

10 March 2011

Jarvis Securities plc
("Jarvis" or "the Company" or "the Group")

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

HIGHLIGHTS

- Average daily trade volume up 65% on prior year
- Client cash balances up 39% on prior year
- Client numbers have increased by 29% on prior year
- 21% increase in fee and commission income year on year
- 8% increase in interest income year on year
- 16% increase in revenue to £5.41m (2009: £4.65m)
- Profit before tax £1.62m (2009: £1.69m); pre-exceptional PBT** £2.03m
- Total dividends for year 9p (2009: 20p*)
- Earnings per share 10.73p (adjusted EPS** 13.77p) (2009: 11.46p (adjusted EPS** 10.20p))

** includes 13p interim dividends paid as prior distributions but declared as 2009 dividends*

*** before exceptional items and amortisation of goodwill*

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Notes:

Jarvis Securities plc is the holding company for Jarvis Investment Management Limited (AIM: JIM.L) a stock broking company and outsourced service provider for bespoke tailored financial administration. Jarvis was established in 1984 and is a member of the London Stock Exchange; a broker dealer member of PLUS Markets, authorised and regulated by the Financial Services Authority and an HM Revenue & Customs approved ISA manager. Jarvis has more than 53,000 retail clients and a growing number of institutional clients. As well as normal retail broking Jarvis provides cost effective and flexible share trading facilities within ISA and SIPP wrappers.

Jarvis provides outsourced and partnered financial administration services to a number of third party organisations. These organisations include advisers, stockbrokers, banks and fund managers. Jarvis can tailor its administration processes to the requirements of each organisation and has a strong reputation for flexibility and cost-effectiveness.

The Company is today sending to shareholders its Annual Report and Accounts for the year ended 31 December 2010, together with a notice convening the Annual General Meeting, to be held at the Company's offices on Tuesday 5 April 2011. The Annual Report and Accounts will also be available from the Company's website, www.jarvissecurities.co.uk.

CHAIRMAN'S STATEMENT

I am pleased to report another strong set of trading results in what continue to be unprecedented economic conditions. Markets have endured the uncertainty of an unpredictable UK general election and its subsequent outcome, the maintenance of a historic low Bank of England base rate and the continuation of the overall global economic downturn. During this turbulent period the business has continued to increase its client base and trade volumes.

We have succeeded by continuing to focus on our core service – the delivery of highly efficient execution-only stockbroking, administration and accounting services to retail and commercial clients. We have found significant organic

growth in this area as our highlights illustrate. Trade volumes, client numbers and cash under administration have all increased significantly. One of the key drivers of this growth is our new low cost web only trade service which was launched at the end of 2009 and is continuing to attract new business on a daily basis.

In the last quarter of 2010 we began to benefit from increases in interest rates available on longer term deposits as market expectations of a rate increase have materialised. Early indications in 2011 are that base rate increases will be coming soon. This, allied with increased cash under management has improved our year on year interest income, and we will benefit from any further interest rate rises on deposits in 2011.

The foundations for an excellent 2011 are in place. The business is positioned to continue to grow our revenue streams off a low marginal cost base. We will continue to focus on organic growth, opportunities to diversify our income streams and further improve the robustness of our business model.

The business continues to be highly cash generative with no debt, and we have adhered to our stated policy of paying quarterly dividends of 2/3rds of profit after tax.

Once again I would like to thank every member of the Jarvis team for their continued commitment.

Andrew Grant - Chairman

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>Notes</i>	Year to 31/12/10	Year to 31/12/09
		£	£
Continuing operations:			
Revenue	3	5,413,090	4,653,690
Administrative expenses		(3,794,928)	(2,948,162)
Finance costs	5	(3,039)	(12,436)
Profit before income tax	6	1,615,123	1,693,092
Income tax charge	8	(489,179)	(494,588)
Profit for the period		1,125,944	1,198,504
Attributable to equity holders of the parent		1,125,944	1,198,504
Earnings per share			
	9	P	P
Basic		10.73	11.46
Diluted		10.59	11.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2010

	<i>Notes</i>	31/12/10	As restated 31/12/09
		£	£
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	10	112,008	267,105

Intangible assets	11	273,626	439,481
Goodwill	11	342,872	342,872
Investments held to maturity	12	-	39,601
Available-for-sale investments	13	110,587	112,001
		839,093	1,201,060
<i>Current assets</i>			
Trade and other receivables	15	4,578,301	1,729,204
Investments held for trading	16	19,208	26,722
Cash and cash equivalents	17	502,099	2,552,877
		5,099,608	4,308,803
Total assets		5,938,701	5,509,863
Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	18	105,710	105,000
Share premium		837,799	779,934
Merger reserve		9,900	9,900
Capital redemption reserve		9,845	9,845
Fair value reserve		21,928	85,902
Share option reserve		79,264	74,394
Retained earnings		507,531	328,206
Own shares held in treasury		(83,319)	(83,319)
Total equity		1,488,658	1,309,862
<i>Non-current liabilities</i>			
Deferred income tax	8	13,880	1,599
<i>Current liabilities</i>			
Trade and other payables	19	4,141,280	3,780,093
Income tax	19	294,883	418,309
Total current liabilities	19	4,436,163	4,198,402
Total equity and liabilities		5,938,701	5,509,863

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2010

	Notes	31/12/10	31/12/09
		£	£
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	10	109,585	267,105
Intangible assets	11	273,626	439,481
Goodwill	11	342,872	342,872
Investments held to maturity	12	-	39,601
Available-for-sale investments	13	110,587	112,001
Investment in subsidiaries	14	271,437	266,388
		1,108,107	1,467,448
<i>Current assets</i>			
Trade and other receivables	15	249,434	218,608
Cash and cash equivalents	17	5,033	7,581
		254,467	226,189
Total assets		1,362,574	1,693,637
Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	18	105,710	105,000
Share premium		837,799	779,934
Capital redemption reserve		9,845	9,845
Fair value reserve		21,928	85,902
Share option reserves		79,264	74,394
Retained earnings		311,225	262,033
Own shares held in treasury		(83,319)	(83,319)

