Company No. **5107012**

JARVIS SECURITIES PLC

FINANCIAL STATEMENTS
For the year ended 31 December 2020

CONTENTS

CHAIRMAN'S STATEMENT

- 43% increase in profit before tax
- 8% increase in year on year interest income
- 69% growth in interim dividend per share (excludes 2019 special dividend)
- 42% increase in EPS

Few would have predicted how 2020 would unfold with Brexit and the COVID pandemic impacting industries in different ways. For stockbrokers trade volumes have increased, but it would be an oversimplification to attribute these excellent financial results to this alone. At the beginning of 2020 it felt like we were on the cusp of volumes returning to normal, and clearly they have exceeded that prediction. Over the past few years the business has continued to maintain its organic growth and commercial success as the following statement will disclose.

I expect our trade volumes to continue at higher levels than we experienced in 2020 and the years leading up to that. I also see no signs of organic growth slowing as we move into 2021 with a healthy pipeline of potential new outsourcing contracts. Client numbers and cash under administration continue to increase, we are seeing profitable growth in international settlement and our relationship with Primary Bid.

We undertook a 4:1 share split during the year to facilitate and encourage more liquidity in Jarvis shares and encourage a wider shareholder base. The business model remains unaltered - Jarvis will continue with a strategy of profitable organic growth whilst improving internal efficiencies. At present, many of our staff are working from home, which, whilst presenting some challenges also creates additional opportunities to review the way we operate where office space can be a restricting factor. I am proud of the fact we have been able to maintain our high standard of client service to both our retail and commercial clients in spite of the disruption caused by COVID. Our IT infrastructure has been constantly monitored and tailored to cope with the increased trade volumes and different working practices and our phone lines have remained open.

Historically the dividend policy has been relatively formulaic with a fixed proportion of profit after tax being retained within the business to maintain our level of FCA capital adequacy or re-investment where required. This retention accumulates and has then led to the payment of special dividends. We are required to retain regulatory capital far in excess of the normal working capital required to run the business, but in the absence of requirements for investment in the business it is the Directors' intention that cash will be paid out in dividends when available. The sale of Treasury shares has also added to the reserves available to be distributed over the period and this is likely to continue which should also increase the free float or liquidity of shares in the market.

As always, I would like to thank Jarvis staff for their continued hard work.

Andrew Grant
Chairman

STRATEGIC REPORT

Key developments and outlook

Market volatility throughout the year caused by COVID has significantly increased trade volumes. This has led to a substantial increase in commission income. Marginal operating costs have not increased to the same extent, so increased income has translated into increased profit. Cash under administration has also increased, leaving treasury interest income unaffected in spite of lower interest rates on maturing deposits. This increase in revenue is in addition to the fixed fee revenue implemented in June 2018.

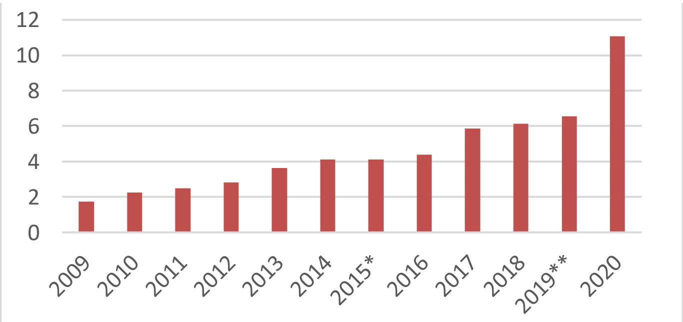
The pace of regulatory change has stalled following a hectic few years in which MIFID II, SMRC, GDPR and significant CASS changes were introduced. This has not been a driver of increased head count this year as in previous years. We do not feel this pause will last for long though now the UK is able to set its own regulatory framework.

The outlook for the business is positive. Brexit has now happened, we have demonstrated our ability to operate under COVID restrictions, and there is a healthy flow of new business enquiries. We anticipate continuing high trade volumes due to the growth of the business over the past few years, growth of the institutional clients we provide services to, and favourable market conditions.

Performance

Results and quarterly dividends (pence per share)
The consolidated profit for the year after income tax amounted to £5,559,691 (2019: £3,910,730). The company paid quarterly dividends per share totalling 11.06p during the year (2019: total 6.56p plus an additional special dividend of 3.75p), In line with dividend policy, the company has paid quarterly interim dividends throughout the year, and will continue to do so through 2021. No final dividend is proposed by the board.

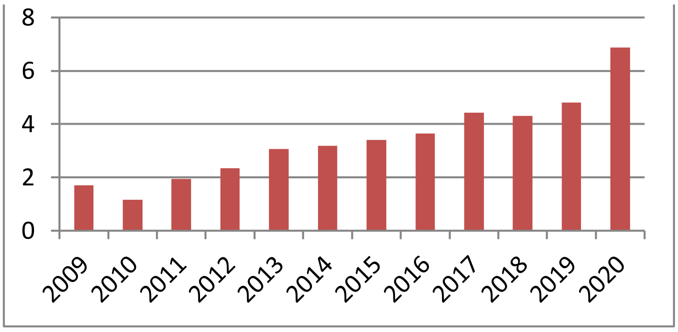
Annual Dividend (pence per share)



* In 2015 in addition to total quarterly dividends of 4.125p per share a 2.5p special dividend was also paid.
** In 2020 in addition to total quarterly dividends of 6.56p per share a 3.75p special dividend was also paid
The special dividends are excluded from the graph

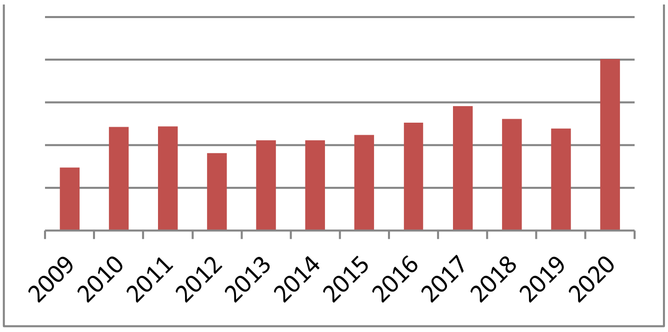
Dividend growth reflects the trend of the growth of profit after tax. Management will retain sufficient profit to meet regulatory capital requirements and for reinvestment in the infrastructure of the firm to keep our client offering up to date.

Profit before tax - £m



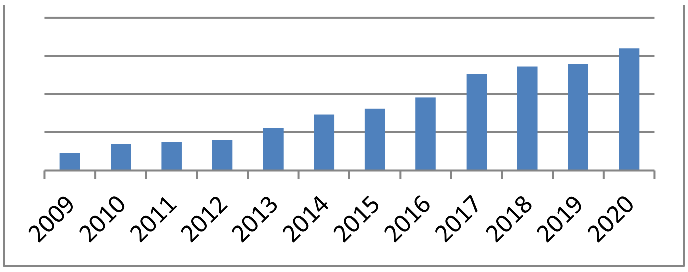
The increase in profit before tax this year has been produced by increases in commission revenue and other fees related to trade volumes. The drivers of profitability remain the same – increasing retail and institutional clients which in turn increase trade volumes and cash under administration. The business model contains scalability and further increases in client numbers can be accommodated without like for like increases in the cost base.

