of the lease terms. During the year, management reviewed the Group's dilapidation provision and the assumptions on which the provision is based. The estimate is based upon property location, size of property and an estimate of the charge per square foot. A further charge of £441,000 has been recognised. Of this amount, £114,000 is due to an increase in the estimated charge per square foot and £327,000 is in relation to an increase in office floorspace. The office dilapidations provision represents management's best estimate of the costs which will ultimately be incurred in settling these obligations.

Compensation provisions

The provision has been recognised in relation to costs for potential customer redress. The redress relates to potential liability for historical SIPP operator due diligence issues in respect of non-mainstream investments, which subsequently became distressed, made by customers who had regulated financial advisers acting for them between April 2007 and 2014 and does not relate to ongoing business operations. Based on published Financial Ombudsman Service decisions, we believe that future complaints would be time-limited.

The figure represents our current most reliable estimate of the present obligation, accepting that there is still some uncertainty regarding the amounts required to settle the obligations as work is ongoing. The estimate has been made by assessing a range of different outcomes based on key assumptions, including the calculation of investment loss, application of limitation, customer response rates, and

customers having already received compensation from other sources. Sensitivity analysis of these key assumptions would be unlikely to have a material impact on the consolidated financial statements.

The timings of the outflows are uncertain and could be paid within 12 months of the date of the statement of financial position.

Other provisions

Other provisions relates to the costs associated with defending a legal case.

The timings of the outflows are uncertain and could be paid within 12 months of the date of the statement of financial position.

23 Share capital

	2024	2023	2024	2023
Issued, fully-called and paid:	Number	Number	£	£
Ordinary shares of 0.0125p each	413,044,826	412,211,306	51,631	51,526

All ordinary shares have full voting and dividend rights.

The following transactions have taken place during the year:

Transaction type	Share class	Number of shares	Share premium £000
Exercise of EIP options	Ordinary shares of 0.0125p each	116,653	-
Free shares	Ordinary shares of 0.0125p each	716,867	-
		833,520	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. They are entitled to share in the proceeds on the return of capital, or upon the winding up of the Company in proportion to the number of and amounts paid on shares held. The shares are non-redeemable.

Own shares

As at 30 September 2024, the Group held 689,728 (2023: 1,082,343) in own shares in employee benefit trusts to satisfy future share incentive plans. Shares held by the Trust are held at £2,049,000 (2023: £2,377,000) being the price paid to repurchase, and the carrying value is shown as a reduction within shareholders' equity.

During the year 392,615 EIP options (2023: 115,908) were exercised and issued from the employee benefit trusts in the year.

The costs of operating the trusts are borne by the Group but are not material. The trusts waived the right to receive dividends on these shares.

24 Share-based payments

Company Share Option Plan (CSOP)

The CSOP is a HMRC approved scheme in which the Board, at their discretion, grants options to employees to purchase ordinary shares. Each participating employee can be granted options up to the value of £60,000. Options granted under the CSOP can be exercised between the third and tenth anniversary after the date of grant and are usually forfeited if the employee leaves the Group before the option expires. The expense for share-based payments under the CSOP is recognised over the respective vesting period of these options.

Option To Buy Scheme (OTB) - Growth shares

The OTB scheme is a historical award scheme whereby the Board at its discretion granted growth shares to employees. Growth shares entitled the holder to participate in the growth value of the Group above a certain threshold level, set above the current market value of the Group at the time the shares were issued. Growth shares granted under the OTB scheme had different vesting conditions. The vesting condition attached to all growth shares granted is that the threshold level needs to be met and an exit event needs to have occurred. As part of the AJ Bell listing process all awards were converted into ordinary shares and those awards granted with an additional employment condition of four or six years

after the date of grant, continue to be recognised as a share-based payment. Awards that were issued subject to employment conditions are subject to buy back options under which the Group can buy back the shares for their issue price if the employee leaves the Group before the expiry of the employment condition period.

Buy As You Earn plan (BAYE)

The BAYE plan is an all-employee share plan under which shares can be issued to employees as either free shares or partnership shares.

