Company No. **5107012**

JARVIS SECURITIES PLC

FINANCIAL STATEMENTS

For the interim 6 months to 30 June 2018

Corporate information

DIRECTORS:	A J Grant – Chairman and Chief Executive Officer N J Crabb – Business Development and Client Services Director J C Head – Finance Director G McAusland – Non Executive Director
SECRETARY:	J C Head
REGISTERED OFFICE:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS
REGISTERED NUMBER:	5107012
AUDITOR:	Crowe U.K. LLP 4 Mount Ephraim Road Tunbridge Wells TN1 1EE
CASS AUDITOR:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
REGISTRAR:	Share Registrars Ltd Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
PRINCIPAL BANKER:	NatWest Bank 89 Mount Pleasant Road Tunbridge Wells Kent TN1 1QJ
SOLICITOR:	Thomson Snell & Passmore 3 Lonsdale Gardens Royal Tunbridge Wells TN1 1NX

NOMINATED ADVISER AND BROKER:	WH Ireland Limited 24 Martin Lane London EC4R 0DR
WEBSITES:	www.jarvissecurities.co.uk www.x-o.co.uk www.sharedealactive.co.uk www.sellmysharecertificates.co.uk www.jarvisinvest.co.uk www.jarvisim.co.uk
TRADING ADDRESS:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS

Highlights

- Cash under administration has increased 8.3% versus 30 June 2017
- £12,105 (0.3%) decrease in revenue versus six months to 30 June 2017
- £272,699 (11.6%) decrease in profit before tax versus six months to 30 June 2017

Chairman's statement

As anticipated in the year end chairman's statement cost increases brought about by regulatory changes including MIFID II have reduced margins for this period. Management undertook an in-depth review of costs early in the year and from 1st June 2018 our commercial fee tariffs were restructured to reflect the additional costs we are incurring and the services we are now providing. This new tariff will offset increases in the cost base and margins have now been restored.

The broader market has remained healthy and cash under administration has continued to increase. We are beginning to achieve a higher average interest rate on these funds. The company will continue paying dividends at recent levels and increase these in line with future profits as per the dividend policy.

Andrew J Grant
Chairman

Key performance indicators (KPI)

The key performance indicators (KPIs) are designed to give stakeholders in the business a more rounded view of the Group's performance. Further details on the KPIs and their measurement can be found in the last Annual Report. A selection of KPIs and the Group's results to the interim period for these are detailed below. These results have been annualised from the position at 30 June 2017 where measurement over a year is required.

KPI:	**30/6/18**	30/6/17	Target
Profit before tax margin	**43%**	49%	20%
Revenue per employee *(annualised)*	**£165,214**	£192,133	to increase

Company No.: 5107012

Consolidated income statement for the period ended 30 June 2018

	Notes	**Six months ended 30/6/18**	Six months ended 30/6/17
		£	£
Continuing operations			
Revenue		**4,791,214**	4,803,319
Administrative expenses		**(2,713,230)**	(2,452,636)
Profit before income tax		**2,077,984**	2,350,683
Income tax charge	*4*	**(394,817)**	(453,692)
Profit for the period		**1,683,167**	1,896,991
Attributable to equity holders of the parent		**1,683,167**	1,896,991
Earnings per share	*5*	**P**	P
Basic		**15.37**	17.28

Consolidated statement of financial position at 30 June 2018

	Notes	30/6/18	31/12/17	30/6/17
		£	£	£
Assets				
Non-current assets				
Property, plant and equipment		220,811	219,940	225,004
Intangible assets		134,938	149,662	144,051
Goodwill		342,872	342,872	342,872
		698,621	712,474	711,927
Current assets				
Trade and other receivables		3,719,661	2,947,626	4,282,559
Investments held for trading		27,514	13,546	1,121
Cash and cash equivalents		8,822,353	13,175,503	17,240,395
		12,569,528	16,136,675	21,524,075
Total assets		13,268,149	16,849,149	22,236,002
Equity and liabilities				
Capital and reserves				
Share capital	7	111,828	111,828	111,828
Share premium		1,576,669	1,576,669	1,576,669
Merger reserve		9,900	9,900	9,900
Capital redemption reserve		9,845	9,845	9,845
Retained earnings		5,202,470	4,723,986	4,519,428
Own shares held in treasury		(859,587)	(859,587)	(807,944)
Total equity		6,051,125	5,572,641	5,419,726
Current liabilities				
Trade and other payables		6,787,102	10,658,206	16,361,451
Deferred income tax		32,929	32,929	6,312
Income tax	4	396,993	585,373	448,513
		7,217,024	11,276,508	16,816,276
Total equity and liabilities		13,268,149	16,849,149	22,236,002

Consolidated statement of comprehensive income

	Six months ended 30/6/18	Six months ended 30/6/17
Profit for the period	**1,683,167**	1,896,991
Total comprehensive income for the period	**1,683,167**	1,896,991
Attributable to equity holders of the parent	**1,683,167**	1,896,991