Trade Volumes – average daily volume (1)



Unlike 2018 and 2019 trade volumes have not been suppressed by political uncertainty. In addition to moving into the post Brexit era, the COVID pandemic has caused market volatility which has led to an increase in trading volumes.

Cash under administration – annual average balance (1)



Cash under administration is a function of client numbers and trade volumes. Jarvis profitability is linked to cash under administration and management attempts to improve the balance by increasing client numbers. During 2020 cash under administration has continued to increase.

(1) These graphs are to demonstrate the trend and values have been intentionally omitted

Group structure

The principal trading subsidiary of the group is Jarvis Investment Management Ltd. Jarvis Investment Management Ltd is the 100% owner of three dormant nominee companies. 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 Aquis Stock Exchange (AQSE) and is authorised and regulated by the Financial Conduct Authority (FCA). This status is essential for the trading activities of the group and therefore compliance with the rules of both the LSE and FCA is of paramount importance. The group provides retail execution-only stockbroking, ISA and SIPP investment wrappers, savings schemes. In addition, it provides financial administration, settlement and safe custody services in all these areas to other stockbrokers and investment firms as well as individuals.

Capitalisation and financing

On 29 October 2020 Jarvis Securities plc reorganised its share capital such that each issued and unissued ordinary share of £0.01 were subdivided into 4 ordinary shares of £0.0025 each. Jarvis Securities plc had 44,731,000 ordinary 0.25p shares in issue at the end of the year. 917,600 of these shares are held in treasury. These shares are admitted to trading on AIM. The business is highly cash generative and requires no debt or external financing. The board balance the use of cash between maintaining sufficient reserves for regulatory requirements, investment in the infrastructure and future wellbeing of the business and the payment of cash dividends.

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). 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 average share price during the year divided by EPS. The average share price during the year was 147p (2019: 115p). 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.

These measures are important to investors and hence need to be given high regard. The board will continue its efforts to maintain the 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.

2020 EPS:	**12.72p**
2019 EPS:	8.96p
Rate of change:	42%
2020 P/E ratio:	**11.54**
2019 P/E ratio:	**12.82**

Principal risks and uncertainties

The following are the main risks to the Jarvis Securities plc group that are considered and monitored by the board.

Revenue risk

The Jarvis business model has several income streams. These are primarily commission income, interest income and fixed fee income. As such the business is not overly reliant on any one particular revenue stream. The board are also committed to increasing the diversity of revenue streams as opportunities arise and without compromising the focus of the business through undue complexity.

Regulatory risk

Changes in the regulatory environment resulting in additional costs or significant system or product amendments.

The firm operates in the “execution only”, transaction processing and reporting, and safe custody areas of the financial services environment. As part of ongoing risk management, the firm avoids entry into areas where it lacks expertise or that have additional regulatory complexities.

Competitor risk

The firm operates in a competitive industry and has many larger competitors in the execution only retail and institutional market. Management monitor other firms’ price and product offerings to ensure that Jarvis remains competitively priced. Management also strives to provide high service levels to our clients in order to retain and encourage new clients to join us.

Cybercrime

Loss of data, client assets or corporate assets through breaches of our IT infrastructure would result in financial loss to the firm and reputational damage.

The board acknowledge the growing threat of cybercrime and maintain up to date industry standards in IT security. The firm’s IT infrastructure is externally audited, policies and procedures are in place to minimise the risk of critical data loss, employees must complete ongoing training in money laundering and fraud prevention and all computers are installed with malware protection.

Interest rate risk

The interest rate environment has a significant effect on the earnings of the company. An increase in interest rates would improve profitability. Conversely, further reductions in interest rates will reduce profitability. The firm is prepared for the possibility of negative interest rates and the possibility that clients may be charged interest on credit balances.

Economic risk

Market sentiment directly impacts on bargain numbers transacted and hence commission income for the company. Volumes are determined by the growth of the firm which management can influence, but also by external factors over which management have no control.

In order to reduce economic risk management has ensured the firm has several income streams, including fixed monthly fees which are not reliant on trade volumes or interest rates. Most of the costs associated with trade volumes are marginal. Therefore in months where commission income is lower variable costs are also lower.

The firm is UK centric and is unaffected by the practical ramifications of Brexit.

Reputational risk

As the custodian of the wealth of our clients, any damage to the firm's reputation could result in the loss of clients and withdrawal of assets administered by Jarvis. The firm adopts procedures that minimise the risk of fraudulent activity occurring either within the firm or by a third party.

Operational risk

The main risk Jarvis is exposed to in its day to day activities is settlement risk, and all procedures within the firm are designed to mitigate this risk where possible. There may be instances where errors occur which leave the firm unintentionally exposed to market risk as a result of an error in its operating processes. Given the volume of transactions being processed these errors are extremely infrequent. When they do occur they are reviewed to see if further process enhancements can be made to minimise future errors. The board recognise that new clients increase the scope for operational risk as new processes are sometimes required to match client requirements. A key element of the take on of any client is ensuring that such processes are operationally robust and do not exceed the group's appetite for risk.

Key personnel risk

Loss of key personnel is a threat to any skills-based business.

The firm attempts to set remuneration at competitive market levels and empower key employees so that they enjoy working at Jarvis. All employment contracts for key staff members include sufficient notice periods for replacements to be recruited and trained.

Third party reliance risk

Any take over at the London Stock Exchange could result in major unanticipated changes for Jarvis and its commercial clients.

The board monitor any proposed changes to the pricing structure of The London Stock Exchange and calculate the impact on our profitability in advance. In the event that there was an anticipated adverse impact we would have sufficient time to renegotiate contracts with commercial clients.

Regulatory capital

Jarvis Investment Management Limited, the Group's main operating subsidiary, is a €125k limited licence firm, authorised and regulated by the FCA and subject to minimum capital requirements. At 31 December 2020 Jarvis Investment Management Limited had regulatory capital resources of £3.158 million. The capital solvency ratio was 125%. The Group maintains an Internal Capital Adequacy Assessment Process (ICAAP), which includes reviewing the risks the firm is exposed to and performing a range of stress tests to determine the appropriate level of regulatory capital and liquidity required by Jarvis Investment Management Limited. The last review of the ICAAP was conducted and signed off by the Board in September 2020. Regulatory capital forecasts are performed quarterly prior to the payment of any dividend from the group. The Group's Pillar III disclosures are published annually on the Group's website and provide further details about the Group's regulatory capital resources and requirements.

Section 172(1) Statement

The directors act in good faith to make decisions, the outcome of which, they consider will be most likely to promote the success of the group for the benefit of its members as a whole both in current periods and in the long term.