Total equity		1,282,452	1,233,789
<i>Non-current liabilities</i>			
Deferred income tax	8	21,972	9,475
<i>Current liabilities</i>	19		
Trade and other payables	19	48,274	433,104
Income tax	19	9,876	17,269
Total current liabilities	19	58,150	450,373
Total equity and liabilities		1,362,574	1,693,637

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	Notes	Year to 31/12/10	Year to 31/12/09
		£	£
Profit for the period		1,125,944	1,198,504
Purchase of own shares		-	-
Sale of shares from treasury		-	-
Deferred tax asset on share options	8	-	-
Net income recognised directly in equity		-	-
Total comprehensive income for the period		1,125,944	1,198,504
Attributable to equity holders of the parent		1,125,944	1,198,504

COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	Notes	Year to 31/12/10	Year to 31/12/09
		£	£
Profit for the period		995,812	2,361,171
Purchase of own shares		-	-
Sale of shares from treasury		-	-
Deferred tax asset on share options	8	-	-
Net income recognised directly in equity		-	-
Total comprehensive income for the period		995,812	2,361,171
Attributable to equity holders of the company		995,812	2,361,171

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Fair value reserve	Share option reserve	Retained earnings	Own shares held in treasury	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2009	105,000	779,934	9,900	9,845	56,401	54,099	1,255,387	(83,319)	2,187,247
Expense of employee options	-	-	-	-	-	20,295	-	-	20,295
Profit for the financial year	-	-	-	-	-	-	1,198,504	-	1,198,504
Dividends	-	-	-	-	-	-	(2,125,685)	-	(2,125,685)
Investment revaluation	-	-	-	-	29,501	-	-	-	29,501
At 31 December 2009	105,000	779,934	9,900	9,845	85,902	74,394	328,207	(83,319)	1,309,862
Share options exercised during the year	710	57,865	-	-	-	-	-	-	58,575
Deferred tax charge to equity	-	-	-	-	(8,110)	-	-	-	(8,110)
Expense of employee options	-	-	-	-	-	4,870	-	-	4,870
Profit for the financial year	-	-	-	-	-	-	1,125,944	-	1,125,944
Dividends	-	-	-	-	-	-	(946,620)	-	(946,620)
Investment revaluation	-	-	-	-	(55,864)	-	-	-	(55,864)
At 31 December 2010	105,710	837,799	9,900	9,845	21,928	79,264	507,531	(83,319)	1,488,658

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Share option reserve	Retained earnings	Own shares held in treasury	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2009	105,000	779,934	9,845	56,401	54,099	26,547	(83,319)	948,507
Deferred tax charged to equity	-	-	-	-	-	-	-	-
Expense of employee options	-	-	-	-	20,295	-	-	20,295
Profit for the financial year	-	-	-	-	-	2,361,171	-	2,361,171
Dividends	-	-	-	-	-	(2,125,685)	-	(2,125,685)
Investment revaluation	-	-	-	29,501	-	-	-	29,501
At 31 December 2009	105,000	779,934	9,845	85,902	74,394	262,033	(83,319)	1,233,789
Deferred tax charged to equity	-	-	-	(8,110)	-	-	-	(8,110)
Share options exercised during the year	710	57,865	-	-	-	-	-	58,575
Expense of employee options	-	-	-	-	4,870	-	-	4,870
Profit for the financial year	-	-	-	-	-	995,812	-	995,812
Dividends	-	-	-	-	-	(946,620)	-	(946,620)
Investment revaluation	-	-	-	(55,864)	-	-	-	(55,864)
At 31 December 2010	105,710	837,799	9,845	21,928	79,264	311,225	(83,319)	1,282,452

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	CONSOLIDATED		COMPANY	
	Year to 31/12/10	<i>As restated</i> Year to 31/12/09	Year to 31/12/10	Year to 31/12/09
	£	£	£	£
Cash flow from operating activities				
Profit before income tax	1,615,123	1,693,092	937,981	2,370,211
Depreciation and amortisation	176,738	167,554	176,468	167,554
Goodwill released to the income statement	-	(131,049)	-	(131,049)
Cost of share options	4,869	20,295	4,869	14,811
Finance costs	3,039	12,436	742	372
Impairment charge	124,848	-	124,848	-
Loss on disposal of property, plant & equipments	27,638	-	27,638	-
Loss on disposal of intangibles assets	34	-	34	-
	1,952,289	1,762,328	1,272,580	2,421,899
Decrease in trade and other receivables	(2,849,097)	938,951	(30,826)	1,623,901
(Decrease)/increase in trade payables	361,187	547,647	(322,612)	(1,289,934)
Increase in investments in subsidiaries	-	-	(5,049)	(149,700)
(Decrease) in investments held for trading	7,514	24,126	-	-
Cash generated from operations	(528,107)	3,273,052	914,093	2,606,166
Interest paid	(3,039)	(12,436)	(742)	(372)
Income tax (paid)/received	(608,433)	(655,095)	(7,393)	(75,103)
Net cash from operating activities	(1,139,579)	2,605,521	905,958	2,530,691
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,650)	(74,481)	(1,650)	(74,481)
Disposal of property, plant and equipment	5,000	-	5,000	-
Purchase of intangible assets	(11,655)	(295,928)	(8,962)	(295,928)
Purchase of investments and long term assets	(14,849)	(25,000)	(14,849)	(25,000)
	(23,154)	(395,409)	(20,461)	(395,409)
Cash flows from financing activities				
Issue of share capital	58,575	-	58,575	-

Dividends paid	(946,620)	(2,125,685)	(946,620)	(2,125,685)
Net cash used in financing activities	(888,045)	(2,125,685)	(888,045)	(2,125,685)
Net (decrease)/increase in cash & cash equivalents	(2,050,778)	84,427	(2,548)	9,597
Cash and cash equivalents at the start of the year	2,552,877	2,468,450	7,581	(2,016)
Cash and cash equivalents at the end of the year	502,099	2,552,877	5,033	7,581
Cash and cash equivalents:				
Cash at bank and in hand	502,099	2,552,877	5,033	7,581
Bank overdraft	-	-	-	-
	502,096	2,552,877	5,033	7,581

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Basis of preparation

The company has adopted the requirements of International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities at fair value through profit or loss.

These financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the years presented. These accounting policies comply with applicable IFRS standards and IFRIC interpretations issued and effective at the time of preparing these statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 1 Amendment – Limited exemption from IFRS 7 Disclosures for first time adopters
- Amendments to IFRS 1 Additional Exemptions for First-time Adopters
- IFRS 1 Amendments Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions
- Amendments to IFRS 7 Financial Instruments Disclosures
- IFRS 9 Financial Instruments
- IAS 12 Amendments to Deferred tax: Recovery of Underlying Assets
- IFRIC 14 (Amendment) Prepayments of a minimum funding requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Revised IAS 24 Related Party Disclosures (Issued 4 November 2009)
- Amendment to IAS 32 Classification of Rights Issues

Adoption of these Standards and Interpretations is not expected to have a material impact on the results of the Company or Group.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 23.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 3 to 8. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described within these financial statements. In addition, note 28 of the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group has considerable financial resources together with long term contracts with all its customers and significant suppliers as well as a diversified income stream. The Group does not have any current borrowing or any anticipated borrowing requirements. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Summary of significant accounting policies

(a) Revenue

Revenue represents net sales of services, commissions and interest excluding value added tax. Management fees charged in arrears are accrued pro-rata for the expired period of each charging interval. Interest is accrued on cash deposits pro-rata for the expired period of the deposit. Commission income is recognised as earned.

(b) Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. The group financial statements consolidate the financial statements of Jarvis Securities plc, Jarvis Investment Management Limited, JIM Nominees Limited, Galleon Nominees Limited and Dudley Road Nominees Limited made up to 31 December 2010.

The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only. No income statement is presented for Jarvis Securities plc as provided by S408 of the Companies Act 2006. The profit for the year of Jarvis Securities plc, as approved by the board, was £995,812 (2009: £2,361,171).

(c) Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on cost in equal annual instalments over the lives of the assets at the following rates:

Leasehold improvements	-	33% on cost, or over the lease period if less than three years.
Motor vehicles	-	15% on cost
Office equipment	-	20% on cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Impairment reviews of property, plant and equipment are undertaken if there are indications that the carrying values may not be recoverable or that the recoverable amounts may be less than the asset's carrying value.

(d) Intangible assets

Intangible assets are carried at cost less accumulated amortisation. If acquired as part of a business combination the initial cost of the intangible asset is the fair value at the acquisition date. Amortisation is charged to administrative expenses within the income statement and provided on cost in equal annual instalments over the lives of the assets at the following rates:

Databases	-	4% on cost
Customer relationships	-	7% on cost
Software developments	-	33% on cost
Website	-	33% on cost

Impairment reviews of intangible assets are undertaken if there are indications that the carrying values may not be recoverable or that the recoverable amounts may be less than the asset's carrying value.

(e) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the aggregate fair values of the net identifiable assets of the acquired trade and assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any negative goodwill arising is credited to the income statement in full immediately.

(f) Deferred income tax

Deferred income tax is provided in full, using the liability method, on differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the timing difference is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

(g) Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The directors regard the operations of the Group as a single segment.

(h) Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged to the income statement.

(i) Trading balances

Trading balances incurred in the course of executing client transactions are measured at initial recognition at fair value. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as trade debtors and creditors.

(j) Operating leases and finance leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the profit before income tax. Where the company has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than right to legal title.

(k) Investments

The Group classifies its investments in the following categories: investments held to maturity, investments held for trading and available-for-sale investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investments held to maturity

Investments held to maturity are stated at cost. Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Assets in this category are classified as non-current.

Investment held for trading

Investments held for trading are stated at fair value. An investment is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current.

Available-for-sale investments

Available-for-sale investments are stated at fair value. They are included in non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership. Realised and unrealised gains and losses arising from changes in fair value of investments held for trading are included in the income statement in the period in which they arise. Unrealised gains and losses arising in changes in the fair value of available-for-sale investments are recognised in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair value of quoted investments is based on current bid prices. If the market for an investment is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that an investment is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered in determining whether the security is impaired.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any impairment in value.

(l) Foreign Exchange

The group offers settlement of trades in sterling, US dollars, euros, Canadian dollars, Australian dollars, South African rand and Swiss francs. The group does not hold any assets or liabilities other than in sterling and converts client currency on matching terms to settlement of trades realising any currency gain or loss immediately in the income statement. Consequently the group has no foreign exchange risk.

(m) Share Capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of income tax. Where the company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year.

(p) Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which interim dividends are notified to shareholders and final dividends are approved by the company's shareholders.

(q) Share based payments

The Group applies the requirements of IFRS 2 Share-based Payment and IFRIC 11.

The Group issues equity-settled share-based payments to certain employees and other personnel. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effects of non market-based vesting conditions.

Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(r) Trading balances

Trading balances incurred in the course of executing client transactions are measured at initial recognition at fair value. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as trade debtors and creditors. The net balance is disclosed where there is a legal right of set off.

3. Group revenue

The revenue of the group during the year was made in the United Kingdom and the revenue of the group for the year derives from the same class of business as noted in the Directors' Report.

	2010	2009
	£	£
Interest received on stockbroking accounts net of interest paid to clients	1,610,328	1,493,617
Fees, commissions, foreign exchange gains and other revenue	3,802,762	3,160,073
	<u>5,413,090</u>	<u>4,653,690</u>

4. Segmental information

All of the reported revenue and operational results for the period derive from the group's external customers and continuing financial services operations. All non-current assets are held within the United Kingdom.

