

Company No. **5107012**

JARVIS SECURITIES PLC

FINANCIAL STATEMENTS
For the year ended 31 December 2004

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COMPANY INFORMATION For the year ended 31 December 2004

DIRECTORS:	A J Grant L G Grant M J Edmett J S Mackay	
SECRETARY:	M J Edmett	
REGISTERED OFFICE:	Oxford House 15/17 Mount Ephraim Road Tunbridge Wells Kent TN1 1EN	
REGISTERED NUMBER:	5107012	
AUDITORS:	Horwath Clark Whitehill LLP 10 Palace Avenue Maidstone Kent ME15 6NF	
REGISTRAR:	Capita IRG plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU	
BANKERS:	HSBC Bank plc 105 Mount Pleasant Tunbridge Wells Kent TN1 1QP	Anglo Irish Bank Corporation plc 10 Old Jewry London EC2R 8DN
SOLICITORS:	K&LNG LLP 110 Cannon Street London EC4N 6AR	Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells TN1 1NX
NOMINATED ADVISER:	Daniel Stewart & Company 48 Bishopsgate London EC2N 4AJ	
WEBSITES:	www.jarvisim.co.uk www.sharedealactive.co.uk	
TRADING ADDRESS:	Oxford House 15/17 Mount Ephraim Road Tunbridge Wells Kent TN1 1EN	

CHAIRMAN'S STATEMENT

This is the first Annual Report for Jarvis Securities plc as the new holding company for the group. However, the operating subsidiary, Jarvis Investment Management plc, had its 20th anniversary in 2004. We have come a very long way from a private investment club, through general financial advisory work, to the volume execution-only stockbroker and tailored financial administration solutions provider that we are today. It was a fitting achievement for the end of our second decade that the group was admitted to trading on AIM. Whilst it is pleasant to pause and reflect on our past, it is certainly not our style to be distracted from the changes and opportunities ahead.

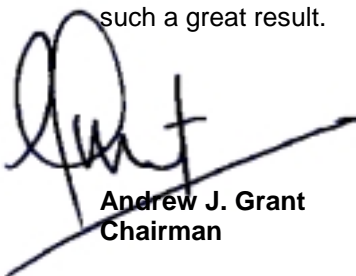
In 2003 we took the important steps of acquiring another business, implementing new systems and ensuring that we had skilled staff of the highest level. I talked of this as laying strong foundations for growth. The challenge in 2004 was to be certain that those necessary changes were bedded in and ready to build upon. With increased turnover, margins, service quality and very low staff turnaround I am certain this has been a success. You will see in financial terms that turnover is up by 17.4% and margins improved with operating profit up by 33.2%. This would have been higher still (59.1%) without the exceptional costs of the move from OFEX to AIM. The fundraising on admission also helped strengthen the balance sheet with net assets up from £430,233 to £1,372,680.

I have also been pleased with the number of positive comments received from clients over the past year. We have been able to keep our service levels high, despite the pressures of business growth, and clients continue to comment favourably on both the web services and our personal telephone service. Retail investors continue to be drawn to our low-cost and efficient stockbroking services at the same rate and after opening 3,500 new ShareDeal Active accounts in 2003 we have now moved well past 7,000 such accounts in 2004.

Whilst we continue to grow our retail activities in execution-only stockbroking and self-select PEPs, ISAs and SIPP we have not been idle in promoting our administration and clearing services to other investment intermediaries. Jarvis has always been primarily an outsourced service provider. This began with PEPs and then ISAs. We now have a growing portfolio of commercial clients from single financial advisors to some of the world's largest financial institutions, providing services from settlement and clearing of bargains through wrappers and regular savings schemes to complete white-labelled financial products. We are succeeding in raising our profile in this area and I am sure that we will be announcing further agreements throughout the coming year. Our efficient, cost-effective and flexible solutions are just the type of outsourced arrangement that many banks, stockbrokers and investment intermediaries are looking for to improve the returns and minimise the regulatory and administrative costs of their own businesses. This remains our primary focus for organic growth in 2005.