In discharging their duties above, the directors carefully consider amongst other matters, the impact on and interests of other stakeholders in the group and factor these into their decision-making process.

Employees

Directors receive information on various staff metrics. The directors are committed to promoting a healthy workforce comprising both physical and mental wellbeing. The directors keep staff informed of key issues through structured communication channels, promote inclusion in the workplace and also provide training and development opportunities which are considered of benefit to the group and employees. Using the Group's recruitment and development strategies, the directors seek to attract and retain talented staff.

Customers

The directors commit considerable time, effort and resources into understanding and responding to the needs of our customers with a view to fostering long term mutually beneficial partnerships. We act to service our customer's needs to the highest standards and have procedures in place for the escalation of disputes on the infrequent occasions they occur. A dedicated relationship manager will periodically contact commercial clients to ensure they are satisfied with the service they are receiving.

Suppliers

The Group seeks to pay all suppliers any undisputed amounts due and that conform with the Group's billing requirements within agreed terms. The group seeks long term contracts with critical suppliers to minimise the risk business disruption.

Community and the environment

The Group takes its role within the community seriously and promotes and encourages community and charitable contribution. The Group also recognises the importance of environmental responsibilities and whilst not in an industry that has a significant impact on the environment, it participates in schemes such as cycle to work to promote environmental awareness.

Standards and conduct

The group has a series of defined codes of practice regarding ethical standards and the conduct of business. These are clearly communicated to every staff member and adherence to which is expected and enforced.

………………………………
Jolyon Head – Finance Director
10th March 2021

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 2020.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report and 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 judgements 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 Strategic Report and 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 website is the responsibility of the directors.

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 Aquis Exchange
	Outsourced investment administration and settlement services provider
Dudley Road Nominees Limited	Dormant nominee company
JIM Nominees Limited	Dormant nominee company
Galleon Nominees Limited	Dormant nominee company

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Board

The board of Jarvis comprises two executive directors and one non-executive director, who is considered to be independent. The board meets quarterly and all current board members attend all board meetings. The board considers its composition appropriate for the size of the company. The executive directors are full time and the non-executive director is part time. The non-executive director is expected to commit up to one day a month and any additional days as is necessary to fulfil his responsibilities to the company. The number of board meetings held in the year is four and there has been 100% attendance by all the directors.

The board comprises individuals who have differing backgrounds within the financial services industry. The board considers that the mix of skills is appropriate to deliver the strategy of the company. Board members have various resources at their disposal such as consultants and memberships of professional bodies to ensure they remain abreast of developments within the industry. Directors keep their skills up to date by attending appropriate conferences and, training seminars and the use of online training tools. The board has had no specific external advisers other than its Nomad and lawyers during the year. Biographical details of each Director can be found on the group's investor website.

The objectives of the board are aligned with the strategy and business model designed to promote long term shareholder value stated in the first principle of the code. These objectives are measured through the financial performance of Jarvis. Of specific concern when evaluating the board's performance are earnings per share, dividend per share, and profit before tax. Board evaluation takes place annually at the end of the financial year. Should a board member resign, they are contractually required to serve a notice period deemed to be adequate to ensure succession planning can occur.

The board are aware that in order to maximise shareholder value, it is essential that the company maintain a reputation as a market leading service provider as well as exercising their tasks with a high degree of skill and diligence. The culture is focussed around carrying out our role for customers in an efficient manner at an acceptable price. Credit is given for identifying and resolving errors and there is an on-going focus on improving processes. The board implements these principles through the appraisal process and recruitment and reward is partially linked to compliance.

Compliance Committee

The Jarvis Investment Management Limited Compliance Committee meets monthly to provide oversight of Jarvis Investment Management Limited's compliance obligations resulting primarily from the permissions granted by its regulator the Financial Conduct Authority but also other regulatory bodies such as the ICO. The Board of Jarvis Investment Management Limited has provided detailed terms of reference for The Compliance Committee, the summary duties and responsibilities of which are to review the arrangements established by management for compliance with regulatory requirements and assess the impact of regulatory developments and make recommendations to the Board. The Compliance Committee comprises the Jarvis Investment Management Limited's Finance Director, Managing Director, Non-Executive Director and Head of Compliance.

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.

Going concern basis

The group has considerable financial resources together with long term contracts with all its 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. The directors review the liquidity of the group in accordance with the FCA'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.

Future developments

The directors intend to continue growing the business organically.

Research and Developments

During the year the group incurred software and website development costs of £46,005 (2019: 72,925), these amounts have been capitalised within the website class of intangible assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Purchase of own shares
During the period 98,400 (2019: 109,200) shares were sold from treasury. No shares (2019: 200,000) were purchased by the company and held in treasury.

Financial Instruments
Details of our financial risk mitigation policy are included in note 25.

Dividends
Dividends are discussed in the Strategic Report.

Subsequent Events
On 16th February 2021, a first quarterly dividend of 3 pence per share was declared, to be paid on 18th March 2021. The directors consider there are no other subsequent events.

Registered number
The registered number of the company is 5107012.

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

Andrew J Grant	Chairman and Chief Executive Officer
Nick J Crabb (resigned 6 July 2020)	Business Development and Client Services Director
Jolyon C Head	Finance Director
Graeme S McAusland	Non-Executive Director

Auditor
A resolution to re-appoint Crowe U.K LLP as auditor to the company will be proposed at the annual general meeting.

QCA Compliance
Since September 2018 all AIM companies have been required by the London Stock Exchange to adopt a recognised corporate governance code. Jarvis Securities Plc has chosen the Quoted Companies Alliance ("QCA") Corporate Governance Code published in April 2018 for this purpose. High standards of corporate governance are a priority for the board, and details of how Jarvis Securities Plc addresses key governance principles defined in the QCA code are set out below.

1. **Establish a strategy and business model which promote long-term value for shareholders**

   Jarvis Securities Plc ("Jarvis") is the 100% owner of Jarvis Investment Management Limited ("JIM"), an FCA regulated entity that provides an execution only stock broking service to retail clients, and a back-office settlement and custody service for regulated commercial clients. JIM is the only trading entity owned by Jarvis. The strategy of JIM is based around the following key areas: maintaining an exemplary reputation within the industry for the safeguarding of client assets, growing profit through increasing market share through the provision of a cost-effective service, enhancing operational capabilities with ongoing investment in IT infrastructure, and maintaining prudent levels of capital within the business.

2. **Seek to understand and meet shareholder expectations**

   The board have been and remain committed to a progressive dividend policy of regular quarterly dividend payments. Jarvis maintains its own investor website to avoid any confusion with the share dealing platform of JIM. A dedicated email address is provided on the website for investor queries. The contact phone number of the managing director and finance director are given on RNS announcements issued. Jarvis holds an annual general meeting to which all members are invited and at the end of the AGM time is set aside specifically to allow informal questions from members to any board member.

