Interim results

for the six months ended 31 March 2020

AJ Bell plc ("AJ Bell" or the "Company"), one of the UK's largest investment platforms, today announces interim results for the six-month period ended 31 March 2020.

Performance overview

Strong financial performance as the business responded quickly to the COVID-19 pandemic, ensuring the safety of employees whilst remaining fully operational and continuing to service customers.

- Revenue up 22% to £60.9 million (HY19: £50.1 million)
- Profit before tax (PBT) up 28% to £22.7 million (HY19: £17.7 million)
- PBT margin up 1.9 percentage points to 37.2% (HY19: 35.3%)
- Balance sheet strengthened, with net assets up 8% in the period to £93.3 million
- Interim dividend of 1.50 pence per share (HY19: 1.50 pence per share)
- Total customers increased by a record 30,113 in the period to 262,179, up 22% over the last 12 months and 13% in the first half of the current financial year
- Total net inflows of £2.1 billion (HY19: £1.8 billion), driven by platform net inflows of £2.5 billion (HY19: £2.1 billion)
- Total assets under administration (AUA) increased by 1% over the last year, closing at £48.3 billion. AUA fell by 8% in the six-month period due to adverse market and other movements
- Customer retention rate remained high at 95.4%

Andy Bell, Chief Executive Officer at AJ Bell, commented:

"This is a strong financial performance at a time when the country faces one of its most significant challenges in decades. Our focus has been to keep our people safe while continuing to provide the vital services our customers need during times of market volatility and being here to service their needs.

This unwavering attention on our customers' needs has helped us deliver strong organic growth in revenue and profitability. Our customer numbers increased by a record 30,113 during the period and we saw net inflows of £2.5 billion to our core platform offering. Revenue increased 22% to £60.9 million and profit before tax increased 28% to £22.7 million. In light of this strong financial performance, the Board has declared an interim dividend of 1.50 pence per share. The Board recognises the importance that our investors place on AJ Bell's progressive dividend history and reaffirms our ongoing commitment to this and our stated dividend policy for future dividend distributions.

The effects of the COVID-19 crisis are likely to be felt for a long time, although the precise impact it will have on markets, investor sentiment and economic policy is hard to predict. However, we have operated profitably during periods of market volatility and low interest rates before and our business model has proved very resilient. The long-term growth drivers of the platform market remain in place and our strong capital position, coupled with a buoyant trading performance mean the outlook for the future of the business remains positive."

Financial highlights

	Six months ended 31 March 2020	Six months ended 31 March 2019	Change
Revenue	£60.9 million	£50.1 million	22%
Revenue per £AUA*	23.2bps	22.0bps	1.2bps
PBT	£22.7 million	£17.7 million	28%
PBT margin	37.2%	35.3%	1.9ppts
Diluted earnings per share	4.36 pence	3.50 pence	25%
Interim dividend per share	1.50 pence	1.50 pence	-

Non-financial highlights

	Six months ended 31 March 2020	Year ended 30 September 2019	Change
Number of retail customers	262,179	232,066	13%
Platform	248,074	218,169	14%
Non-platform	14,105	13,897	1%
AUA*	£48.3 billion	£52.3 billion	(8%)
Platform	£42.0 billion	£44.9 billion	(6%)
Non-platform	£6.3 billion	£7.4 billion	(15%)
Customer retention rate	95.4%	95.4%	-

*see Alternative performance measures on page 26

Contacts:

AJ Bell

- Shaun Yates, Head of Investor Relations +44 (0) 7522 235 898
- Charlie Musson, Head of PR +44 (0) 7834 499 554

Analyst presentation details

AJ Bell will be hosting an online analyst presentation at 10:00 on Thursday 21 May 2020 following the release of these results for the six months ended 31 March 2020. Attendance is by invitation only. Slides accompanying the analyst presentation will be made available on the AJ Bell website after the presentation.

Forward-looking statements

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

Chief Executive Officer's report

> In the first half of the year we continued to attract high levels of new customers and assets as we maintained our strategic focus on being the easiest platform to use.
>
> We have moved quickly to keep our people safe in response to the COVID-19 pandemic and have successfully adapted to new and more remote ways of working, with the vast majority of our people working from home. During this unprecedented time, we have been able to maintain our services, uphold our high customer service levels and preserve our operational efficiency during a particularly busy tax year end.
>
> We delivered a strong financial performance in the first half of the year and are pleased to announce that we will pay an interim dividend of 1.50 pence per share.

A strong first half performance

We delivered a strong set of results for the six-month period to 31 March 2020, with revenue increasing by 22% to £60.9m (HY19: £50.1m) and profit before tax (PBT) rising by 28% to £22.7m (HY19: £17.7m).

Retail customers grew by 30,113 during the period to 262,179 (FY19: 232,066), an increase of 13%. The increase was driven by significant growth in the platform business, with our retention rate remaining high at 95.4%.

We recorded strong net AUA inflows of £2.1bn in the first half of the year (HY19: £1.8bn), predominantly as a result of the platform business, which included Defined Benefit (DB) pension transfers of £0.4bn (HY19: £0.5bn). Market and other movements reduced the AUA by £6.1bn in the period, with AUA closing at £48.3bn (FY19: £52.3bn).

COVID-19

The unprecedented uncertainty arising as a result of the COVID-19 pandemic presents a real and ongoing threat to the wider economy, with most businesses experiencing a significant period of disruption.

We have a clear set of guiding principles at AJ Bell that inform everything we do. These principles come to the fore when there is no rule-book, and there certainly is no rule-book guiding leaders and businesses on how they should react to the COVID-19 crisis.

We have prioritised safeguarding our people whilst keeping communication channels open, retaining all of our services and maintaining service levels for the benefit of our customers.

We have successfully migrated the vast majority of our people to work from home but, where this has not been possible, such measures as increased social distancing and intensified cleaning regimes have been implemented across the business in line with Public Health England's social distancing and other guidelines.

We have taken the decision that none of our people would be furloughed. Whilst we identified a number of staff who could have been, we believe that the Government's Job Retention Scheme and other financial support schemes should be preserved for those businesses that need them the most.

