A J Bell Securities Limited

Annual Report and Financial Statements

For the year ended 30 September 2010

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

Contents

Directors' report
For the year ended 30 September 2010

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 2010

Principal activities

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

Business review

In the year ended 30 September 2010 the Company recorded a pre-tax profit of £1,178,000, compared with a pre-tax loss in the previous year of £1,594,000 The previous year's loss was attributable to the significant development costs associated with the AJ Bell Group's (the "Group's") new retail fund and share dealing platform The current year's profit reflects the first full year of operation of this platform.

Results and dividends

The profit attributable to the shareholder for the year ended 30 September 2010 was £965,000 (2009: loss £1,257,000). No dividend was paid during the year (2009 £Nil).

Outlook

The focus for the year ending 30 September 2011 will be to continue to support the Group's plans to expand its platform offering whilst broadening its service offering to the Company's institutional clients.

Going concern

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

Further details regarding the adoption of the going concern basis can be found within note 1 4 to the financial statements.

Principal risks and uncertainties

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

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

Directors' report (continued)
For the year ended 30 September 2010

The Internal Audit function, created towards the end of the last financial year, has carried out a rolling programme reviewing key business areas throughout the Company. These reviews have been focussed on areas where the directors believe they require further assurance on controls and risk mitigation This Internal Audit function, along with the Compliance and Risk Management functions within the Company, comprise the "Assurance Framework".

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

Industry risks

Regulatory risk
The Company operates within an increasingly regulated environment such that new or revised legislation or regulation may have a materially adverse effect on it. The Company works to ensure FSA best practice and, in particular, Treating Customers Fairly principles are embedded into the entire business and followed consistently

The Company closely monitors regulatory developments, for example the Retail Distribution Review, changes to the FSA's Significant Influence Controlled Functions and the extension of the Remuneration Code This enables an assessment to be made of their impact on the Company's business and for steps to be taken to mitigate any regulatory risks Furthermore, it enables the Company to ensure it continues to operate in line with regulatory best practice.

Taxation law change risk
Changes to tax legislation may reduce the attractiveness of tax-advantaged savings including SIPPs as a means of saving for retirement. Early indications are that the Coalition Government wants to work with the pensions industry to provide a fair and simple framework for retirement savings in the future It appears the new Government wishes to remove some of the existing complications whilst retaining incentives for people to contribute at a reasonable level to their pension. Although the restrictions on higher rate tax relief will continue to affect contribution levels, overall the directors remain optimistic about the prospects for continued growth in the SIPP market However, the Company's planned diversification into other savings products will reduce its reliance on pension products.

Directors' report (continued)
For the year ended 30 September 2010

Competitor and market 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 obsolete or uncompetitive when compared to other offerings in the market place The Company reviews continually its product range and prices against competitors and actively seeks new income streams, whilst enhancing its existing portfolio. The Company is planning to expand its product range by launching ISA and personal dealing accounts during 2011. This will open up substantial new markets to the Company and offer its customers a more extensive range of savings products Furthermore, it will also reduce the Company's reliance on pension products and help to tackle the competition risk posed by the growing number of platform providers.

Evolving technology risk
The reliance on evolving technology remains crucial to the Company's effort to develop its services and enhance products The risk exists that either the Company's technology fails to operate correctly in some way or that the Company fails to take advantage of any emerging technologies. The directors have acknowledged that a scalable operating platform is paramount to the continued success of the Company. Therefore ongoing investment is made in the latest technology to offer improved online services to its customers.

Economic risk
In the event that the economic recovery is slow or there is a "double dip" recession, this may impact contribution levels and confidence generally in the savings and investment markets The directors believe that the Company's overall income levels provide a robust defensive position against any economic downturn

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

Environmental impact risk
The Company operates in the financial services sector and as such does not have a significant impact on the environment The directors recognise the importance of the environment and act to minimise the impact of the Company where possible, particularly in respect of recycling and energy consumption

Operational risks

Company reputation risk
Damage may be sustained to the Company's reputation or to one of its leading brands because of either the actions of an unassociated third party or the misconduct of an employee. The security procedures within the Company remain robust and are well communicated to ensure any risk of fraudulent access to 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 awareness of risks

Directors' report (continued)
For the year ended 30 September 2010

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

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

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

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 maintains a robust control environment with the appropriate systems and controls together with an appropriate level of professional indemnity insurance cover against these potential liabilities

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

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

Financial risks

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

The Company's income levels are not directly affected by prevailing interest rates.

