

JARVIS SECURITIES PLC

FINANCIAL STATEMENTS

For the interim 6 months to 31 December 2024

Corporate information

DIRECTORS:	A J Grant – Chairman and Chief Executive Officer K M Price – Finance Director S M Middleton – Non-Executive Director
SECRETARY:	K M Price
REGISTERED OFFICE:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS
REGISTERED NUMBER:	05107012
AUDITOR:	Crowe U.K. LLP 4 Mount Ephraim Road Tunbridge Wells TN1 1EE
REGISTRAR:	Share Registrars Ltd 17 West Street Farnham Surrey GU9 7DR
PRINCIPAL BANKER:	NatWest Bank 89 Mount Pleasant Road Tunbridge Wells Kent TN1 1QJ
SOLICITOR:	Squires Patton Boggs (UK) LLP 60 London Wall London EC2M 5TQ
NOMINATED ADVISER AND BROKER:	Zeus Capital Limited 125 Old Broad Street London EC2N 1AR
WEBSITE:	www.jarvissecurities.co.uk

Chairman's statement

- £484,200 (8.4%) increase in revenue versus six months to 31 December 2023
- £992,725 (71.1%) increase in profit before tax versus six months to 31 December 2023
- EPS increased to 4.01p (six months to 31 December 2023: 2.38p)

Following the change to the accounting reference date of the Company to 30 June, Jarvis announces its unaudited second interim results for the six months ended 31 December 2024.

The ramifications of the s.166 Skilled Person review and costs of remediation, combined with market transaction volumes that continue to remain subdued, are again reflected in the financial performance for the period under review. At the same time, interest rates that had previously remained relatively constant, began falling in the six months to 31 December 2024 ("H2 2024"). However, the Group continued to benefit from the favourable rates available versus the 6 months to 31st December 2023 ("H2 2023"), reflected in a 19% increase in interest income. Also, the intensive external remediation costs borne in H2 2023 were not mirrored in H2 2024, contributing to an overall increase in profit before tax of 71.1%.

Although focus was placed on achieving successful completion of the sale of the retail execution-only brokerage in the period, the Company's subsidiary, Jarvis Investment Management Limited ("JIML") continued to work through the skilled person recommendations as required by the FCA and continues to be committed to achieving a point where the voluntary agreed restrictions (the "VREQ") on JIML, as announced on 16th September 2022, can be lifted.

Current Trading

Since the end of the period under review, and as announced on 15th April 2025, JIML has conditionally agreed to sell the majority of its retail execution-only brokerage business, with completion provisionally due to occur in early July 2025 (the "Transaction"). As announced earlier today, the Directors are aware of certain conditions that enables the buyer, Interactive Investor Services Limited ("ii"), to withdraw from the Transaction, unless waived. Although ii have indicated that they still intend to progress to completion and both parties continue to work towards the successful completion of the Transaction. If completion of the Transaction does not occur this will have a detrimental financial impact on the Group. If the Transaction does complete, the Group will mainly comprise the Model 'B' clearing and settlement service business within JIML and as announced on 15 April 2025 the Group has already begun the process of terminating the Model B Arrangements and closing down its other operations. This process is anticipated to take approximately 15 months to complete.

Overall subdued trading volumes continue as JIML implements its' wind down and prepares for completion of the Transaction. In addition, as announced on 15th April 2025, the Group has agreed not to take on any new clients going forward. Model B clients have been served notice and the Group is working with each of them to ensure a smooth exit. Remediation work continues and focus is placed on ensuring sufficient resources remain in place to achieve this.

Outlook

The Group is now committed to delivering an effective and efficient wind down over the coming months.