Consolidated statement of changes in equity for the period

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Share option reserve	Retained earnings	Own shares held in treasury	Attributable to equity holders of the company
	£	£	£	£	£	£	£	£
Balance at 31/12/16	111,518	1,522,729	9,900	9,845	136,556	3,610,339	(616,943)	4,783,944
Profit for the period	-	-	-	-	-	1,896,991	-	1,896,991
Share Options exercised	310	53,940	-	-	-	-	-	54,250
Transfer to retained earnings	-	-	-	-	(136,556)	136,556	-	-
Dividends	-	-	-	-	-	(1,124,458)	-	(1,124,458)
Purchase of own shares held in treasury	-	-	-	-	-	-	(191,001)	(191,001)
Balance at 30/6/17	111,828	1,576,669	9,900	9,845	-	4,519,428	(807,944)	5,419,726
Purchase of own shares held in treasury	-	-	-	-	-	-	(51,643)	(51,643)
Profit for the period	-	-	-	-	-	1,656,339	-	1,656,339
Dividends	-	-	-	-	-	(1,451,781)	-	(1,451,781)
Balance at 31/12/17	111,828	1,576,669	9,900	9,845	-	4,723,986	(859,587)	5,572,641
Profit for the period	-	-	-	-	-	1,683,167	-	1,683,167
Dividends	-	-	-	-	-	(1,204,683)	-	(1,204,683)
Balance at 30/6/18	111,828	1,576,669	9,900	9,845	-	5,202,470	(859,587)	6,051,125

Consolidated statement of cashflows for the period ended 30 June 2018

	Six months ended 30/6/18	Six months ended 30/6/17
	£	£
Cash flow from operating activities		
Profit before tax	**2,077,984**	2,350,683
Depreciation charges	**3,227**	5,165
Amortisation charges	**41,467**	39,662
	2,122,678	2,395,510
(Increase)/ decrease in receivables	**(772,035)**	3,951,307
(Decrease) / increase in payables	**(3,871,104)**	7,483,296
(Increase) / decrease in investments held for trading	**(13,968)**	591
Cash generated from operations	**(2,534,428)**	13,830,704
Income tax (paid)	**(583,197)**	(410,509)
Net cash from operating activities	**(3,117,625)**	13,420,195
Cash flows from investing activities		
Purchase of tangible assets	**(4,098)**	(549)
Purchase of intangible fixed assets	**(26,744)**	(21,164)
	(30,842)	(21,713)
Cash flows from financing activities		
Issue of ordinary share capital	**-**	54,250
Purchase of own shares held in treasury	**-**	(191,001)
Dividends to equity shareholders	**(1,204,683)**	(1,124,458)
Net cash used in financing activities	**(1,204,683)**	(1,261,209)
Net increase / (decrease) in cash & cash equivalents	**(4,353,150)**	12,137,273
Cash and cash equivalents at 1 January	**13,175,503**	5,103,122
Cash and cash equivalents at 30 June	**8,822,353**	17,240,395
Of which:		
Balance at bank and in hand	**5,374,515**	4,556,301
Cash held for settlement of market transactions	**3,447,838**	12,684,094

Notes forming part of the interim financial statements

1. Basis of preparation

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (July 2017).

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

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

IFRS 16 - The Directors have assessed the application of IFRS 16, and note that once effective it will have a material impact on the results of the group. Application of this standard will result in changes in presentation of information within the Group's financial statements due to the capitalisation of the Group's operating leases.

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

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 new method will use historic customer data, alongside future economic conditions to calculate expected loss on receivables. The group has elected to adopt the cumulative effect method as a result of the implementation of IFRS 15.
The preparation of these interim financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated interim financial statements are disclosed in Note 9.

The financial information contained in this report, which has not been audited, does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The auditors' report for the 2016 accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

2. Accounting policies

(a) Revenue

Income is recognised as earned in the following way:

Commission – we charge 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. 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. There is only one contract with the client, and there are no significant judgements involved in the income from the client. The execution of the trade occurs at a clearly identifiable point at which time income is recognised.

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. Fees are accrued up to the time 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. In accordance with FCA requirements, deposits are only held with banks that meet CASS regulations and the parameters set out in The Company's client money policy.

(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 30 June 2018.

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
Motor vehicles	-	15% on cost
Office equipment	-	20% on cost
Land & Buildings	-	Buildings are depreciated at 2% on cost. Land is not depreciated.

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

(d) Intangible assets

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

Databases	-	4% on cost
Customer relationships	-	7% on cost
Software developments	-	20% on cost
Website	-	33% on cost

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

(e) Goodwill

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

(f) Deferred income tax

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the 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) Operating leases and finance leases

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

(k) Investments

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

Investments held for trading

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

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

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

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

Investments in subsidiaries

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

(l) Foreign exchange

The group offers settlement of trades in sterling 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.

(n) Cash and cash equivalents

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

(o) Current income tax

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

(p) Dividend distribution

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

3. Segmental information

All of the reported revenue and operational results for the period derive from the Group's continuing financial services operations.

4. Income tax charge

Interim period income tax is accrued based on an estimated average annual effective income tax rate of 19.25%.

5. Earnings per share

	Six months ended 30/6/18			Six months ended 30/6/17		
	Earnings	**Weighted average no. of shares**	**Per share amount**	Earnings	Weighted average no. of shares	Per share amount
	£	**£**	**p**	£	£	p
Earnings attributable to ordinary shareholders	**1,683,167**	**10,951,450**	**15.37**	1,896,991	10,978,199	17.28

6. Dividends

During the interim period dividends totalling 11p (2016: 10.25p) per ordinary share were declared and paid.

7. Share capital

There were no movements in share capital during the period.

8. Interim measurement

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

9. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 the expense of employee options.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (e). These calculations require the use of estimates.

The 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.

10. Related party transactions

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

11. Capital commitments

At 30 June the company had no material capital commitments.

12. Assets impairment review

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.

INDEPENDENT REVIEW REPORT TO JARVIS SECURITIES PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the consolidated income statement, consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cashflows and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company, as a body, in accordance with our instructions. Our review has been undertaken so that we might state to the company those matters we are required to state to them in a review 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, for our work, for this report, or for the opinions we have reached.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ian Weekes
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE

18th July 2018