5. Finance costs

	2010	2009
	£	£
Interest on bank loans, overdrafts and income tax	3,039	12,436
	<u>3,039</u>	<u>12,436</u>

6. Profit before income tax

	2010	2009
	£	£
Profit before income tax is stated after charging/(crediting):		
Directors' emoluments	560,667	461,544
Depreciation – owned assets	134,113	140,662
Amortisation	42,624	26,892
Impairment	124,487	-
Expenses and income relating to business acquired:		
<i>Negative goodwill</i>	-	(386,143)
<i>Bad debt charge relating to businesses acquired</i>	-	255,094
	<u>-</u>	<u>(131,049)</u>
Operating lease rentals – hire of machinery	10,566	10,566
Operating lease rentals – land and buildings	63,500	63,500
Loss on disposal of fixed assets	6,701	-
Finance costs	<u>48,974</u>	<u>12,436</u>

Details of Directors' annual remuneration as at 31 December 2010 are set out below:

	2010	2009
	£	£
Directors' emoluments		
Fees	380,875	385,719
Pension contributions	18,152	24,484
Compensation for loss of office	120,750	
Cost of share options	21,944	14,811
Benefits in kind	18,946	36,530
	<u>560,667</u>	<u>461,544</u>
Details of the highest paid director are as follows:		
Aggregate emoluments	210,000	195,493
Company contributions to personal pension scheme	14,272	18,664
Cost of share options	-	6,585
Benefits in kind	10,369	18,382
	<u>234,641</u>	<u>239,124</u>

	Emoluments	Share Options	Pension	Total
	£	£	£	£
Directors				
Andrew J Grant	220,369	-	14,272	234,641
Matthew J Edmett	181,046	21,944	3,880	206,870
Nick J Crabb	105,156	-	-	105,156
Graeme McAusland	14,000	-	-	14,000
TOTAL	<u>520,571</u>	<u>21,944</u>	<u>18,152</u>	<u>560,667</u>

During the year benefits accrued for two directors (2009 two directors) under a money purchase pension scheme.

Staff Costs

The average number of persons employed by the group, including directors, during the year was as follows:

	2010	2009
	£	£
Management and administration	36	30
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	1,294,037	1,045,197
Pension contributions	18,152	24,484
Social security	138,055	108,906
Cost of share options	5,049	20,295
	<u>1,455,293</u>	<u>1,198,882</u>

Key personnel

The executive directors and senior management are considered to be the key management personnel of the company.

7. Auditors' remuneration

During the year the company obtained the following services from the company's auditors as detailed below:

	2010	2009
	£	£
Fees payable to the company's auditors for the audit of the company's annual financial statements	13,365	10,635
<i>Fees payable to the company's auditors and its associates for other services:</i>		
The audit of the company's subsidiaries, pursuant to legislation	13,070	10,400
Total audit fees	26,435	21,035
Other services relating to taxation	3,400	2,350
All other services	15,650	13,500
	<u>45,485</u>	<u>36,885</u>

The audit costs of the subsidiaries were invoiced to and met by Jarvis Securities plc.

8. Income and deferred tax charges – group

	2010	2009
	£	£
Based on the adjusted results for the year:		
UK corporation tax	485,007	509,087
Adjustments in respect of prior years	-	(19,241)
Total current income tax	485,007	489,846
<i>Deferred income tax:</i>		
Origination and reversal of timing differences	(14,925)	(12,972)
Adjustment in respect of change in deferred tax rate	392	-
Deferred tax on share options granted	-	17,714
Adjustment in respect of prior years	18,705	-
Total deferred tax charge	4,172	4,742
Income tax on profit	489,179	494,588

The income tax assessed for the year is greater than the standard rate of corporation tax in the UK (28%). The differences are explained below:

Profit before income tax	1,615,123	1,693,092
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 28%)	452,235	474,066
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,458	11,444
Income not taxable for tax purposes	-	-
Adjustments to tax charge in respect of previous years	18,705	(1,526)
Capital allowances in excess of depreciation		-
Small companies rate marginal relief		(5,756)
Depreciation on non-qualifying assets	16,389	16,360
Adjustment in respect of change in deferred tax rate	392	
Other	-	
Current income tax charge for the year	489,179	494,588

Movement in provision – group:

Provision at start of year	1,599	(3,143)
Deferred income tax charged in the income statement for the year	(14,925)	4,742
Adjustment in respect of prior periods	18,705	-
Adjustment in respect of change in closing deferred tax rate	391	-
Deferred income tax charged to equity for the year	8,110	-
Provision at end of year	13,880	1,599
<i>Provision for deferred income tax:</i>		
Accelerated capital allowances	15,534	9,475
Short term timing differences	(1,654)	(7,876)
	13,880	1,599

Movement in provision – company:

Provision at start of year	9,475	(3,143)
Deferred income tax charged in the income statement for the year	(14,410)	12,618
Adjustment in respect of prior periods	18,705	-
Adjustment in respect of change in closing deferred tax rate	92	-
Deferred income tax charged to equity for the year	8,110	-
Provision at end of year	21,972	9,475
<i>Provision for deferred income tax:</i>		
Accelerated capital allowances	14,880	9,475
Short term timing differences	7,092	-
	21,972	9,475

9. Earnings per share

	2010	2009
	£	£

Earnings:

Earnings for the purposes of basic and diluted earnings per share
(profit for the period attributable to the equity holders of the parent)

1,125,944 1,198,504

Number of shares:

Weighted average number of ordinary shares for the purposes of basic earnings per share

10,497,500 10,462,000

Effect of dilutive potential ordinary shares:

Share option scheme

137,140 299,298

10,634,640 10,761,298

Treasury shares have been deducted from the number of shares in issue for the purpose of calculating the weighted average number of shares in issue for the period. Options exercised or those lapsed as relating to former employees have been deducted for the purpose of calculating the diluted weighted average number of shares in issue for the period.