Jarvis had grown steadily since its inception but in 2003 your Board made the decision that we should increase our rate of expansion by acquiring other businesses within our sector. We have been very careful only to consider opportunities where we believe that we can extract very high returns for our shareholders by cutting duplicated costs and increasing the cross-selling of products and services. The acquisition of an execution-only volume broker propelled us forward in 2003 and we continue to seek further targets. Your Board are still of the opinion that many subscale businesses remain in the financial administration arena that we can consolidate to improve efficiency, profits and service. I hope that we will be able to make a further jump forward by agreeing another transaction in the coming months.

2004 was another challenging year. We were under pressure to prove that we could continue to produce our historically high profit margins within a fast expanding business and as a publicly traded group on AIM. Jarvis was ambitiously forecast to produce operating profits excluding exceptional costs of £800,000 for 2004, a rise of 55% on last year, and we succeeded in beating this expectation by 2.5%. This is further testament to the dedication and hard work off the whole team and I would like to express my thanks to the staff and Board for such a great result.



Andrew J. Grant
Chairman

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 2004.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that year. In preparing the financial statements, the directors are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent;
- c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business;
- d) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

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

Jarvis Securities plc	Group holding company
Jarvis Investment Management plc	Stockbroker (Member of The London Stock Exchange) Inland Revenue approved PEP and ISA managers Third party investment administration services
Jarvis Personal Finance Limited	Dormant company
Dudley Road Nominees Limited	Dormant nominee company
JIM Nominees Limited	Dormant nominee company
Galleon Nominees Limited	Dormant nominee company
Viewrange Limited	Dormant company

Business review

Continued growth across all areas of the business has resulted in group turnover rising by 17.4% to £2,562,793. Profit before tax is at 194% of the 31 December 2003 level, with operating profit up by 33% and basic earnings per share by 90%. Group net assets are at £1,372,680 from £430,233 a year earlier, a rise of 219%. The business continues to perform strongly.

Future developments

Jarvis Securities plc continues to seek further acquisition targets that can be integrated into the operating subsidiary with resultant cost savings and cross-selling opportunities. Jarvis Investment Management plc will continue to actively promote its retail and third party stockbroking and administration services.

Results and dividends

The consolidated profit for the year after taxation amounted to £538,982 (2003 £282,753). Ordinary dividends of £401,200 (2003 £386,155) were paid during the year. The balance on the profit and loss account has been carried forward.

Auditor Independence

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

Audit Committee

The audit committee comprises of L G Grant and Mr J S Mackay. The committee is chaired by L G Grant.

Payment of creditors

The company attempts to establish continuing relationships with its suppliers by agreeing mutually acceptable arrangements on an individual basis. Accordingly, the directors consider that the adoption of any external standard or code would prejudice the flexibility that individual arrangements can achieve for the benefit of both parties. The average payment period at the year-end was 125 days (2003 70 days). The increase over the previous year was due to the AIM admission expenses invoiced throughout the process but not due for payment until the admission was completed at the year end.

Directors and their interests

The directors and their interests, as defined by the Companies Act, in the shares of the company at 31 December 2004 were as follows:-

		<u>31.12.04</u>	<u>31.12.03</u>
A J Grant	- 1p ordinary shares	2,000	2,000
L G Grant	- 1p ordinary shares	2,000	2,000
M J Edmett	- 1p ordinary shares	-	-
J S Mackay	- 1p ordinary shares	-	-

The directors had the following interests, as defined by the Companies Act, in the shares of the company's parent company, Sion Holdings Limited, at 31 December 2004:-

		<u>31.12.04</u>	<u>31.12.03</u>
A J Grant	- 50p ordinary shares	559,295	409,570
L G Grant	- 50p ordinary shares	347,785	207,285
M J Edmett	- 50p ordinary shares	-	1,000
J S Mackay	- 50p ordinary shares	-	-

In addition to the above, A J Grant and L G Grant own the entire share capital of Hazelburn Limited, a company that holds nil (2003 266,930) ordinary shares in Sion Holdings Limited.