The Company may grant free shares up to a maximum of £3,600 per employee in a tax year. During the year, free shares up to a maximum value of £2,000 have been offered to all employees who were employed by the Company at 30 June 2023 (2023: £2,000).

Employees have been offered the opportunity to participate in the partnership plan to enable such employees to use part of their pre-tax salary to acquire shares. The limit to the pre-tax salary deduction is £1,800 or, if lower, 10% of salary each year.

The plan entitles employees to use this deduction to buy shares in the Company on a monthly basis at the current market value. Employees are able to withdraw their shares from the plan at any time but may be subject to income tax and national insurance charges if withdrawn within three years of purchasing the shares. Therefore, the monthly partnership plan does not give rise to a share-based payment charge.

Executive Incentive Plan (EIP)

The EIP is a performance share plan that involves the award of nominal cost options to participants conditional on the achievement of specified performance targets and continuous employment over a certain period of time. Individual grants will be dependent on the assessment of performance against a range of financial and non-financial targets set at the beginning of the financial year.

Senior Manager Incentive Plan (SMIP)

The SMIP is a performance share plan that involves the award of nominal cost options to participants conditional on the achievement of specified performance targets and continuous employment over a certain period of time. Individual grants will be dependent on the assessment of performance against a range of financial and non-financial targets set at the beginning of the financial year.

Nil Cost Options plan (NCO)

The NCO plan is a discretionary scheme in which the Board grants options to employees to obtain ordinary shares at nil cost. Options granted under the NCO plan can be exercised between the third and tenth anniversary after the date of grant and are usually forfeited if the employee leaves the Group before the option expires. The expense for the share-based payments under the NCO plan is recognised over the respective vesting period of these options.

CSR initiative

A CSR initiative was introduced in December 2019 with the intention of giving an additional contribution to charity through the donation of share options should a number of stretching targets be met by the Group. The awards made are equity-settled awards and involved the grant of market value options to the AJ Bell Trust conditional on the achievement of diluted earnings per share (DEPS) targets for the financial years 2022, 2023 and 2024 (Performance Period).

The exercise of each tranche will be conditional upon the DEPS having increased in relation to the 7.47 pence DEPS for the year ended 30 September 2019, by more than:

- 90% for September 2022;
- 115% for September 2023; and
- 140% for 30 September 2024.

These are considered to be the lower DEPS targets. The upper DEPS target for each performance period is 10% above the lower DEPS target.

The percentage of shares granted that will vest in each performance period is determined as follows:

- if actual DEPS is below the lower DEPS target, the vesting percentage is equal to zero;
- if actual DEPS is above the upper DEPS target, the vesting percentage is equal to 100%; and
- if actual DEPS is between the lower and upper target, then the vesting percentage is determined by linear interpolation on a straight-line basis and rounded down to the nearest 10%.

As no service is being provided by the AJ Bell Trust, all conditions involved in the arrangement are considered to be non-vesting conditions. Non-vesting conditions should be taken into account when estimating the fair value of the equity instrument granted. The fair value has been estimated using the

estimating the fair value of the equity instrument granted. The fair value has been estimated using the Monte Carlo simulation model.

Earn-out arrangement

The acquisition of Adalpha gave rise to an earn-out arrangement whereby share awards are made on the completion of a number of operational and financial milestones, relating to AUA targets and the development of a simplified proposition for financial advisers. The awards are equity-settled and vest in several tranches in line with the agreed milestones.

Under the terms of the acquisition agreement, eligible employees are entitled to share awards conditional upon the successful completion of certain performance milestones and their continued employment with the Group during the vesting period. There is no exercise price attached to the share award.

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

Movements during the year

The tables below summarise the outstanding options for each share-based payment scheme.

CSOP	2024		2023	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	182,075	3.91	1,101,893	3.90
Granted during the year	1,753,272	2.80	223,167	3.73
Forfeited during the year	(80,452)	3.42	(1,111,523)	3.94
Exercised during the year	-	-	(31,462)	1.04
Outstanding at the end of the year	1,854,895	2.88	182,075	3.91
Exercisable at the end of the year	61,677	4.13	39,339	3.94

The lowest exercise price for share options outstanding at the end of the period was 275p (2023: 298p) and the highest exercise price was 434p (2023: 434p). The weighted average remaining contractual life of share options outstanding at the end of the period was 8.9 years (2023: 7.6 years).