As a financial services business, we provide an essential service to our customers and recognise it is crucial for them to have full access to their investments during this difficult time, with many people relying on income from their savings, investments and pensions.

Having a highly-engaged workforce and flexible IT infrastructure has enabled us to respond quickly to the COVID-19 pandemic, as we approached a particularly busy tax year end. We have remained fully operational throughout the crisis, ensuring minimal disruption to our customers and this resilience is reflected in our strong new business figures.

We recently launched our AJ Bell Wage War on COVID Fund under the umbrella of the AJ Bell Trust, a UK registered charity, which will benefit those charities supporting the COVID-19 efforts or those directly in need as a result of the virus. The AJ Bell Trust has kick started the fund-raising by allocating £50,000 of its charitable reserves to the fund, and through the Payroll Giving Scheme, I, along with other board directors and senior management, have committed to donate our April, May and June salaries to the fund. I am immensely proud that a large number of our staff have also joined us in donating to the fund.

I have been truly impressed by the pace of change and flexibility our people have shown in adapting to the situation and would like to thank everyone for their dedication during this time.

Strategic update

At the heart of our business is a clear and succinct purpose; we help people to invest and our core strategic objective is to strive to be the easiest to use investment platform in the UK. Our day-to-day focus remains on providing a cost-effective and high-quality service to our customers. Despite the changing times, our strategy remains unchanged.

During the period, we continued to implement our organic growth strategy in both the advised and D2C platform market through our flagship platform propositions, AJ Bell Investcentre and AJ Bell Youinvest.

AJ Bell Investcentre platform proposition

Customer numbers grew by 5,918 during the period to 103,974 (FY19: 98,056), an increase of 6%.

We have seen both advisers and customers react to the current situation through their increased use of technology, with a shift towards remote working, virtual meetings and online processes. We have continued to support advisers as they adapt to a new way of working. We have replaced our 'On the Road' seminars with our enormously popular weekly 'Off the Road' webinars, giving advisers the chance to engage remotely with our technical and market-related experts and content.

We launched our Retirement Investment Account (RIA) in January, which has already gained traction with advisers. The RIA is a simple pension proposition with a competitive, all-in custody fee of 25bps.

As a low-cost investment solution, the RIA offers a wide range of investment options, making it ideal for advisers looking to use our Funds & Shares Service, Managed Portfolio Service or multi-asset funds as a simple, packaged solution for a target group of customers with pensions worth sub £250,000.

In the second half of 2020 we plan to open up our advised platform to a select group of Third Party Discretionary Fund Managers (TPDFM). We will provide the tax wrapper, custody, dealing and settlement service whilst the adviser appoints a TPDFM to manage the funds.

AJ Bell Youinvest platform proposition

AJ Bell Youinvest enjoyed the most successful six months of new business in its history. Customer numbers grew by 23,987 during the period to 144,100 (FY19: 120,113), an increase of 20%. Our customers have been more engaged than ever, particularly so during the lockdown.

We have seen increased demand for investment guidance and use of our three online investment solutions, namely the AJ Bell Funds, Ready-made portfolios and Favourite funds.

During the period, we further enhanced our website with the launch of an investment trust 'select list', a list of investment trusts, with supporting information and analysis, selected by our investment specialists based on a range of factors including price, performance and size.

Our award-winning service, simple investment solutions and excellent value for money has helped us to attract an increasingly diversified customer base. It is particularly pleasing that we are attracting younger customers than ever before, with the average age of a new AJ Bell Youinvest customer falling from 44 to 38 years old over the past 18 months.

Operational resilience

Our hybrid technology solution has proven to be both flexible and resilient. We have experienced record trading days over the past few months, demonstrating the robustness and stability of our platform. This, coupled with the hard work and dedication of our staff, ensured our high-quality service was maintained whilst adapting to a more remote working environment.

Our customers want low-cost, easy-to-use products and a secure investment platform that they can trust with their investments over the long term. Our focus for the second half of the year will be the ongoing evolution of the platform and continued investment to further enhance our platform propositions.

People and culture

An engaged workforce is vital to the ongoing success of our business and it is pleasing to have achieved a three-star accreditation, representing the highest standard of workplace engagement, in the 'Sunday Times 100 Best Companies to Work For', for the second consecutive year.

Our people have responded magnificently to the current challenges and in particular to the new way of working during the Government's lockdown. We are mindful of our employees' mental health, as well as their physical wellbeing during this difficult time. We have a number of trained mental health first aiders within the business and an Employee Assistance Programme open to all staff, which includes a confidential helpline run by an external provider of counselling services to support staff in both their work and home life.

Our CSR policy at AJ Bell is underpinned by our guiding principles and as a business we recognise we have a responsibility to make a positive contribution to the communities and environment in which we operate.

We introduced a long-term CSR initiative which was announced alongside our annual results in December. The initiative has been designed to ensure we are making a positive contribution to society by sharing some of our future success with people in our community who need help and support. We granted a number of share options to the AJ Bell Trust which will be exercisable should we exceed our ambitious growth plans and our shareholders benefit from enhanced earnings per share. The Board has no intention to review or change the vesting conditions of these options.

Regulatory developments

It is our continued belief that increased stability, simplicity and clarity in the UK savings and investments industry has long-term benefits for our customers, the wider industry and society.

As a result of the COVID-19 situation, the FCA announced the delay to a number of its publications and planned regulatory changes, including delaying the publication of its paper on exit fees until Q2 2020 and pushing back the introduction of investment pathways from August 2020 to February 2021.

Although we are well progressed towards the introduction of investment pathways, we hope that the pause in proceedings will give the FCA time to reflect on what we strongly believe is a well-intentioned but flawed regulatory initiative.

Dividends

We operate a profitable, resilient business model within a growing market and the outlook remains positive. The strength of our balance sheet and robust liquidity position supports both ongoing investment in the business and continuing returns to shareholders. The Board recommends an interim dividend of 1.50 pence per share, in line with the previous year, recognising that some prudence is required given the current circumstances. The Board recognises the importance that our investors place on AJ Bell's progressive dividend history and reaffirms our ongoing commitment to this and our stated dividend policy for future dividend distributions.