As announced on 15 April 2025, if the Transaction completes and if the Model B Arrangements are terminated, Jarvis would then no longer own, control, or conduct any trading business. Accordingly, pursuant to AIM Rule 15 Jarvis would, at that time, become an AIM Rule 15 Cash Shell and would be required to make an acquisition or acquisitions that constitutes a reverse takeover under AIM Rule 14, within 6 months of becoming an AIM Rule 15 Cash Shell. If the Transaction completes and if the

JARVIS SECURITIES PLC – Interim Report for the six months to 31 December 2024

Model B Arrangements are terminated, it is anticipated Jarvis will become an AIM Rule 15 Cash Shell on the date that all, or substantially all of JIML's client agreements or assets are transferred to a third party.

At this time, the Directors do not intend to make any acquisitions. Whilst they continue to keep their strategic options for the remaining assets of the Group under review, the Directors currently intend to seek a cancellation of the Company's admission to trading on AIM pursuant to AIM Rule 41 (the "**Proposed Cancellation**") in due course, with the expectation that any distributable reserves remaining in the Company at the time of the Proposed Cancellation would then be returned to shareholders. The Proposed Cancellation would be subject, *inter alia*, to shareholder approval. Further announcement will be made as this progresses.

As always, I would like to thank our staff for their relentless hard work and support over what continues to be a difficult period for the firm.

A handwritten signature in black ink, appearing to read 'A. Grant', with a long horizontal stroke extending to the right.

Andrew J Grant
Chairman

Key performance indicators (KPI)

The key performance indicators (KPIs) are designed to give stakeholders in the business a more rounded view of the Group's performance. Further details on the KPIs and their measurement can be found in the last Annual Report. A selection of KPIs and the Group's results to the interim period for these are detailed below. These results have been annualised from the position at 31 December 2024 where measurement over a year is required.

KPI:	6 months to 31/12/2024	6 months to 31/12/2023	12 months to 31/12/2023
Profit before tax margin	38.2%	24.2%	39.8%
Revenue per employee (<i>annualised</i>)	£223,136	£213,467	£242,387

Consolidated income statement for the period ended 31 December 2024

		6 months ended 31/12/24	6 months ended 31/12/23	12 months ended 31/12/2023
	Notes	(unaudited)	(unaudited)	(audited)
		£	£	£
Continuing operations				
Revenue		6,247,800	5,763,600	13,088,907
Administrative expenses		(3,446,486)	(3,261,985)	(6,523,706)
Exceptional administrative expenses		(406,023)	(1,097,233)	(1,337,522)
Lease finance costs		(6,292)	(8,108)	(17,090)
Profit before income tax		2,388,999	1,396,274	5,210,589
Income tax charge	4	(595,504)	(332,992)	(1,229,356)
Profit for the period		1,793,495	1,063,282	3,981,233
Attributable to equity holders of the parent		1,793,495	1,063,282	3,981,233
Earnings per share	5	P	P	P
Basic		4.01	2.38	8.90

Consolidated statement of financial position at 31 December 2024

<i>Notes</i>	31/12/24	31/12/23
	(unaudited)	(audited)
	£	£
Assets		
<i>Non-current assets</i>		
Property, plant and equipment	418,043	505,184
Intangible assets	21,687	45,331
Goodwill	342,872	342,872
	782,602	893,387
<i>Current assets</i>		
Trade and other receivables	1,756,481	2,011,608
Investments held for trading	5,148	11,966
Cash and cash equivalents	7,227,597	5,514,075
	8,989,226	7,537,649
Total assets	9,771,828	8,431,036
Equity and liabilities		
<i>Capital and reserves</i>		
Share capital ⁷	111,828	111,828
Merger reserve	9,900	9,900
Capital redemption reserve	9,845	9,845
Retained earnings	6,390,757	4,912,384
Total equity	6,522,330	5,043,957
<i>Non-current liabilities</i>		
Deferred income tax	54,266	54,266
Lease liabilities	145,746	223,515
	200,012	277,781
<i>Current liabilities</i>		
Trade and other payables	2,264,050	2,541,690
Lease liabilities	77,767	73,997
Income tax ⁴	707,669	493,611
	3,049,486	3,109,298
Total liabilities	3,249,498	3,387,079
Total equity and liabilities	9,771,828	8,431,036

