22 February 2012

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

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

- 25% increase in year on year interest income
- Revenue increased to £5.68m (2010: £5.41m)
- 20% increase in profit before tax, £1.94m (2010: £1.62m); pre-exceptional PBT* £2.14m
- 11% growth in dividend payment, total dividends for year 10p (2010: 9p)
- 29% increase in earnings per share, 13.84p (adjusted EPS* 15.26p) (2010: 10.73p (adjusted EPS* 13.77p))

** before exceptional items and amortisation of goodwill*

Enquiries:

Jarvis Securities plc Tel: 01892 510515
Andrew Grant
Jolyon Head

Westhouse Securities Tel: 020 7601 6100
Richard Johnson
Antonio Bossi

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 56,000 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 tomorrow sending to shareholders its Annual Report and Accounts for the year ended 31 December 2011, together with a notice convening the Annual General Meeting ("AGM"), to be held at the Company's offices on Thursday 22 March 2012. The Annual Report and Accounts and Notice of AGM will also be available from the Company's website, www.jarvissecurities.co.uk.

CHAIRMAN'S STATEMENT

The key trait of 2011 has been volatility – both in the fortunes of the stock market itself and the volume of trading seen within the market. Whilst our daily average trade volume figure for 2011 is marginally higher than the 2010 figure, behind this figure some months have delivered record levels of trade volumes whilst others have been somewhat quieter. Fortunately, as I have stressed many times before in this statement, our diversified business model is designed to withstand such volatility as our income stream is not wholly reliant on commission income. Jarvis is well placed to continue to deliver resilient performance in all market conditions.

Whilst satisfied with the position of the business as it currently stands we do not stand still. We are constantly looking to develop and expand the business through organic growth of our core execution only stockbroking business. This year has also seen Jarvis make an investment in "Hubwise" - an exciting start up company looking to take advantage of changes in the regulatory environment relating to the distribution of financial products, commonly known as the FSA's retail distribution review.

The outlook for 2012 is excellent. We have begun the year by signing up 5 new commercial clients and have a strong pipeline of enquires which we hope will secure further contracts. Maturing treasury deposits are being placed at higher interest rates than were being obtained, cash under administration is approaching its record level, and the Hubwise platform has its first tranche of assets under administration. The business continues to be highly cash generative with no debt, and we aim to adhere to our stated policy of paying quarterly dividends of 2/3rd's 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 2011

	Notes	**Year to 31/12/11**	Year to 31/12/10
		£	£
Continuing operations:			
Revenue	*3*	**5,676,690**	5,413,090
Administrative expenses		**(3,735,996)**	(3,794,928)
Finance costs	*5*	**(4,016)**	(3,039)
Profit before income tax	*6*	**1,936,678**	1,615,123
Income tax charge	*8*	**(473,139)**	(489,179)
Profit for the period		**1,463,539**	1,125,944
Attributable to equity holders of the parent		**1,463,539**	1,125,944
Earnings per share	*9*	**P**	P
Basic		**13.84**	10.73
Diluted		**13.60**	10.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011

	Notes	**31/12/11**	31/12/10
		£	£
Assets			
Non-current assets			
Property, plant and equipment	*10*	**212,867**	112,008
Intangible assets	*11*	**155,422**	273,626
Goodwill	*11*	**342,872**	342,872
Investments held to maturity	*12*	**194,885**	-
Deferred income tax	*8*	**12,758**	-
Available-for-sale investments	*13*	**280,549**	110,587
		1,199,353	839,093
Current assets			
Trade and other receivables	*15*	**3,258,868**	4,578,301
Investments held for trading	*16*	**19,975**	19,208
Cash and cash equivalents	*17*	**2,109,961**	502,099
		5,388,804	5,099,608
Total assets		**6,588,157**	5,938,701

Equity and liabilities			
Capital and reserves			
Share capital	*18*	**105,720**	105,710
Share premium		**838,614**	837,799
Merger reserve		**9,900**	9,900
Capital redemption reserve		**9,845**	9,845
Fair value reserve		**-**	21,928
Share option reserve		**97,034**	79,264
Retained earnings		**899,394**	507,531
Own shares held in treasury		**-**	(83,319)
Total equity		**1,960,507**	1,488,658
Non-current liabilities			
Deferred income tax	*8*	**-**	13,880
Current liabilities	*19*		
Trade and other payables	*19*	**4,329,494**	4,141,280
Income tax	*19*	**298,156**	294,883
Total current liabilities	*19*	**4,627,650**	4,436,163
Total equity and liabilities		**6,588,157**	5,938,701