Share Options

The following options were granted to directors on admission of the company to trading on AIM. All options were granted with an exercise price of 82.5p and are first exercisable on 23 December 2009 and with a last exercise date of 23 December 2014.

A J Grant	273,500
M J Edmett	175,000

Auditors

A resolution to re-appoint Horwath Clark Whitehill LLP as auditors to the Company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

Mathew Edmett

.....
Mathew J Edmett – Secretary

Date: 14 March 2005



Horwath Clark Whitehill

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JARVIS SECURITIES PLC

We have audited the financial statements which comprise of the group Profit and Loss Account, group Balance Sheet, company Balance Sheet, group Cash Flow Statement and related notes of Jarvis Securities plc for the year ended 31 December 2004 set out on pages 6 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report and Chairman's Report is not consistent with the financial statements, if the company and group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

UNQUALIFIED OPINION

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HORWATH CLARK WHITEHILL LLP
Chartered Accountants
and Registered Auditors
Maidstone

GROUP PROFIT AND LOSS ACCOUNT For the year ended 31 December 2004

	Notes	2004	2003
		£	£
TURNOVER		2,562,793	2,182,486
Administrative expenses		1,742,074	1,666,609
Exceptional administrative expenses	5	133,536	-
		1,875,610	1,666,609
OPERATING PROFIT	4	687,183	515,877
Exceptional costs of business reorganisation	5	-	160,857
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		687,183	355,020
Tax on profit on ordinary activities	7	148,201	72,267
PROFIT FOR THE FINANCIAL YEAR		538,982	282,753
Dividends	8	401,200	386,155
RETAINED PROFIT/(LOSS)	18	137,782	(103,402)
Retained profit brought forward		320,033	423,435
RETAINED PROFIT CARRIED FORWARD		457,815	320,033
EARNINGS PER SHARE			
Basic earnings per share	21	5.36p	2.82p
Earnings per share before exceptional expenses	21	6.51p	3.94p
Diluted earnings per share	21	5.35p	2.82p

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued in the current year. Acquisitions in the previous year were integrated immediately and the related revenues and costs are not separately identifiable.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profit or loss for the current and previous years. Accordingly, no separate Statement of Total Recognised Gains and Losses is presented.

PARENT COMPANY PROFIT AND LOSS ACCOUNT

The parent company is exempt from producing a separate profit and loss account under the provisions of S230(3) of the Companies Act 1985. The loss after tax of the company as a separate entity for the year was £74,473.

The notes on pages 10 to 17 form part of these accounts.

JARVIS

GROUP BALANCE SHEET As at 31 December 2004

		31/12/2004		31/12/2003	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9	385,330		309,640	
Tangible assets	10	126,873		157,381	
Investments	11	-		-	
			512,203		467,021
CURRENT ASSETS					
Investments	12	36,349		46,482	
Debtors	13	3,440,023		3,565,432	
Cash at bank and in hand	14	4,889,805		4,095,078	
		8,366,177		7,706,992	
CREDITORS:					
Amounts falling due within one year	15	7,505,700		7,732,652	
NET CURRENT ASSETS/(LIABILITIES)			860,477		(25,660)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,372,680		441,361
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	16		-		11,128
NET ASSETS			1,372,680		430,233
CAPITAL AND RESERVES					
Called up share capital	17		114,845		100,300
Share premium account	18		800,020		9,900
Profit and loss account	18		457,815		320,033
SHAREHOLDERS' FUNDS			1,372,680		430,233

Approved by the Board on 14 March 2005 and signed on its behalf by:

Andrew Grant

.....A.J. Grant – Director

Mathew Edmett

.....M. J. Edmett – Director

The notes on pages 10 to 17 form part of these financial statements

JARVIS

COMPANY BALANCE SHEET As at 31 December 2004

31/12/2004

	Notes	£	£
FIXED ASSETS			
Intangible assets	9	385,330	
Tangible assets	10	126,873	
Investments	11	<u>100,300</u>	
			612,503
CURRENT ASSETS			
Investments	12	-	
Debtors	13	87,261	
Cash at bank and in hand	14	<u>614,686</u>	
		<u>701,947</u>	
CREDITORS:			
Amounts falling due within one year	15	<u>483,958</u>	
NET CURRENT ASSETS			217,989
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>830,492</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16		-
NET ASSETS			<u><u>830,492</u></u>
CAPITAL AND RESERVES			
Called up share capital	17		114,845
Share premium account	18		790,120
Profit and loss account	18		(74,473)
SHAREHOLDERS' FUNDS			<u><u>830,492</u></u>

Approved by the Board on 14 March 2005 and signed on its behalf by:

Andrew Grant

.....A.J. Grant – Director

Mathew Edmett

.....M.J. Edmett – Director

The notes on pages 10 to 17 form part of these financial statements

JARVIS

GROUP CASH FLOW STATEMENT For the year ended 31 December 2004

	Notes	31/12/2004	31/12/2003
		£	£
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		687,183	515,877
Cashflow from exceptional item		-	(160,857)
Depreciation		59,015	47,045
Amortisation		18,750	8,619
(Profit)/Loss on disposal of fixed assets		-	518
(Increase)/decrease in debtors		(253,720)	200,062
Increase/(decrease) in creditors		481,452	63,963
Net cash inflow from operating activities		992,680	675,227

CASH FLOW STATEMENT

Cash flow from operating activities		992,680	675,227
Taxation		(159,682)	(122,200)
Capital expenditure and financial investment	22a	(112,814)	(112,860)
Acquisitions – cash consideration for the purchase of a business	3	-	(318,259)
Equity dividends paid		(401,200)	(386,155)
		318,984	(264,247)
Financing	22a	804,665	(5,613)
Increase in cash		1,123,649	(269,860)

Reconciliation of net cash flow to movement in net funds

	2004	2003
	£	£
Increase in cash in the year	1,123,649	(269,860)
Repayments of amounts borrowed	-	13,942
Movement in net funds in the year	1,123,649	(255,918)
Net funds at 1 January 2004	107,392	363,310
Net funds at 31 December 2004	22b 1,231,041	107,392

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Revenue

Revenue represents net sales of services, commissions and interest excluding value added tax. Income is recognised as it is accrued for fees and interest and on receipt for commissions.

(c) Basis of consolidation

The company was incorporated on 20 April 2004 and on 19 July 2004 the group underwent a reconstruction in which Jarvis Investment Management plc, a company registered in England and Wales, was included in the group. The combination was effected under the merger method of accounts in accordance with Financial Reporting Standard No.6 because the company was acquired by means of a share for share exchange. The prior year comparative figures are restated to include the results of Jarvis Investment Management plc. The group financial statements consolidate the financial statements of Jarvis Securities plc, Jarvis Investment Management plc, Jarvis Personal Finance Limited, View Range Limited, JIM Nominees Limited, Galleon Nominees Limited and Dudley Road Nominees Limited made up to 31 December 2004. 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 S230(3) of the Companies Act 1985.

(d) Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the lives of the assets at the following rates:

Website	-	33% on cost
Leasehold improvements	-	33% on cost
Motor vehicles	-	20% on cost
Office equipment	-	20% on cost
Software developments	-	33% on cost

(e) Intangible fixed assets

Goodwill represents the excess of the fair value of the consideration given over the aggregate fair values of the separable net assets. Goodwill is amortised over 20 years on a straight-line basis, subject to annual impairment reviews. Other intangible assets are capitalised at their market value on acquisition and are amortised on the same basis.

(f) Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

(g) Segmental reporting

There are no significant segments for reporting purposes as required by Statement of Standard Accounting Practice 25.

(h) Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

(i) Stockbroking balances

The gross assets and liabilities of the group relating to stockbroking transactions on behalf of clients are included in debtors, creditors and cash at bank.