Consolidated statement of comprehensive income

	6 months ended 31/12/24 (unaudited)	6 months ended 31/12/23 (unaudited)	12 months ended 31/12/2023 (audited)
Profit for the period	1,793,495	1,063,282	3,981,233
Total comprehensive income for the period	1,793,495	1,063,282	3,981,233
Attributable to equity holders of the parent	1,793,495	1,063,282	3,981,233

Consolidated statement of changes in equity for the period

	Share Capital	Merger Reserve	Capital redemption reserve	Retained Earnings	Attributable to equity holders of the company
	£	£	£	£	£
Balance at 01/01/23	111,828	9,900	9,845	4,845,114	4,976,687
Profit for the period	-	-	-	3,981,233	3,981,233
Dividends	-	-	-	(3,913,962)	(3,913,962)
Balance at 31/12/23 (audited)	111,828	9,900	9,845	4,912,385	5,043,958
Balance as at 01/07/2023	111,828	9,900	9,845	4,855,550	4,987,123
Profit for the period	-	-	-	1,063,282	1,063,282
Dividends	-	-	-	(1,006,447)	(1,006,447)
Balance at 31/12/23 (audited)	111,828	9,900	9,845	4,912,385	5,043,958
Balance as at 01/07/2024	111,828	9,900	9,845	5,492,491	5,624,064
Profit for the period	-	-	-	1,793,495	1,793,495
Dividends	-	-	-	(895,229)	(895,229)
Balance at 31/12/24 (unaudited)	111,828	9,900	9,845	6,390,757	6,522,330

Consolidated statement of cashflows for the period ended 31 December 2024

	6 months ended 31/12/2024 (unaudited)	6 months ended 31/12/2023 (unaudited)	12 months ended 31/12/2023 (audited)
	£	£	£
Cash flow from operating activities			
Profit before tax	2,389,000	1,396,274	5,210,589
Finance cost	6,292	8,108	17,090
Depreciation charges	43,044	46,335	92,860
Amortisation charges	10,965	12,787	25,561
	2,449,301	1,463,504	5,346,100
(Increase)/ decrease in receivables	1,047,400	518,060	1,377,319
(Decrease) / increase in payables	(700,619)	(386,443)	(197,640)
(Increase) / decrease in investments held for trading	13,223	(2,328)	-
Cash generated from operations	2,809,305	1,592,793	6,525,779
Income tax (paid)	(571,182)	(734,255)	(1,285,032)
Net cash from operating activities	2,238,123	858,538	5,240,747
Cash flows from investing activities			
Purchase of investments held for trading	-	-	(57,933)
Proceeds of investments held for trading	-	-	54,736
Purchase of intangible fixed assets	-	-	(750)
Net cash used in investing activities	-	-	(3,947)
Cash flows from financing activities			
Repayment of lease liability	(37,458)	(35,642)	(70,410)
Dividends to equity shareholders	(895,229)	(1,006,447)	(3,913,962)
Lease finance costs	(6,292)	(8,108)	(17,090)
Net cash used in financing activities	(938,979)	(1,050,197)	(4,001,462)
Net increase / (decrease) in cash & cash equivalents	1,299,144	(191,659)	1,235,338
Cash and cash equivalents at start of period	5,928,453	5,705,734	4,278,737
Cash and cash equivalents at end of period	7,227,597	5,514,075	5,514,075
Of which:			
Balance at bank and in hand	6,793,019	5,169,380	5,169,380
Cash held for settlement of market transactions	434,578	344,695	344,695

Notes forming part of the interim financial statements

1. Basis of preparation

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. These interim financial statements have been prepared in accordance with those UK Adopted International Accounting Standards.

The preparation of these interim financial statements in accordance with UK Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Group'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 interim financial statements are disclosed in Note 9.

