Company No. **5107012**

JARVIS SECURITIES PLC

FINANCIAL STATEMENTS
For the year ended 31 December 2011

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For the year ended 31 December 2011

JARVIS SECURITIES PLC

COMPANY INFORMATION

DIRECTORS:	Andrew J Grant - Chairman and Chief Executive Officer Nick J Crabb - Business Development and Client Services Director Graeme McAusland - Non Executive Director	
SECRETARY & FINANCIAL CONTROLLER:	Jolyon C Head	
REGISTERED OFFICE:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS	
REGISTERED NUMBER:	5107012	
AUDITORS:	Crowe Clark Whitehill LLP 10 Palace Avenue Maidstone ME15 6NF	
REGISTRAR:	Share Registrars Ltd Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL	
PRINCIPAL BANKERS:	NatWest 89 Mount Pleasant Road Tunbridge Wells Kent TN1 1QJ	
SOLICITORS:	Thomson Snell & Passmore 3 Lonsdale Gardens Royal Tunbridge Wells TN1 1NX	K&L Gates 110 Cannon Street London EC4N 6AR
NOMINATED ADVISER:	Westhouse Securities Limited One Angel Court London EC2R 7HJ	
WEBSITE:	www.jarvisinvest.co.uk	
TRADING ADDRESS:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS	

CHAIRMAN'S STATEMENT

- 20% increase in profit before tax
- 25% increase in year on year interest income
- 11% growth in dividend payment
- 29% increase in EPS

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

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 2011.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Jarvis Securities plc web site is the responsibility of the directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Provision of information to auditors
So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Principal activities
The principal activities of the group members consolidated within these accounts are:

Jarvis Securities plc	Group holding company
Jarvis Investment Management Ltd	Member of The London Stock Exchange and PLUS markets Outsourced investment administration and Model B settlement services provider
Dudley Road Nominees Limited	Dormant nominee company
JIM Nominees Limited	Dormant nominee company
Galleon Nominees Limited	Dormant nominee company

Business review

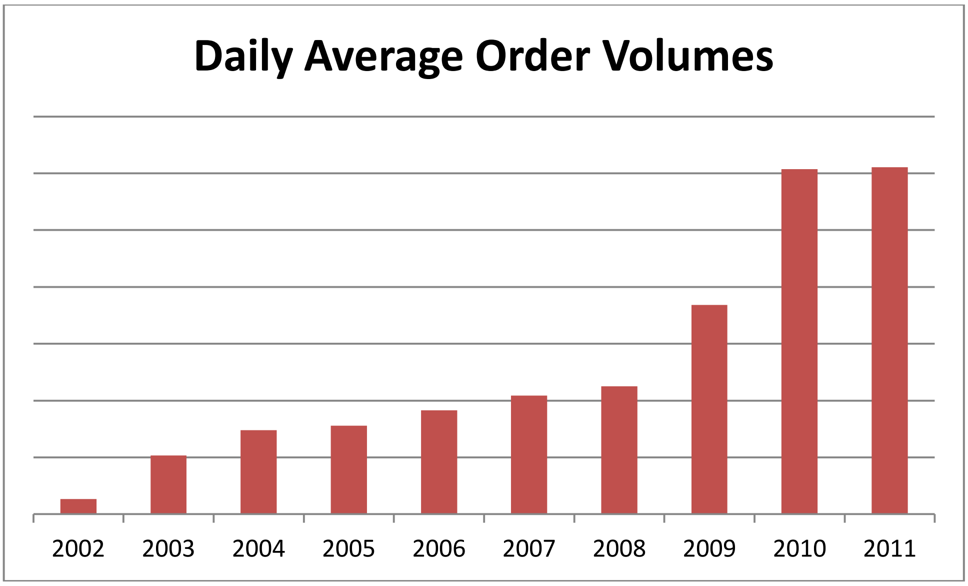
In a year that has seen several months of record trading volumes and other months of low volumes, profit before tax has increased by £321,555 (20%). Revenue has increased by £263,600 (5%). This growth has been driven by a £406,873 (25%) increase in interest income, the benefit of which has been marginally offset by a £143,273 (4%) reduction in fee and commission income due to lower asset values reducing year on year fee income. Total expenses have fallen by £57,955(2%).