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011

	Notes	**31/12/11**	31/12/10
		£	£
Assets			
Non-current assets			
Property, plant and equipment	*10*	**212,867**	109,585
Intangible assets	*11*	**155,422**	273,626
Goodwill	*11*	**342,872**	342,872
Deferred income tax	*8*	**12,758**	-
Available-for-sale investments	*13*	**280,549**	110,587
Investment in subsidiaries	*14*	**276,379**	271,437
		1,280,847	1,108,107
Current assets			
Trade and other receivables	*15*	**185,137**	249,434
Cash and cash equivalents	*17*	**854**	5,033
		185,991	254,467
Total assets		**1,466,838**	1,362,574
Equity and liabilities			
Capital and reserves			
Share capital	*18*	**105,720**	105,710
Share premium		**838,614**	837,799
Capital redemption reserve		**9,845**	9,845
Fair value reserve		**-**	21,928
Share option reserves		**97,034**	79,264
Retained earnings		**173,176**	311,225
Own shares held in treasury		**-**	(83,319)
Total equity		**1,224,389**	1,282,452
Non-current liabilities			
Deferred income tax	*8*	**-**	21,972
Current liabilities	*19*		
Trade and other payables	*19*	**226,284**	48,274
Income tax	*19*	**16,165**	9,876
Total current liabilities	*19*	**242,449**	58,150
Total equity and liabilities		**1,466,838**	1,362,574

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	Notes	**Year to 31/12/11**	Year to 31/12/10
		£	£
Profit for the period		**1,463,539**	1,125,944
Sale of shares from treasury		**67,118**	-
Net income recognised directly in equity		**67,118**	-
Total comprehensive income for the period		**1,530,657**	1,198,504
Attributable to equity holders of the parent		**1,530,657**	1,125,944

COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	Notes	**Year to 31/12/11**	Year to 31/12/10
		£	£
Profit for the period		**933,627**	995,812
Sale of shares from treasury		**67,118**	-
Net income recognised directly in equity		**67,118**	-
Total comprehensive income for the period		**1,000,745**	995,812
Attributable to equity holders of the company		**1,000,745**	995,812

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 2010	105,000	779,934	9,900	9,845	85,902	74,394	328,207	(83,319)	1,309,863
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
Share options exercised during the year	10	815	-	-	-	-	-	-	825
Deferred tax charge to equity	-	-	-	-	8,110	-	-	-	8,110
Expense of employee options	-	-	-	-	-	17,770	-	-	17,770
Profit for the financial year	-	-	-	-	-	-	1,463,539	-	1,463,539
Dividends	-	-	-	-	-	-	(1,055,475)	-	(1,055,475)
Investment revaluation	-	-	-	-	(30,038)	-	-	-	(30,038)
Sale of treasury shares	-	-	-	-	-	-	(16,201)	83,319	67,118
At 31 December 2011	105,720	838,614	9,900	9,845	-	97,034	899,394	-	1,960,507

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 20010	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
Deferred tax charged to equity	-	-	-	8,110	-	-	-	8,110
Share options exercised during the year	10	815	-	-	-	-	-	825
Expense of employee options	-	-	-	-	17,770	-	-	17,770
Profit for the financial year	-	-	-	-	-	933,627	-	933,627
Dividends	-	-	-	-	-	(1,055,475)	-	(1,055,475)
Investment revaluation	-	-	-	(30,038)	-	-	-	(30,038)
Sale of treasury shares	-	-	-	-	-	-	83,319	67,118
At 31 December 2011	105,720	838,614	9,845	-	97,034	173,176	-	1,224,389