10. Property, plant & equipment – company

	Leasehold Improvements	Motor Vehicles	Office Equipmen t	Total
	£	£	£	£
Cost:				
At 1 January 2009	288,342	63,658	237,107	589,107
Additions	-	34,000	40,481	74,481
Disposals	-	-	(76,213)	(76,213)
At 31 December 2009	288,342	97,658	201,375	587,375
Additions	-	-	8,962	8,962
Disposals	-	(63,658)	(478)	(64,136)
At 31 December 2010	288,342	34,000	209,859	532,201
Depreciation:				
At 1 January 2009	75,759	17,004	163,058	255,821
Charge for the year	96,105	12,523	32,034	140,662
On Disposal	-	-	(76,213)	(76,213)
At 31 December 2009	171,864	29,527	118,879	320,270
Charge for the year	95,684	9,775	28,385	133,844
On Disposal	-	(31,227)	(271)	(31,498)
At 31 December 2010	267,548	8,075	146,993	422,616
Net Book Value:				
At 31 December 2010	20,794	25,925	62,866	109,585
At 31 December 2009	116,478	68,131	82,496	267,105

Property, plant & equipment – group

	Leasehold Improvements	Motor Vehicles	Office Equipmen t	Total
	£	£	£	£
Cost:				
At 1 January 2009	288,342	63,658	237,107	589,107
Additions	-	34,000	40,481	74,481
Disposals	-	-	(76,213)	(76,213)
At 31 December 2009	288,342	97,658	201,375	587,375
Additions	-	-	11,655	11,655
Disposals	-	(63,658)	(478)	(64,136)
At 31 December 2010	288,342	34,000	212,552	534,894
Depreciation:				
At 1 January 2009	75,759	17,004	163,058	255,821
Charge for the year	96,105	12,523	32,034	140,662
On Disposal	-	-	(76,213)	(76,213)
At 31 December 2009	171,864	29,527	118,879	320,270
Charge for the year	95,685	9,775	28,654	134,114
On Disposal	-	(31,227)	(271)	(31,498)
At 31 December 2010	267,549	8,075	147,262	422,886

Net Book Value:

At 31 December 2010	20,793	25,925	65,290	112,008
At 31 December 2009	116,478	68,131	82,496	267,105

11. Intangible assets & goodwill – group & company

	Goodwill	Intangible assets				Total
		Customer Relationships	Databases	Software Development	Website	
	£	£	£	£	£	£
Cost:						
At 1 January 2009	342,872	-	25,000	94,493	89,069	208,562
Additions	-	-	-	28,034	12,800	40,834
<i>Amounts released to the income statement:</i>						
Negative goodwill	-	386,143	-	-	-	386,143
Disposals	-	-	-	(87,486)	-	(87,486)
At 31 December 2009	342,872	386,143	25,000	35,041	101,869	548,053
Additions	-	-	-	-	1,650	1,650
<i>Amounts released to the income statement:</i>						
Impairment	-	(124,848)	-	-	-	(124,848)
Disposals	-	-	-	(1,226)	-	(1,226)
At 31 December 2010	342,872	261,295	25,000	33,815	103,519	423,629
Amortisation:						
At 1 January 2009	-	-	5,677	92,213	71,276	169,166
Charge for the year	-	8,421	1,000	4,190	13,281	26,892
On Disposal	-	-	-	(87,486)	-	(87,486)
At 31 December 2009	-	8,421	6,677	8,917	84,557	108,572
Charge for the year	-	20,434	1,042	10,267	10,881	42,624
On Disposal	-	-	-	(1,192)	-	(1,192)
At 31 December 2010	-	28,855	7,719	17,992	95,438	150,004
Net Book Value:						
At 31 December 2010	342,872	232,440	17,281	15,823	8,081	273,625
At 31 December 2009	342,872	377,722	18,323	26,124	17,312	439,481

In reviewing the value of goodwill for impairment, the directors have assumed an attrition rate of 7.0% based upon the actual rate for the previous period and a discount rate of 2.0%. The discounted cashflow is calculated over a period of 5 years. For impairment to the goodwill value to occur, the attrition rate would need to exceed 27.2% or the discount rate would need to exceed 19.1%.

During the prior period the businesses of seven commercial clients were acquired following the failure of those businesses under the terms of the contractual agreements in place. The turnover and profit attributable to these intangible assets is not material for the period and has therefore not been separately disclosed. The failure of the businesses resulted in a bad debt expense being recognised of £255,094. The fair value of the customer contractual and non-contractual relationships was £386,143. To estimate their fair value, a discounted cashflow method, specifically the income approach, was used with reference to the contractual terms and management estimates of the level of revenue which will be generated from the customer relationships. An attrition rate of 7% and weighted average cost of capital of 2% was used for the valuation. This valuation resulted in recognition of negative goodwill of £386,143, which was credited to the consolidated income statement. During the current period an impairment review of the customer relationships recognised in the prior period was

conducted in accordance with IAS 36. This resulted in an impairment charge to the customer contractual and non-contractual relationships of £124,848. The impairment review applied the actual attrition rate seen over the prior year and to each relationship and used a weighted average cost of capital of 2%. If the weighted average cost of capital were increased to 3% the additional impairment would be £12,659.

12. Investments held to maturity

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Unlisted Investments:				
<i>Cost:</i>				
At 1 January 2010	39,601	39,601	39,601	39,601
Disposals on maturity	(39,601)		(39,601)	
As at 31 December 2010	-	39,601	-	39,601

13. Available-for-sale investments

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Listed Investments:				
<i>Cost:</i>				
At 1 January 2010	112,001	57,500	112,001	57,500
Additions	10,000	25,000	10,000	25,000
On revaluation	(55,864)	29,501	(55,864)	29,501
As at 31 December 2010	66,137	112,001	66,137	112,001

Listed investments are stated at their market value at 31 December 2010

Listed investments are interests held in the following company registered in the United Kingdom:

	<u>Shareholding</u>	<u>Holding</u>	<u>Business</u>
Alexander David Securities Group plc	2.79% 17,636,460	1p Ordinary shares	Stockbrokers

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Unlisted Investments:				
<i>Cost:</i>				
At 1 January 2010	-	-	-	-
Additions	44,450	-	44,450	-
As at 31 December 2010	44,450	-	44,450	-

Unlisted investments are stated at market value.