Directors' report (continued)
For the year ended 30 September 2010

Liquidity risk
This is the risk that the Company may be unable to meet its liabilities as and when they fall due. These liabilities arise principally from the day to day trading and settlement activities of the Company carried out on behalf of its clients. The Company maintains sufficient cash and standby banking facilities to fund its foreseeable liquidity requirements

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

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

Whilst a degree of stability has returned to the banking sector, the directors continue to monitor the strength of the banks used by the Company The main bank used by the Company is HBOS which currently has a long-term credit rating of A- (Standard & Poor's). Where the services of other banks are used, the Company follows a rigorous due diligence process prior to selection This results in the Company retaining the ability to further mitigate the counterparty risk on its own behalf and that of its clients by making deposits with banks other than HBOS

Exchange rate risk
Within the Company's stockbroking business 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 sterling.

Dividends

The directors recommend that no final dividend should be paid (2009. £Nil). No interim dividend was paid during the year (2009: £Nil).

Directors

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

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

Directors' report (continued)
For the year ended 30 September 2010

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 30 September 2010 were equivalent to 18 (2009 77) days purchases, based on the average daily amount invoiced by suppliers during the year

Auditors

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

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all 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.

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

Pursuant to section 487 of Companies Act 2006, the auditors will be deemed to have been re-appointed and KPMG Audit Plc will continue in office.

Approved by the Board on 15 December 2010 and signed on its behalf by.

S J Dootson
Director and company secretary

A J Bell Securities Limited
Trafford House
Chester Road
Manchester
M32 0RS

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 member

We have audited the financial statements of A J Bell Securities Limited for the year ended 30 September 2010, set out on pages 11 to 25. 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 member, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member 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 member, 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 Statement of Directors' Responsibilities set out on page 8, 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 2010 and of its profit 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 member (continued)

Matters on which we are required to report by exception

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

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

Richard Gabbertas (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS
15 December 2010

Profit and loss account
For the year ended 30 September 2010

	Notes	2010 £'000	2009 £'000
Turnover	2	6,035	3,038
Cost of sales		(869)	(702)
Gross profit		5,166	2,336
Administrative expenses		(3,996)	(2,806)
Exceptional costs	8	-	(1,148)
Operating profit/(loss)		1,170	(1,618)
Finance income (net)	3	8	24
Profit/(loss) on ordinary activities before taxation	4	1,178	(1,594)
Tax on profit/(loss) on ordinary activities	7	(213)	337
Profit/(loss) for the financial year	15	965	(1,257)

The notes on pages 13 to 25 form part of these financial statements

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

Balance sheet
As at 30 September 2010

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Tangible fixed assets	8		682		659
Investments	9		-		-
Current assets					
Debtors	10				
- due within one year		16,743		36,524	
- due after one year		219		151	
Cash at bank and in hand	11	12,987		4,779	
			29,949		41,454
Current liabilities					
Creditors Amounts falling due within one year	12		(27,204)		(39,744)
Provisions for liabilities	13		-		(82)
Net assets			3,427		2,287
Capital and reserves					
Called up share capital	14		2,925		2,750
Share premium account	15		295		295
Capital redemption reserve	15		10		10
Profit and loss account	15		197		(768)
Shareholder funds	16		3,427		2,287

The notes on pages 13 to 25 form part of these financial statements

The financial statements of A J Bell Securities Limited (registered number 2723420) were approved by the board of directors and authorised for issue on 15 December 2010 They were signed on its behalf by

S J Dootson
Director and company secretary

Notes to the financial statements
For the year ended 30 September 2010

1. Accounting policies

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

1.1 Basis of accounting

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

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

1.2 Exemption from preparing consolidated financial statements

The financial statements present information about the Company as an individual undertaking and not about the Group of which it forms part. The Company has not prepared consolidated financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 The Company 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

1.3 Related party transactions

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

1.4 Going concern

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

1.5 Tangible fixed assets and depreciation

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

Leasehold improvements	Over the remaining life of the lease
Plant and machinery	4 years
Office equipment	4 years

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

Impairment
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 recoverable 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

1.6 Investments

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

1.7 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

1.7 Taxation (continued)

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

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

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

1.8 Turnover

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

Commissions are recognised on an accruals basis by reference to the value of certain client assets under administration and the rate appropriate to which commission is earned Stockbroking fees are recognisable when receivable in accordance with the date of the underlying transaction

1.9 Pension costs

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

The Company also contributes to an employees' stakeholder pension scheme up to a maximum of 3% of their salary. The assets of the scheme are held separately from those of the Company in independently administered funds Any amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the period to which they relate. As from October 2010, the Company will pay contributions to an employee's Sippdeal SIPP, if they wish, instead of the stakeholder pension

Notes to the financial statements (continued)
For the year ended 30 September 2010

1.10 Foreign currency

Foreign currency monetary assets and liabilities have been translated into 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.