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED		**COMPANY**	
	Year to 31/12/11	Year to 31/12/10	**Year to 31/12/11**	Year to 31/12/10
	£	£	**£**	£
Cash flow from operating activities				
Profit before income tax	**1,936,678**	1,615,123	**900,700**	937,981
Depreciation and amortisation	**86,562**	176,738	**81,380**	176,468
Cost of share options	**17,770**	4,869	**17,770**	4,869
Finance costs	**4,016**	3,039	**12**	742
Impairment charge	**83,314**	124,848	**83,314**	124,848
Loss on disposal of property, plant & equipments	**3,875**	27,638	**3,875**	27,638
Loss on disposal of intangibles assets	**-**	34	**-**	34
	2,132,215	1,952,289	**1,087,051**	1,272,580
Decrease/(Increase) in trade and other receivables	**1,319,433**	938,951	**64,298**	(30,826)
(Increase)/Decrease in trade payables	**188,213**	361,187	**190,605**	(322,612)
Increase in investments in subsidiaries	**-**	-	**(4,942)**	(5,049)
(Increase)/Decrease in investments held for trading	**(767)**	7,514	**-**	-
Cash generated from operations	**3,639,094**	(528,107)	**1,337,012**	914,093
Interest paid	**(4,016)**	(3,039)	**(12)**	(742)
Income tax (paid)/received	**(488,394)**	(608,433)	**-**	(7,393)
Net cash from operating activities	**3,146,684**	(1,139,579)	**1,337,000**	905,958
Cash flows from investing activities				
Purchase of property, plant and equipment	**(172,223)**	(1,650)	**(174,647)**	(1,650)
Disposal of property, plant and equipment	**21,000**	5,000	**21,000**	5,000
Purchase of intangible assets	**-**	(11,655)	**-**	(8,962)
Purchase of investments and long term assets	**(400,067)**	(14,849)	**(200,000)**	(14,849)

	(551,290)	(23,154)	**(353,647)**	(20,461)
Cash flows from financing activities				
Issue of share capital	**825**	58,575	**825**	58,575
Sale of shares held in treasury	**67,118**	-	**67,118**	-
Dividends paid	**(1,055,475)**	(946,620)	**(1,055,475)**	(946,620)
Net cash used in financing activities	**(987,532)**	(888,045)	**(987,532)**	(888,045)
Net (increase)/decrease in cash & cash equivalents	**1,607,862**	(2,050,778)	**(4,179)**	(2,050,778)
Cash and cash equivalents at the start of the year	**502,099**	2,552,877	**5,033**	2,552,877
Cash and cash equivalents at the end of the year	**2,109,961**	502,099	**854**	502,099
Cash and cash equivalents:				
Cash at bank and in hand	**2,109,961**	502,099	**854**	502,099

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):

IAS 12 Amendments to Deferred tax: Recovery of Underlying Assets
IAS 1 Amendment – Presentation of items of other comprehensive income
IAS 19 Amendment – Employee Benefits
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IFRS 9 Financial Instruments

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 2011.

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 £933,627 (2010: £995,812).

(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.

During the year the Group purchased Freehold land and property. The property is currently under construction and is not being depreciated as at 31 December 2011.

(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) Trade receivables and payables
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.

(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.

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.

	2011	2010
	£	£
Interest received on stockbroking accounts net of interest paid to clients	2,017,201	1,610,328
Fees, commissions, foreign exchange gains and other revenue	3,659,489	3,802,762
	5,676,690	5,413,090

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.

The group is not reliant on any one customer and no customer accounts for more than 10% of the group's external revenues.

As the Group's sole business activity is the provision of stock broking services and all revenue is derived in the UK, management have not had occasion to define any factors to identify reportable segments.

5. Finance costs	2011	2010
	£	£
Interest on bank loans, overdrafts and income tax	4,016	3,039
	4,016	3,039

6. Profit before income tax	2011	2010
Profit before income tax is stated after charging/(crediting):	£	£
Directors' emoluments	409,388	560,667
Depreciation – owned assets	46,491	134,113
Amortisation	34,889	42,624
Impairment	83,314	124,487
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	3,875	6,701
Finance costs including bank transaction fees	66,674	48,974

Details of Directors' annual remuneration as at 31 December 2011 are set out below:

	2011	2010
	£	£
Fees	317,780	380,875
Pension contributions	71,293	18,152
Compensation for loss of office	-	120,750
Cost of share options	12,828	21,944
Benefits in kind	7,487	18,946
	409,388	560,667
Details of the highest paid director are as follows:		
Aggregate emoluments	209,885	210,000
Company contributions to personal pension scheme	62,793	14,272
Benefits in kind	7,028	10,369
	279,706	234,641

	Emoluments	Pension	Total
Directors	£	£	£
Andrew J Grant	216,913	62,793	279,706
Nick J Crabb	107,182	8,500	115,682
Graeme McAusland	14,000	-	14,000
TOTAL	338,095	71,293	409,388

During the year benefits accrued for two directors (2010 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:

	2011	2010
Management and administration	36	36
The aggregate payroll costs of these persons were as follows:	£	£
Wages, salaries & social security	1,273,811	1,432,092
Pension contributions including salary sacrifice	77,793	18,152
Cost of share options	17,770	5,049
	1,369,374	1,455,293

Pension contributions have increased due to salary sacrifice into a pension scheme by a director.

