

AJ Bell Securities Limited
Annual Report and Financial Statements
For the year ended 30 September 2015
Company Registration No: 02723420

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Company Information

Directors	A J Bell C W Galbraith M T Summersgill R S Taylor F J Lyons R J Stott C B Robinson (Appointed 1 October 2014)
Company Secretary	C B Robinson
Company Number	02723420
Registered office	Trafford House Chester Road Manchester M32 0RS
Business address	Calverley House 55 Calverley Road Tunbridge Wells Kent TN1 2TU
Auditor	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Principal bankers	Bank of Scotland plc 1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA

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Strategic report

For the year ended 30 September 2015

The directors have pleasure in presenting their report along with the financial statements of AJ Bell Securities Limited (the "Company") for the year ended 30 September 2015

Business review

In the year ended 30 September 2015 turnover increased to £19,586,000 (2014 £16,348,000) This was due to increased customer numbers and the related positive effect on the Company's different income streams

Operating profit increased to £5,576,000 (2014 £5,249,000) This was predominantly due to a growth in business volumes and assets under administration

Key business and financial information

Year ended 30 September	2015	2014	Change
Turnover	£19 6million	£16 3million	20%
Profit on ordinary activities before taxation	£5 6million	£5 3million	6%

Principal risks and uncertainties

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

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

The Internal Audit function carries out a rolling programme, reviewing key business areas throughout the Company These reviews have been focused on areas where the directors believe they require further assurance on controls and risk mitigation This, along with the Risk and Compliance and Quality Assurance functions, comprises the 'Assurance Framework' The appropriateness and effectiveness of the Assurance Framework is assessed and documented within the Company's Combined Assurance Model and reviewed by the Executive Management Assurance Committee and the Audit Committee

The directors present below the principal risks and uncertainties facing the Company that could pose a threat to the delivery of their strategy

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 It monitors all regulatory developments, including FCA-driven developments This enables an assessment to be made of their impact on the Company's businesses 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

The Company works to ensure FCA best practice and, in particular, Treating Customers Fairly principles are embedded across the business and followed consistently The Company has considered the FCA's 2015 Business Plan and the forward-looking areas of focus identified by the FCA, and these have been taken into account in our assessment of the Company's material risks, the controls in place to mitigate these risks and our risk and compliance plans for 2016

Strategic report (continued)

For the year ended 30 September 2015

The Company contributes to the debate on regulatory issues affecting its markets. It does this, for example, through its membership of the Association of Member-directed Pension Schemes (AMPS) and the Wealth Management Association (WMA), as well as through direct responses to Government and FCA consultation.

Taxation law change risk

Changes to tax legislation may reduce the attractiveness of tax-advantaged saving wrappers offered by the Company as a means of saving for retirement. The directors are not expecting any change in legislation over the coming year that would make the Company's products significantly less attractive.

With respect to pensions, the directors believe that the pensions freedoms changes will, in general, have a positive impact on the pensions market and consumers' willingness to save more for their retirement. The changes to the ISA rules, introduced in 2015 and the further changes announced for 2016, including the flexibility in subscription limits for tax years in which withdrawals have been made, also have the potential to increase the appeal of ISAs. Overall, the directors are optimistic about the prospects for continued growth in saving into tax-advantaged wrappers.

Competitor and market risks

The Company operates in a highly competitive and dynamic industry which constantly aims to improve the services and products available to customers. This may impact the Company such that its products become either obsolete or uncompetitive when compared to other offerings in the marketplace. The Company 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 Company's strategic objectives.

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.

During the year a review of the Company's technology strategy was completed, which led to the Board agreeing a revised strategy covering the next 3-5 years, together with priorities for the next 12-18 months. The strategy takes into account the increasing risk posed by the activities of 'cyber' criminals and sets out the steps to be taken to ensure our controls continue to mitigate this ever evolving risk and to protect our customers' data.

The Company will continue to invest in its IT infrastructure, to ensure that it is capable of supporting the planned growth in the business and to protect customers' personal data, and also further infrastructure improvements that are planned for the coming year.

Economic risk

In the event that the economy falls back into a prolonged 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 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 any economic downturn.