The financial information contained in this report, which has not been audited, does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The auditors' report for the 2023 accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. As reported in the stock exchange announcement of 15th April 2025, the firm's wholly owned subsidiary, Jarvis Investment Management Limited has conditionally agreed to sell the majority of its retail execution only brokerage business. Without completion of the Transaction there is a material uncertainty regarding the Company's ability to continue as a going concern due to insufficient funding and lack of revenue generation, compounding by the wind down of the Model B operations and the inability of JIML to take on new clients.

2. Accounting policies

(a) IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 requires that the recognition of revenue is linked to the fulfilment of identified performance obligations that are enshrined in the customer contract.

Commission – the group charges commission on a transaction basis. Commission rates are fixed according to account type. When a client instructs us to act as an agent on their behalf (for the purchase or sale of securities) our commission is recognised as income on a point in time basis when the instruction is executed in the market. Our commission is deducted from the cash given to us by the client in order to settle the transaction on the client's behalf or from the proceeds of the sale in instance where a client sells securities.

Management fees – these are charged quarterly or bi-annually depending on account type. Fees are either fixed or are a percentage of the assets under administration. Management fees income is recognised over time as they are charged using a day count and most recent asset level basis as appropriate.

Interest income - this is accrued on a day count basis up until deposits mature and the interest income is received. The deposits pay a fixed rate of interest. In accordance with FCA requirements, deposits are only placed with banks that meet our risk management parameters. Interest income is recognised over time as the deposits accrue interest on a daily basis.

(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 2024.

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. 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 profit and loss account is presented for Jarvis Securities plc as provided by S408 of the Companies Act 2006.

(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 3 years
Office equipment	-	20% on cost
Land & Buildings	-	Buildings are depreciated at 2% on cost. Land is not depreciated.
Right of use asset	-	Straight line basis over the lease period

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	-	20% 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 temporary 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) Investments

Investments held for trading

Under IFRS investments held for trading are recognised as financial assets measured at fair value through profit and loss.

Investments in subsidiaries

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

(j) 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.

(k) Cash and cash equivalents

Cash and cash equivalents comprise:

Balance at bank and in hand - cash in 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.

Cash held for settlement of market transactions – this balance is cash generated through settlement activity, and can either be a surplus or a deficit. A surplus arises when settlement liabilities exceed settlement receivables. This surplus is temporary and is accounted for separately from the balance at bank and in hand as it is short term and will be required to meet settlement liabilities as they fall due. A deficit arises when settlement receivables exceed settlement liabilities. In this instance Jarvis will place its own funds in the client account to ensure CASS obligations are met. This deficit is also temporary and will reverse once settlement receivables are settled.

(l) 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.

(m) 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.

(n) IFRS 9 'Financial Instruments'

The group currently calculates a "bad debt" provision on customer balances based on 50% of overdrawn client accounts over £1,000 and 10% of overdrawn client accounts below £1,000. Under IFRS 9 this assessment is required to be calculated based on a forward - looking expected credit loss ('ECL') model, for which a simplified approach has been applied. This method uses historic customer data, alongside future economic conditions to calculate expected loss on receivables.

(o) IFRS 16 'Leases'

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implied in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group has applied judgement to determine the lease term for contracts with options to renew or exit early.

The carrying amount of right-of-use assets recognised was £384,985 at the lease start date of 27 September 2022. A finance charge of 5% APR is used to calculate the finance cost of the lease.

3. Group Revenue and Segmental information

The revenue of the group during the period was wholly in the United Kingdom.

	6 months ended 31/12/2024	6 months ended 31/12/2023	12 Months ended 31/12/2023
	£	£	£
Gross interest earned from treasury deposits, cash at bank and overdrawn client accounts	4,303,297	3,614,042	7,614,815
Commissions	1,036,593	1,086,027	2,660,896
Fees	907,910	1,063,531	2,813,196
	6,247,800	5,763,600	13,088,907

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 noted in 2 (g) the directors regard the operations of the group as a single reporting segment on the basis there is only a single organisational unit that is reported to key management personnel for the purpose of performance assessment and future resource allocation.

