A J Bell Securities Limited

Directors' Report and Financial Statements

For the year ended 30 September 2009

Company Registration No: 2723420

Company information

Directors	A J Bell S J Dootson C W Galbraith
Secretary	S J Dootson
Company number	2723420
Registered office	Trafford House Chester Road Manchester M32 0RS
Auditors	KPMG Audit Plc St. James' Square Manchester M2 6DS
Business address	Calverley House 55 Calverley Road Tunbridge Wells Kent TN1 2TU
Principal bankers	HBOS plc 41 South Gyle Crescent Edinburgh EH12 9BF
Solicitors	Mace & Jones Drury House Water Street Liverpool L2 0RP

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Directors' report
For the year ended 30 September 2009

The directors have pleasure in presenting their report along with the financial statements of A J Bell Securities Limited (the "Company") for the year ended 30 September 2009.

Principal activities

The principal activity of the Company is to act as a provider of institutional stockbroking services encompassing a complete range of dealing, settlement, custody and research services.

Business review

In the year ended 30 September 2009 the Company recorded a pre-tax loss of £1,594,000, compared with a pre-tax profit in the 17 months to 30 September 2008 of £428,000. This change is attributable to the significant development costs associated with the A J Bell Group's (the "Group") new retail fund and share dealing platform. This project was launched in May 2009. As outlined in note 9 to these financial statements, all of the costs incurred in developing the Group's retail fund and share dealing platform have been provided against. The impact of this provision has been to increase the operating loss from £470,000 to £1,618,000. However, during the financial year, to mitigate the financial impact of these losses, the holding company, A J Bell Holdings Limited injected a further £1,200,000 in equity.

The balance of the operating loss of £470,000 was sustained as a result of additional costs connected with the migration of client assets onto the Group's new retail fund and share dealing platform. The directors do not expect these losses to recur in the future.

Results and dividends
The loss attributable to the shareholder for the year ended 30 September 2009 was £1,256,000 (2008: profit £280,000). No dividend was paid during the year (2008: £Nil).

Outlook
The focus for the year ending 30 September 2010 will be to support the Group's plans to expand its platform offering whilst broadening its service offering to the Company's institutional clients.

Principal risks and uncertainties

Interest rate risk
As at the year end, the Company had no borrowings and therefore was not exposed to debt interest rate risk. The Company's income levels are not affected by prevailing interest rates.

Liquidity risk
This is the risk that the Company may be unable to meet its liabilities as and when they fall due. The Company will be a cash generative business during the coming year and enjoys the support of its ultimate parent, A J Bell Holdings Limited.

Bank default risk
The current economic climate has created troubled times in the banking industry. Last year saw a real risk of bank failure although this has receded somewhat since the Government's intervention in the sector. The main bank used by the Company is substantial and has a long-term credit rating of at least A+ (Standard & Poor's). The Company has taken the decision to further mitigate both its and its clients' counter party risk by making deposits with banks other than its principal banker.

Regulatory risk
The Company is regulated by the Financial Services Authority (the "FSA") and as a result must maintain sufficient financial resources to satisfy the regulatory capital requirements imposed by the FSA. In the normal course of business, the financial strength of the Company is such that it is able to satisfy both the regulatory capital and client money requirements. Nevertheless, the Company continues to incur substantial capital expenditure costs as part of its programme to extend the services it offers to its clients. The Company's parent Company, A J Bell Holdings Limited, has indicated its intention to support these financial resource requirements if needed.

The Company also works to ensure FSA best practice is followed and, in particular, has embedded the Treating Customers Fairly principles throughout the Company and continues to monitor adherence to these principles.

Third party reliance risk
As a result of launching the new retail fund and share dealing platform, the Company has increased its reliance on third party software suppliers. The Company enjoys a strong partnership relationship with its software suppliers and monitors their performance to ensure their continued commitment to service, financial stability and viability. Generally, where a regulatory breach or a failure in service supply could be caused by an external supplier, the Company performs extensive due diligence on that supplier prior to entering into the commercial relationship and secures the ability to permit the Company to audit that supplier during the term of the relationship.