Capital market fluctuations risk

Capital market fluctuations can have an effect on customer 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 while others are ad valorem. This mix of revenue types helps to limit the Company's exposure to capital market fluctuations.

Strategic report (continued)

For the year ended 30 September 2015

Operational risks**Financial control environment risk**

This includes the risk of loss to the business, or its customers, and damage to the reputation of the Company, or one of its leading brands, because of either the actions of an unassociated third party or the misconduct of an employee. The financial control and fraud prevention policies and procedures within the Company have been reviewed and action taken to ensure any risk of fraudulent access to customer, or corporate, 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 on-going to ensure employees maintain technical competency in fulfilling their role within the Company along with awareness of risks.

Conduct risk

Conduct risk is the risk that detriment is caused to the Company's customers as a result of inappropriate execution of the Company's business activities. During the year the Company has continued to focus on enhancements to its risk management framework, in relation to the identification, monitoring and mitigation of risks of poor customer outcomes, and to its product management process to reduce the potential for customer detriment.

Third party reliance risk

The Company undertakes its dealing, custody, settlement and administrative activities in-house and is therefore exposed to risk as a consequence of its reliance on third party software suppliers.

To mitigate the risk posed by third party software suppliers, the Company maintains a strong partnership relationship with the key suppliers 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.

Operational processing risk

There is a risk that the Company's operational processes are subject to error, causing both a reduction in earnings and damage to the Company's reputation. The Company focusses on increasing the effectiveness of all its operational procedures and aims to achieve straight-through processing wherever practical. Certain operational processes are still subject to manual intervention. The Company has expanded its business improvement function and a key focus of this team will be to improve and automate more of the processes and, by doing so, reduce the need for manual intervention and the potential for errors.

There is a risk that the volume of business activity in some areas significantly exceeds planned levels resulting in difficulties in maintaining the service standards expected by the Company's customers and advisers. The Company takes into account any regulatory or other events, expected to lead to an increase in activity, within its business planning processes and monitors activity and service levels on an on-going basis for any indication of unexpected variations so that appropriate action can be taken. The Company has incorporated a high level of operational resilience within its day-to-day operations. It has documented procedures with pre-set, specified management authorisation limits for all relevant operational processes. In addition to regular performance targets, the Company sets tolerance limits for operational errors which are monitored from Board level down to the relevant operational department.

Strategic report (continued)

For the year ended 30 September 2015

Project overload risk

There is a risk of failing to deliver on a major strategic project, or trying to complete too many projects too quickly, leading to a failure to deliver the anticipated benefits. The Company has an established programme portfolio management process, with members of the Executive Management Board meeting on a regular basis to review, approve and prioritise new project proposals, monitor progress of individual projects and re-prioritise projects, or approve additional resource, as necessary to ensure delivery of the Company's strategic objectives.

Litigation risk

There is a risk of liability related to litigation from customers or third parties. The Company has robust systems and controls and maintains 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 any of the Company's properties 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 a rolling programme of testing of all business continuity plans.

Key personnel risk

The loss of key personnel within the Company, an increase in staff turnover or an inability to find new or replacement employees, appropriately qualified, particularly in periods of sustained growth, may have a material adverse impact on the Company's performance. The Company maintains a succession plan for key members of management across the whole business and has also sought to mitigate this risk by facilitating equity ownership for employees within the organisation through various share schemes and the development of a staff engagement strategy. The level of staff engagement has improved significantly over the last year, following the implementation of this strategy, as evidenced by the results from the Best Companies survey.

Approved by the Board on 10 December 2015 and signed on its behalf by



**Christopher Bruce Robinson (Company Secretary)
for and on behalf of AJ Bell Securities Limited**

Trafford House
Chester Road
Manchester
M32 0RS

10 December 2015

Directors' report

For the year ended 30 September 2015

The directors have pleasure in presenting their report along with the financial statements of AJ Bell Securities Limited (the "Company") for the year ended 30 September 2015

Principal activities

The principal activity of the Company is the provision of dealing and custody services to the AJ Bell Group's retail platform customers and institutional customers

Results and dividends

The profit attributable to the shareholder for the year ended 30 September 2015 was £4,464,000 (2014 £4,145,000) No dividend was paid during the year (2014 £Nil)