Unlisted investments are interests held in the following company registered in the United Kingdom:

	<u>Shareholding</u>	<u>Holding</u>	<u>Business</u>
Alexander David Securities Group plc	£44,450 at par	Preference shares	Stockbrokers

14. Investments in subsidiaries

	Company	
	2010	2009
	£	£
Unlisted Investments:		
<i>Cost:</i>		
At 1 January 2010	266,388	111,204
Additions	-	149,700
Capital contributions re share option costs	5,049	5,484
As at 31 December 2010	271,437	266,388

	<u>Shareholding</u>	<u>Holding</u>	<u>Business</u>
Jarvis Investment Management Limited	100% 25,000,000	1p Ordinary shares	Financial administration

Dudley Road Nominees Limited*	100%	2	£1 Ordinary shares	Dormant nominee company
JIM Nominees Limited*	100%	1	£1 Ordinary shares	Dormant nominee company
Galleon Nominees Limited*	100%	2	£1 Ordinary shares	Dormant nominee company

* indirectly held

15. Trade and other receivables

	Group		Company	
	2010	As restated 2009	2010	2009
<i>Amounts falling due within one year:</i>	£	£	£	£
Trade receivables	3,731,152	1,300,400	1,996	38,144
Amounts owed by group undertakings	-	-	77,968	-
Other receivables	505,840	75,274	25,870	17,508
Prepayments and accrued income	341,309	353,530	143,600	162,956
	<u>4,578,301</u>	<u>1,729,204</u>	<u>249,434</u>	<u>218,608</u>

16. Investments held for trading

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Listed Investments:				
<i>Valuation:</i>				
At 1 January 2010	26,722	50,848	-	-
Additions	208,513	522,106	-	-
Disposals	(216,027)	(546,232)	-	-
As at 31 December 2010	<u>19,208</u>	<u>26,722</u>	<u>-</u>	<u>-</u>

Listed investments are stated at their market value at 31 December 2010.

17. Cash and cash equivalents

	Group		Company	
	2010	As restated 2009	2010	2009
	£	£	£	£
Balance at bank and in hand – group/company	<u>502,099</u>	<u>2,552,877</u>	<u>5,033</u>	<u>7,581</u>
	<u>502,099</u>	<u>2,552,877</u>	<u>5,033</u>	<u>7,581</u>

18. Share capital

	2010	2009
	£	£
At 1 January 2010	105,000	105,000
Allotted, issued and fully paid during the year	<u>710</u>	<u>-</u>
Allotted, issued and fully paid:		
10,571,000 (2009: 10,500,000) Ordinary shares of 1p each	<u>105,710</u>	<u>105,000</u>

The company has one class of ordinary shares which carry no right to fixed income.

38,000 shares purchased during 2008 continue to be held in treasury at the year end.

The Company has a share option scheme for certain employees of the Group. The vesting period is five years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the option holder leaves the Group before the options are vested and exercised.

Details of the share options outstanding during the year are as follows:

	2010		2009	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		Pence		Pence
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Outstanding at the beginning of the year	920,000	118.17	820,000	108.19
Granted during the year	-	-	100,000	200.00
Exercised during the year	(71,000)	82.50	-	-
Forfeited during the year	(190,000)	106.84	-	-
Outstanding at year end	<u>659,000</u>	<u>125.60</u>	<u>920,000</u>	<u>118.17</u>
Exercisable at year end	<u>379,000</u>	<u>82.50</u>	<u>590,000</u>	<u>82.5</u>

A detailed breakdown of the exercise prices for options outstanding as at 31 December 2010 is shown in the table below:

<u>Exercise Price (pence)</u>	2010		2009	
	Number outstanding at year end	Exercise dates	Number outstanding at year end	Exercise dates
82.50 (granted 23 Dec 2004)	379,000	23 Dec 2009 to 23rd Dec 2014	590,000	23 Dec 2009 to 23rd Dec 2014
175.00 (granted 18 May 2007)	180,000	17 May 2012 to 17 May 2017	230,000	17 May 2012 to 17 May 2017
200.00 (granted 12 May 2009)	100,000	12 May 2014 to 12 May 2019	100,000	12 May 2014 to 12 May 2019

The total number of options unexercised and in issue at the year end is 659,000. The weighted average share price for the year was 129p (2009: 167p).

The following options are held by directors:

	<u>at 82.5p</u>	<u>at 175p</u>	<u>at 200p</u>
A J Grant	273,500	76,500	-
N J Crabb	-	-	100,000

19. Trade and other payables	Group		Company	
	2010	As restated 2009	2010	2009
<i>Amounts falling due within one year:</i>	£	£	£	£
Bank loans and overdrafts	-	-	-	-
Trade payables	4,038,850	3,268,614	24,152	29,451
Other taxes and social security	11,471	67,696	400	-
Other payables & provisions	46,084	416,648	12,337	388,518
Accruals	44,875	27,135	11,385	15,135
Trade and other payables	<u>4,141,280</u>	<u>3,780,093</u>	<u>48,274</u>	<u>433,104</u>
Income tax	294,883	418,309	9,876	17,269
Total liabilities	<u>4,436,163</u>	<u>4,198,402</u>	<u>58,150</u>	<u>450,373</u>

20. Dividends	2010	2009
	£	£
Final dividends paid on Ordinary 1p shares	-	648,000
Interim dividends paid on Ordinary 1p shares	946,620	1,477,685
	<u>946,620</u>	<u>2,125,685</u>
Dividend per Ordinary 1p share	<u>9p</u>	<u>20p</u>

21. Operating lease commitments – group

At 31 December 2010 the group was committed to making the following payments in respect of operating leases which expire:

	Equipment		Land & buildings	
	2010	2009	2010	2009
	£	£	£	£
Between one and five years:	29,868	40,468	-	-
After more than five years:	-	-	428,625	492,125

Operating lease commitments – company

At 31 December 2010 the company was committed to making the following payments in respect of operating leases which expire:

	Land & buildings	
	2010	2009
	£	£
Between one and five years:	-	-
After more than five years:	428,625	492,125

On 26 September 2007 the company entered into a lease with Sion Holdings Limited, a company controlled by A J Grant, for the rental of 78 Mount Ephraim, a self-contained office building. The lease has an annual rental of £63,500, being the market rate on an arm's length basis, and expires on 26 September 2017.