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:

	2011	2010
	£	£
Fees payable to the company's auditors for the audit of the company's annual financial statements	20,725	13,365
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries, pursuant to legislation	13,375	13,070
Total audit fees	34,100	26,435
Other services relating to taxation	3,850	3,400
All other services	4,150	15,650
	42,100	45,485

8. Income and deferred tax charges – group

	2011	2010
	£	£
Based on the adjusted results for the year:		
UK corporation tax	523,210	485,007
Adjustments in respect of prior years	(31,543)	-
Total current income tax	491,667	485,007
Deferred income tax:		
Origination and reversal of timing differences	(3,277)	(14,925)
Adjustment in respect of change in deferred tax rate	1,021	392
Adjustment in respect of prior years	(16,272)	18,705
Total deferred tax charge	(18,528)	4,172
Income tax on profit	473,139	489,179

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

The income tax assessed for the year is greater than the standard rate of corporation tax in the UK (26.5%). The differences are explained below:

	2011	2010
Profit before income tax	1,936,678	1,615,123
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	513,220	452,235
Effects of:		
Expenses not deductible for tax purposes	5,897	1,458
Income not taxable for tax purposes	-	-
Adjustments to tax charge in respect of previous years	(47,815)	18,705
Capital allowances in excess of depreciation		
Small companies rate marginal relief	(4,633)	
Ineligible depreciation	5,510	16,389
Adjustment in respect of change in deferred tax rate	960	392
Current income tax charge for the year	473,139	489,179

	2011	2010
Movement in (assets) / provision – group:		
Provision at start of year	13,880	1,599
Deferred income tax charged in the income statement for the year	(3,277)	(14,925)
Adjustment in respect of prior periods	(16,272)	18,705
Adjustment in respect of change in closing deferred tax rate	1,021	391
Deferred income tax charged to equity for the year	(8,110)	8,110
Provision at end of year	(12,758)	13,880
Provision for deferred income tax:		
Accelerated capital allowances	(12,758)	15,534

Provision for investment revaluation	-	8,110
Short term timing differences	-	(9,764)
	(12,758)	13,880

Movement in provision – company:		
Provision at start of year	21,972	9,475
Deferred income tax charged in the income statement for the year	(2,622)	(14,410)
Adjustment in respect of prior periods	(25,019)	18,705
Adjustment in respect of change in closing deferred tax rate	1,021	92
Deferred income tax charged to equity for the year	(8,110)	8,110
Provision at end of year	(12,758)	21,972
Provision for deferred income tax:		
Accelerated capital allowances	(12,758)	14,880
Provision for investment revaluation	-	8,110
Short term timing differences	-	(1,018)
	(12,758)	21,972

9. Earnings per share	2011	2010
	£	£
Earnings:		
Earnings for the purposes of basic and diluted earnings per share *(profit for the period attributable to the equity holders of the parent)*	1,463,539	1,125,944
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	10,571,500	10,497,500
Effect of dilutive potential ordinary shares:		
Share option scheme	193,106	137,140
	10,764,606	10,634,640

Treasury shares, when held, 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 – group

	Freehold Land & Property	Leasehold Improvements	Motor Vehicles	Office Equipment	Total
Cost:	£	£	£	£	£
At 1 January 2010	-	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
Additions	165,967	-	-	6,257	172,224
Disposals	-	-	(34,000)	-	(34,000)
At 31 December 2011	165,967	288,342	-	218,809	673,118
Depreciation:					
At 1 January 2010	-	171,864	29,527	118,879	320,270
Charge for the year	-	95,684	9,775	28,654	134,113
On Disposal	-	-	(31,227)	(271)	(31,498)
At 31 December 2010	-	267,548	8,075	147,262	422,885
Charge for the year	-	20,794	1,050	24,647	46,491
On Disposal	-	-	(9,125)	-	(9,125)
At 31 December 2011	-	288,342	-	171,909	460,251
Net Book Value:					
At 31 December 2011	165,967	-	-	46,900	212,867
At 31 December 2010		20,793	25,925	65,290	112,008

The addition in freehold land and property relates to the purchase of a disaster recovery site. This is currently being developed and has not yet been brought into use.