Outlook

The focus for the year ending 30 September 2016 will be to support the AJ Bell Group's retail platform offering, whilst continuing to offer a quality service to the Company's institutional customers

Directors

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

A J Bell
C W Galbraith
M T Summersgill
R S Taylor
F J Lyons
R J Stott
C B Robinson (Appointed 1 October 2014)

Dividends

The Company has declared a final dividend of £Nil (2014 £Nil) per share No interim dividend was paid during the year (2014 £Nil)

Country by country reporting

AJ Bell Securities Limited is regulated under CRD IV and CRR New regulation requires disclosure of certain financial information on a country by country basis The Company has taken the exemption permitted under CRD IV as this information is provided on a consolidated basis This financial information has been disclosed on page 25 of the AJ Bell Holdings Limited 2015 Annual Report and Consolidated Financial Statements

Directors' report (continued)

For the year ended 30 September 2015

Financial risks

Interest rate risk

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

Liquidity risk

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

Credit and bank default risk

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

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

The directors continually monitor the strength of the banks used by the Group. The banks currently used by the Group are Bank of Scotland plc, HSBC Bank plc, The Royal Bank of Scotland plc, Santander UK plc, BNP Paribas Securities Services and Brown Brothers Harriman & Co.

Disabled employees

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

Employee consultation

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

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.

Directors' report (continued)

For the year ended 30 September 2015 **Auditor**

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

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

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

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

Approved by the Board on 10 December 2015 and signed on its behalf by



Christopher Bruce Robinson (Company Secretary)
for and on behalf of AJ Bell Securities Limited

Trafford House
Chester Road
Manchester
M32 0RS

10 December 2015

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

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

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

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

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

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

Independent Auditor's Report to the members of AJ Bell Securities Limited

We have audited the financial statements of AJ Bell Securities Limited for the year ended 30 September 2015 set out on pages 14 to 28. 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, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2015 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006


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

Independent Auditor's Report to the members of AJ 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 (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

10 December 2015

Profit and loss account

For the year ended 30 September 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	19,586	16,348
Administrative expenses		(14,010)	(11,099)
Operating profit		5,576	5,249
Finance income (net)	3	45	78
Profit on ordinary activities before taxation	4	5,621	5,327
Tax on profit on ordinary activities	7	(1,157)	(1,182)
Profit for the financial year	15	4,464	4,145

The notes and information on pages 16 to 28 form part of these financial statements

The profit for the financial year arose from continuing operations. There were no gains or losses in either the current year or prior year 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 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible fixed assets	8	164	239
Investments	9	-	-
Current assets			
Debtors (including £250,000 (2014 £141,000) due after more than one year)	10	46,069	46,863
Cash at bank and in hand	11	19,064	17,402
		65,133	64,265
Current liabilities			
Creditors Amounts falling due within one year	12	(41,213)	(44,869)
Total assets less current liabilities		24,084	19,635
Provisions for liabilities	13	(145)	(160)
Net assets		23,939	19,475
Capital and reserves			
Called up share capital	14	12,925	12,925
Share premium account	15	295	295
Capital redemption reserve	15	10	10
Profit and loss account	15	10,709	6,245
Shareholders' funds	16	23,939	19,475

The notes and information on pages 16 to 28 form part of these financial statements

The financial statements of AJ Bell Securities Limited (registered number 02723420) were approved by the board of directors and authorised for issue on 10 December 2015. They were signed on its behalf by



Michael Summersgill (Director)
for and on behalf of AJ Bell Securities Limited
 Trafford House
 Chester Road
 Manchester
 M32 0RS

10 December 2015

Notes to the financial statements

For the year ended 30 September 2015

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 under section 400 of the Companies Act 2006. The Company is a subsidiary undertaking of AJ 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 AJ Bell Holdings Limited, it has taken advantage of the exemption in Financial Reporting Standard No. 8 Related Party Disclosures, from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

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.

Notes to the financial statements (continued)

For the year ended 30 September 2015

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:

Computer equipment	4 years
Office equipment	4 years

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro-rata or more appropriate basis. An income-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

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.

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

Notes to the financial statements (continued)

For the year ended 30 September 2015

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.