3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success**

   In addition to shareholders, the directors believe the main stakeholder groups are the clients and employees of JIM. Through its regulatory obligations JIM is required to understand the needs of its clients and ensure they are treated fairly. Client feedback is encouraged via the dealing desk where staff are always available to listen and act upon concerns. It is in JIM's commercial interests to understand the needs of employees and invest in them through development and training. Having skilled employees is critical to the operation of a business working in a complex industry. JIM dedicates significant time to understanding and acting on the needs and requirements of each of these groups using surveys and manager feedback.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Principal risks and uncertainties and how these are mitigated are detailed in the strategic report on page 2. JIM promotes a culture of transparency in order that when errors occur they can be systematically reviewed. Risk and Internal Control is a standing item on the quarterly JIM board meeting agenda. Risks identified by the board are discussed with the Company's auditors. Risks are also documented within the ongoing ICAAP assessment, which is formally signed off by the board on an annual basis. Controls are tested by the auditors during the annual review to ensure the robustness of the assessments put in place.

5. Maintain the board as a well-functioning, balanced team led by the chair

The board of Jarvis comprises two executive directors and one non-executive director, who is considered to be independent. The non-executive director is Graeme McAusland. The board meets quarterly and all current board members attend all board meetings. The board considers its composition appropriate for the size of the company.

The executive directors are full time and the non-executive director is part time. The non-executive director is expected to commit up to one day a month and any additional days as is necessary to fulfil his responsibilities to the Company.

There is a minimum of four board meetings held per year and there has been 100% attendance by all the directors.

In addition to the board, Jarvis also maintains compliance, audit and remuneration committees, the purpose of each is detailed above.

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The board comprises individuals who have differing backgrounds within the financial services industry. The board considers that the mix of skills is appropriate to deliver the strategy of the Company. Board members have various resources at their disposal such as auditors, consultants and memberships of professional bodies to ensure they remain abreast of developments within the industry.

Directors keep their skills up to date by attending appropriate conferences and, training seminars and the use of online training tools.

The board has had no specific external advisers other than its Nomad, auditors and lawyers during the year.

Biographical details of each Director can be found on the investor website.

6. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The objectives of the board are aligned with the strategy and business model designed to promote long term shareholder value stated in the first principal of the code. These objectives are measured through the financial performance of Jarvis. Of specific concern when evaluating the board's performance are earnings per share, dividend per share, and profit before tax. Board evaluation takes place annually at the end of the financial year. Should a board member resign, they are contractually required to serve a notice period deemed to be adequate to ensure succession planning can occur.

7. Promote a corporate culture that is based on ethical values and behaviours

The board are aware that in order to maximise shareholder value, it is essential that the company maintain a reputation as a market leading service provider as well as exercising their tasks with a high degree of skill and diligence. The culture is focussed around carrying out our role for customers in an efficient manner at an acceptable price. Credit is given for identifying and resolving errors and there is an on-going focus on improving processes.

The board implements these principles through the appraisal process and recruitment and reward is partially linked to compliance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. **Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

The board of Jarvis and JIM currently comprises the same individuals. The two boards hold separate quarterly board meetings. The board of JIM maintain responsibility for the strategy, stakeholder relationships, regulation and financial reporting of JIM. The board of Jarvis are responsible for corporate governance, financial reporting and dividend policy. The key board roles covering both entities are as follows:

- Chairman & Chief Executive - responsible for the strategy and for the day to day management.
- Finance Director – responsible for financial reporting, analysis and forecasts.
- Non Executive Director – responsible for reviewing strategic decisions made by executive directors and ensuring the board act in the interest of independent shareholders at all times.

In addition to the board, Jarvis maintains an audit committee, compliance committee and remuneration committee, the roles of which are detailed above.

The Company believes its governance structure is appropriate for its size and business model.

9. **Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

On the Company's website shareholders can find all historical RNS announcements, interim reports and annual reports. Annual Reports and Annual General Meeting Circulars are posted directly to all registered shareholders or nominees and results of Annual General Meeting votes are also published on the Company's website. The Board recognises the AGM as an important opportunity to engage with shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM. As described earlier, the company also maintains an email address for investor queries and the phone number of the managing director and finance director are on RNS announcements.

The results of all future Annual General Meetings will be made available on the investor website.

BY ORDER OF THE BOARD

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Andrew J Grant – Chief Executive Officer
10th March 2021

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

Opinion

We have audited the financial statements of Jarvis Securities plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2020, which comprise:

- the group income statement for the year ended 31 December 2020;
- the group statement of comprehensive income for the year ended 31 December 2020;
- the group and parent company statements of financial position as at 31 December 2020;
- the group and parent company statements of changes in equity for the year then ended;
- the group and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements 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.

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 2020 and of the Group's profit for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors

assessment of the Group's ability to continue to adopt the going concern basis of accounting included

- Obtained and reviewed management's trading budget for the year ended December 2022 and cash flow forecast to May 2022. In addition to the review of arithmetical accuracy, we also discussed the key assumptions with management and ensured they are reasonable with our understanding of the business and sector. The trading budget and cash flow forecast show the group as being profitable and cash generative throughout the forecast period.
- Reviewed the Board minutes and discussed with management any matters not documented in the minutes. The review indicated trading results were not negatively impacted by the pandemic and Brexit.

- Enquired with management whether there are any significant subsequent events that may impact on our going concern.

In addition to the above, the group has significant net assets and cash reserves at 31 December 2020.

Based on our work in this area we have concluded management's use of the going concern basis of accounting in the preparation of the financial statements appears appropriate and the disclosures in the financial statements are adequate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the group financial statements as a whole to be £340,000 (FY19 £175,000), and £230,000 (2019: £175,000) based on 5% of Group/parent company profit before tax.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £17,000 (FY19: £8,750). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors employed significant judgements and estimates. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Income recognition Income recognition is a key audit matter as income is significantly material to the group and is an important determinant of the group's profitability. As part of our assessment of the group's income streams we evaluated that there is a significant risk for a material misstatement to occur in the commission and fee income resulting from error or fraud.	*Retail commission* To address the significant risk identified we have independently recalculated retail commission income based on data extracted from the front office system and commission rates for the period. The accuracy of the data extracted was verified by testing a sample of commission income back to client instructions. *Other income* We tested the remaining commission and fee income by agreeing a sample back to supporting documentation.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit is capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Taxation legislation and the FCA regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;

- review of the Board and Compliance Committee minutes;
- examining correspondence with the FCA, the reports of the CASS Auditor and capital adequacy calculations;
- enquiry of management and review and inspection of relevant correspondence with any legal firms;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- performed specific testing on the front-office system to gain comfort on the control environment such as testing user access rights, validation rules. Additionally, we have performed testing on the appropriateness of journal entries in the front-office system;
- review of accounting estimates for biases;