Litigation risk
There is a risk of liability related to litigation from clients or third parties and action taken by the industry regulator. The Company has robust systems and controls and maintains and appropriate level of professional indemnity insurance cover (as estimated by the directors after taking professional advice) against these liabilities.

Competitor risks
The Company operates in a highly competitive and dynamic industry which constantly improves the services and products available to customers. This may impact the Company such that either its products become out of date or uncompetitive when compared to other offerings in the market place. The Company continually reviews its product range and prices against competitors and actively seeks new income streams, whilst enhancing its existing portfolio. An example of a new development is the in-house retail fund and share dealing platform launched earlier in the year. Ultimately this will allow the Company to offer to its customer base a more extensive suite of execution only saving products including ISAs and general dealing accounts.

Evolving technology risk
The reliance on advancing technology remains crucial to the Company's effort to develop its services and enhance products. The risk exists that either the Company's technology fails to operate correctly in some way or that the Company fails to take advantage of any emerging technologies. The directors have acknowledged that a scalable operating platform is paramount to the continued success of the Company to enable it to deliver market leading service to its clients.

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

Damage may be sustained to the Company's reputation if there is a significant deterioration in service standards. The levels of service provided to clients are monitored on an ongoing basis to ensure any weaknesses are identified and remedial action taken on a timely basis.

Business continuity management risk
There is a risk of disruption to the Company's business in the event of a loss of access to the Company's property or in the event of a catastrophic systems failure. Currently, the Company maintains a geographically remote disaster recovery site for all its operations.

Key personnel risk
The loss of key personnel within the Company or an inability to find new staff and adequate replacements, particularly in periods of sustained growth, may have a material adverse impact on the Company's performance. The Company has developed a succession plan for key members of management to mitigate this risk.

Economic risk
In the event that the economic downturn lasts longer or recovery is very slow, this may impact contribution levels and confidence generally in the savings and investment markets.

Capital market fluctuations risk
Capital market fluctuations can have an effect on our clients' transactional activity and the value of assets under administration. The Company has a variety of transactional and recurring revenue streams, some of which are monetary amounts and some of which are ad valorem. This mix of revenue types helps to limit the Company's exposure to capital market fluctuations.

Exchange rate risk
There are a number of foreign currency transactions entered into on behalf of clients. The Company is not subject to any exchange rate risk on these transactions as they are conducted on behalf of clients who bear this risk. All dealing fees in respect of these transactions are in UK £-Sterling.

The directors consider that the Company maintains robust identification, management and mitigation procedures in connection with the above risks.

Environment

As the Company operates in the financial services sector its actions do not have a significant impact on the environment. The Company recognises the importance of the environment and acts to minimise its impact wherever it can, particularly in respect of recycling and energy consumption.

Directors

The following directors have held office between 1 October 2008 and 30 September 2009:

A J Bell
S J Dootson
C W Galbraith

Directors' interests

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

The interests of the directors in the share capital of the parent company, A J Bell Holdings Limited (where the directorships are common to both companies), are disclosed in the directors' report of that company's consolidated financial statements.

Taxation status

The Company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Going concern

The financial statements have been prepared on a going concern basis. The directors believe that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The going concern basis of preparation is disclosed in note 1.2 of the financial statements.

Statement of disclosure

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

– so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

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

Directors' report (continued)
For the year ended 30 September 2009

Auditors

Deloitte LLP resigned as auditors on 4 March 2009 and has confirmed to the Company that there are no circumstances connected with its resignation which it considers should be brought to the attention of the shareholder or creditors of the Company. In accordance with the Companies Act 2006, KPMG Audit Plc ("KPMG") has been appointed as auditors of the Company.

Accordingly, KPMG has conducted the audit of the Company's financial statements for the financial year ended 30 September 2009. Pursuant to section 487 of Companies Act 2006, the auditors will be deemed to have been re-appointed and KPMG will continue in office.