The Group

The principal trading subsidiary of the Group is Jarvis Investment Management Ltd. For regulatory reasons relating to administration and cost, Jarvis Securities plc is the AIM traded parent, holds the assets of the Group and is responsible for activities that fall outside the scope of regulated investment business. Jarvis Investment Management Ltd is a Member of The London Stock Exchange (LSE) and PLUS markets and is authorised and regulated by the Financial Services Authority (FSA). This status is essential for the trading activities of the Group and therefore compliance with the Rules of both the LSE and FSA is of paramount importance. The Group provides retail execution-only stockbroking, ISA and SIPP investment wrappers, savings schemes and financial administration and settlement services in all these areas to other stockbrokers and investment firms as well as individuals.

The market

There are many stockbroking firms within the UK and a number of outsourced financial administration service providers. Jarvis Investment Management is in a highly competitive and price-sensitive market for retail execution-only clients. The market for third party administration services is also competitive but with a greater bias towards service than cost. Trade volumes clearly have a significant impact on the fortunes of stockbroking businesses but with a wider spread of activities and a different charging model to our competitors we believe that our income is less volatile and of a higher quality than other pure execution-only brokers. This is reflected in the comparative performance of Jarvis against other investment businesses during the current financial market turmoil.



Capitalisation and financing

Jarvis Securities plc had 10,572,000 Ordinary 1p shares in issue at the end of the year. These shares are admitted to trading on AIM. During the year the company sold its entire holding of shares held in treasury to an institutional investor. Whilst the business is highly cash generative, and therefore requires no further debt or other external financing, the Board wish to balance the use of cash between the stated dividend policy, investment in the infrastructure and future wellbeing of the business and, where the opportunity arises the buy-back of shares. Historically approximately two-thirds of profit after tax is paid out as a dividend. This results in the Group having no borrowing requirements and the ability to pay an attractive yield.

Environmental and social responsibility

The Group is committed to reducing waste because of the environmental and cost implications. We do not see environmental concerns as negative to our business progress but complimentary. To this end we have increased our initiatives relating to electronic communication and payment during the year to further reduce paper usage and the carbon effects of transporting documentation. Jarvis has been storing its client documentation electronically for more than eight years now and this significantly reduces wasted space and the resultant costs of rent, light and heat as well as the environmental impact of physical storage. This further supports our business continuity objectives.

Jarvis has supported a number of charities during the year and we are committed to continuing to do so and to develop new ways to cut our waste and impact upon the environment.

Donations made to:

- Teens Unite Fighting Cancer (£200)
- Ewing's Sarcoma Research Trust (£100)
- Macmillan Cancer Research (£100)
- Hospice in the Weald (£100)

Key Performance Indicators (KPI)

The primary goal of the Board is efficiency. We believe this to be at the heart of a successful business and we believe that efficiency is central to pleasing all the stakeholders in the Jarvis Securities plc Group. Efficiency means a constructive and satisfying work environment for employees, a positive experience for clients, reduced environmental impact, reliability for those organisations that trust Jarvis to support them and a robust financial performance for shareholders. The following measurements, or KPIs, are important in monitoring and directing the development of the Group:

Operating profit margin

This is profit before income tax and irregular costs as a percentage of revenue. This is a good indicator of efficiency, as a high margin tends to suggest that work is completed quickly and accurately resulting in a high rate of return for the Group. The Board aims to have significantly higher than average margins and to keep these above 20%. Bad debt expense, impairment, non-recurring director emoluments, negative goodwill and exceptional VAT charges relating to prior years have been excluded from profit before income tax to give the operating profit.