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ian Weekes (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Riverside House
40-46 High Street
Maidstone
Kent
10th March 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year to 31/12/20	Year to 31/12/19
		£	£
Continuing operations:			
Revenue	*3*	**13,341,136**	10,521,806
Administrative expenses		**(6,465,029)**	(5,708,739)
Lease finance costs		**(5,993)**	(8,393)
Profit before income tax	*5*	**6,870,114**	4,804,674
Income tax charge	*7*	**(1,310,424)**	(893,944)
Profit for the period		**5,559,691**	3,910,730
Attributable to equity holders of the parent		**5,559,691**	3,910,730
Earnings per share	*8*	**P**	P
Basic and diluted		**12.71**	8.96

The notes on pages 21 to 33 form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	Notes	Year to 31/12/20	Year to 31/12/19
		£	£
Profit for the period		**5,559,691**	3,910,730
Total comprehensive income for the period		**5,559,691**	3,910,730
Attributable to equity holders of the parent		**5,559,691**	3,910,730

The notes on pages 21 to 33 form part of these financial statements

Company No.: 5107012

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Notes	31/12/20	31/12/19
		£	£
Assets			
Non-current assets			
Property, plant and equipment	9	**379,814**	461,471
Intangible assets	10	**102,019**	105,428
Goodwill	10	**342,872**	342,872
		824,705	909,771
Current assets			
Trade and other receivables	12	**6,923,154**	3,373,427
Investments held for trading	14	**4,183**	4,600
Cash and cash equivalents	15	**3,794,980**	5,290,961
		10,722,317	8,668,988
Total assets		**11,547,022**	9,578,759
Equity and liabilities			
Capital and reserves			
Share capital	16	**111,828**	111,828
Share premium		**1,655,640**	1,576,669
Merger reserve		**9,900**	9,900
Capital redemption reserve		**9,845**	9,845
Retained earnings		**5,672,848**	4,949,467
Own shares held in treasury	16	**(886,113)**	(981,136)
Total equity attributable to the equity holders of the parent		**6,573,948**	5,676,573
Non-current liabilities			
Deferred tax	7	**45,617**	38,664
Lease liabilities	13	**64,653**	148,633
		110,270	187,297
Current liabilities			
Trade and other payables	17	**4,176,030**	3,184,059
Lease liabilities	13	**83,980**	81,507
Income tax	17	**602,794**	449,323
		4,862,804	3,714,889
Total liabilities		**4,973,074**	3,902,186
Total equity and liabilities		**11,547,022**	9,578,759

Approved and authorised for issue by the board on 10th March 2021 and signed on its behalf by:

………………………Andrew J Grant – Director

………………………Jolyon C Head – Director

The notes on pages 21 to 33 form part of these financial statements

Company No.: 5107012

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Notes	31/12/20	31/12/19
		£	£
Assets			
Non-current assets			
Property, plant and equipment	9	**379,814**	461,471
Intangible assets	10	**102,019**	105,428
Goodwill	10	**342,872**	342,872
Investment in subsidiaries	11	**284,239**	284,239
		1,108,944	1,194,010
Current assets			
Trade and other receivables	12	**388,288**	636,340
Cash and cash equivalents	15	**2,222,469**	2,181,403
		2,610,757	2,817,743
Total assets		**3,719,701**	4,011,753
Equity and liabilities			
Capital and reserves			
Share capital	16	**111,828**	111,828
Share premium		**1,655,640**	1,576,669
Capital redemption reserve		**9,845**	9,845
Retained earnings		**1,481,763**	1,776,865
Own shares held in treasury	16	**(886,113)**	(981,136)
Total equity attributable to the equity holders		**2,372,963**	2,494,071
Non-current liabilities			
Deferred tax	7	**46,253**	38,664
Lease liabilities	13	**64,653**	148,633
		110,906	187,297
Current liabilities			
Trade and other payables	17	**801,020**	891,435
Lease liabilities	13	**83,980**	81,507
Income tax	17	**350,832**	357,443
		1,235,832	1,330,385
Total liabilities		**1,346,738**	1,517,682
Total equity and liabilities		**3,719,701**	4,011,753

The parent company's profit for the financial year was £4,541,208 (2019: £3,946,513).

Approved and authorised for issue by the board on 10th March 2021 and signed on its behalf by:

………………………Andrew J Grant – Director

………………………Jolyon C Head – Director

The notes on pages 21 to 33 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	Own shares held in Treasury	Total equity
	£	£	£	£	£	£	£
At 1 January 2019	111,828	1,576,669	9,900	9,845	5,523,363	(859,587)	6,372,018
Adjustment from the adoption of IFRS 16	-	-	-	-	(5,600)	-	(5,600)
Profit for the financial year	-	-	-	-	3,910,730	-	3,910,730
Purchase of own shares held in treasury	-	-	-	-	-	(227,002)	(227,002)
Sale of own shares held in treasury	-	-	-	-	23,254	105,453	128,707
Dividends	-	-	-	-	(4,502,280)	-	(4,502,280)
At 31 December 2019	111,828	1,576,669	9,900	9,845	4,949,467	(981,136)	5,676,573
Profit for the financial year	-	-	-	-	5,559,691	-	5,559,691
Sale of own shares held in treasury	-	78,971	-	-	-	95,023	173,994
Dividends	-	-	-	-	(4,836,310)	-	(4,836,310)
At 31 December 2020	111,828	1,655,640	9,900	9,845	5,672,848	(886,113)	6,573,948

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Own shares held in treasury	Total equity
	£	£	£	£	£	£
At 1 January 2019	111,828	1,576,669	9,845	2,314,978	(859,587)	3,153,733
Adjustment from the adoption of IFRS 16	-	-	-	(5,600)	-	(5,600)
Profit for the financial year	-	-	-	3,946,513	-	3,946,513
Purchase of own shares held in treasury	-	-	-	-	(227,002)	(227,002)
Sale of own shares held in treasury	-	-	-	23,254	105,453	128,707
Dividends	-	-	-	(4,502,280)	-	(4,502,280)
At 31 December 2019	111,828	1,576,669	9,845	1,776,865	(981,136)	2,494,071
Profit for the financial year	-	-	-	4,541,208	-	4,541,208
Sale of own shares held in treasury	-	78,971	-	-	95,023	173,994
Dividends	-	-	-	(4,836,310)		(4,836,310)
At 31 December 2020	111,828	1,655,640	9,845	1,481,763	(886,113)	2,372,963