OTB - Growth Shares	2024		2023	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at the beginning of the year	1,166,131	0.63	1,166,131	0.63
Vested	1,166,131	0.63	-	-
Outstanding at the end of the year	-	-	1,166,131	0.63

Upon listing to the London Stock Exchange, all growth shares were converted to ordinary shares. The shares vested in full during the year.

EIP	2024		2023	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at beginning of the year	1,675,192	0.000125	1,615,868	0.000125
Granted during the year	1,533,866	0.000125	912,833	0.000125
Exercised during the year	(509,268)	0.000125	(646,211)	0.000125

Lapsed during the year	(418,696)	0.000125	(207,298)	0.000125
Outstanding at the end of the year	2,281,094	0.000125	1,675,192	0.000125
Exercisable at the end of the year	269,809	0.000125	349,055	0.000125

The weighted average remaining contractual life of EIP shares outstanding at the end of the period was 8.6 years (2023: 8.3 years).

SMIP	2024		2023	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at beginning of the year	3,999	0.000125	-	-
Granted during the year	52,376	0.000125	3,999	0.000125
Lapsed during the year	(6,424)	0.000125	-	-
Outstanding at the end of the year	49,951	0.000125	3,999	0.000125
Exercisable at the end of the year	-	-	-	-

The weighted average remaining contractual life of SMIP shares outstanding at the end of the period was 9.2 years.

Nil Cost Options	2024	
	Number	Weighted Average Exercise Price £
Outstanding at beginning of the year	-	-
Granted during the year	74,460	-
Outstanding at the end of the year	74,460	-
Exercisable at the end of the year	-	-

The weighted average remaining contractual life of NCO outstanding at the end of the period was 9.2 years.

CSR initiative	2024		2023	
	Number	Weighted Average Exercise Price £	Number	Weighted Average Exercise Price £
Outstanding at beginning of the year	1,330,008	4.01	1,662,510	4.01
Forfeited during the year	-	-	(332,502)	4.01
Outstanding at the end of the year	1,330,008	4.01	1,330,008	4.01
Exercisable at the end of the year	1,330,008	4.01	498,753	4.01

The weighted average remaining contractual life of CSR options outstanding at the end of the period was 5.2 years (2023: 6.2 years).

Weighted average share price of options exercised.

The weighted average share price of all options exercised during the year was £2.86 (2023: £3.46).

Measurement

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 upon which the options and awards were granted.

The inputs into the Black-Scholes model and assumptions used in the calculations are as follows:

CSOP	03/10/2023	15/12/2023
Grant date	03/10/2023	15/12/2023
Number of shares under option	1,493,772	259,500
Fair value of share option from generally accepted	0.60	0.82

business model (£)	-	-
Share price (£)	2.64	3.13
Exercise price of an option (£)	2.75	3.06
Expected volatility	36.38%	38.14%
Expected dividend yield	3.07%	2.59%
Risk-free interest rate	4.73%	3.96%
Expected option life to exercise (months)	36	36

EIP

Grant date	15/12/2023	15/12/2023	15/12/2023
Number of shares under option	688,849	150,605	694,412
Fair value of share option from generally accepted business model (£)	3.05	3.13	3.13
Share price (£)	3.13	3.13	3.13
Exercise price of an option (£)	0.000125	0.000125	0.000125
Expected volatility	37.99%	38.14%	38.14%
Expected dividend yield	2.59%	0.00%	0.00%
Risk-free interest rate	5.01%	3.96%	3.76%
Expected option life to exercise (months)	12	36	48

SMIP

Grant date	15/12/2023	15/01/2024	25/03/2024
Number of shares under option	49,407	571	2,398
Fair value of share option from generally accepted business model (£)	2.89	2.72	2.72
Share price (£)	3.13	2.95	3.02
Exercise price of an option (£)	0.000125	0.000125	0.000125
Expected volatility	38.14%	37.52%	36.53%
Expected dividend yield	2.59%	2.74%	3.56%
Risk-free interest rate	3.96%	3.78%	4.00%
Expected option life to exercise (months)	36	36	36