(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 operating profit. 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

Fixed asset investments are stated at cost and current asset investments are stated at current market valuations.

(l) Financial instruments

The company has no financial instruments as determined in the provisions of Financial Reporting Standard 13. Short-term debtors and creditors are excluded from these provisions as permitted by the standard.

(m) Cashflow statement

Cash movements relating to stockbroking balances derived from client trading are excluded from the cashflow statement on the basis that these amounts do not form part of the cashflow position of the group.

2. GROUP INCOME

The income of the group during the year was made in the United Kingdom and the income of the group for the year derives from the same class of business as noted in the Directors' Report.

	2004	2003
	£	£
Interest received	1,165,331	967,342
Other turnover	1,397,462	1,215,144
	<u>2,562,793</u>	<u>2,182,486</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

3. ACQUISITION

During the previous year the company acquired the retail stockbroking and execution-only PEP and ISA management trade of CFA Securities Limited. The acquisition included the relevant client databases, brands and trademarks. The sale was completed on 19 June 2003 for a total consideration of £225,000. It is not possible to separately identify the results of the acquired trade. The fair value of the assets and liabilities are set out below:

Asset:	Fair Value (£):
Certificated client contracts	10,000
Database and trade marks	5,000
Non-certificated client contracts	10,000
	<u>25,000</u>
Consideration	225,000
Legal fees and acquisition costs	187,699
Goodwill on acquisition	<u>387,699</u>

4. OPERATING PROFIT

	2004	2003
Operating profit is stated after charging:	£	£
Directors' emoluments	198,905	208,621
Depreciation – owned assets	59,014	65,611
Amortisation	18,750	8,619
Operating lease rentals – hire of machinery	2,342	674
Operating lease rentals – land and buildings	19,750	18,762
Auditor's remuneration – audit – parent company	5,000	-
Auditor's remuneration – audit – subsidiaries	5,000	9,150
Auditor's remuneration – other services – parent company	53,347	-
Auditor's remuneration – other services – subsidiaries	3,688	1,976
Loss on disposal of fixed assets	-	518
Interest payable and similar charges	302,652	372,036
Directors' emoluments		
Fees	190,841	201,436
Pension contributions	8,064	7,185
Details of the highest paid director are as follows:		
Aggregate emoluments	104,000	95,000
Company contributions to personal pension scheme	8,064	7,185
	<u>112,064</u>	<u>102,185</u>

Other services performed by the auditors relates to work performed on the group's restructuring and admission to AIM.

Benefits are accruing for one director (2003 one director) under a money purchase pension scheme.

Staff Costs

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

	Number	Number
Management and administration	22	17
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	524,047	438,060
Pension contributions	8,064	7,887
Social security	62,311	48,045
	<u>594,422</u>	<u>493,992</u>

5. EXCEPTIONAL ITEMS

Exceptional items derive from the costs relating to the following events:

During the current year the group was restructured and Jarvis Securities plc was formed as a new holding company for the group.

During the previous year the firm changed from transacting its equity dealing through a third party to managing its own settlement function. This required a significant change in the IT systems, together with a significant change in staffing levels and skills and the resultant training costs. This also enabled the launch of a new product range, under the name of ShareDeal Active, which had significant initial costs. These costs are shown as an exceptional cost of business reorganisation in the profit and loss account.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank loans and overdrafts	5,320	8,672
Hire purchase agreement	-	470
Interest paid to clients	297,332	362,894
	<u>302,652</u>	<u>372,036</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£	£
Based on the adjusted results for the year:		
UK corporation tax	239,750	92,879
Adjustments in respect of prior years	(80,421)	(31,740)
Total current tax	<u>159,329</u>	<u>61,139</u>
Deferred tax:		
Origination and reversal of timing differences	(11,128)	11,128
Tax on profit on ordinary activities	<u>148,201</u>	<u>72,267</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Profit on ordinary activities before tax	<u>787,206</u>	<u>355,020</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 – 30%)	236,162	105,506
Effects of:		
Marginal relief	-	(4,423)
Group relief claimed without payment	(4,667)	-
Income not taxable	(28,375)	-
Expenses not deductible for tax purposes	2,656	215
Ineligible depreciation	1,048	1,661
Capital allowances less than depreciation	-	(8,708)
Depreciation in excess of capital allowances	32,926	-
Adjustments to tax charge in respect of previous years	(80,068)	(32,789)
Other short term timing differences	-	(323)
Current tax charge for the year	<u>159,682</u>	<u>61,139</u>