The notes on pages 21 to 33 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	CONSOLIDATED		COMPANY	
		Year to 31/12/20	Year to 31/12/19	**Year to 31/12/20**	Year to 31/12/19
		£	£	**£**	£
Cash flow from operating activities					
Profit before income tax		**6,870,114**	4,804,674	**5,250,277**	4,608,692
Depreciation and amortisation	*5*	**142,908**	153,161	**142,908**	153,161
Lease finance cost		**5,993**	8,393	**5,993**	8,393
		7,019,015	4,966,228	**5,399,178**	4,770,246
(Increase) /Decrease in trade and other receivables		**(3,465,602)**	1,663,939	**248,051**	85,140
(Decrease) /Increase in trade payables		**907,847**	(308,217)	**(90,415)**	191,348
Cash generated from operations		**4,461,260**	6,321,950	**5,556,814**	5,046,734
Income tax (paid)/received		**(1,150,000)**	(891,251)	**(708,090)**	(661,251)
Net cash from operating activities		**3,311,260**	5,430,699	**4,848,724**	4,385,483
Cash flows from investing activities					
Purchase of property, plant and equipment		**(11,837)**	(31,567)	**(11,837)**	(31,567)
Purchase of investments held for trading		**(1,060,177)**	(758,021)	-	-
Proceeds from sale of investments held for trading		**1,060,594**	755,377	-	-
Purchase of intangible assets		**(46,005)**	(72,925)	**(46,005)**	(72,925)
Cash flows from financing activities		**(57,425)**	(107,136)	**(57,842)**	(104,492)
Repurchase of ordinary share capital		-	(227,002)	-	(227,002)
Sale of treasury shares		**95,023**	105,453	**95,023**	105,453
Profit on sale of treasury shares		**78,971**	23,254	**78,971**	23,254
Dividends paid		**(4,836,310)**	(4,502,280)	**(4,836,310)**	(4,502,280)
Lease finance cost		**(5,993)**	(8,393)	**(5,993)**	(8,393)
Repayment of finance leases		**(81,507)**	(79,107)	**(81,507)**	(79,107)
Net cash used in financing activities		**(4,749,816)**	(4,688,075)	**(4,749,816)**	(4,688,075)
Net (decrease)/ increase in cash & cash equivalents		**(1,495,981)**	635,488	**41,066**	(407,084)
Cash and cash equivalents at the start of the year		**5,290,961**	4,655,473	**2,181,403**	2,588,487
Cash and cash equivalents at the end of the year		**3,794,980**	5,290,961	**2,222,469**	2,181,403
Cash and cash equivalents:					
Balance at bank and in hand		**6,320,942**	5,374,229	**2,222,469**	2,181,403
Cash held for settlement of market transactions		**(2,525,962)**	(83,268)	-	-
		3,794,980	5,290,961	**2,222,469**	2,181,403

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 financial assets 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.

New standards, not yet effective
There are no standards that are issued but not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Significant judgements and estimates
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 20.

Going concern
The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 5. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described within these financial statements. In addition, note 26 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, long term contracts with all its significant suppliers and 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.

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. Accounting policies

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

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 have been approved by our compliance department. Interest income is recognised over time as the deposits accrue interest on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

(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 2020.

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.

2. Accounting policies (continued)

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

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

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

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

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

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

(j) Leases
The following was applicable in 2019. 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
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.

(l) Foreign exchange
The group offers settlement of trades in sterling as well as various foreign currencies. 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.

2. Accounting policies (continued)

(n) 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.

(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) IFRS 9 'Financial Instruments'

The group currently calculates a "bad debt" provision on customer balances based on 25% of overdrawn client accounts which are one month past due date and are not specifically provided for. 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 will be applied. The method uses historic customer data, alongside future economic conditions to calculate expected loss on receivables

(r) 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 £404,863 at the lease start date of 27 September 2017. The retained earnings include a £5,600 transitional adjustment in respect of the modified retrospective approach.
A finance charge of 3% APR is used to calculate the finance cost of the lease.

3. Group revenue

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

	2020	2019
	£	£
Gross interest earned from treasury deposits, cash at bank and overdrawn client accounts	4,580,067	4,232,976
Commissions	5,279,932	3,320,160
Fees	3,481,138	2,968,670
	13,341,136	10,521,806

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 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.

5. Profit before income tax

	2020	2019
Profit before income tax is stated after charging/(crediting):	£	£
Directors' emoluments	723,545	671,690
Depreciation – right of use asset	80,973	80,973
Depreciation – owned assets	12,521	11,228
Amortisation (included within administrative expenses in the consolidated income statement)	49,414	60,960
Operating lease rentals – hire of machinery	8,852	8,842
Impairment of receivable charge	30,305	23,398
Bank transaction fees	91,462	68,734

Details of directors' annual remuneration as at 31 December 2020 are set out below:

	2020	2019
	£	£
Short-term employee benefits	654,362	589,642
Post-employment benefits	60,663	73,740
Benefits in kind	8,520	8,307
	723,545	671,690
Details of the highest paid director are as follows:		
Aggregate emoluments	315,700	347,110
Company contributions to personal pension scheme	-	-
Benefits in kind	7,788	7,375
	323,488	354,485

	Emoluments & Benefits in kind	Pension	Total
Directors	£	£	£
Andrew J Grant	323,488	-	323,488
Nick J Crabb (resigned 6 July 2020)	83,015	24,109	107,124
Jolyon C Head	106,231	36,554	142,785
Graeme McAusland	26,000	-	26,000
TOTAL	538,734	60,663	599,397

During the year benefits accrued for two directors (2019: two directors) under a money purchase pension scheme. Nick Crabb received a payment in lieu of notice of £124,148 which is excluded in his emoluments for the current year.

Staff Costs

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

	2020	2019
Management and administration	61	57
The aggregate payroll costs of these persons were as follows:	£	£
Wages, salaries & social security	2,653,470	2,393,437
Pension contributions including salary sacrifice	93,766	102,923
	2,747,236	2,496,360

Key personnel

The directors disclosed above are considered to be the key management personnel of the group. The total amount of employers NIC paid on behalf of key personal was £85,159 (2019: 76,621).

6. Auditors' remuneration

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

	2020	2019
	£	£
Fees payable to the company's auditors for the audit of the company's annual financial statements	25,000	24,150
Fees payable to the company's auditors and its associates for other services:		
The audit of the company's subsidiaries, pursuant to legislation	9,000	9,000
Total audit fees	34,000	33,150
Taxation Compliance	5,000	4,800
	39,000	37,950

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

7. Income and deferred tax charges – group

	2020	2019
	£	£
Based on the adjusted results for the year:		
UK corporation tax	1,303,937	902,524
Adjustments in respect of prior years	(465)	(9,793)
Total current income tax	1,303,472	892,731
Deferred income tax:		
Origination and reversal of timing differences	3,039	9,560
Adjustment in respect of prior years	(569)	(4,923)
Adjustment in respect of change in deferred tax rates	4,482	(3,424)
Total deferred tax charge	6,952	1,213
	1,310,424	893,944

The income tax assessed for the year is more than the standard rate of corporation tax in the UK (19%). The differences are explained below:

Profit before income tax	6,870,114	4,804,674
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	1,305,322	912,889
Effects of:		
Expenses not deductible for tax purposes	1,486	-
IFRS 16 transitional adjustment	(122)	-
Adjustments to tax charge in respect of previous years	(1,034)	(14,716)
Ineligible depreciation	290	320
Adjust in respect of change in deferred tax rate	4,482	(3,424)
Deferred tax timing differences	-	(1,125)
Current income tax charge for the years	1,310,424	893,944

Movement in (assets) / provision – group:		
Provision at start of year	38,664	37,451
Deferred income tax charged in the year	6,953	1,213
Provision at end of year	45,617	38,664

Movement in (assets) / provision – company:		
Provision at start of year	38,664	37,451
Deferred income tax charged in the year	7,589	1,213
Provision at end of year	46,523	38,664

8. Earnings per share

	2020	2019
	£	£
Earnings:		
Earnings for the purposes of basic and diluted earnings per share *(profit for the period attributable to the equity holders of the parent)*	5,559,691	3,910,730
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	43,739,085	43,675,884
	43,739,085	43,675,884

On 29 October 2020 there was a capital reorganisation whereby each of the company's issued and unissued ordinary shares of £0.01 each were subdivided into 4 ordinary shares of £0.0025 each. The 2019 figures have been adjusted to reflect this subdivision. Shares held in treasury are deducted for the purpose of calculating earnings per share.