Outlook

It is difficult to predict the full and long-term impact of the COVID-19 pandemic, and how it will influence market volatility, investor sentiment and policy decision-making, with the Bank of England having already reduced interest rates twice in March. Although such factors will clearly have an impact, we have operated successfully in periods of high market volatility and low interest rates before. We have been profitable during such periods in the past, and our balanced revenue model has proved very resilient.

We delivered a strong first half performance, whilst maintaining service levels to existing customers and remaining open to new customers including those wishing to transfer in their portfolios from other platforms. We recognise that businesses, behaviours, working environments, and products will need to adapt as a result of the pandemic and we will continue to put our customers at the heart of everything we do.

We are a profitable business, with a strong capital position and robust business model. Our award-winning, competitively priced platform propositions, supported by an ever-increasing awareness of the AJ Bell brand, ensures that the outlook for the future of the business remains positive.

Andy Bell BSc, FIA
Chief Executive Officer

Financial Review

> We have delivered a strong performance in the first half of the year, achieving significant growth in both revenue and PBT. Revenue increased by 22% from £50.1m to £60.9m and PBT increased by £5.0m to £22.7m, representing a 28% year-on-year growth rate.

Business performance

Customers

Customer numbers increased by 30,113 during the period to a total of 262,179. This growth has been driven by our platform propositions, with particularly strong customer acquisition delivered by our D2C platform. In addition, our platform customer retention rate remained high at 95.4% (FY19: 95.4%).

	Six months ended 31 March 2020	Six months ended 31 March 2019
Platform	248,074	200,922
Non-platform	14,105	13,931
Total	262,179	214,853

Assets Under Administration (AUA)

Six months ended 31 March 2020

	Advised Platform £bn	D2C Platform £bn	Total Platform £bn	Non-platform £bn	Total £bn
As at 1 October 2019	33.8	11.1	44.9	7.4	52.3
Underlying inflows	2.0	1.4	3.4	-	3.4
Outflows	(0.9)	(0.4)	(1.3)	(0.4)	(1.7)
Underlying net inflows/(outflows)	1.1	1.0	2.1	(0.4)	1.7
Defined benefit inflows	0.4	-	0.4	-	0.4
Bulk migration inflows	-	-	-	-	-
Total net inflows/(outflows)	1.5	1.0	2.5	(0.4)	2.1
Market and other movements	(3.9)	(1.5)	(5.4)	(0.7)	(6.1)
As at 31 March 2020	31.4	10.6	42.0	6.3	48.3

Six months ended 31 March 2019

	Advised Platform £bn	D2C Platform £bn	Total Platform £bn	Non-platform £bn	Total £bn
As at 1 October 2018	29.9	8.7	38.6	7.5	46.1
Underlying inflows	1.6	0.9	2.5	0.1	2.6
Outflows	(0.8)	(0.3)	(1.1)	(0.4)	(1.5)
Underlying net inflows/(outflows)	0.8	0.6	1.4	(0.3)	1.1
Defined benefits inflows	0.5	-	0.5	-	0.5
Bulk migration inflows	-	0.2	0.2	-	0.2
Total net inflows/(outflows)	1.3	0.8	2.1	(0.3)	1.8
Market and other movements	(0.3)	0.2	(0.1)	(0.1)	(0.2)
As at 31 March 2019	30.9	9.7	40.6	7.1	47.7

During the period we saw significant growth in the level of underlying inflows as a result of the strong growth of our platform propositions. Both our advised and D2C platforms contributed to the 36% increase in underlying inflows seen across our platform propositions, which totalled £3.4bn as compared to £2.5bn in the same period last year.

Advised platform inflows from defined benefit transfers continued to decline, in line with expectations, contributing £0.4bn to inflows during the year compared with £0.5bn in the prior period.

Non-platform net outflows in the period were primarily due to the loss of an institutional stockbroking client. As was the case with the decline in inflows from defined benefit transfers, this performance was in line with our expectations for the period.

Despite the strong growth in underlying inflows in the period, the sharp decline in global markets in March as a result of the COVID-19 outbreak had a significant adverse impact on asset values, with AUA closing at £48.3bn at 31 March 2020, £4.0bn below the level recorded at the start of the period.

Financial performance

Revenue

	Unaudited Six months ended 31 March 2020 £000	Unaudited Six months ended 31 March 2019 £000	Audited Year ended 30 September 2019 £000
Recurring fixed	13,395	12,750	25,395
Recurring ad valorem	35,978	29,385	63,095
Transactional	11,503	7,949	16,412
Total	60,876	50,084	104,902

Revenue increased by 22% to £60.9m (HY19: £50.1m). We have three categories of revenue, these being: recurring fixed fees, recurring ad valorem fees and transactional fees.

Revenue from recurring fixed fees (which includes recurring pension administration fees and media revenue) saw an increase of 5% to £13.4m (HY19: £12.8m), primarily driven by increased pension administration revenue from our advised platform customers.

Revenue from recurring ad valorem fees (comprising custody fees, retained interest income, and investment management fees) grew by 22% to £36.0m (HY19: £29.4m). The key driver of the growth in ad valorem revenue was the increase in average AUA in the six-month period.

Revenue from transactional fees (comprising dealing fees and pension scheme activity fees) grew by 45% to £11.5m (HY19: £8.0m). This increase was driven by higher levels of customer dealing, particularly towards the end of the period, as market volatility resulted in more investors trading on our platform.

Revenue margin increased by 1.2bps from 22.0bps to 23.2bps in the six-month period, an increase of 5%, primarily caused by increased transactional revenues.

Administrative expenses

	Unaudited Six months ended 31 March 2020 £000	Unaudited Six months ended 31 March 2019 £000	Audited Year ended 30 September 2019 £000
Distribution	5,517	5,176	9,228
Technology	9,784	8,223	17,789
Operational and support	21,115	18,174	39,528
IPO	-	946	948
CSR initiative	1,595	-	-
Total	38,011	32,519	67,493

Administrative expenses increased by 17% to £38.0m (HY19: £32.5m). We have three core categories of administrative expenses: distribution, technology, and operational and support.

