Company No. **5107012**

JARVIS SECURITIES PLC

FINANCIAL STATEMENTS

For the interim 6 months to 30 June 2021

Corporate information

DIRECTORS:	A J Grant – Chairman and Chief Executive Officer J C Head – Finance Director G McAusland – Non-Executive Director (resigned 31 March 2021) S M Middleton – Non-Executive Director (appointed 1 April 2021)
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 17 West Street Farnham Surrey GU9 7DR
PRINCIPAL BANKER:	NatWest Bank 89 Mount Pleasant Road Tunbridge Wells Kent TN1 1QJ
SOLICITOR:	Cripps LLP 22 Mount Ephraim Royal Tunbridge Wells TN4 8AS

NOMINATED ADVISER AND BROKER:	WH Ireland Limited 24 Martin Lane London EC4R 0DR
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Highlights

- £1,297,166 (19.0%) increase in revenue versus six months to 30 June 2020
- £1,001,861 (27.9%) increase in profit before tax versus six months to 30 June 2020
- Cash under administration has increased 17.3% versus 30 June 2020
- EPS increased to 8.45p (2020: 6.67p)

Chairman's statement

I am delighted to present a set of results that I believe demonstrates the last year was not a unique period relating to extraordinary market conditions, but evidence of the growth that the business has made, and continues to make, over the past five years.

Trading conditions have been favourable, but we have not seen the extreme volatility and accompanying spikes in daily volumes that occurred in 2020. Share prices have been relatively stable, and the accompanying volumes are at a level I expect to be the considered normal for the foreseeable future. We have been able to capture additional revenue through growth of the business, and as the figures demonstrate the operational gearing within the business allows for much of this revenue to translate into profit. We have onboarded two new institutional clients during the period, our existing institutional clients continue to grow organically, and we have a healthy pipeline of enquiries for our outsourcing, custody and settlement services.

Operationally we have proved resilient in dealing with the various restrictions COVID has placed on businesses and as we move into the next phase of removing restrictions, I am certain we will continue to deal well with the changing circumstances.

Finally, during the period we realised a substantial sum of cash through the sale of treasury shares which had been purchased over several years. We have also, since the period end, filed the court's approval to cancel the share premium account of Jarvis Securities with Companies House. Once registered, this will have the effect of increasing the distributable reserves and gives additional flexibility for the board to return cash to shareholders.

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

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 2021 where measurement over a year is required.

KPI:	**30/6/21**	30/6/20	Target
Profit before tax margin	**57%**	53%	20%
Revenue per employee *(annualised)*	**£257,917**	£227,574	to increase

Company No.: 5107012

Consolidated income statement for the period ended 30 June 2021

	Notes	**Six months ended 30/6/21**	Six months ended 30/6/20
		£	£
Continuing operations			
Revenue		**8,124,391**	6,827,225
Administrative expenses		**(3,523,626)**	(3,227,094)
Lease Finance Costs		**(2,074)**	(3,301)
Profit before income tax		**4,598,691**	3,596,830
Income tax charge	4	**(873,751)**	(683,398)
Profit for the period		**3,724,940**	2,913,432
Attributable to equity holders of the parent		**3,724,940**	2,913,432
Earnings per share	5	**P**	P
Basic		**8.45**	6.67

Consolidated statement of financial position at 30 June 2021

	Notes	**30/6/21**	31/12/20	30/6/20
		£	£	£
Assets				
Non-current assets				
Property, plant and equipment		342,483	379,814	422,690
Intangible assets		104,171	102,019	88,330
Goodwill		342,872	342,872	342,872
		789,526	824,705	853,892
Current assets				
Trade and other receivables		7,226,862	6,923,154	9,014,246
Investments held for trading		6,199	4,183	3,419
Cash and cash equivalents		7,082,060	3,794,980	3,241,186
		14,315,121	10,722,317	12,258,851
Total assets		15,104,647	11,547,022	13,112,743
Equity and liabilities				
Capital and reserves				
Share capital	7	111,828	111,828	111,828
Share premium		3,068,012	1,655,640	1,576,669
Merger reserve		9,900	9,900	9,900
Capital redemption reserve		9,845	9,845	9,845
Retained earnings		6,423,170	5,672,848	5,941,377
Own shares held in treasury		-	(886,113)	(944,054)
Total equity		9,622,755	6,573,948	6,705,565
Non-current liabilities				
Deferred income tax		45,617	45,617	38,664
Lease liabilities		21,073	64,653	106,956
		66,690	110,270	145,620
Current liabilities				
Trade and other payables		4,453,775	4,176,030	5,506,103
Lease liabilities		85,884	83,980	82,734
Income tax	4	875,543	602,794	672,721
		5,415,202	4,862,804	6,261,558
Total liabilities		5,481,892	4,973,074	6,407,178
Total equity and liabilities		15,104,647	11,547,022	13,112,743

Consolidated statement of comprehensive income

	Six months ended 30/6/21	Six months ended 30/6/20
Profit for the period	**3,724,940**	2,913,432
Total comprehensive income for the period	**3,724,940**	2,913,432
Attributable to equity holders of the parent	**3,724,940**	2,913,432