2011:	**37.7%**
2010:	37.4%

Revenue per employee

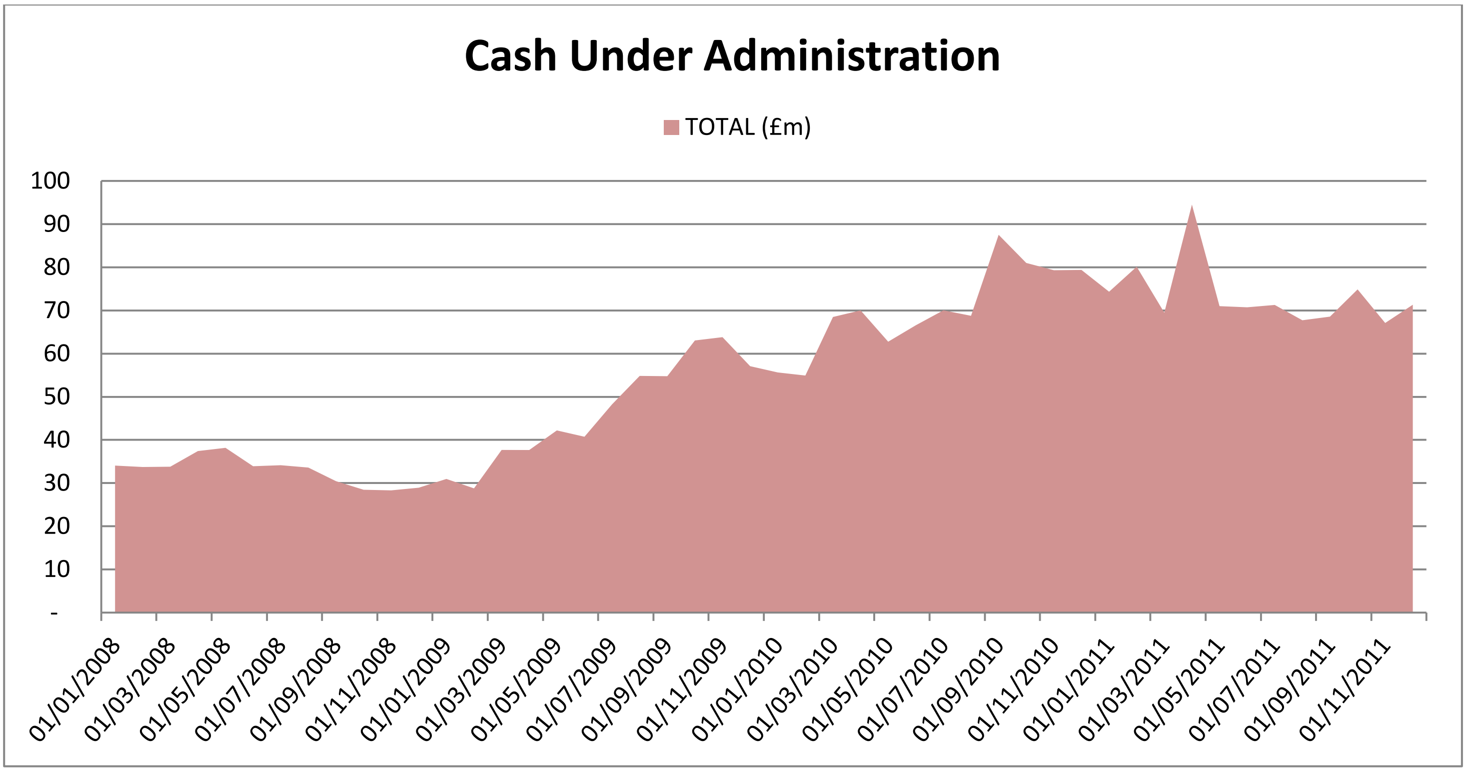
This is revenue per staff member and an increasing rate of revenue per employee represents increasing efficiency. Given that the Group's staff is not only its largest single cost but also its most important resource, this measure is fundamental in monitoring performance.

2011:	**157,686**
2010:	150,364

Revenue per employee has increased year on year. In 2010 staff numbers were increased to facilitate the growth rate of the business. Human resources and compliance functions were added. Staff numbers have now stabilised and there is no significant increase in headcount necessary as the company continues to grow.