Distribution costs increased by 7% from £5.2m to £5.5m. Whilst the increase appears modest when compared to the significant increase in customer numbers, this is a result of £0.5m being included in the comparative period figure as part of a temporary increase in marketing activity at that time.

Technology costs increased by 19% to £9.8m (HY19: £8.2m). This increase reflects the continued investment in this area of the business. Headcount increased from 134 to 162 at the end of March 2020, which will allow us to deliver change at a faster rate, to further enhance our platform propositions.

Operational and support costs increased by 16% to £21.1m (HY19: £18.2m). Although the majority of the cost increase was caused by increased headcount to support the growth in the number of customers served, there were two other contributory factors, namely the supplementary levy for the Financial Services Compensation Scheme (FSCS) in January 2020 and an increase in costs associated with the elevated dealing activity referenced in the revenue section.

Our share-based payment expense includes a one-off charge of £1.6m relating to the CSR initiative announced in December 2019, which granted market value share options to the AJ Bell Trust (a registered charity) conditional on the achievement of DEPS targets for the financial years 2022, 2023 and 2024. Further details can be found within note 14.

Profit before tax (PBT)

PBT rose to £22.7m (HY19: £17.7m), an increase of 28% compared with the prior period, and our PBT margin increased to 37.2% (HY19: 35.3%). This was due to the continued growth in the business and higher revenue margins.

Tax

The effective rate of tax for the year was 21.2% (HY19: 20.3%), slightly higher than the standard rate of UK Corporation Tax of 19.0%, as a result of the disallowable one-off charge of £1.6m relating to the CSR initiative.

Earnings per share

Basic earnings per share increased by 24% to 4.38p. Diluted earnings per share (DEPS) increased by 25% to 4.36p.

New accounting standard – IFRS 16

The Group implemented IFRS 16 Leases with effect from 1 October 2019, the details and impact of which are set out in note 3, 'Changes in accounting policies', to these interim financial statements. On adoption of IFRS 16, we recognised right-of-use assets and the associated lease liabilities on the balance sheet in relation to leases of office space and office equipment, which had previously been classified as operating leases under IAS 17. There has been no significant impact on net assets. Lease costs are now replaced by depreciation and finance costs within the income statement, the impact of which is not material.

Financial position

Capital and liquidity

Our balance sheet remains strong, with net assets totalling £93.3m (HY19: £73.8m) at 31 March 2020 and a return on assets of 19% (HY19: 19%). We have no significant borrowing with the exception of the lease liability that arose on adoption of IFRS 16 noted above.

We operate a highly cash-generative business, with our short working-capital cycle ensuring that PBT is quickly converted into cash. Our period end balance sheet included cash balances of £60.8m.

Our regulatory capital requirements are continually kept under review, incorporating comprehensive stress and scenario testing, and are formally reviewed at least annually. We have maintained a healthy surplus over our regulatory capital requirement throughout the period.

COVID-19

Whilst it is difficult to predict the full extent of the impact of COVID-19, the Directors have performed a number of new stress tests in view of the recent changes in the macroeconomic environment. The tests consider the impact of a further immediate cut in UK base rate from the current level to zero percent and a further immediate fall in global markets, with the declines being sustained for the full period assessed.

The results of this modelling show that the Group would continue to operate profitably whilst maintaining sufficient resources to satisfy its regulatory capital, even in the event that these macroeconomic stresses occurred simultaneously and without allowing for any management action by way of price increases or cost reductions.

Dividends

We are a financially strong business as evidenced by a well-capitalised, profitable and highly cash-generative business model. The strength of our balance sheet and robust liquidity position supports ongoing investment in the business and continuing returns to shareholders. The Board has recommended an interim dividend of 1.50 pence per share (HY19: 1.50 pence per share), in line with the previous year.

Michael Summersgill
Chief Financial Officer

Responsibility statement

Directors' responsibility statement

We confirm that to the best of our knowledge:

a. the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union (EU); and

b. the Interim management report includes a fair review of the information required by:

   i. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties facing the Group for the remaining six months of the financial year; and

   ii. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board:

Christopher Bruce Robinson
Company Secretary
20 May 2020

Independent review report to AJ Bell plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2020, which comprises the condensed consolidated income statement, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
20 May 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Condensed consolidated income statement

For the six months ended 31 March 2020

	Notes	Unaudited Six months ended 31 March 2020 £000	Unaudited Six months ended 31 March 2019 £000	Audited Year ended 30 September 2019 £000
Revenue		60,876	50,084	104,902
Administrative expenses		(38,011)	(32,519)	(67,493)
Operating profit		22,865	17,565	37,409
Investment income		219	148	328
Finance costs		(433)	(33)	(42)
Profit before tax		22,651	17,680	37,695
Tax expense	8	(4,794)	(3,594)	(7,342)
Profit for the period attributable to:				
Equity holders of the parent company		17,857	14,086	30,353
Earnings per ordinary share:				
Basic (pence)	9	4.38	3.52	7.51
Diluted (pence)	9	4.36	3.50	7.47

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

There were no other components of recognised income or expense in any of the periods presented and consequently no statement of other comprehensive income has been presented.