Consolidated statement of changes in equity for the period

	Share capital	Share premium	Merger reserve	Capital redemption reserve	Retained earnings	Own shares held in treasury	Attributable to equity holders of the company
	£	£	£	£	£	£	£
Balance at 31/12/19	111,828	1,576,669	9,900	9,845	4,949,467	(981,136)	5,676,573
Purchase of own shares held in treasury	-	-	-	-	17,445	37,082	54,527
Profit for the period	-	-	-	-	2,913,432	-	2,913,432
Dividends	-	-	-	-	(1,938,967)	-	(1,938,967)
Balance at 30/6/20	111,828	1,576,669	9,900	9,845	5,941,377	(944,054)	6,705,565
Sale of own shares held in treasury	-	78,971	-	-	(17,445)	57,941	119,467
Profit for the period	-	-	-	-	2,646,259	-	2,646,259
Dividends	-	-	-	-	(2,897,343)	-	(2,897,343)
Balance at 31/12/20	111,828	1,655,640	9,900	9,845	5,672,848	(886,113)	6,573,948
Sale of own shares held in treasury	-	1,412,372	-	-	(95,834)	886,113	2,202,651
Profit for the period	-	-	-	-	3,724,940	-	3,724,940
Dividends	-	-	-	-	(2,878,784)	-	(2,878,784)
Balance at 30/6/21	111,828	3,068,012	9,900	9,845	6,423,170	-	9,622,755

Consolidated statement of cashflows for the period ended 30 June 2021

	Six months ended 30/6/21	Six months ended 30/6/20
	£	£
Cash flow from operating activities		
Profit before tax	**4,598,691**	3,596,829
Finance Cost	**2,074**	3,301
Depreciation charges	**47,715**	46,506
Amortisation charges	**17,524**	24,473
	4,666,004	3,671,109
(Increase)/ decrease in receivables	**(303,706)**	(5,640,819)
(Decrease) / increase in payables	**279,819**	2,325,344
(Increase) / decrease in investments held for trading	**(2,016)**	1,182
Cash generated from operations	**4,640,101**	356,816
Interest paid	**(2,074)**	(3,301)
Income tax (paid)	**(601,002)**	(460,000)
Net cash from operating activities	**4,037,025**	(106,485)
Cash flows from investing activities		
Purchase of tangible assets	**(10,385)**	(7,725)
Purchase of intangible fixed assets	**(19,677)**	(7,375)
	(30,062)	(15,100)
Cash flows from financing activities		
Repayment of finance leases	**(43,750)**	(43,750)
Proceeds from sale of shares held in treasury	**2,202,651**	54,527
Dividends to equity shareholders	**(2,878,784)**	(1,938,967)
Net cash used in financing activities	**(719,883)**	(1,928,190)
Net increase / (decrease) in cash & cash equivalents	**3,287,080**	(2,049,775)
Cash and cash equivalents at 1 January	**3,794,980**	5,290,961
Cash and cash equivalents at 30 June	**7,082,060**	3,241,186
Of which:		
Balance at bank and in hand	**9,531,993**	6,222,624
Cash held for settlement of market transactions	**(2,449,933)**	(2,981,438)

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (July 2021).

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRIC interpretations issued and effective at the time of preparing these statements.

The preparation of these interim financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated interim financial statements are disclosed in Note 9.

The financial information contained in this report, which has not been audited, does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The auditors' report for the 2020 accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

2. Accounting policies

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

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

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

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

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

(b) Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. The group financial statements consolidate the financial statements of Jarvis Securities plc, Jarvis Investment Management Limited, JIM Nominees Limited, Galleon Nominees Limited and Dudley Road Nominees Limited made up to 30 June 2021.

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.
Right of use asset	-	Straight line basis over the lease period

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

(d) Intangible assets

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

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

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

(e) Goodwill

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

(f) Deferred income tax

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the 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) Investments

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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Dividend distribution

Dividend distributions to the Company's shareholders are recognised when payment has been made to shareholders

(p) Expected credit loss

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 has been applied. This method uses historic customer data, alongside future economic conditions to calculate expected loss on receivables.

(q) Right of use of assets

The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain premeasurements of the lease liability.

The lease liability is initially 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.

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%.

5. Earnings per share

	Six months ended 30/6/21			Six months ended 30/6/20		
	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	**3,724,940**	**44,104,076**	**8.45**	2,913,432	43,719,032	6.67

6. Dividends

During the interim period dividends totalling 6.5p (2020: 4.44p) per ordinary share were declared and paid.

7. Share capital

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 2020 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 917,600 shares were sold from treasury. As at the period end no shares are held in treasury.

8. Interim measurement

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

9. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 is included in the right of use assets and has an annual rental of £87,500, being the market rate on an arm's length basis, and expires on 26 September 2027.

11. Capital commitments

At 30 June 2021 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.

13. Events after the balance sheet date

On 28 June 2021 a court order was granted allowing for the cancellation of the share premium account of the company. The cancellation will become effective the day following the registration of the court order at the Registrar of Companies. The court order has been sent to the Registrar of Companies but has not yet been registered.

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 2021 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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".

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 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 3.

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

14 July 2021