In addition, on 24 October 2007, Jarvis Investment Management Limited entered into a lease agreement with Neopost Finance for the rental of various items of post management equipment. The equipment is required to support the increasing volume of post received and sent by the group as a result of the growth of the business. The lease has a term of 6 years.

22. Financial Instruments

The group's principal financial instruments comprise cash, short terms borrowings and various items such as trade receivables, trade payables etc. that arise directly from operations. The main purpose of these financial instruments is the funding of the group's trading activities.

The main financial asset of the group is cash and cash equivalents which is denominated in sterling and which is detailed in note 17. The group operates a low risk investment policy and surplus funds are placed on deposit with at least A rated banks or equivalent at floating interest rates.

The group also holds investments in equities.

23. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate to goodwill, intangible assets, bad debts and the expense of employee options.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (e). These calculations require the use of estimates. The assumptions and sensitivity relating to the impairment tests are detailed in note 11.

The Group considers at least annually whether there are indications that the carrying values of intangible assets may not be recoverable, or that the recoverable amounts may be less than the asset's carrying value, in which case an impairment review is performed. These calculations require the use of estimates. The Groups also calculates the implied levels of variables used in the calculations at which impairment would occur.

Employee options are expensed equally in each year from issue to the date of first exercise. The total cost is calculated on issue based on the Black Scholes method with a volatility rate of 30% and a risk free interest rate of 3.75%. It is assumed that all current employees with options will still qualify for the options at the exercise date. If this did not occur profitability would be increased.

24. Immediate and ultimate parent undertaking

The company's immediate and ultimate parent undertaking is Sion Securities Limited, a company registered in England and Wales. The largest set of accounts that Jarvis Securities plc is consolidated into is that of Sion Securities Limited. Sion Securities Limited is controlled by Mr A J Grant by virtue of his majority shareholding. Consolidated financial statements are available from Sion Securities Limited at its registered office address of Oxford House, 15-17 Mount Ephraim Road, Royal Tunbridge Wells, Kent, TN1 1EN.

25. Related party transactions

On 26 September 2007 the company entered into a lease with Sion Holdings Limited, a company controlled by A J Grant by virtue of his majority shareholding, for the rental of 78 Mount Ephraim, a self-contained office building. The lease has an annual rental of £63,500, being the market rate on an arm's length basis, and expires on 26 September 2017. During the year the company made a management charge of £10,000 to Sion Holdings Limited for office and administrative services and paid Sion Holdings Limited rent of £63,500 under the terms of the lease of 78 Mount Ephraim. Further the company paid Sion Holdings Limited a premium of £175,000 on the assignment of the new lease of 78 Mount Ephraim. The premium related to the VAT position of the lease. As a financial services business, the group cannot reclaim VAT in full. Sion Holdings Limited opted not to tax on the lease in order to save the group the costs of the irrecoverable VAT and in return the company compensated Sion Holdings Limited for the effect of this decision over the lease term.

Group and company trade payables include £15,875 (2009 £15,875) due to Sion Holdings Limited at the year end for rent for the quarter commencing 24 December.

Jarvis Investment Management Limited paid a performance related management charge to Jarvis Securities plc of £240,000 (2009 £180,000) during the year. Jarvis Investment Management Limited owed Jarvis Securities Limited £15,751 (2009 nil) at the year end.

Alexander David Securities Group plc is a related party by virtue of the fact that Mr A J Grant serves as a Non-Executive Director. During the year Jarvis Investment Management Limited earned commission and fees of £107,089 for the provision of outsourcing, execution, trade capture, settlement and related services. As at 31 December 2010 Jarvis Investment Management Limited's immediate parent undertaking, Jarvis Securities plc, also owned £44,500 of preference shares and 17,636,460 ordinary 1p shares (representing 2.79% of the total shareholding) in Alexander David Securities Group plc.

As at 31 December 2010 Sion Securities, the company's immediate and ultimate parent undertaking, had £189,000 deposited with Jarvis Investment Management Limited. Sion Holdings Limited, a company controlled by A J Grant by virtue of his majority shareholding, had £54,500 deposited with Jarvis Investment Management Limited at 31 December 2010.

26. Capital commitments

The company had no capital commitments at 31 December 2010.

27. Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

28. Financial risk management objectives and policies

The directors consider that their main risk management objective is to monitor and mitigate the key risks to the Group, which are considered to be principally credit risk, compliance risk, liquidity risk and operational risk. Several high-level procedures are already in place to enable all risks to be better controlled. These include detailed profit forecasts, monthly management accounts and comparisons against forecast, regular meetings of the full Board of Directors, and more regular senior management meetings.

The group's main credit risk is exposure to the trading accounts of clients. This credit risk is controlled via the use of credit algorithms within the computer systems of the subsidiary. These credit limits prevent the processing of trades in excess of the available maximum permitted margin at 50% of the current portfolio value of a client.

A further credit risk exists in respect of trade receivables. The group's policy is to monitor trade and other receivables and avoid significant concentrations of credit risk. Aged receivables reports are reviewed regularly and significant items brought to the attention of senior management.

The compliance risk of the group is controlled through the use of robust policies, procedures, the segregation of tasks, internal reviews and systems controls. These processes are based upon the Rules and guidance notes of the Financial Services Authority and the London Stock Exchange and are overseen by the compliance officer together with the management team. In addition, regular compliance performance information is prepared, reviewed and distributed to management.

The group aims to fund its expansion plans mainly from existing cash balances without making use of bank loans or overdraft facilities. Financial risk is therefore mitigated by the maintenance of positive cash balances and by the regular review of the banks used by the Group. Other risks, including operational, reputational and legal risks are under constant review at senior management level by the executive directors and senior managers at their regular meetings, and by the full board at their regular meetings.

The Group derives a significant proportion of its revenue from interest earned on client cash deposits and does not have any borrowings. Hence, the directors do not consider the Group to be materially exposed to interest rate risk in terms of the usual consideration of financing costs, but do note that there is a risk to earnings. Given the current Bank of England base rate is at its lowest level since its foundation in 1694, and the business has remained profitable, this risk is not considered material in terms of a threat to the long term prospects of the Group.