The notes on pages 15 to 25 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

As at 31 March 2020

	Notes	Unaudited 31 March 2020 £000	Unaudited 31 March 2019 £000	Audited 30 September 2019 £000
Assets				
Non-current assets				
Goodwill		3,660	3,660	3,660
Other intangible assets	10	2,189	2,782	2,453
Property, plant and equipment	10	3,387	4,284	4,062
Right-of-use assets	10	15,421	-	-
Deferred tax asset		551	1,321	1,094
		25,208	12,047	11,269
Current assets				
Trade and other receivables		37,172	23,242	22,954
Cash and cash equivalents		60,816	55,769	69,067
		97,988	79,011	92,021
Total assets		123,196	91,058	103,290
Liabilities				
Current liabilities				
Trade and other payables		(10,178)	(10,230)	(9,965)
Current tax liabilities		(32)	(3,359)	(2,804)
Lease liabilities		(1,416)	(316)	(338)
Provisions	11	(1,095)	(1,095)	(1,095)
		(12,721)	(15,000)	(14,202)
Non-current liabilities				
Trade and other payables		-	(1,021)	(1,241)
Lease liabilities		(15,674)	(427)	(234)
Provisions	11	(1,550)	(818)	(1,550)
		(17,224)	(2,266)	(3,025)
Total liabilities		(29,945)	(17,266)	(17,227)
Net assets		93,251	73,792	86,063
Equity				
Share capital	12	51	51	51
Share premium		8,383	7,026	7,667
Own shares		(1,147)	(1,147)	(1,147)
Retained earnings		85,964	67,862	79,492
Total equity		93,251	73,792	86,063

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 20 May 2020 and signed on its behalf by:

Michael Summersgill
Chief Financial Officer

AJ Bell plc
Company registered number: 04503206

The notes on pages 15 to 25 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 31 March 2020

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
Balance at 1 October 2018	42	4,410	(1,364)	61,198	64,286
Total comprehensive income for the period:					
Profit for the period	-	-	-	14,086	14,086
Transactions with owners, recorded directly in equity:					
Issue of shares	-	440	-	-	440
Settlement of part-paid shares	1	2,185	-	-	2,186
Dividends paid	-	-	-	(8,827)	(8,827)
Bonus issue	9	(9)	-	-	-
Purchase of own share capital	(1)	-	-	-	(1)
Own shares acquired	-	-	(50)	-	(50)
Equity-settled share-based payment transactions	-	-	-	510	510
Tax relief on exercise of share options	-	-	-	357	357
Deferred tax effect of share-based payment transactions	-	-	-	805	805
Employee share transfer	-	-	267	(267)	-
Total transactions with owners	9	2,616	217	(7,422)	(4,580)
Balance at 31 March 2019	51	7,026	(1,147)	67,862	73,792

	Share capital £000	Share premium £000	Own shares £000	Retained earnings £000	Total equity £000
Balance at 1 October 2019	51	7,667	(1,147)	79,492	86,063
Adjustment on initial application of IFRS 16 (note 3)	-	-	-	(356)	(356)
Balance at 1 October 2019 - as restated	51	7,667	(1,147)	79,136	85,707
Total comprehensive income for the period:					
Profit for the period	-	-	-	17,857	17,857
Transactions with owners, recorded directly in equity:					
Issue of shares	-	716	-	-	716
Dividends paid	-	-	-	(13,601)	(13,601)
Equity-settled share-based payment transactions	-	-	-	2,352	2,352
Tax relief on exercise of share options	-	-	-	843	843
Deferred tax effect of share-based payment transactions	-	-	-	(623)	(623)
Total transactions with owners	-	716	-	(11,029)	(10,313)
Balance at 31 March 2020	51	8,383	(1,147)	85,964	93,251

The notes on pages 15 to 25 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 March 2020

	Note	Unaudited six months ended 31 March 2020 £000	Unaudited six months ended 31 March 2019 £000	Audited year ended 30 September 2019 £000
Cash flows from operating activities				
Profit for the period		17,857	14,086	30,353
Adjustments for:				
Investment income		(219)	(148)	(328)
Finance costs		433	33	42
Income tax expense		4,794	3,594	7,342
Depreciation and amortisation		1,807	1,039	2,110
Share-based payment expense		2,352	510	1,100
Increase in provisions and non-current other payables		-	271	1,223
Loss on disposal of property, plant and equipment		1	1	4
Increase in trade and other receivables		(14,236)	(2,917)	(2,626)
Increase/(decrease) in trade and other payables		295	(1,208)	(1,473)
Cash generated from operations		13,084	15,261	37,747
Income tax paid		(6,720)	(2,512)	(5,704)
Interest paid		(433)	(33)	(42)
Net cash flows from operating activities		5,931	12,716	32,001
Cash flows from investing activities				
Purchase of other intangible assets		(63)	-	-
Purchase of property, plant and equipment		(489)	(394)	(858)
Purchase of right-of-use assets		(9)	-	-
Proceeds from sale of property, plant and equipment		2	-	-
Interest received		218	148	324
Net cash used in investing activities		(341)	(246)	(534)
Cash flows from financing activities				
Payments of principal in relation to lease liabilities		(956)	(144)	(373)
Proceeds from issue of shares		716	440	1,081
Proceeds from settlement of part-paid shares		-	2,186	2,186
Payments for purchase of own shares		-	(1)	(1)
Purchase of own shares for employee share schemes		-	(50)	(50)
Dividends paid	13	(13,601)	(8,827)	(14,938)
Net cash used in financing activities		(13,841)	(6,396)	(12,095)
Net (decrease)/increase in cash and cash equivalents		(8,251)	6,074	19,372
Cash and cash equivalents at beginning of period		69,067	49,695	49,695
Cash and cash equivalents at end of period		60,816	55,769	69,067

The notes on pages 15 to 25 form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the six months ended 31 March 2020

1. General information

AJ Bell plc ("the Company") is the Parent Company of the AJ Bell group of companies (together "the Group"). The Group provides investment administration, dealing and custody services. The Company is a public limited company which is listed on the Main Market of the London Stock Exchange and incorporated and domiciled in the United Kingdom. The Company's number is 04503206 and the registered office is 4 Exchange Quay, Salford Quays, Manchester, M5 3EE.

2. Basis of preparation

The condensed consolidated interim financial statements ('interim financial statements') have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union (EU). They do not include all of the information and disclosures required for full annual financial statements and therefore should be read in conjunction with the AJ Bell plc Annual Report and financial statements for the year ended 30 September 2019, which were prepared under International Financial Reporting Standards (IFRSs) as adopted by the EU and the Companies Act 2006.

The interim financial statements have been prepared on the historical cost basis and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates. All amounts have been rounded to the nearest thousand, unless otherwise stated.