Nil Cost Options

Grant date	03/10/2023	15/12/2023	15/01/2024
Number of shares under option	13,497	41,825	19,138
Fair value of share option from generally accepted business model (£)	2.41	2.89	2.74
Share price (£)	2.64	3.13	2.95
Exercise price of an option (£)	-	-	-
Expected volatility	36.38%	38.14%	37.52%
Expected dividend yield	3.07%	2.59%	2.74%
Risk-free interest rate	4.73%	3.96%	3.78%
Expected option life to exercise (months)	36	36	36

Expected volatility is estimated by considering historic average share price volatility at the grant date.

The expected life of the options is based on the minimum period between the grant of the option, the earliest possible exercise date and an analysis of the historical exercise data that is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the case.

During the year, the Group recognised a total share-based payment expense of £1,502,000 (2023: £1,103,000) and reversed £935,000 of capitalised share-based payment expense (2023: reversed capitalised amount of £1,213,000) within the statement of financial position.

The reversal recognised in the period is due to the lapse of previously issued equity instruments under the earn-out arrangement. The costs of these instruments had been recognised over the vesting period, but, as they have now lapsed, the previously recognised costs have been reversed.

25 Financial instruments and risk management

The Group's activities expose it to a variety of financial instrument risks; market risk (including interest rate and foreign exchange), credit risk and liquidity risk. Information is presented below regarding the exposure to each of these risks, including the procedures for measuring and managing them.

Financial instruments include both financial assets and financial liabilities. Financial assets principally comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables and lease liabilities. The Group does not have any derivative financial instruments.

Risk management objectives

The Group has identified the financial, business and operational risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. The Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework and risk appetite.

The Group's financial risk management policies are intended to ensure that risks are identified, evaluated and subject to ongoing monitoring and mitigation (where appropriate). These policies also serve to set the appropriate control framework and contribute towards a robust risk culture within the business.

The Group regularly reviews its financial risk management policies and systems to reflect changes in the business, counterparties, markets and range of financial instruments that it uses.

The Finance & Treasury Committee has principal responsibility for monitoring exposure to the risks associated with cash and cash equivalents. Policies and procedures are in place to ensure the management and monitoring of each type of risk. The primary objective of the Group's Treasury Policy Statements is to manage short-term liquidity requirements whilst maintaining an appropriate level of exposure to other financial risks in accordance with the Group's risk appetite.

Material accounting policies

Details of the material accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset and financial liability, are disclosed within note 2 to the consolidated financial statements.

Categories of financial instrument

The financial assets and liabilities of the Group are detailed below:

	2024			2023		
	Amortised cost £000	Financial liabilities £000	Carrying value £000	Amortised cost £000	Financial liabilities £000	Carrying value £000
Financial assets						
Trade receivables	3,409	-	3,409	2,613	-	2,613
Accrued income	37,327	-	37,327	33,662	-	33,662
Other receivables	10,997	-	10,997	13,365	-	13,365
Cash and cash equivalents	196,651	-	196,651	146,304	-	146,304
	248,384	-	248,384	195,944	-	195,944
Financial liabilities						
Trade and other payables	-	55,169	55,169	-	46,030	46,030
Lease liabilities	-	13,177	13,177	-	12,406	12,406
	-	68,346	68,346	-	58,436	58,436

The carrying amount of all financial assets and liabilities is approximate to their fair value due to their short-term nature.

Market risk

Interest rate risk

The Group holds interest bearing assets in the form of cash and cash deposits. Cash at bank earns interest at floating rates based on daily bank deposit rates. Term deposits can also be made for varying periods depending on the immediate cash requirements of the Group, and interest is earned at the respective fixed-term rate. Based on the cash balances shown in the Group's statement of financial position at the reporting date, if interest rates were to move by 25bps it would change profit before tax by approximately:

	2024	2023
	£000	£000
+ 25 bps (0.25%)	418	293
- 25 bps (0.25%)	(418)	(293)

As at the year end the Group had no external borrowings, and therefore was not exposed to a material interest rate risk on borrowings.