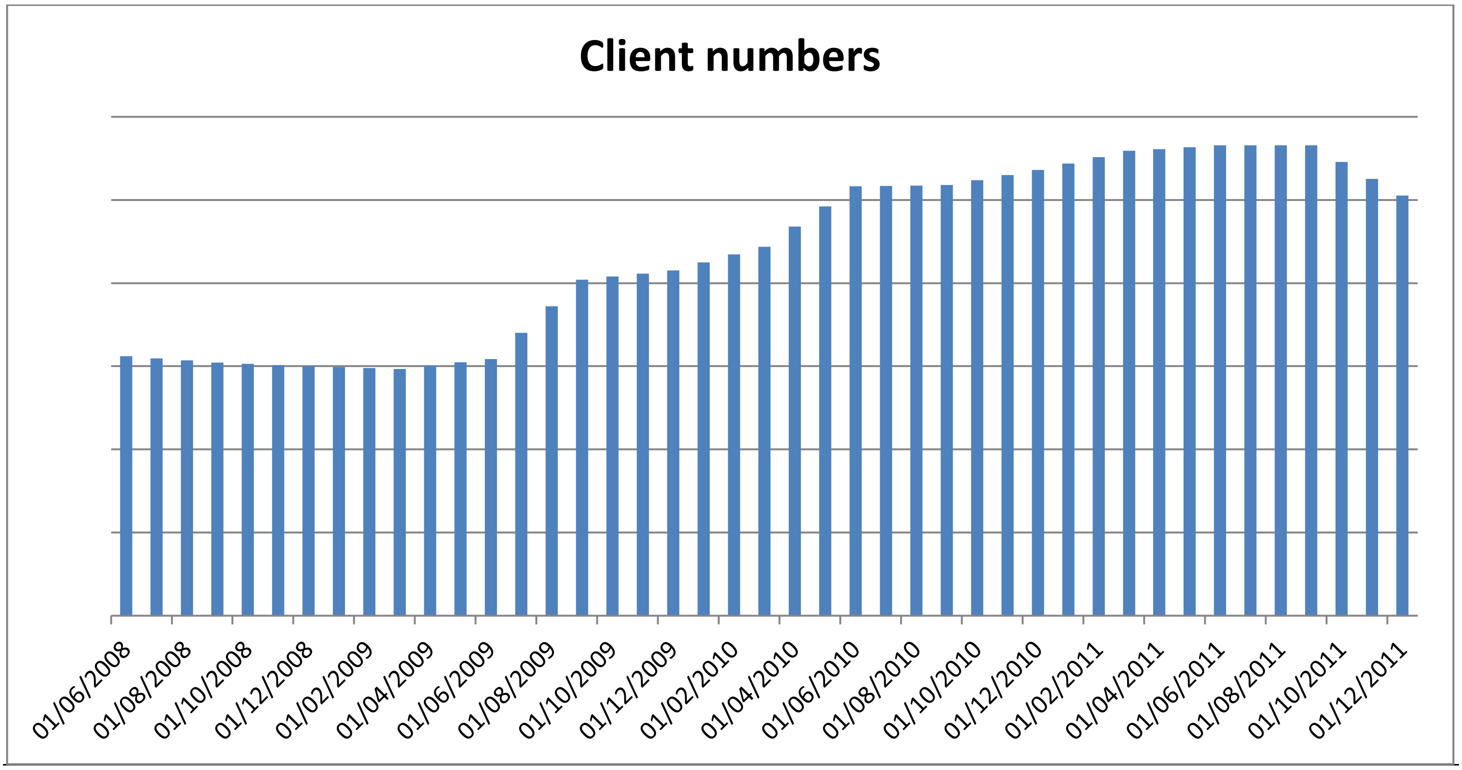
Cash under administration

Interest on cash held for clients is a significant proportion of the Group's income. Current cash holdings and interest rates available on deposits provide a good guide to anticipated earnings. The Board aim to grow both cash and stock under administration explicitly each year. Cash under administration has fallen marginally compared to the prior year end due to lower trade volumes in the final quarter of 2011. It is anticipated that Cash under administration will rise as trade volumes increase.



Client numbers

During the year the business performed a cleanup exercise to remove any legacy accounts that held no stock and no longer traded with the firm. This has caused an apparent reduction in the reported client numbers during the last quarter of the period. However we continue to attract new clients so this does not signify a change in the upward trend, and we anticipate client numbers will continue to increase from this point.



EPS and P/E ratio

The principal measures used by investors to compare and rate publicly traded companies are the earnings per share (EPS) and the relative multiple to these earnings of the current share price (the price earnings or P/E ratio). Therefore the Board must have regard to these measures in order to maximise returns to investors. EPS is a result of dividing profit after tax by the average number of shares in issue throughout the period. The P/E ratio is the share price divided by EPS. The P/E ratio is largely a product of the market price of the shares in the Company and hence is largely beyond the control of the Board. Certain actions can be taken where this is perceived by the Board to be out of sync with comparable firms, such as the purchase of shares for cancellation as undertaken in previous years.

These measures are important to investors and hence need to be given high regard. The Board will continue its efforts to maintain the increased P/E ratio to reflect its belief that Jarvis should have a premium rating to its competitors because of its yield and differentiated business model.

An adjusted EPS has also been calculated. The adjusted EPS removes the effect of bad debts, impairment, non-recurring director emoluments or expenses, VAT expenses relating to prior years and negative goodwill. The Board believe this measure gives a more accurate reflection of the earnings of the core business. The EPS and the adjusted EPS highlight that in 2011 the company has significantly improved profitability.