The financial information contained in the interim financial statements does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 30 September 2019 has been derived from the audited financial statements of AJ Bell plc for that year, which have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was:

i. unqualified, and
ii. did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and
iii. did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 30 September 2019 are available to view online at ajbell.co.uk/investor-relations.

Going concern

The Group is subject to macroeconomic risks, including interest rate and market fluctuation risk and the Directors' assessment considers that these risks have partially crystallised as a result of the COVID-19 pandemic. The Directors have performed a number of new stress tests in view of the recent changes in the macroeconomic environment, considering the impact of a further immediate cut in UK base rate to zero percent and a further immediate and sustained 50% fall in global markets for the period assessed.

The Group continues to operate profitably whilst maintaining sufficient resources to satisfy its regulatory capital in the event that these macroeconomic stresses occurred and without any further management remediation action.

As a consequence, the Directors believe that the Group has sufficient resources to continue in operation for a period of at least 12 months from the date of approval of these interim financial statements. Accordingly, they have continued to adopt the going concern basis in preparing the interim financial statements.

Significant accounting policies

The accounting policies adopted by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 September 2019, except for:

- the adoption of new standards effective as of 1 October 2019; and
- an update to the share-based payment accounting policy.

The Group applies IFRS 16 Leases as a new standard for the first time. The impact of the adoption of this standard is disclosed in note 3 below.

Several other amendments and interpretations apply for the first time on 1 October 2019 but do not have an impact on the interim financial statements of the Group.

The share-based payment policy has been updated to include a new equity-settled share-based payment scheme introduced during the period, as described in note 14. The accounting policy has been updated to incorporate the new scheme as follows:

Share-based payments

The Group operates a number of share incentive plans for its employees and non-employees. These generally involve an award of share options (equity-settled share-based payments) which are measured at the fair value of the equity instrument at the date of grant.

The share incentive plans have conditions attached before the option holder becomes entitled to the award. These can be performance and/or service conditions.

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

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

Fair value is measured using the Black-Scholes option pricing model or the Monte-Carlo simulation model. The expected life applied in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Due to the recent listing of AJ Bell plc in December 2018, share price volatility has been estimated as the average volatility applying to a comparable group of listed companies.

3. Changes in accounting policies

IFRS 16 Leases

The Group has applied IFRS 16 Leases (IFRS 16) and the related amendments in the current period. IFRS 16 replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease for annual periods beginning on or after 1 January 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

Adoption of IFRS 16

The Group has lease contracts for various items of property, plant and other equipment.

Prior to the adoption of IFRS 16, the Group classified each of its leases at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Finance leases

Assets held under finance leases were capitalised at the commencement of the lease at the fair value of the asset or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest, (recognised as finance costs) depreciation of the leased asset and reduction of the lease liability.

Operating leases

For leases classified as an operating lease, the asset was not capitalised and the lease payments were recognised as an expense in the income statement on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee. The Group recognised lease liabilities to make future lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 March 2020

From 1 October 2019, the accounting policies of the Group are as follows:

i. Right-of-use assets

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

Depreciation is to be applied in accordance with IAS16: Property, Plant and Equipment. The right-of-use asset will be depreciated over the lease term.

Right-of-use assets are subject to impairment.

ii. Lease liabilities

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

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

Transition impact

The Group has adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard recognised at the date of the initial application, i.e. 1 October 2019. The Group has elected not to restate comparatives, and to recognise the impact of the new accounting requirements in opening retained earnings on the date of adoption in accordance with the transitional provisions in IFRS 16.C5(b).

On adoption of IFRS 16, the Group recognised right-of-use assets and liabilities in relation to leases of office spaces and office equipment, which had previously been classified as operating leases under IAS 17. The Group has recognised right-of-use assets in accordance with the transition provisions in IFRS 16.C8 (b)(i).

Practical expedients applied

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied to grandfather the assessment of which contracts are leases and applied IFRS 16 only to those that were previously identified as leases; contracts not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease;
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

Measurement

The Group's property lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 October 2019. The Group's incremental borrowing rate is the rate at which similar borrowing could be obtained from an independent creditor under comparable terms and conditions and has been calculated at 5%.

Assets classified as finance leases under IAS 17 have been measured using the rate implicit in the lease.

The Group is required to identify the difference between the present value of its operating lease commitments disclosed at 30 September 2019 under IAS 17, discounted by using the Group's incremental borrowing rate, and its lease liabilities recognised at the date of initial application to IFRS 16.

The operating lease commitments disclosed at 30 September 2019 related to the rental of office space.

	£000
Operating lease commitment at 30 September 2019	22,838
Effect of discounting using incremental borrowing rate at 1 October 2019	(5,378)
Lease liabilities recognised on adoption	17,460

Impact on the statement of financial position

The following table presents the impact of adopting IFRS 16 on the consolidated statement of financial position as at 1 October 2019:

Extract from statement of financial position	As reported 30 September 2019 £000	Adjustment £000	As restated 1 October 2019 £000
Non-current assets			
Property, plant and equipment	4,062	(578)	3,484
Right-of-use assets	-	16,310	16,310
Deferred tax asset	1,094	83	1.177
Current assets			
Trade and other receivables	22,954	(19)	22,935
Current liabilities			
Trade and other payables	(9,965)	82	(9,883)
Other financial liabilities/lease liabilities	(338)	(1,174)	(1,512)
Non-current liabilities			
Trade and other payables	(1,241)	1,241	-
Other financial liabilities/lease liabilities	(234)	(16,301)	(16,535)
Retained earnings	79,492	(356)	79,136

Impact on income statement

The impact on the consolidated income statement for the six-month period ended 31 March 2020 was as follows:

Extract from income statement	Difference (increase)/decrease £000
Depreciation expense (included in administrative expenses)	(730)
Lease rental expense (included in administrative expenses)	1,071
Finance costs	(418)
Tax expense	19
Impact on profit for the year	(58)

4. Accounting judgements and estimates

The Directors have considered the impact of the COVID-19 pandemic when reviewing the underlying judgements and estimates within the interim financial statements. The judgements, estimates and assumptions made by the Group in these interim financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 September 2019.