9. Property, plant & equipment – group & company

	Right of use assets - Leasehold	Leasehold & Property	Office Equipment	Total
Cost:		£	£	£
At 1 January 2019	-	222,450	264,716	487,166
Adjustments from the	303,648	-	-	303,648
adoption of IFRS 16	-	-	31,567	31,567
Additions				
Disposals	-	-	-	-
At 31 December 2019	303,648	222,450	296,283	822,381
Additions	-	-	11,837	11,837
Disposals	-	-	-	-
At 31 December 2020	303,648	222,450	308,120	834,218
Depreciation:				
At 1 January 2019	-	13,156	255,553	268,709
Charge for the year	80,973	1,949	9,279	92,201
On Disposal	-	-	-	-
At 31 December 2019	80,973	15,105	264,832	360,910
Charge for the year	80,973	1,949	10,572	93,494
On Disposal	-	-	-	-
At 31 December 2020	161,946	17,054	275,404	454,404
Net Book Value:				
At 31 December 2020	141,702	205,396	32,716	379,814
At 31 December 2019	222,675	207,345	31,451	461,471

The net book value of non-depreciable land is £125,000 (2019: £125,000).

10. Intangible assets & goodwill – group & company

		Intangible assets				
	Goodwill	Customer Relationships	Databases	Software Development	Website	Total
	£	£	£	£	£	£
Cost:						
At 1 January 2019	342,872	177,981	25,000	226,361	261,713	691,055
Additions	-	-	-	72,925	-	72,925
At 31 December 2019	342,872	177,981	25,000	299,286	261,713	763,980
Additions	-	-	-	46,005	-	46,005
At 31 December 2020	342,872	177,981	25,000	345,291	261,713	809,985
Amortisation:						
At 1 January 2019	-	175,181	15,719	219,129	187,563	597,592
Charge for the year	-	2,800	1,000	19,470	37,690	60,960
At 31 December 2019	-	177,981	16,719	238,599	225,253	658,552
Charge for the year	-	-	1,000	20,289	28,125	49,414
At 31 December 2020	-	177,981	17,719	258,888	253,378	707,966
Net Book Value:						
At 31 December 2020	342,872	-	7,281	86,403	8,335	102,019
At 31 December 2019	342,872	-	8,281	60,687	36,460	105,428

Goodwill represents the difference between the consideration paid and the fair value of assets acquired on the acquisition of a business in 2003. In accordance with the transitional provisions in IFRS 1 the group elected not to apply IFRS 3 retrospectively to past business combinations. Therefore the goodwill balance represents an acquired customer base, that continues to trade with the group to this day and, more fundamentally, systems, processes and a registration that dramatically reduced the group's dealing costs. These systems and the registration contributed significantly to turning the group into the low cost effective provider of execution only stockbroking solutions that it is today. The key assumptions used by the directors in their annual impairment review are that the company can benefit indefinitely from the reduced dealing costs and the company's current operational capacity remains unchanged. The recoverable amount of the goodwill has been assessed using the value in use method and there is significant headroom based on this calculation. There are no reasonable changes in assumptions that would cause the cash generating unit value to fall below its carrying amount.

11. Investments in subsidiaries

	Company 2020	Company 2019
Unlisted Investments:	£	£
Cost:		
At 1 January	284,239	284,239
As at 31 December	284,239	284,239

	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

All subsidiaries are located in the United Kingdom and their registered office is 78 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS.

** indirectly held*

12. Trade and other receivables

Amounts falling due within one year:	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade receivables	588,989	549,872	24,000	9,411
Settlement receivables	5,654,665	2,077,733	-	-
Other receivables	352,864	637,814	343,125	624,550
Prepayments and accrued income	326,636	108,009	14,984	2,010
Other taxes and social security	-	-	6,179	369
	6,923,154	3,373,427	388,288	636,340

Settlement receivables are short term receivable amounts arising as a result of the settlement of trades in an agency capacity. The balances due are covered by stock collateral and bonds. An analysis of trade and settlement receivables past due is given in note 26. There are no amounts past due included within other receivables or prepayments and accrued income.

13. Leases

Lease liabilities are secured by the related underlying assets.

	2020
Amounts recognised in the statement of cash flows:	£
Repayment of capital element of leases	81,507
	81,507

The undiscounted maturity analysis of lease liabilities as at 31 December 2020 is as follows:

	< 1 year (£)	1-2 years (£)	2-3 years (£)
Lease payment	87,500	65,625	-
Finance charge	3,520	972	-
Net present value	83,980	64,653	-

The undiscounted maturity analysis of lease liabilities as at 31 December 2019 is as follows:

	< 1 year (£)	1-2 years (£)	2-3 years (£)
Lease payment	87,500	87,500	65,625
Finance charge	5,993	3,520	972
Net present value	81,507	83,980	64,653

	2020
Lease liabilities included in the current statement of financial position	£
Current	83,980
Non-current	64,653
	148,633

	2020
Amounts recognised in income statement	£
Interest on lease liabilities adopted under IFRS 16	5,993
	5,993

The company has a lease with Sion Properties 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 £87,500, being the market rate on an arm's length basis, and expires on 26 September 2027. The total cash outflow for leases in 2020 was £87,500. There is an option to terminate the lease on 26 September 2022 and therefore this is the discounted period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Investments held for trading

	Group		Company	
	2020	2019	2020	2019
Listed Investments:	£	£	£	£
Valuation:				
At 1 January	4,600	1,956	-	-
Additions	1,060,177	758,021	-	-
Disposals	(1,060,594)	(755,377)	-	-
As at 31 December	4,183	4,600	-	-

Listed investments held for trading are stated at their market value at 31 December 2020 and are considered to be level one assets in accordance with IFRS 13. The group does not undertake any principal trading activity.

15. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Balance at bank and in hand – group/company	6,320,942	5,374,229	2,222,469	2,181,403
Cash held for settlement of market transactions	(2,525,962)	(83,268)	-	-
	3,794,980	5,290,961	2,222,469	2,181,403

In addition to the balances shown above the group has segregated deposit and current accounts held in accordance with the client money rules of the Financial Conduct Authority. The group also has segregated deposits and current accounts on behalf of Counterparties and elected Professional clients of £2,111,321 (2019: £695,474) not governed by client money rules therefore they are also not included in the statement of financial position of the group. This treatment is appropriate as the business is a going concern however, were an administrator appointed, these balances would be considered assets of the business.

16. Share capital

	2020	2019
Authorised:	160,000	160,000
64,000,000 Ordinary shares of 0.25p each	160,000	160,000

	2020	2019
	£	£
At 1 January 2020	111,828	111,828
Allotted, issued and fully paid:		
44,731,000 (2019: 44,731,000) Ordinary shares of 1p each	111,828	111,828

The company has one class of ordinary shares which carry no right to fixed income.
On 29 October 2020 there was a capital reorganisation whereby each of the company's issued and unissued ordinary shares of £0.01 each were subdivided into 4 ordinary shares of £0.0025 each. The 2019 figures have been adjusted to reflect this subdivision. Shares held in treasury are deducted for the purpose of calculating earnings per share. During the period 98,400 shares were sold from treasury. As at the period end 917,600 shares are held in treasury.

17. Trade and other payables

Amounts falling due within one year:	Group 2020	Group 2019	Company 2020	Company 2019
	£	£	£	£
Trade payables	188,688	58,300	10,554	977
Settlement payables	2,997,247	1,892,926	-	-
Amount owed to group undertaking	-	-	750,866	840,458
Other taxes and social security	174,712	155,478	-	-
Other payables	566,654	561,738	-	-
Accruals	248,729	515,617	39,600	50,000
Trade and other payables	4,176,030	3,184,059	801,020	891,435
Lease liabilities	83,980	81,507	83,980	81,507
Income tax	602,794	449,323	350,832	357,443
Total liabilities	4,862,804	3,714,889	1,235,832	1,330,385

Settlement payables are short term payable amounts arising as a result of settlement of trades in an agency capacity. Trade payables and other taxes and social security are all paid at the beginning of the month after the invoice was received or the liability created.

18. Dividends

	2020	2019
	£	£
Interim dividends paid on Ordinary 1p shares	4,836,310	4,502,280
Dividend per Ordinary 1p share	11.06	10.31

Please refer to the directors' report for dividends declared post year end.

19. 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. 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 and which is detailed in note 14. 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, treasury shares and property.

20. 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 and bad debts.

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 10.

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 group also calculates the implied levels of variables used in the calculations at which impairment would occur.

21. Immediate and ultimate parent undertaking

There is no immediate or ultimate controlling party.

22. Related party transactions

The company has a lease with Sion Properties Limited, a company controlled by a director of the company, for the rental of 78 Mount Ephraim, a self-contained office building. The lease has an annual rental of £87,500, being the market rate on an arm's length basis, and expires on 26 September 2027.

During the year Jarvis Investment Management Limited paid Jarvis Securities Plc £7,000 (2019: £7,000) for rental of a disaster recovery site.

Jarvis Securities plc owed Jarvis Investment Management Limited £750,866 (2019: £751,208) at year end.

During the year, directors, key staff and other related parties by virtue of control carried out share dealing transactions in the normal course of business. Commissions for such transactions are charged at various discounted rates. The impact of these transactions does not materially or significantly affect the financial position or performance of the company. At 31 December 2020, these same related parties had cash balances of £392,110 (2019: £1,307,212) and interest was earned during the year amounting to £923 (2019: £2,203). In addition to cash balances other equity assets of £49,950,739 (2019: £40,119,621) were held by JIM Nominees Ltd as custodian.

During the year Jarvis Securities Plc charged £3,869,812 (2019: £3,844,388) to Jarvis Investment Management Limited for use of intellectual properties.

23. Capital commitments

As of 31 December 2020, the company had no capital commitments (2019: nil).

24. Fair value estimation

The fair value of financial instruments traded in active markets 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.

25. 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 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 100% 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 Conduct 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 Conduct Authority ("FCA") 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 FCA'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.

As of 31 December 2020, trade receivables of £159,784 (2019: £131,923) were past due and were impaired and partially provided for. The amount of the provision was £131,456 as at 31 December 2020 (2019: £101,539). The individually impaired receivables relate to clients who are in a loan position and who do not have adequate stock to cover these positions. The amount of the impairment is determined by clients' perceived willingness and ability to pay the debt, legal judgements obtained in respect of, charges secured on properties and payment plans in place and being adhered to. Where debts are determined to be irrecoverable, they are written off through the income and expenditure account. The group does not anticipate future write offs of uncollectable amounts will be significant as the group now imposes much more restrictive rules on clients who utilise extended settlement facilities.

	Group		Company	
Provision of impairment of receivables:	2020	2019	2020	2019
	£	£	£	£
At 1 January	101,539	105,470	-	-
Charge / (credit) for the year	30,306	23,398	-	-
Uncollectable amounts written off	(389)	(27,329)	-	-
At 31 December	131,456	101,539	-	-

COMPANY INFORMATION

DIRECTORS:	Andrew J Grant - Chairman and Chief Executive Officer Jolyon C Head – Finance Director Graeme S McAusland - Non Executive Director
SECRETARY:	Jolyon C Head
REGISTERED OFFICE:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS
REGISTERED NUMBER:	5107012
AUDITOR:	Crowe U.K. LLP Riverside House 40-46 High Street Maidstone ME14 1JH
CASS AUDITOR:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
REGISTRAR:	Share Registrars Ltd 17 West Street Farnham Surrey GU9 7DR
PRINCIPAL BANKERS:	NatWest 89 Mount Pleasant Road Tunbridge Wells Kent TN1 1QJ
SOLICITORS:	Cripps LLP 22 Mount Ephraim Tunbridge Wells TN4 8AS
NOMINATED ADVISER:	WH Ireland Limited 24 Martin Lane London EC4R 0DR
WEBSITE:	www.jarvissecurities.co.uk
TRADING ADDRESS:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS

NOTICE AND ARRANGEMENTS FOR THE ANNUAL GENERAL MEETINGs

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

The meeting is to be held on **Thursday 22nd April 2021.** 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 2020.
2. To re-appoint Crowe U.K. 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 11,150,250 Ordinary 1p shares).

During the Covid-19 pandemic, the UK Government has introduced new laws to prevent individuals engaging in non-essential travel and attending public gatherings of more than six people, save where essential for work purposes. Having taken legal advice, the Board has concluded that, in these exceptional circumstances and for as long as the current restrictions remain in place, shareholders should not be permitted to attend the Annual General Meeting but instead will be asked to vote by proxy by appointing the Chairman of the meeting as their proxy. The Board has arranged for three persons to be physically present at the Annual General Meeting to meet the quorum obligations under the Company's articles of association but other than these individuals, no other shareholders will be allowed to attend.

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 April 2021 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 2020		
Ordinary Resolution	To re-appoint Crowe U.K. LLP as auditor		
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.