If the company had not incurred exceptional costs of £133,536 the profit before tax would have been £820,719 with a tax charge for the year of £165,315. If the company had not incurred exceptional costs of £160,857 the profit before tax in the previous year would have been £515,877 with a tax charge for the year of £120,523.

Movement in provision:

Provision at start of year	11,128
Deferred tax charged in the P&L account for the year	(11,128)
Provision at end of year	<u>-</u>

Provision for deferred tax:

Accelerated capital allowances	<u>-</u>
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8. DIVIDENDS

	2004	2003
	£	£
Interim dividends paid on Ordinary 1p shares	<u>401,200</u>	<u>386,155</u>

9a. INTANGIBLE FIXED ASSETS - GROUP

	Goodwill	Brands, Other & Databases	Total
	£	£	£
Cost:			
At 1 January 2004	293,259	25,000	318,259
Additions	94,440	-	94,440
At 31 December 2004	<u>387,699</u>	<u>25,000</u>	<u>412,699</u>
Amortisation:			
At 1 January 2004	7,942	677	8,619
Charge for the year	17,500	1,250	18,750
At 31 December 2004	<u>25,442</u>	<u>1,927</u>	<u>27,369</u>
Net Book Value:			
At 31 December 2004	<u>362,257</u>	<u>23,073</u>	<u>385,330</u>
At 31 December 2003	<u>285,317</u>	<u>24,323</u>	<u>309,640</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

9b. INTANGIBLE FIXED ASSETS - COMPANY

	Goodwill	Brands, Other & Databases	Total
	£	£	£
Cost:			
Additions	387,699	25,000	412,699
At 31 December 2004	387,699	25,000	412,699
Amortisation:			
Charge for the year	25,442	1,927	27,369
At 31 December 2004	25,442	1,927	27,369
Net Book Value:			
At 31 December 2004	362,257	23,073	385,330

Intangible assets arose on the acquisition of the trade of CFA Securities Limited during the previous year. The trade, databases, trade marks, brands and the nominee company of CFA Securities Limited were purchased for a consideration of £225,000. Legal, data conversion and other costs of £187,699 were capitalised in addition to the initial consideration during the current year.

10a. TANGIBLE FIXED ASSETS – GROUP

	Software Development	Website	Leasehold Improvements	Motor Vehicle	Office Equipment	Total
	£	£	£	£	£	£
Cost:						
At 1 January 2004	65,130	37,405	22,421	-	116,304	241,260
Additions	13,706	1,500	-	22,500	12,551	50,257
Disposals	-	-	-	(22,500)	-	(22,500)
At 31 December 2004	78,836	38,905	22,421	-	128,855	269,017
Depreciation:						
At 1 January 2004	-	20,135	6,408	-	57,336	83,879
Charge for the year	17,743	11,594	6,850	750	22,078	59,015
On Disposal	-	-	-	(750)	-	(750)
At 31 December 2004	17,743	31,729	13,258	-	79,414	142,144
Net Book Value:						
At 31 December 2004	61,093	7,176	9,163	-	49,441	126,873
At 31 December 2003	65,130	17,270	16,013	-	58,968	157,381