The capital structure of the Group consists of issued share capital, reserves and retained earnings. Jarvis Investment Management Limited has an Internal Capital Adequacy Assessment Process ("ICAAP"), as required by the Financial Services Authority ("FSA") for establishing the amount of regulatory capital to be held by that company. The ICAAP gives consideration to both current and projected financial and capital positions. The ICAAP is updated throughout the year to take account of any significant changes to business plans and any unexpected issues that may occur. The ICAAP is discussed and approved at a board meeting of the subsidiary at least annually. Capital adequacy is monitored daily by management. Jarvis Investment Management Limited uses the simplified approach to Credit Risk and the standardised approach for Operational Risk to calculate Pillar 1 requirements. Jarvis Investment Management Limited observed the FSA's regulatory requirements throughout the period. Information disclosure under Pillar 3 of the Capital Requirements Directive is available from the Group's websites.

The directors do not consider that the Group is materially exposed to foreign exchange risk as the Group does not run open currency positions beyond the end of each working day.

29. Prior year adjustment

Adjustments have been made to the trade debtors, creditors and cash balances from the prior year. These adjustments reflect a more appropriate view of the company's settlement ledger activities. Within the non client settlement ledger there are a series of payable and receivable accounts such as Model B security deposits, stamp duty payable and commission and income due to our Model B clients that arise as a result of the settlement process. These are now fully reflected in trade payables and trade receivables.

The Crest Balances that were previously disclosed on the balance sheet have been netted against each other as from both Jarvis Investment Management and the counterparties perspective it is the net position that is either owed or owing at any given time. The direction of this position is dependent on the relative volume of purchase and sales that Jarvis clients are undertaking at the date of the statement of financial position.

As the settlement ledger is being reflected in the company's statement of financial position cash balances that belonged to the company but were previously left off the balance sheet are now reflected in the statement of financial position. These balances represent commission earned that have not been transferred to our corporate account, Model B security deposits, and other payables. In addition, accrued interest on treasury deposits that is deemed to be instantly convertible to cash is now recognised in cash or cash equivalents as opposed to trade and other receivables.

These adjustments have no impact on profitability, earning per share or any of the components of equity.

RESTATED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 1 JANUARY 2010

	1/1/10	Adjustments	As restated 1/1/10
	£		£
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	267,105		267,105
Intangible assets	439,481		439,481
Goodwill	342,872		342,872
Investments held to maturity	39,601		39,601
Available-for-sale investments	112,001		112,001
	1,201,060		1,201,060
<i>Current assets</i>			
Trade and other receivables	9,581,911	(7,852,707)	1,729,204
Investments held for trading	26,722		26,722
Cash and cash equivalents	8,522,615	(5,969,738)	2,552,877
	18,131,248		4,308,803
Total assets	19,332,308		5,509,863
Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	105,000		105,000
Share premium	779,934		779,934
Merger reserve	9,900		9,900
Capital redemption reserve	9,845		9,845
Fair value reserve	85,902		85,902
Share option reserve	74,394		74,394
Retained earnings	328,206		328,206
Own shares held in treasury	(83,319)		(83,319)
Total equity	1,309,862		1,309,862
<i>Non-current liabilities</i>			
Deferred income tax	1,599		1,599
<i>Current liabilities</i>			
Trade and other payables	17,602,538	(13,822,445)	3,780,093
Income tax	418,309		418,309
Total liabilities	18,020,847		4,198,402
Total equity and liabilities	19,332,308		5,509,863

Restated cash and cash equivalents at 1 January 2010

	1/1/10	Adjustments	As restated 1/1/10
	£	£	£
Balance at bank and in hand - company	507,306	2,045,571	2,552,877
Balance at bank and in hand – client balances	8,015,309	(8,015,309)	-
	8,522,615		2,552,877

Restated trade and other receivables at 1 January 2010

	1/1/10	Adjustments	As restated 1/1/10
	£	£	£
Trade receivables	8,822,978	(7,522,578)	1,300,400
Other receivables	75,274		75,274
Prepayments and accrued income	683,659	(330,129)	353,530
	9,581,911		1,729,204

RESTATED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 1 JANUARY 2009

	1/1/09	Adjustments	As restated 1/1/09
	£		£
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	333,286		333,286
Intangible assets	39,396		39,396
Goodwill	342,872		342,872
Investments held to maturity	39,601		39,601
Available-for-sale investments	57,500		57,500
Deferred income tax	3,143		3,143
	815,798		815,798
<i>Current assets</i>			
Trade and other receivables	5,342,108	(2,673,953)	2,668,155
Investments held for trading	50,848		50,848
Cash and cash equivalents	4,697,721	(2,229,271)	2,468,450
	10,090,677		5,187,453
Total assets	10,906,475		6,003,251
Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	105,000		105,000
Share premium	779,934		779,934
Merger reserve	9,900		9,900
Capital redemption reserve	9,845		9,845
Fair value reserve	56,401		56,401
Share option reserve	54,099		54,099
Retained earnings	1,255,387		1,255,387
Own shares held in treasury	(83,319)		(83,319)
Total equity	2,187,247		2,187,247
<i>Current liabilities</i>			
Trade and other payables	8,135,670	(4,903,224)	3,232,446
Income tax	583,558		583,558
Total liabilities	8,719,228		3,816,004
Total equity and liabilities	10,906,475		6,003,251

Restated cash and cash equivalents at 1 January 2009

	1/1/09	Adjustments	As restated 1/1/09
	£	£	£
Balance at bank and in hand - company	275,638	2,192,812	2,468,450
Balance at bank and in hand – client balances	4,422,083	(4,422,083)	-
	4,697,721		2,468,450

Restated trade and other receivables at 1 January 2009

	1/1/09	Adjustments	As restated 1/1/09
	£	£	£
Trade receivables	2,937,120	(2,227,410)	709,710
Amount owed by group undertaking	17,319		17,319
Other receivables	317,752		317,752
Charge against ordinary shares	1,393,345		1,393,345
Prepayments and accrued income	676,572	(446,543)	230,029
	5,342,108		2,668,155