5. Seasonality of operations

There is a peak in the Group's operational activity around the tax year end. This impacts the financial results primarily in March and April, either side of the interim period-end. As such, no significant seasonal fluctuations affect the first or second half of the Group's financial year in isolation.

6. Segmental reporting

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

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

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

7. Revenue

The analysis of the consolidated revenue is disclosed within the Financial Review. The total revenue for the Group has been derived from its principal activities undertaken in the UK.

8. Taxation

Tax recognised in the condensed consolidated income statement:

	Unaudited Six months ended 31 March 2020 £000	Unaudited Six months ended 31 March 2019 £000	Audited Year ended 30 September 2019 £000
Current taxation			
UK Corporation Tax	4,793	3,737	7,478
Adjustment in respect of prior periods	-	-	(78)
	4,793	3,737	7,400
Deferred taxation			
Origination and reversal of temporary differences	(14)	(145)	(59)
Adjustments in respect of prior periods	21	-	(5)
Effect of changes in tax rates	(6)	2	6
	1	(143)	(58)
Total tax expense	4,794	3,594	7,342

Corporation Tax for the six months ended 31 March 2020 has been calculated at 19% (six months ended 31 March 2019: 19%; year ended 30 September 2019: 19%), representing the average annual effective tax rate expected for the full year, applied to the estimated assessable profit for the six-month period.

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

	Unaudited Six months ended 31 March 2020 £000	Unaudited Six months ended 31 March 2019 £000	Audited Year ended 30 September 2019 £000
Deferred tax relating to share-based payments	623	(805)	(663)
Current tax relief on exercise of share options	(843)	(357)	(1,383)
	(220)	(1,162)	(2,046)

The charge for the period can be reconciled to the profit per the condensed consolidated income statement as follows:

	Unaudited Six months ended 31 March 2020 £000	Unaudited Six months ended 31 March 2019 £000	Audited Year ended 30 September 2019 £000
Profit before tax	22,651	17,680	37,695
UK Corporation Tax at 19% (six months ended 31 March 2019: 19%; year ended 30 September 2019: 19%):	4,304	3,359	7,162
Tax effects of:			
Expenses not deductible for tax purposes	471	233	257
Change in recognised deductible temporary differences	4	-	-
Effect of tax rate changes to deferred tax	(6)	2	6
Adjustments in respect of prior periods	21	-	(83)
Total tax expense	4,794	3,594	7,342
Effective tax rate	21.2%	20.3%	19.5%

Deferred tax has been recognised at 19% (six months ended 31 March 2019: 17%; year ended 30 September 2019: 17%), being the rate at which the deferred tax assets are expected to reverse.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 31 March 2020

9. Earnings per share

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

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

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

	Unaudited Six months ended 31 March 2020 £000	Unaudited Six months ended 31 March 2019 £000	Audited Year ended 30 September 2019 £000
Earnings			
Earnings for the purposes of basic and diluted EPS being profit attributable to equity holders of the parent company	17,857	14,086	30,353

	Number	Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS in issue during the period	407,943,894	399,918,952	404,203,556
Effect of potentially dilutive share options	1,664,706	3,025,687	2,296,539
Weighted average number of ordinary shares for the purposes of fully diluted EPS	409,608,600	402,944,639	406,500,095

	Unaudited Six months ended 31 March 2020 Pence	Unaudited Six months ended 31 March 2019 Pence	Audited Year ended 30 September 2019 Pence
Earnings per share			
Basic	4.38	3.52	7.51
Diluted	4.36	3.50	7.47

10. Changes in capital expenditure

During the six months ended 31 March 2020, the Group acquired plant, equipment and software assets with a cost of £552,000 (six months ended 31 March 2019: £394,000; year ended 30 September 2019: £858,000).

During the six months ended 31 March 2020, the Group recognised £16,310,000 as right-of-use assets, £15,735,000 of property and £575,000 of computer and office equipment following the adoption of IFRS 16. Further details can be found in note 3. A further addition of office equipment with a cost of £9,000 has been recognised as a right-of-use asset during the period.

11. Provisions

	Office dilapidations £000	Other provisions £000	Restructuring costs £000	Total £000
As at 1 October 2018	795	1,095	170	2,060
Additional provisions	40	-	-	40
Provisions used	(17)	-	(117)	(134)
Unused provision reversed	-	-	(53)	(53)
As at 31 March 2019	818	1,095	-	1,913
Additional provisions	732	-	-	732
As at 1 October 2019	1,550	1,095	-	2,645
As at 31 March 2020	1,550	1,095	-	2,645
Current liabilities	-	1,095	-	1,095
Non-current liabilities	1,550	-	-	1,550

Office dilapidations

The Group is contractually obliged to reinstate its leased properties to their original state and layout at the end of the lease terms. The office dilapidations provision represents management's best estimate of the present value of costs which will ultimately be incurred in settling these obligations.

Other provisions

The other provision recognised is to cover the settlement of a one-off tax liability. There is some uncertainty regarding the amount and timing of the outflow required to settle the obligation, therefore a best estimate has been made by assessing a number of different outcomes considering the potential areas and time periods at risk and any associated interest. The timings of the outflows are uncertain but the Group expects that settlement will be within the next 12 months.

Restructuring costs

The restructuring provision represented the estimated costs associated with the closure of the Tunbridge Wells office.

12. Share capital and share premium

	Unaudited Six months ended 31 March 2020 Number	Unaudited Six months ended 31 March 2019 Number	Audited Year ended 30 September 2019 Number
Issued, fully-called and paid:			
Ordinary shares of 0.0125p each	410,003,449	407,336,653	408,730,211

All ordinary shares have full voting and dividend rights.

The following share transactions have taken place during the period:

Transaction type	Share class	Number of shares	Share premium £000
Exercise of CSOP options	Ordinary shares of 0.0125p each	650,054	348
BAYE share purchase	Ordinary shares of 0.0125p each	190,235	368
Exercise of EIP options	Ordinary shares of 0.0125p each	432,949	-
		1,273,238	716

Own shares

As at 31 March 2020, the Group held 1,369,428 own shares in the AJ Bell Employee Benefit Trust (31 March 2019: 1,369,896; 30 September 2019: 1,369,896).