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 tangible 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 customer 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.

Services rendered at the inception of a fixed-term contract are recognised over the life of that contract.

1.9 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.

1.10 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.

Notes to the financial statements (continued)

For the year ended 30 September 2015

1 11 Client money

The Company holds money on behalf of clients in accordance with the Client Money Rules of the FCA

The disclosed client money represents balances which are held in respect of the settlement of transactions. Amounts due to and from counterparties for settlement against the delivery of stock are shown gross, unless there is a legal right of offset and the ability and intention to settle on a net basis.

1 12 Investment income

Investment income comprises interest received on bank deposits. Investment income is recognised in profit or loss as it accrues, using the effective interest rate method.

1 13 Interest payable and similar charges

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

1.14 Financial liabilities and equity

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

1.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the consideration required to settle that obligation at the date of the balance sheet and are discounted to present value where the effect is material.

1 16 Dividends

Dividend distributions to the Company's shareholders are recognised in the period in which the dividends are paid. Final dividends declared after the reporting period are not included as a liability in the financial statements.

Notes to the financial statements (continued)
For the year ended 30 September 2015

2 Turnover

	2015 £'000	2014 £'000
Commission	8,041	8,985
Dealing and custody fees	11,545	7,363
	19,586	16,348

The total turnover of the Company for the year has been derived from its principal activity undertaken in the United Kingdom

3. Finance income (net)

	2015 £'000	2014 £'000
Investment income	59	82
Less Interest payable and similar charges	(14)	(4)
	45	78

4 Profit on ordinary activities before taxation

	Notes	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is stated after charging			
Depreciation of tangible fixed assets	8	115	167
Operating lease rentals - other assets		166	167
Auditor's remuneration - for the audit of the Company's financial statements		11	10

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

Notes to the financial statements (continued)
For the year ended 30 September 2015

5. Staff costs

	2015 Number	2014 Number
Average number of staff	570	548
Company full-time equivalent staff	124	114
	2015 £'000	2014 £'000
Wages and salaries	5,607	4,398
Social security costs	613	514
Pension costs	248	138
Termination payments	6	28
	6,474	5,078

All employees within the AJ Bell Group are employed jointly by all Group companies. For ease of administration, all employees are paid by AJ Bell Limited on behalf of the company or companies benefiting from the services supplied by each employee.

Contained within the disclosure are the following:

- i) Average number of staff – this is the average number of staff employed in the AJ Bell Group during the 12 months ended 30 September 2015, and
- ii) Company full-time equivalent staff – this is the average full-time equivalent number of staff charged to the Company during the 12 months ended 30 September 2015.

The staff costs paid monthly by AJ Bell Limited on behalf of the Company are treated as amounts owed to group undertakings and are settled in the month following that to which the payment relates.

Notes to the financial statements (continued)
For the year ended 30 September 2015

6 Directors' remuneration and transactions

	2015 £'000	2014 £'000
Emoluments other than pension costs	252	181
Pension costs	7	3
	259	184
	2015 £'000	2014 £'000
Remuneration of highest paid director.		
Emoluments other than pension costs	83	61
	83	61

Common directorships are held by certain directors across the AJ Bell Group. The costs of these directors are recharged to 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 the 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.

Notes to the financial statements (continued)
For the year ended 30 September 2015

7. Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Current year tax		
UK corporation tax	1,260	1,163
Adjustment for prior periods	6	(2)
Total current tax charge	1,266	1,161
Deferred tax charge	(109)	21
Tax charge on profit on ordinary activities	1,157	1,182
	2015 £'000	2014 £'000
Deferred tax		
Origination and reversal of timing differences	(106)	12
Effect of decrease in tax rate on opening asset	(6)	7
Adjustment to estimated recoverable amount of deferred tax assets arising in previous periods	3	2
Total deferred tax charge	(109)	21
	2015 £'000	2014 £'000
Factors affecting tax charge for the period		
Profit on ordinary activities before taxation	5,621	5,327
Profit on ordinary activities before tax multiplied by a pro-rata standard rate of UK Corporation Tax of 20.5% (2014: 22%)	1,153	1,172
Effects of		
Expenses not deductible for tax purposes	1	3
Accelerated capital allowances and other timing differences	106	(12)
Adjustments to tax charge in respect of previous periods	6	(2)
Adjustments to deferred tax in respect of tax rate decrease	-	-
Total current tax charge	1,266	1,161
Effective tax rate	22.5%	21.8%