By order of the Board

S J Dootson
Director and company secretary
17 December 2009

A J Bell Securities Limited
Calverley House
55 Calverley Road
Tunbridge Wells
Kent
TN1 2TU

Statement of directors' responsibilities

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

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

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

- select suitable accounting policies and then apply them consistently; and

- make judgements and estimates that are reasonable and prudent; and

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

We have audited the financial statements of A J Bell Securities Limited for the year ended 30 September 2009, set out on pages 10 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2009 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Richard Gabbertas
For and on behalf of KPMG Audit Plc
Chartered Accountants and Registered Auditors
St. James' Square
Manchester
M2 6DS
17 December 2009

Profit and loss account
For the year ended 30 September 2009

	Notes	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Turnover	2	3,038	4,320
Cost of sales		(702)	(983)
Gross profit		2,336	3,337
Administrative expenses		(2,806)	(2,776)
Exceptional costs	9	(1,148)	(204)
Operating (loss)/profit	3	(1,618)	357
Interest receivable and similar income	4	33	117
Interest payable and other charges	5	(9)	(46)
(Loss)/profit on ordinary activities before taxation		(1,594)	428
Tax on (loss)/profit on ordinary activities	6	337	(148)
(Loss)/profit for the financial period	16	(1,257)	280

The notes and information on pages 12 to 23 form part of these financial statements.

All activities arose from continuing operations. The Company has no gains and losses in either the current period or prior period other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet
As at 30 September 2009

	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Tangible fixed assets	9		659		718
Investments in subsidiary undertakings	10		-		-
Current assets					
Debtors:	11				
- due within one year		36,524		12,013	
- due after one year		151		39	
Cash at bank and in hand	12	4,779		3,803	
		41,454		15,855	
Current liabilities					
Creditors: Amounts falling due within one year	13	(39,826)		(14,122)	
Net current assets			1,628		1,733
Provisions for liabilities and charges	14		-		(107)
Net assets			2,287		2,344
Capital and reserves					
Called up share capital	15		2,750		1,550
Share premium account	16		295		295
Capital redemption reserve	16		10		10
Profit and loss account	16		(768)		489
Shareholder funds	17		2,287		2,344

The notes and information on pages 12 to 23 form part of these financial statements.
These financial statements were approved by the board of directors of the Company on 17 December 2009 and authorised for issue.

S J Dootson
Director and company secretary
17 December 2009

Notes to the financial statements
For the year ended 30 September 2009

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Basis and preparation

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

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent of the voting rights are controlled within thc group.

1.2 Going concern

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

1.3 Counterparty balances

Amounts due to and from counterparties due to settle against delivery of stock are shown gross.

1.4 Foreign currency

Foreign currency monetary assets and liabilities have been translated into UK £-sterling at the prevailing exchange rate at the balance sheet date. Transactions during the period have been translated into sterling at the prevailing rates at the time the transactions were executed.

1.5 Client money

The Company holds money on behalf of clients in accordance with the Client Money Rules of the FSA. The disclosed client money represents balances which are held in respect of the settlement of transactions.

1.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Company. Turnover comprises commission and stockbroking fees, and is measured at the fair value of the consideration received or receivable net of discounts, VAT and other sales related taxes.

1.6 Turnover (continued)

Commissions are accrued on a time basis by reference either to the principal and effective interest rate or due date of payment. Stockbroking fees are recognisable when receivable in accordance with the date of the underlying transaction.