1.11 Leases

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

1.12 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.

1.13 Counterparty balances

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

1.14 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount

1.15 Financial liabilities and equity

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

Notes to the financial statements (continued)
For the year ended 30 September 2010

2. Turnover

	2010 £'000	2009 £'000
Commission arising in the UK	3,719	2,271
Custody fees, unit trust fees and overseas contract charges	2,316	767
	6,035	3,038

The total turnover of the Company for the year has been derived from its principal activity undertaken in the United Kingdom, being the provision of institutional and retail stockbroking services This is the only segment of the Company and it derives no income outside the UK Therefore no other segmental information is provided

3. Finance income (net)

	2010 £'000	2009 £'000
Investment income	15	33
Less Interest payable and similar charges	(7)	(9)
	8	24

Investment income	2010 £'000	2009 £'000
Interest receivable and similar income	15	33
Interest payable and similar charges		
Bank interest paid	7	9

4. Profit on ordinary activities before taxation

	Note	2010 £'000	2009 £'000
Profit on ordinary activities before taxation is stated after charging			
Depreciation of tangible assets	8	273	227
Impairment of other intangible assets	9	-	1,148
Operating lease rentals			
- property		152	112
Auditors' remuneration			
- for the audit of the Company's financial statements		20	7
- for other services		8	2

Notes to the financial statements (continued)
For the year ended 30 September 2010

5. Staff costs

	2010 Number	2009 Number
Average number of staff	317	299
Company full time equivalent staff	56	43

	2010 £'000	2009 £'000
Wages and salaries	1,969	1,274
Social security	217	122
Pension costs	46	35
Total	2,232	1,431

All employees within the A J Bell Group are employed jointly by all companies For ease of administration, all employees are paid by A J Bell Limited on behalf of the company or companies benefiting from the services supplied by each employee The Group began to operate formally to this framework during the current financial year It is this that has resulted in the need for additional disclosure in these financial statements

Contained within the disclosure are the following

i Average number of staff – this is the average number of staff employed in the A J Bell Group during the 12 months ended 30 September 2010, and

ii Company full-time equivalent staff – this is the average full-time equivalent number of staff for whose services the Company paid during the 12 months ended 30 September 2010

The staff costs paid monthly by A J Bell Limited on behalf of the Company are treated as "Amounts owed to group undertakings" and are settled at the end of the month following that to which the payment relates

6. Directors' remuneration and transactions

	2010 £'000	2009 £'000
Emoluments other than pension costs	188	278
Pension costs	10	8
	198	286

Notes to the financial statements (continued)
For the year ended 30 September 2010

6. Directors' remuneration and transactions (continued)

	2010 £'000	2009 £'000
Remuneration of highest paid director:		
Emoluments	188	278
Pension costs	10	8
	198	286

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

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

Directors' transactions

There were no transactions with directors during the year

7. Tax on profit on ordinary activities

	2010 £'000	2009 £'000
Current year tax		
UK corporation tax	300	(193)
Adjustment for prior periods	(19)	(32)
Total current tax charge/(credit)	281	(225)
Total deferred tax (credit)	(68)	(112)
Tax charge/(credit) on profit/(loss) on ordinary activities	213	(337)

	2010 £'000	2009 £'000
Deferred tax		
Origination and reversal of timing differences	33	(111)
Effect of decrease in tax rate on opening asset	5	-
Adjustment to estimated recoverable amount of deferred tax assets arising in previous periods	(106)	(1)
Total deferred tax (credit)	(68)	(112)

Notes to the financial statements (continued)
For the year ended 30 September 2010