The Group retains a proportion of the interest income generated from the pooling of customer cash balances and as a result, the Group revenue has an indirect exposure to interest rate risk. The cash balances are held with a variety of banks and are placed in a range of fixed-term, notice and call deposit accounts with due regard for counterparty credit risk, capacity risk, concentration risk and liquidity risk requirements. The spread of rate retained by the Group is variable dependent on rates received by banks (disclosed to customers at between 1.15% below and 0.15% above the prevailing base rate) and amounts paid away to customers.

The impact of a 50bps increase or decrease in UK base interest rates on the Group's revenue has been calculated and shown below. This has been modelled on a historical basis for each year separately assuming that the UK base rate was 50bps higher or lower for the year.

	2024	2023
	£000	£000
+ 50 bps (0.50%)	-	-
- 50 bps (0.50%)	-	-

In FY23 and FY24, movements in the UK base interest rate would not have materially impacted the retained interest income earned by the Group, as any increases or decreases to the UK base interest rate when it is at higher levels would be passed to customers in the form of higher or lower pay away rates respectively.

Customer cash balances are not a financial asset of the Group and so are not included in the statement of financial position.

Market movement sensitivity

The Group's custody fees are derived from the market value of the underlying assets held by the retail customer in their account, based on product type, mix and portfolio size which are charged on an ad valorem basis. As a result, the Group has an indirect exposure to market risks, as the value of the underlying customers' assets may rise or fall. The impact on the Group's custody fees of a 10% increase or reduction in the value of the customers' underlying assets has been calculated and shown below. This has been modelled on a historical basis for each year separately assuming that the value of the customers' assets were 10% higher or lower than the actual position at the time.

	2024	2023
	£000	£000
+ 10% higher	7,861	6,341
- 10% lower	(7,861)	(6,341)

Foreign exchange risk

The Group is not exposed to significant foreign exchange translation or transaction risk as the Group's activities are primarily within the UK. Foreign exchange risk is therefore not considered material.

Credit risk

The Group's exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, arises principally from its cash balances held with banks and trade and other receivables.

Trade receivables are presented net of expected credit losses within the statement of financial position. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which

uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been categorised based on shared credit risk characteristics and number of days past due. Details of those trade receivables that are past due are shown within note 19.

The Group has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken. This minimises credit risk in this area.

The credit and concentration risk on liquid funds, cash and cash equivalents is limited as deposits are held across a number of major banks. The Directors continue to monitor the strength of the banks used by the Group. The principal banks currently used by the Group are Bank of Scotland plc, Barclays Bank plc, Lloyds Bank plc, Lloyds Bank Corporate Markets plc, HSBC Bank plc, NatWest Markets plc, Santander UK plc, Clearstream Banking SA and Qatar National Bank (Q.P.S.C). Bank of Scotland plc, the Group's principal banker, is substantial and is 100% owned by Lloyds Banking Group plc. All these banks currently have long-term credit ratings of at least A+ (Fitch). Where the services of other banks are used, the Group follows a rigorous due diligence process prior to selection. This results in the Group retaining the ability to further mitigate the counterparty risk on its own behalf and that of its customers.

The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date. In relation to dealing services, the Group operates as agent on behalf of its underlying customers and in accordance with London Stock Exchange Rules.

Any settlement risk during the period between trade date and the ultimate settlement date is substantially mitigated as a result of the Group's agency status, its settlement terms and the delivery versus payment mechanism whereby if a counterparty fails to make payment, the securities would not be delivered to the counterparty. Therefore any risk exposure is to an adverse movement in market prices between the time of trade and settlement. Conversely, if a counterparty fails to deliver securities, no payment would be made.

There has been no material change to the Group's exposure to credit risk during the year.

Liquidity risk

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

There has been no change to the Group's exposure to liquidity risk or the manner in which it manages and measures the risk during the year.

The following table shows the undiscounted cash flows relating to non-derivative financial liabilities of the Group based upon the remaining period to the contractual maturity date at the end of the reporting period.