13. Dividends

The following dividends were declared and paid by the Company during the period:

	Unaudited Six months ended 31 March 2020 £000	Unaudited Six months ended 31 March 2019 £000	Audited Year ended 30 September 2019 £000
Final dividend for the year ended 30 September 2018 of 21.50p per share	-	8,827	8,827
Interim dividend for the year ended 30 September 2019 of 1.50p per share	-	-	6,111
Final dividend for the year ended 30 September 2019 of 3.33p per share	13,601	-	-
Ordinary dividends paid on equity shares	13,601	8,827	14,938

An interim dividend of 1.50 pence per share was approved by the Board on 20 May 2020 and is payable on 26 June 2020 to shareholders on the register at the close of business on 5 June 2020. The ex-dividend date will be 4 June 2020. This dividend has not been included as a liability as at 31 March 2020.

AJ Bell Employee Benefit Trust, which held 1,369,428 ordinary shares (31 March 2019: 1,369,896; 30 September 2019: 1,369,896) in AJ Bell plc at 31 March 2020, has agreed to waive all dividends.

14. Share-based payments

The Group operates the same equity-settled share-based payment arrangements as reported at 30 September 2019 with the exception of the below new scheme introduced during the period.

CSR initiative

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

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

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

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

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

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

As no service is provided by the A J Bell Trust, all conditions involved in the arrangement are considered to be non-vesting conditions. Non-vesting conditions are taken into account when estimating the fair value of the equity instrument granted. The fair value has been estimated using the Monte-Carlo simulation model. During the period the full charge of £1,595,000 for the CSR initiative has been recognised.

During the period, the Group recognised total share-based payment expenses of £2,352,000 (six months ended 31 March 2019: £510,000; year ended 30 September 2019: £1,100,000).

15. Principal risks and uncertainties

We continually review the principal risks and uncertainties facing the Group that could pose a threat to the delivery of our strategic objectives. The Board believes that the nature of the principal risks and uncertainties that may have a material effect on the Group's performance over the remainder of the financial year remain unchanged from those presented within the 2019 annual report and accounts.

The Group has reviewed the impact of COVID-19 on the principal risks and uncertainties facing the Group and concluded that no new principal risks and uncertainties have materialised. Whilst the level of inherent risk for some of the Group's principal risks and uncertainties has increased, the Group's controls continue to mitigate this increase in risk. The Group will continue to monitor and respond to the impact of COVID-19 and allocate resources as appropriate to deal with any new challenges posed by COVID-19.

16. Related-party transactions

The Group has a related-party relationship with its Directors and members of the Executive Management Board ('the key management personnel'). There were no changes to the related-party relationships or significant transactions during the financial period that would materially affect the financial position or performance of the Group, other than the CSR initiative in respect of the AJ Bell Trust as disclosed in note 14. The AJ Bell Trust is a registered charity in which Mr A J Bell is a trustee. All other transactions are consistent in nature with the disclosure in note 28 of the consolidated financial statements for the year ended 30 September 2019.

17. Subsequent events

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

18. Cautionary statement

The interim results for the six months ended 31 March 2020 contain forward-looking statements that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding AJ Bell's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of these interim results and AJ Bell does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these interim results.

Alternative performance measures

Within the interim report and condensed consolidated financial statements, various Alternative Financial Performance Measures (APM) are referred to. APMs are not defined by International Financial Reporting Standards and should be considered together with the Group's IFRS measurements of performance. We believe APMs assist in providing greater insight into the underlying performance of the Group and enhance comparability of information between reporting periods. The table below states those which have been used, how they have been calculated and why they have been used.

APMs	How they have been calculated	Why they have been used
Assets Under Administration (AUA)	AUA is the value of assets for which AJ Bell provides either an administration, custodian or transactional service.	AUA is a measurement of the growth of the business and is the primary driver of ad valorem revenue, which is the largest component of Group revenue.
Revenue per £AUA	Revenue per £AUA is the total revenue generated during the year expressed as a percentage of the average AUA in the year.	Revenue per £AUA provides a simple measurement to facilitate comparison of our charges with our competitors.

Definitions

AUA	Assets Under Administration
BAYE	Buy As You Earn Plan
Board, Directors	The Board of Directors of AJ Bell plc
BPS	Basis points
Company	AJ Bell plc
CSOP	Company Share Option Plan
CSR	Corporate Social Responsibility
Customer retention rate	Relates to platform customers
DEPS	Diluted Earnings per Share
D2C	Direct-to-Consumer
EIP	Executive Incentive Plan
EMB	Executive Management Board
EPS	Earnings per Share
FCA	Financial Conduct Authority
FTSE	Financial Times Stock Exchange
GIA	General Investment Account
HMRC	Her Majesty's Revenue and Customs
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
ISA	Individual Savings Account
Own shares	Shares held by the Group to satisfy future incentive plans
PBT	Profit Before Tax
Plc	Public Limited Company
PPTS	Percentage Points
RIA	Retirement Investment Account
SIPP	Self Invested Personal Pension
TPDFM	Third Party Discretionary Fund Managers
UK	United Kingdom
VAT	Value Added Tax

Company information

Executive Directors

Andy Bell
Michael Summersgill

Non-Executive Directors

Les Platts
Simon Turner
Laura Carstensen
Eamonn Flanagan

Company Secretary

Christopher Bruce Robinson

Company number

04503206

Registered office

4 Exchange Quay
Salford Quays
Manchester
M5 3EE

Auditor

BDO LLP
150 Aldersgate Street
London
EC1A 4AB

Principal banker

Bank of Scotland plc
1 Lochrin Square
92 – 98 Fountainbridge
Edinburgh
EH3 9QA

AJ Bell plc
4 Exchange Quay,
Salford Quays,
Manchester
M5 3EE
T: 0345 40 89 100

www.ajbell.co.uk

Company registration number 04503206