7. Tax on profit on ordinary activities (continued)

	2010 £'000	2009 £'000
Factors affecting tax charge for the period		
Profit/(loss) on ordinary activities before taxation	1,178	(1,594)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of UK Corporation Tax of 28% (2009 28%)	330	(446)
Effects of		
Expenses not deductible for tax purposes	4	142
Accelerated capital allowances and other timing differences	(33)	111
Adjustments to tax charge in respect of previous periods	(19)	(32)
Adjustment to deferred tax in respect of tax rate decrease	(1)	-
Total current tax charge/(credit)	281	(225)
Effective tax rate	23 9%	14 1%

Factors affecting future tax charges

A 1% reduction in the standard rate of UK corporation tax, effective from 1 April 2011, was substantively enacted on 20 July 2010 Deferred tax balances have therefore been re-measured based on the future tax rate of 27%

A further 3% reduction in the standard rate is planned for future periods, which will lead to a further reduction to the carrying value of the deferred tax asset

Notes to the financial statements (continued)
For the year ended 30 September 2010

8. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 October 2009	2,039	343	2,382
Additions	289	7	296
At 30 September 2010	2,328	350	2,678
Depreciation			
At 1 October 2009	1,577	146	1,723
Charge for the year	217	56	273
At 30 September 2010	1,794	202	1,996
Net book value			
At 30 September 2009	462	197	659
At 30 September 2010	534	148	682

During the course of the last financial year (ended 30 September 2009) the directors performed an impairment review of an asset in the course of construction This asset related to the development of a retail fund and share dealing platform At the conclusion of that review, the directors considered that the asset was impaired and accordingly an impairment charge of £1,148,000 was made to the profit and loss account in that period

9. Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 30 September 2009 and 30 September 2010	1
Net book value	
At 30 September 2009 and 30 September 2010	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 2010 and had net assets of £1 at 30 September 2010

Notes to the financial statements (continued)
For the year ended 30 September 2010

10. Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year		
Trade debtors	48	31
Client debtors	15,958	35,242
Amounts owed by group undertakings	87	605
Corporation tax	-	193
Prepayments and accrued income	650	453
	16,743	36,524

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

	2010 £'000	2009 £'000
Due after more than one year		
Deferred tax asset	219	151
The deferred tax asset is made up as follows		
Accelerated capital allowances	219	151

11. Cash at bank and in hand

	2010 £'000	2009 £'000
Cash at bank and in hand	2,752	956
Client settlement cash	10,235	3,823
Total cash and cash equivalents	12,987	4,779

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 2010

12. Creditors: Amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	118	165
Client creditors	25,750	37,903
Amounts owed to group undertakings	736	735
Corporation tax	154	-
Other taxation and social security	30	139
Accruals and deferred income	416	802
	27,204	39,744

Client creditors arise from the settlement process of share transactions

13. Provisions for liabilities

	Onerous lease £'000
At 1 October 2009	82
Utilisation of provision	(82)
At 30 September 2010	-

In 2009, the provision for onerous lease was forecast to be used within one year of the balance sheet date

14. Share capital

	2010 £'000	2009 £'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

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
2,701,000 'A' Ordinary shares of £1 each	2,876	2,701
48,558 'A' Ordinary non-voting shares of £1 each	49	49
	2,925	2,750

14. Share capital (continued)

During the year, 175,000 '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 holder of 'A' Ordinary non-voting shares cannot attend or vote at general meetings of the Company

15. Statement of movements in reserves

	Share Premium £'000	Capital redemption reserve £'000	Profit and loss £'000
Balance at 1 October 2009	295	10	(768)
Profit for the year	-	-	965
Balance at 30 September 2010	295	10	197

16. Reconciliation of movements in shareholder funds

	2010 £'000	2009 £'000
Profit/(loss) for the financial period	965	(1,257)
Ordinary shares issued	175	1,200
Dividends	-	-
Net addition/(reduction) to shareholder funds	1,140	(57)
Opening shareholder funds	2,287	2,344
Closing shareholder funds	3,427	2,287

17. Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	-	4	-	-
Between two and five years	-	-	-	4
After five years	148	-	148	-
	148	4	148	4

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

The Company ıs a subsıdıary undertakıng of A J Bell Holdıngs Lımıted whıch ıs the ultımate parent company ıncorporated ın the Unıted Kıngdom.

The largest group ın whıch the results of the Company are consolıdated is that headed by A J Bell Holdıngs Lımited, ıncorporated ın the Unıted Kıngdom. No other consolıdated financıal statements ınclude the results of the Company The consolıdated financıal statements of the A J Bell Group are available to the publıc and may be obtaıned from www aȷbell.co uk or the regıstered office of thıs Company