4. Income tax charge

Interim period income tax is accrued based on an estimated average annual effective income tax rate of 25% (2023: 23.5%).

5. Earnings per share

	6 months ended 31/12/24			6 months ended 31/12/23			12 months ended 31/12/23		
	Earnings	Weighted average no. of shares	Per share amount	Earnings	Weighted average no. of shares	Per share amount	Earnings	Weighted average no. of shares	Per share amount
	£	£	p	£	£	p	£	£	p
Earnings attributable to ordinary shareholders	1,793,495	44,731,000	4.01	1,063,282	44,731,000	2.38	3,981,233	44,731,000	8.90

6. Dividends

During the interim period dividends totalling 2.00p (2023: 2.25p) per ordinary share were declared and paid.

7. Share capital

The company has one class of ordinary shares of £0.0025 each. During the period and as at the period end no shares are held in treasury.

8. Interim measurement

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

9. 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.

Going concern

The financial position of the group, its cash flows, liquidity position and borrowing facilities are described within these interim financial statements.

As referred to in Note 1 to the accounts, the firm's wholly owned subsidiary, Jarvis Investment Management Limited has conditionally agreed to sell the majority of its retail execution only brokerage business. Without completion of the Transaction there is a material uncertainty regarding the Company's ability to continue as a going concern due to insufficient funding and lack of revenue generation, compounding by the wind down of the Model B operations and the inability of JIML to take on new clients.

10. Financial Instruments

The group's principal financial instruments comprise cash 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. Cash and cash equivalents and trade and other receivables are categorised as held at amortised cost, and trade and other payables are classified as held at amortised cost. Other than investments held for trading all financial assets and liabilities are held at amortised cost and their carrying value approximates to their fair value.

The main financial asset of the group is cash and cash equivalents which is denominated in Sterling. 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 property.

11. Immediate and ultimate parent undertaking

There is no immediate or ultimate controlling party.

12. Related party transactions

The Group has a lease with Sion Properties 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 is included in the right of use assets and has an annual rental of £87,500, being the market rate on an arm's length basis, and expires on 26 September 2027. The lease was assigned by Jarvis Securities Plc to Jarvis Investment Management Limited on 23 May 2024, to better reflect the associated costs.

13. Capital commitments

At 31 December 2024 the company had no material capital commitments.

14. Exceptional administrative costs

Exceptional administrative costs represent external third-party professional advice and consultancy relating to the ongoing remediation and skilled persons work within the firm's subsidiary Jarvis Investment Management Limited.

15. Post Balance Sheet events

The company announced on 15th April 2025 that its wholly owned subsidiary, Jarvis Investment Management Limited has conditionally agreed to sell the majority of its retail execution only brokerage business, with completion expected to take place in early July 2025. The remaining retail and Model B clearing and settlement business is to be wound down, which is expected to take approximately 15 months to complete.

16. Contingent Liabilities

Legal proceedings, complaints and regulations

The group operates in a highly regulated environment. In the UK, where the company primarily operates, the FCA has broad powers, including powers to investigate marketing and sales practices.

The group, like other financial organisations, is subject to legal proceedings, complaints and regulatory reviews in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the group incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. As has been discussed in the strategic report, JIML is subject to an ongoing voluntary restriction in accordance with section 166 of the Financial Services and Markets Act 2000 ("FSMA"). In addition, JIML receives complaints and claims in relations to its services from time to time brought by clients, investors, regulators or other third parties. These types of enquiries can sometimes be prolonged due to their inherent complexity. At this stage of enquiries, it is not possible to reliably predict the outcome.

At this time, the company has received no notification of a claim, and it is not possible to reliably predict the outcome of ongoing communications to which the company is a party, nor is it possible to make an estimate of the financial impact of such a claim being made.