	Due within 1 year £000	1 to 5 years £000	After 5 years £000	Total £000
2024				
Trade and other payables	55,169	-	-	55,169
Lease liabilities	2,363	10,572	3,603	16,538
	57,532	10,572	3,603	71,707
2023				
Trade and other payables	46,030	-	-	46,030
Lease liabilities	2,384	8,216	5,525	16,125
	48,414	8,216	5,525	62,155

Capital management

The Group's objectives in managing capital are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders, security for our customers and benefits for other stakeholders;
- maintain a strong capital base to support the development of its business; and

- comply with regulatory requirements at all times.

The capital structure of the Group consists of share capital, share premium and retained earnings. As at the reporting date the Group had capital of £203,990,000 (2023: £166,037,000).

Capital generated from the business is both reinvested in the business to generate future growth and returned to shareholders principally in the form of dividends and share buybacks. The capital adequacy of the business is monitored on an ongoing basis and as part of the business planning process by the Board. It is also reviewed before any distributions are made to shareholders to ensure it does not fall below the agreed surplus as outlined in the Group's capital management policy. The liquidity of the business is monitored by management on a daily basis to ensure sufficient funding exists to meet the Group's liabilities as they fall due. The Group is highly cash-generative and maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

The Group conducts an annual Internal Capital and Risk Assessment (ICARA) process, as required by FCA regulation. As part of the ICARA process, the Group determines the minimum level of capital and liquid resources that it is required to hold at all times.

The amount of resources held by the Group is reviewed and monitored against these minimum requirements on an ongoing basis; and the minimum requirements are considered when making key business decisions. Our current financial resources, regulatory capital and liquidity requirements can be found in the Chief Financial Officer's review.

The Group maintained a surplus of regulatory capital and liquid resources throughout the year. The disclosures required under MIFIDPRU 8 of the Investment Firms Prudential Regime are available on the Group's website at ajbell.co.uk.

26 Interests in unconsolidated structure entities

The Group manages a number of investment funds (open-ended investments) acting as agent of the Authorised Corporate Director. The dominant factor in deciding who controls these entities is the contractual arrangement in place between the Authorised Corporate Director and the Group, rather than voting or similar rights. As the Group directs the investing activities through its investment management agreement with the Authorised Corporate Director, the investment funds are deemed to be structured entities. The investment funds are not consolidated into the Group's financial statements as the Group is judged to act as an agent rather than having control under IFRS 10.

The purpose of the investment funds is to invest capital received from investors in a portfolio of assets in order to generate a return in the form of capital appreciation, income from the assets, or both. The Group's interest in the investment funds is in the form of management fees received for its role as investment manager. These fees are variable depending on the value of the assets under management.

The funds do not have any debt or borrowings and are financed through the issue of units to investors.

The following table shows the details of unconsolidated structured entities in which the Group has an interest at the reporting date:

Year	Type	Number of funds	Net AUM of funds £m	Annual management charge £000	Management charge receivable at 30 September £000
2024	OEIC	9	3,698.1	5,035	496
2023	OEIC	9	2,426.6	2,859	280

The annual management charge is included within recurring ad valorem fees within revenue in the consolidated income statement.

The annual management charge receivable is included within trade and other receivables in the consolidated statement of financial position.

The maximum exposure to loss relates to a reduction in future management fees should the market value of the investment funds decrease.

27 Reconciliation of liabilities arising from financing activities

	1 October 2023	Cashflows	Change in lease liability	30 September 2024
2024	£000	£000	£000	£000
Lease liabilities	12,406	(1,583)	2,354	13,177
Total liabilities from financing activities	12,406	(1,583)	2,354	13,177

	1 October 2022	Cashflows	Change in lease liability	30 September 2023
2023	£000	£000	£000	£000
Lease liabilities	13,961	(1,576)	21	12,406
Total liabilities from financing activities	13,961	(1,576)	21	12,406

28 Related party transactions

Transactions between the Parent Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Transactions with key management personnel:

Key management personnel are represented by the Board of Directors and the Executive Committee.

The remuneration expense of key management personnel is as follows:

	2024 £000	2023 £000
Short-term employee benefits (excluding NI)	3,273	2,893
Retirement benefits	90	66
Share-based payment	2,144	1,484
	5,507	4,443

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

Transactions with Directors:

The remuneration of individual Directors is provided in the Directors' Remuneration report.