1.7 Tangible fixed assets and depreciation

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

Leasehold improvements	Over the remaining life of the lease
Plant and machinery	4 years (25% per annum)
Office equipment	4 years (25% per annum)

Development expenditure
In accordance with SSAP 13, development expenditure is written off as incurred except where the following circumstances apply:

- There is a clearly defined project;
- the related expenditure is separately identifiable;
- the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and its ultimate commercial viability considered in the light of factors such as likely market conditions, public opinion, consumer and environmental legislation;
- if further development costs are to be incurred on the same project, the aggregate of such costs together with related production, selling and administration costs are reasonably expected to be exceeded by related future sales and other revenues; and
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Where these circumstances apply, development expenditure may be capitalised to the extent that its recovery can reasonably be regarded as assured. At the end of each year the balance of capitalised development expenditure for each project is reviewed in the light of the latest available information. Where the circumstances which justified the capitalisation in the first instance no longer apply or are considered doubtful, the amount of the balance which is considered to be irrecoverable is written off immediately.

1.7 Tangible fixed assets and depreciation (continued)

Impairment
At each balance sheet date the directors review the carrying amount of the Company's tangible assets to determine whether there is any indication that those assets have suffered an impairment. Impairment is measured by comparing the carrying value of an asset, or group of assets (income-generating unit), with its recoverable amount. The recoverable amount is the higher of the amounts that can be obtained from selling the asset (net realisable value) and using the asset (value in use). If the receivable amount of an asset or the present value of the discounted cash flows of the income-generating unit in which the asset sits is estimated to be lower than the asset's carrying value, then the carrying amount is reduced to the recoverable amount. An impairment loss is recognised immediately in the profit and loss account as an expense unless the relevant asset has been revalued in which case the impairment loss is treated as a revaluation decrease.

1.8 Leasing

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

1.9 Investments

Investments in subsidiary undertakings are stated at cost less provision for diminution in value.

1.10 Retirement benefit costs

The Company makes discretionary payments into the personal pension schemes of certain employees. Contributions are recognised in the profit and loss account as they are payable. The Company also contributes to an employees' stakeholder pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. Any amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the period to which they relate.

1.11 Taxation

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

1.12 Exemption from preparing consolidated financial statements

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

2. Turnover

	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Commission arising in the UK	2,271	2,674
Custody fees, unit trust fees and overseas contract charges	767	1,646
	3,038	4,320

3. Operating profit

	Note	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Operating profit is stated after charging:			
Depreciation of tangible assets		227	107
Operating lease rentals			
- property		112	146
Auditors' remuneration			
- for the audit of the Company's financial statements		7	14
- for other services		2	3
Impairment of other intangible assets	9	1,148	-

4. Interest receivable and similar income

	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Bank interest	33	117

5. Interest payable and other charges

	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Other interest	9	46

Notes to the financial statements (continued)
For the year ended 30 September 2009

6. Taxation

	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Current year tax:		
UK corporation tax	(193)	148
Adjustment for prior periods	(32)	-
Total current tax (credit)/charge	(225)	148
Deferred tax (credit)/charge	(112)	-
Tax (credit)/charge on (loss)/profit on ordinary activities	(337)	148

Factors affecting tax charge for the period

	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
(Loss)/profit on ordinary activities before taxation	(1,594)	428
(Loss)/profit on ordinary activities before tax multiplied by the standard rate of UK Corporation Tax of 28% (2008: 29%)	(446)	124
Effects of:		
Expenses not deductible for tax purposes	142	-
Accelerated capital allowances and other timing differences	111	-
Change in rates	-	24
Adjustments to prior periods	(32)	-
Total current tax (credit)/charge	(225)	148
Effective tax rate	14.1%	34.6%

7. Staff costs

The average number of employees during the period was 43 (2008: 30)

Staff costs were as follows;

	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Wages and salaries	1,274	1,280
Social security costs	122	133
Pension costs	35	39
	1,431	1,452

8. Directors' emoluments

	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Emoluments	278	183
Contributions to pension scheme	8	10
	286	193

Remuneration of highest paid director:

	Year ended 30 September 2009 £'000	17 months ended 30 September 2008 £'000
Emoluments	278	183
Contributions to pension scheme	8	10
	286	193

9. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Assets in course of construction £'000	Total £'000
Cost				
At 1 October 2008	437	110	519	1,066
Additions	52	233	1,031	1,316
Transfers	402	-	(402)	-
Impairment	-	-	(1,148)	(1,148)
At 30 September 2009	891	343	-	1,234
Depreciation				
At 1 October 2008	242	106	-	348
Charge for the year	187	40	-	227
Disposals	-	-	-	-
At 30 September 2009	429	146	-	575
Net book value				
At 30 September 2008	195	4	519	718
At 30 September 2009	**462**	**197**	**-**	**659**

At the end of the last financial year, the directors capitalised development expenditure of £519,000 as assets in course of construction. £194,000 of this sum related to a project to develop the Group's retail fund and share dealing platform. A further £954,000 of development expenditure was capitalised during the year in relation to this project.

9. Tangible fixed assets (continued)

£325,000 of the capitalised development expenditure related to a project to upgrade the Company's stockbroking software package. A further £77,000 of development expenditure was capitalised during the year in relation to this project and subsequently transferred to computer equipment.

At the half-year point, the directors undertook a review in line with the provisions of FRS 12 of the accumulated capitalised costs of this project. The purpose of this review was to assess whether an impairment of the carrying value of this part-completed asset had occurred. The impairment review had been triggered following the completion of a pricing review for the services this platform would provide. The pricing review had concluded that to remain competitive in this market place, substantial price reductions were needed for the services the retail fund and share dealing platform would provide. At 30 September 2008, the information arising from this review was not available.

The directors performed the impairment review by allocating the costs incurred developing the share dealing and custody platform asset to an income-generating unit and concluded that a full impairment of its value was appropriate. Based upon the revenues directly attributable to the dealing and custody platform, this income-generating unit is incapable of supporting a capitalisation of these costs.

10. Investments in subsidiary undertakings

	Shares in subsidiary undertakings £
Cost	
At 1 October 2008	1
Additions	-
Disposals	-
At 30 September 2009	1
Net book value	
At 30 September 2009	1
At 30 September 2008	1

Fixed asset investments comprise a 100% interest in the £1 ordinary shares of Lawshare Nominees Limited. The Company was dormant during the year to 30 September 2009 and had net assets of £1 at 30 September 2009.

11. Debtors:

	2009 £'000	2008 £'000
Due within one year		
Trade debtors	31	275
Client debtors	35,242	11,393
Amounts owed by group undertakings	605	-
Corporation tax debtor	193	-
Prepayments and accrued income	453	345
	36,524	12,013

Client debtors arise during the share settlement process and includes amounts due from clients and market counterparties.

Credit risk
The Company's principal financial assets are bank balances and trade and other receivables. The Company's credit risk extends to its trade receivables due from clients or from banks where cash balances (belonging to either the Company or its clients) are held.

As regards trade receivables, the amounts presented in the balance sheet are net of allowances for balances the directors believe are either irrecoverable or likely to be irrecoverable. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the receivable. The Company has implemented procedures that require appropriate credit or alternative checks on potential customers before business is undertaken.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Company has introduced a new policy this year to mitigate both its and its clients' counter-party exposure. The Company has placed cash balances on deposit with banks (other than its principal banker) for periods which vary from immediate access to term deposits. In all instances, the institutions used for client cash deposits are covered by the Financial Services Compensation Scheme.

Liquidity risk
The Company actively maintains a liquid cash balance on short term deposit to ensure that it has sufficient available funds to adequately resource all of its operations. As outlined above, the Company has mitigated its counter-party risk to banks during the year by placing both its own and client cash on deposit with other A+ rated (or higher) banks. In doing so, some of the deposits made have been for fixed terms. However, in all instances the Company has ensured that all deposits can be accessed at any time (subject to a charge) if the need for extra liquidity arises.

11. Debtors (continued)

Interest rate risk
The Company had no external borrowings at the year end and as such is not exposed to interest rate or refinancing risk on borrowings.

Where the Company does not place funds on fixed deposit, then these balances earn interest at floating rates.