2011 EPS:	**13.84p**	**2011 Adjusted EPS:**	**15.26p**
2010 EPS:	10.73p	2010 Adjusted EPS:	13.77p
Rate of change:	29.0%	Rate of change	+10.8%
2011 P/E ratio:	**11.7**	**2011 Adjusted P/E ratio:**	**10.7**
2010 P/E ratio:	12.7	2010 Adjusted P/E ratio:	9.9

The P/E ratio has fallen as the percentage year on year rise in the EPS is larger than the percentage year on year rise in the average share price during the year. The adjusted P/E ratio has risen as the percentage year on year rise in the adjusted EPS is smaller than the percentage year on year rise in the average share price.

Threats and risks

The main risks to the Jarvis Securities plc group that are considered and monitored by the Board are as follows:

- Changes in the regulatory environment resulting in additional costs or significant system or product amendments.
- The interest rate environment has a significant effect on the earnings of the company. This has been unfavourable for much of 2011 with deposit rates at low levels.
- Market volumes directly affect bargain numbers transacted and hence commission income for the company. Volumes are currently volatile month on month and are driven largely by investors risk appetite.
- Loss of key personnel is a threat to any skills-based business.
- Any takeover of The London Stock Exchange could result in major unanticipated changes for Jarvis and its commercial clients.

The Board have taken steps to mitigate these risks through the business model being executed, the strategy of the business, and the internal policies and procedures enforced. For further details refer to Note 28.

Future developments

The main focus of the Jarvis Securities plc group at this time is on organic growth through actively promoting its retail and third party stockbroking and administration services. Jarvis Securities plc has invested £200,000 in a start up platform provider called Hubwise Holdings Limited ("Hubwise"). The group will help to develop this business in order to increase its own revenue from Hubwise and broaden its services offered to clients.

Results and dividends

The consolidated profit for the year after income tax amounted to £1,463,539 (2010 £1,125,944). Dividends paid during the year are detailed in Note 20. As the company pays quarterly interim dividends no final dividend is proposed by the Board

Auditor Independence

The directors have appointed an audit committee, one of whose roles is to ensure the independence of the group's auditors. The auditors are considered to be independent in accordance with the profession's ethical standards.

Audit Committee

The Audit Committee of the Company comprises the Non-Executive Director and the Chairman of the Company and meets as required. Graeme McAusland is chairman of the Audit Committee. The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to the Financial Statements and internal control systems. The Audit Committee meets once a year with the auditors, without the general executive board members present.

Remuneration Committee

The Remuneration Committee comprises the Non-Executive Director and the Chairman of the Company. The committee is responsible for reviewing and recommending the remuneration of directors and executives and remuneration policy as a whole within the Group.

Payment of creditors

The Company attempts to establish continuing relationships with its suppliers by agreeing mutually acceptable arrangements on an individual basis. Accordingly, the directors consider that the adoption of any external standard or code would prejudice the flexibility that individual arrangements can achieve for the benefit of both parties.

Going concern basis

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 review the liquidity of the Group in accordance with the FSA's prescribed liquidity framework prior to the approval of any dividends.

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.

Financial Instruments
Details of our financial risk mitigation policy are included in note 28.

Registered number
The registered number of the Company is 5107012.

Sale of own shares
During the year the Company sold its entire holding of shares in Treasury.

Directors
The directors who served during the year were as follows:-

Andrew J Grant	Chairman and Chief Executive Officer
Nick J Crabb	Business Development and Client Services Director
Graeme McAusland	Non-Executive Director

Auditors
A resolution to re-appoint Crowe Clark Whitehill LLP as auditors to the Company will be proposed at the annual general meeting.
BY ORDER OF THE BOARD

……………………………….
Andrew J Grant – Chief Executive Officer
Date: 21 February 2012

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JARVIS SECURITIES PLC

We have audited the financial statements of Jarvis Securities plc for the year ended 31 December 2011 which comprise the Group and Parent Company Statements of Financial Position, the Group consolidated income statement, the Group and Parent Company Statements of Comprehensive Income, the Group and Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Equity and the related notes numbered 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report and the Chairman's statement to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Keith Newman
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Maidstone
21 February 2012

JARVIS SECURITIES PLC

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

The notes on pages 17 to 31 form part of these financial statements

Company No.: 5107012

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

Approved and authorised for issue by the Board on 21 February 2012 and signed on its behalf by:

………………………A J Grant – Director

………………………N J Crabb – Director

The notes on pages 17 to 31 form part of these financial statements

Company No.: 5107012

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

Approved and authorised for issue by the Board on 21 February 2012 and signed on its behalf by:

………………………A J Grant – Director

………………………N Crabb – Director

The notes on pages 17 to 31 form part of these financial statements

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**	1,125,944
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

The notes on pages 17 to 31 form part of these financial statements

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 2010	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	-	-	-	-	-	(16,201)	83,319	67,118
At 31 December 2011	105,720	838,614	9,845	-	97,034	173,176	-	1,224,389

The notes on pages 17 to 31 form part of these financial statements

JARVIS SECURITIES PLC

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**	(2,849,097)	**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)**	(2,548)
Cash and cash equivalents at the start of the year	**502,099**	2,552,877	**5,033**	7,581
Cash and cash equivalents at the end of the year	**2,109,961**	502,099	**854**	5,033
Cash and cash equivalents:				
Cash at bank and in hand	**2,109,961**	502,099	**854**	5,033

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(CONTINUED)

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(CONTINUED)

(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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(CONTINUED)

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

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

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 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	1,936,679	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
(Asset) / Provision at end of year	(12,758)	13,880
(Asset) / 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

	2011	2010
Movement in (asset) / 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
(Asset) / Provision at end of year	(12,758)	21,972
(Asset) / 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(CONTINUED)

10 (continued). 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

11 (continued).

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(CONTINUED)

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*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(CONTINUED)

15. Trade and other receivables

Amounts falling due within one year:	Group 2011 £	Group 2010 £	Company 2011 £	Company 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	23,938	25,870
Prepayments and accrued income	495,440	341,309	160,799	143,600
	3,258,868	4,578,301	185,137	249,434

16. Investments held for trading

	Group 2011 £	Group 2010 £	Company 2011 £	Company 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 2011 £	Group 2010 £	Company 2011 £	Company 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	Number of share options	Weighted average exercise price
		Pence		*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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(CONTINUED)

19. Trade and other payables

Amounts falling due within one year:	Group 2011	Group 2010	Company 2011	Company 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	5,545	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 2011	Equipment 2010	Land & buildings 2011	Land & buildings 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	Land & buildings 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.

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JARVIS SECURITIES PLC

NOTICE AND ARRANGEMENTS FOR THE ANNUAL GENERAL MEETING OF JARVIS SECURITIES PLC

Notice is hereby given for the above meeting of the Company.

The meeting is to be held on **Thursday 22nd March 2012**. The Annual General Meeting will commence at **9:00 am**.

The Ordinary Resolutions to be considered are:

1. To approve the Directors' Report and Accounts for the year ended 31 December 2011.
2. To re-appoint Crowe Clark Whitehill LLP as auditors.

The Special Resolution to be considered is:

3. To renew the authority previously granted on 28 September 2005 allowing the Company to repurchase its own shares for Treasury or cancellation up to a maximum level of 10% of the Ordinary shares in issue at that date (being 10,800,000 Ordinary 1p shares).

The meeting is scheduled to be held at the Company's offices at:

78 Mount Ephraim
Royal Tunbridge Wells
Kent
TN4 8BS

If you have any special requirements for access or facilities then please let us know in advance so that appropriate arrangements can be made. A location map and directions can be supplied upon request.

JARVIS SECURITIES PLC

Jarvis Securities plc

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING

I/We (*block capitals, please*)…..

…...……….

a member*(s)* of the above named Company hereby appoint the **chairman of the meeting**

…...……….

as *my/our* proxy to vote for *me/us* on *my/our* behalf at the Annual General Meeting of the Company to be held on **Thursday 22nd March 2012 at 9.00 am** and at any adjournment thereof.

Signature: …..

Dated: …..

Please indicate with an 'X' in the spaces below how you wish your vote to be cast

		For	Against
Ordinary Resolution	To approve the Directors' Report and Accounts for the year ended 31 December 2011		
Ordinary Resolution	To re-appoint Crowe Clark Whitehill LLP as auditors		
Special Resolution	To renew the authority for the Company to repurchase its own shares for Treasury or cancellation in accordance with the terms of the Authority previously granted		

NOTES

1. A Member may appoint a proxy of his/her own choice. If such an appointment is made, delete the words 'the Chairman of the meeting' and insert the name of the person appointed proxy in the space provided.
2. If this form is returned without any indication as to how the person appointed proxy shall vote, he/she will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
3. To be valid, this form must be completed and deposited at the offices of the Company not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.