Dividends totalling £550,000 (2023: £163,000) were paid in the year in respect of ordinary shares held by the Company's Directors.

The aggregate gains made by the Directors on the exercise of share options during the year were £897,000 (2023: £469,000).

During the year Directors and their families received beneficial staff rates in relation to personal portfolios. The discount is not material to the Directors or to AJ Bell.

Other related party transactions:

Charitable donations

During the year the Group made donations of £439,000 to the AJ Bell Futures Foundation, a registered charity of which Mr P Birch, Mr C Musson and Mrs E A Carrington are trustees.

EQ Property Services Limited

The Group is party to three leases with EQ Property Services Limited for rental of the Head Office premises, 4 Exchange Quay, Salford Quays, Manchester, M5 3EE. Mr M T Summersgill and Mr R Stott are directors and shareholders of both AJ Bell plc and EQ Property Services Limited. The leases for the

rental of the building were entered into on 17 August 2016 for terms which expire on 30 September 2031, at an aggregate market rent of £2,009,000 (2023: £2,009,000 per annum).

At the reporting date, there is £54,000 outstanding (2023: £nil) with EQ Property Services Limited.

29 Subsequent events

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

Glossary

Adalpha	AJ Bell Touch Limited and its wholly-owned subsidiaries
AGM	Annual General Meeting
AI	Artificial Intelligence
BAYE	Buy As You Earn
Board, Directors	The Board of Directors of AJ Bell plc
BPP	Business Planning Process
BPS	Basis points
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
CSOP	Company Share Option Plan
CSR	Corporate Social Responsibility
D2C	Direct to Consumer
DEPS	Diluted Earnings Per Share
DPO	Data Protection Officer
EIP	Executive Incentive Plan
EPS	Earnings Per Share
ESG	Environmental, Social and Governance
ETF	Exchange Traded Fund
EVF	Employee Voice Forum
ExCo	Executive Committee (formerly EMB)
FCA	Financial Conduct Authority
FRS	Financial Reporting Standards
FX	Foreign Exchange
HMRC	His Majesty's Revenue and Customs
IAS	International Accounting Standards
ICARA	Internal Capital and Risk Assessment
ICO	Information Commissioner's Office
ICVCM	Integrity Council for the Voluntary Carbon Market
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IHT	Inheritance tax
IPO	Initial Public Offering
ISA	Individual Savings Account
KOS	Key Operating System
MiFID	Markets in Financial Instruments Directive
MIFIDPRU	Prudential Sourcebook for MiFID Investment Firms
MPS	Managed Portfolio Service
MSCI	Morgan Stanley Capital International
NCO	Nil Cost Options
OEIC	Open-Ended Investment Company
OTB	Option To Buy
PBT	Profit Before Tax
PLC	Public Limited Company
R&CC	Risk & Compliance Committee
SIPP	Self-Invested Personal Pension
SMIP	Senior Management Incentive Plan

Definitions

Ad valorem	According to value
AUA	Assets Under Administration
AUM	Asset Under Management
Customer retention rate	The customer retention rate is the average number of funded platform customers during the financial year that remain funded at the year end
Lifetime value	The total amount of revenue a business expects to generate over the lifetime of a customer
Listing rules	Regulations subject to the oversight of the FCA applicable to companies listed on a UK stock exchange
MSCI ESG rating	MSCI's assessment of a Company's resilience to long-term, industry material ESG risks and how well they manage those risks relative to peers

Own shares	Shares held by the Group to satisfy future incentive plans
Platform	The advisory and research business specialising in investment platforms
Recurring ad valorem revenue	Includes custody fees, retained interest income and investment management fees
Recurring fixed revenue	Includes recurring pension administration fees and media revenue
Revenue per £ AUA	Represents revenue as a percentage of the average AUA in the year. Average AUA is calculated as the average of the opening and closing AUA in each quarter averaged for the year
Transactional revenue	Includes dealing fees and pension scheme activity fees
UK Corporate Governance Code	A code which sets out standards for best boardroom practice with a focus on Board leadership and effectiveness, remuneration, accountability and relations with shareholders

Company information

Company number

04503206

Company Secretary

Kina Sinclair

Registered office

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