Corporation Tax is calculated at 20.5% of the estimated assessable profit for the financial year (2014: 22%). The year-end falls halfway between the 2014/15 and 2015/16 tax year-ends, therefore during the period the Group has reflected the change in the main rate of Corporation Tax from 21% to 20%. The Company has also reflected the substantively enacted tax rate of 20.5%.

Notes to the financial statements (continued)
For the year ended 30 September 2015

8 Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Share Dealing Platform £'000	Total £'000
Cost				
At 1 October 2014	1,566	478	1,148	3,192
Additions	27	13	-	40
At 30 September 2015	1,593	491	1,148	3,232
Depreciation				
At 1 October 2014	1,410	395	1,148	2,953
Charge for the year	85	30	-	115
At 30 September 2015	1,495	425	1,148	3,068
Net book value				
At 01 October 2014	156	83	-	239
At 30 September 2015	98	66	-	164

9 Investments

	Shares in subsidiary undertakings £
Cost	
At 30 September 2014 and 30 September 2015	1
Net book value	
At 30 September 2014 and 30 September 2015	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 2015 and had capital and reserves of £1 at 30 September 2015.

Notes to the financial statements (continued)
For the year ended 30 September 2015

10 Debtors

	2015 £'000	2014 £'000
Due within one year		
Trade debtors	329	253
Client and market debtors	23,560	23,304
Other Debtors	337	-
Clients' settlement cash balances	18,228	20,024
Prepayments and accrued income	3,365	3,141
	45,819	46,722

Client and market debtors arise as a result of the provision of stockbroking services

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

	2015 £'000	2014 £'000
Due after more than one year:		
Deferred tax asset	250	141
The deferred tax asset is made up as follows		
Accelerated capital allowances	250	141

11 Cash at bank and in hand

	2015 £'000	2014 £'000
Cash at bank and in hand	19,064	17,402
	19,064	17,402

Notes to the financial statements (continued)

For the year ended 30 September 2015

12. Creditors: Amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	502	322
Client and market creditors	38,598	41,692
Amounts owed to group undertakings	172	971
Corporation tax	759	1,164
Other taxation and social security	58	26
Accruals and deferred income	1,124	694
	41,213	44,869

Client and market creditors arise as a result of the provision of stockbroking services

13 Provisions for liabilities

	FSCS levy £'000	Office dilapidations £'000	Total £'000
At 1 October 2014	68	92	160
Charge in the year	(15)	-	(15)
At 30 September 2015	53	92	145

The Company is contractually obliged to reinstate its leased property to its original state and layout at the end of the lease term. The office dilapidations provision represents the directors' best estimate of the present value of costs which will ultimately be incurred in settling this obligation.

The FSCS levy provision represents an estimate of potential further levies in respect of an expected interim levy for the year ending 31 March 2016.

Notes to the financial statements (continued)
For the year ended 30 September 2015

14. Share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
12,925,000 (2014 12,925,000) Ordinary shares of £1 each	12,925	12,925

15. Statement of movements in reserves

	Share Premium £'000	Capital redemption reserve £'000	Profit and Loss £'000
Balance at 1 October 2014	295	10	6,245
Profit for the financial year	-	-	4,464
Balance at 30 September 2015	295	10	10,709

16. Reconciliation of movements in shareholder funds

	2015 £'000	2014 £'000
Profit for the financial year	4,464	4,145
Net addition to shareholder funds	4,464	4,145
Opening shareholder funds	19,475	5,330
Additional Share Capital	-	10,000
Closing shareholder funds	23,939	19,475

17. Financial commitments

	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	-	-	-	-
Between two and five years	186	-	186	-
After five years	-	-	-	-
	186	-	186	-

Notes to the financial statements (continued)

For the year ended 30 September 2015

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

The Company is a subsidiary undertaking of AJ Bell Holdings Limited which is the ultimate parent company incorporated in the United Kingdom

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