Property, plant & equipment – company

	Freehold Land & Property	Leasehold Improvements	Motor Vehicles	Office Equipment	Total
Cost:	£	£	£	£	£
At 1 January 2010	-	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
Additions	165,967	-	-	8,681	174,648
Disposals	-	-	(34,000)	-	(34,000)
At 31 December 2011	165,967	288,342	-	218,540	672,849
Depreciation:					
At 1 January 2010	-	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
Charge for the year	-	20,794	1,050	24,647	46,491
On Disposal	-	-	(9,125)	-	(9,125)
At 31 December 2011	-	288,342	-	171,640	459,982
Net Book Value:					
At 31 December 2011	165,967	-	-	46,900	212,867
At 31 December 2010		20,794	25,925	62,866	109,585

11. Intangible assets & goodwill – group & company

	Goodwill	Intangible assets				
		Customer Relationships	Databases	Software Development	Website	Total
	£	£	£	£	£	£
Cost:						
At 1 January 2010	342,872	386,143	25,000	35,041	101,869	548,053
Additions	-	-	-	-	1,650	1,650
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
Additions	-	-	-	-	-	-
Impairment		(83,314)				(83,314)
Disposals	-		-	-	-	-
At 31 December 2011	342,872	177,981	25,000	33,815	103,519	340,315
Amortisation:						
At 1 January 2010	-	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
Charge for the year	-	18,291	1,000	9,398	6,200	34,889
On Disposal	-	-	-	-	-	-
At 31 December 2011	-	47,146	8,719	27,390	101,638	184,893
Net Book Value:						
At 31 December 2011	342,872	130,835	16,281	6,425	1,881	155,422
At 31 December 2010	342,872	232,440	17,281	15,823	8,081	273,625

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 19.0% or the discount rate would need to exceed 13.5%.

During a 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 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. 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 £83,314. 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 £5,450.

12. Investments held to maturity	Group		Company	
	2011	2010	2011	2010
Unlisted Investments:	£	£	£	£
Cost:				
At 1 January	-	39,601	-	39,601
Additions	200,067	-	-	-
Disposals on maturity	-	(39,601)	-	(39,601)
As at 31 December	200,067	-	-	-
Amortisation:				
At 1 January	-	-	-	-
Charge for the year	5,182	-	-	-
As at 31 December	5,182	-	-	-
Net Book Value:				
At 1 January	-	-	-	-
At 31 December	194,885	-	-	-

The investment held to maturity is an 8% coupon UK Government Gilt maturing in 2015.

13. Available-for-sale investments	Group		Company	
	2011	2010	2011	2010
Listed Investments:	£	£	£	£
Cost:				
At 1 January 2011	66,137	112,001	66,137	112,001
Additions	-	10,000	-	10,000
On revaluation	(30,038)	(55,864)	(30,038)	(55,864)
As at 31 December 2011	36,099	66,137	36,099	66,137

Listed investments are stated at their market value at 31 December 2011

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

	Shareholding		*Holding*	*Business*
Alexander David Securities Group plc	2.38%	17,636,460	1p Ordinary shares	Stockbrokers

	Group		Company	
	2011	2010	2011	2010
Unlisted Investments:	£	£	£	£
Cost:				
At 1 January 2011	44,450	-	44,450	-
Additions	200,000	44,450	200,00	44,450
As at 31 December 2011	244,450	44,450	244,450	44,450

Unlisted investments are stated at market value.

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

	Shareholding	Holding	Business
Alexander David Securities Group plc	£44,450 at par	Preference shares	Stockbrokers
Hubwise Holdings Limited	100,000	Ordinary shares	Fund platform

Jarvis Securities share holding in Hubwise Holdings Limited represents 14.29% of the total equity in issue.

14. Investments in subsidiaries

	Company	
	2011	2011
Unlisted Investments:	£	£
Cost:		
At 1 January 2011	271,437	266,388
Additions	-	-
Capital contributions re share option costs	4,942	5,049
As at 31 December 2011	276,379	271,437

		Shareholding	Holding	Business
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	
Amounts falling due within one year:	2011	2010	2011	2010
	£	£	£	£
Trade receivables	2,716,027	3,731,152	400	1,996
Amounts owed by group undertakings	-	-	-	77,968
Other receivables	47,401	505,840	23,937	25,870
Prepayments and accrued income	495,440	341,309	160,799	143,600
	3,258,868	4,578,301	185,136	249,434

16. Investments held for trading

	Group		Company	
	2011	2010	2011	2010
Listed Investments:	£	£	£	£
Valuation:				
At 1 January 2011	19,208	26,722	-	-
Additions	234,718	208,513	-	-
Disposals	(233,951)	(216,027)	-	-
As at 31 December 2011	19,975	19,208	-	-

Listed investments are stated at their market value at 31 December 2011.

17. Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Balance at bank and in hand – group/company	2,109,961	502,099	854	5,033
	2,109,961	502,099	854	5,033

18. Share capital

	2011	2010
	£	£
At 1 January 2011	105,710	105,000
Allotted, issued and fully paid during the year	10	710

Allotted, issued and fully paid:

10,572,000 (2010: 10,571,000) Ordinary shares of 1p each	105,720	105,710

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

38,000 shares purchased during 2008 and held in treasury were sold during the year.

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:

	2011		2010	
	Number of share options	Weighted average exercise price *Pence*	Number of share options	Weighted average exercise price *Pence*
Outstanding at the beginning of the year	659,000	125.60	920,000	118.17
Exercised during the year	(1,000)	82.50	(71,000)	82.50
Forfeited during the year	-	-	(190,000)	106.84
Outstanding at year end	658,000	125.46	659,000	125.60
Exercisable at year end	378,000	82.50	379,000	82.50

A detailed breakdown of the exercise prices for options outstanding as at 31 December 2011 is shown in the table below:

	2011		2010	
Exercise Price *(pence)*	Number outstanding at year end	Exercise dates	Number outstanding at year end	Exercise dates
82.50 *(granted 23 Dec 2004)*	378,000	23 Dec 2009 to 23rd Dec 2014	379,000	23 Dec 2009 to 23rd Dec 2014
175.00 *(granted 18 May 2007)*	180,000	17 May 2012 to 17 May 2017	180,000	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 658,000. The weighted average share price for the year was 169p (2010: 129p).

The following options are held by directors:

	at 82.5p	*at 175p*	*at 200p*
A J Grant	273,500	76,500	-
N J Crabb	-	-	100,000

19. Trade and other payables

	Group		Company	
Amounts falling due within one year:	2011 £	2010 £	2011 £	2010 £
Trade payables	4,075,332	4,038,850	6,526	24,152
Amount owed to group undertaking	-	-	192,213	-
Other taxes and social security	22,430	11,471	-	400
Other payables & provisions	42,072	46,084	5,543	12,337
Accruals	189,660	44,875	22,000	11,385
Trade and other payables	4,329,494	4,141,280	226,284	48,274
Income tax	298,156	294,883	16,165	9,876
Total liabilities	4,627,650	4,436,163	242,449	58,150

20. Dividends

	2011	2010
	£	£
Interim dividends paid on Ordinary 1p shares	1,055,475	946,620
Dividend per Ordinary 1p share	10p	9p

21. Operating lease commitments – group

At 31 December 2011 the group was committed to making the following payments in respect of operating leases which expire:

	Equipment		Land & buildings	
	2011	2010	2011	2010
	£	£	£	£
Between one and five years:	19,302	29,868	-	-
After more than five years:	-	-	365,125	428,625

Operating lease commitments – company

At 31 December 2011 the company was committed to making the following payments in respect of operating leases which expire:

	Land & buildings	
	2011	2010
	£	£
Between one and five years:	-	-
After more than five years:	365,125	428,625

The company has 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.

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 and gilts.

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 78 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS.

25. Related party transactions

The company has 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.

Jarvis Investment Management Limited paid a performance related management charge to Jarvis Securities plc of £433,000 (2010 £240,000) during the year. Jarvis Securities plc owed Jarvis Investment Management Limited £192,213 (2010: Jarvis Investment Management Limited owed Jarvis Securities £77,969) at 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 £105,084 (2010 £107,089) for the provision of outsourcing, execution, trade capture, settlement and related services. As at 31 December 2011 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 2.38% of the total shareholding) in Alexander David Securities Group plc.

As at 31 December 2011 Sion Securities, the company's immediate and ultimate parent undertaking, had £328,750 (2010 £189,000) of cash deposited with Jarvis Investment Management Limited. Sion Holdings Limited, a company controlled by A J Grant by virtue of his majority shareholding, had no deposits (2010: £54,500) with Jarvis Investment Management Limited at 31 December 2011. Sion Properties Limited, a company controlled by A J Grant by virtue of his majority shareholding, had £70,300 (2010: nil) deposited with Jarvis Investment Management Limited.

During the period N J Crabb, a Director of Jarvis Securities plc, had an outstanding loan due to the company of £26,000. This was repaid in full on 23rd November 2011.

26. Capital commitments

As of 31 December 2011 the company was committed to £50,000 of capital expenditure to develop its disaster recovery site.

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, cash flow 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.