In circumstances where the Company makes term deposits these vary in duration. Where the deposit terms carry fixed rates of return for fixed periods, in the event that these deposits need to be accessed prior to the expiry of their term (for instance due to the need for additional cash liquidity), then penalties may be imposed on the Company. These penalties are calculated by reference to the cost to the bank concerned of replacing those deposited funds with new monies. In this instance, the Company is exposed to an interest rate risk. However, before any fixed term deposits are made, the directors consider likely future liquidity requirements to ensure any pre-maturity draw-down is minimised. During the year-ended 30 September 2009, no need arose to draw on these deposits prior to maturity.

Due after one year	2009 £'000	2008 £'000
Deferred tax asset	151	39
	151	39

The deferred tax asset is made up as follows:

Accelerated capital allowances	151	39

12. Cash at bank and in hand

	2009 £'000	2008 £'000
Cash at bank and in hand	956	1,811
Client settlement cash	3,823	1,992
Total cash and cash equivalents	4,779	3,803

Client settlement cash balances are those amounts of cash held on behalf of clients in accordance with the FSA's client money rules and arise in the settlement process of share transactions. All other clients' and trustees' cash balances are not included.

Notes to the financial statements (continued)
For the year ended 30 September 2009

13. Creditors: Amounts falling due in one year

	2009 £'000	2008 £'000
Trade creditors	165	91
Client creditors	37,903	13,081
Amounts owed to group undertakings	735	-
Corporation tax creditor	-	148
Other taxes and social security costs	139	43
Accruals and deferred income	802	662
Onerous lease provision	82	97
	39,826	14,122

Client creditors arise from thc settlement process of share transactions.

Supplier payment policy
The Company agrees terms and conditions for its transactions with its suppliers and payments are then made in accordance with those terms and conditions. At the year end the number of days purchases in creditors was 77 (2008: 34).

14. Provisions for liabilities and charges

	2009 £'000	2008 £'000
Onerous lease	82	204
Included in current liabilities	82	97
Included in provisions for liabilities and charges	-	107
Total	82	204

15. Share capital

	2009 £'000	2008 £'000
Authorised		
9,857,000 'A' Ordinary shares of £1 each	9,857	9,857
142,500 'A' Ordinary non-voting shares of £1 each	143	143
	10,000	10,000
Allotted, called up and fully paid		
2,701,000 'A' Ordinary shares of £1 each	2,701	1,501
48,558 'A' Ordinary non-voting shares of £1 each	49	49
	2,750	1,550

15. Share capital (continued)

During the year, 1,200,000 'A' Ordinary shares of £1 each were issued to A J Bell Holdings Limited at par. The 'A' Ordinary shares and the 'A' Ordinary non-voting shares rank equally in all respects except that the holders of 'A' Ordinary non-voting shares cannot attend or vote at general meetings of the Company.

16. Statement of movements in reserves

	Share Premium £'000	Capital redemption reserve £'000	Profit and loss £'000
Balance at 1 October 2008	295	10	489
Loss for the year	-	-	(1,257)
Balance at 30 September 2009	295	10	(768)

17. Reconciliation of movements in shareholder funds

	2009 £'000	2008 £'000
Profit for the financial period	(1,257)	280
Ordinary shares issued	1,200	1,250
Dividends	-	-
Net (reduction)/addition to shareholder funds	(57)	1,530
Opening shareholder funds	2,344	814
Closing shareholder funds	2,287	2,344

18. Financial commitments

At 1 October the Company was committed to making the following payments under non-cancellable operating leases in the year to 30 September:

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	-	-	-
Between two and five years	-	4	-	4
After five years	148	-	165	-
	148	4	165	4

19. Ultimate parent company

The Company is a subsidiary undertaking of A J Bell Holdings Limited, which is the ultimate parent company incorporated in the United Kingdom. The smallest group in which the results of the Company are consolidated is that headed by A J Bell Holdings Limited.

20. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard No. 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.