10b. TANGIBLE FIXED ASSETS – COMPANY

	Software Development	Website	Leasehold Improvements	Motor Vehicles	Office Equipment	Total
	£	£	£	£	£	£
Cost:						
Transfer from group company	65,130	37,405	22,421	-	118,956	243,912
Additions	13,706	1,500	-	-	9,899	25,105
Disposals	-	-	-	-	-	-
At 31 December 2004	78,836	38,905	22,421	-	128,855	269,017
Depreciation:						
Transfer from group company	5,915	23,376	8,276	-	63,429	100,996
Charge for the year	11,828	8,353	4,982	-	15,985	41,148
On Disposal	-	-	-	-	-	-
At 31 December 2004	17,743	31,729	13,258	-	79,414	142,144
Net Book Value:						
At 31 December 2004	61,093	7,176	9,163	-	49,441	126,873
At 31 December 2003	-	-	-	-	-	-

All tangible assets were acquired by Jarvis Securities plc from Jarvis Investment Management plc on 1 October 2004.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

11. FIXED ASSET INVESTMENTS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Unlisted Investments				
Cost:				
At 1 January 2004	-	-	-	-
Additions	-	-	100,300	-
Disposals	-	-	-	-
As at 31 December 2004	-	-	100,300	-
Listed Investments				
Valuation:				
At 1 January 2004	-	768	-	-
Additions	-	-	-	-
Disposals	-	(768)	-	-
As at 31 December 2004	-	-	-	-
Total	-	-	-	-

Unlisted investments are interests held in the following companies registered in the United Kingdom.

	<u>Shareholding</u>	<u>Holding</u>	<u>Business</u>
Jarvis Investment Management plc	100% 10,030,000	1p Ordinary shares	Financial Administration

On 19 July 2004 a group reorganisation was completed, whereby Jarvis Securities plc acquired 100% of Jarvis Investment Management plc in a share for share exchange.

12. CURRENT ASSET INVESTMENTS

	Group		Company	
	2004	2003	2004	2003
Listed Investments				
Valuation:				
At 1 January 2004	46,482	-	-	-
Additions	-	46,482	-	-
Disposals	(10,133)	-	-	-
As at 31 December 2004	36,349	46,482	-	-

Listed investments are stated at their market value at 31 December 2004.

13. DEBTORS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
<i>Amounts falling due within one year:</i>				
Trade debtors	2,885,312	3,304,453	-	-
Amounts owed by group undertakings	5,000	21,500	5,000	-
Other debtors	124,481	28,934	73,676	-
Prepayments and accrued income	425,230	210,545	8,585	-
	<u>3,440,023</u>	<u>3,565,432</u>	<u>87,261</u>	<u>-</u>

Trade debtors include £2,882,658 (2003 £3,261,787) in respect of delivery versus payment transactions for the settlement of client bargains.

14. CASH AT BANK & IN HAND

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Balance at bank and in hand	<u>4,889,805</u>	<u>4,095,078</u>	<u>614,686</u>	<u>-</u>

Cash at bank includes £3,658,764 (2003 £3,987,686) received in the course of settlement of bargains. This amount is held by the company in trust on behalf of clients and is only available to complete the settlement of outstanding bargains.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

15. CREDITORS: <i>Amounts falling due within one year:</i>	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Trade creditors	6,884,729	7,377,164	262,785	-
Corporation tax	159,682	92,879	-	-
Other taxes and Social Security	41,728	20,623	-	-
Other creditors and provisions	245,131	21,851	216,173	-
Accruals	174,430	220,135	5,000	-
	<u>7,505,700</u>	<u>7,732,652</u>	<u>483,958</u>	<u>-</u>

Trade creditors include £6,541,422 (2003 £7,249,473) in respect of delivery versus payment transactions for the settlement of client bargains.

16. DEFERRED TAX	2004 £	2003 £
At 1 January 2004	11,128	-
Charge for the year	(11,128)	11,128
As at 31 December 2004	<u>-</u>	<u>11,128</u>

The deferred tax is made up as follows:
Origination and reversal of timing differences

-	11,128
---	--------

17. CALLED UP SHARE CAPITAL

Authorised:

16,000,000 Ordinary shares of 1p each

	2004 £	2003 £
	160,000	120,000
	<u>160,000</u>	<u>120,000</u>

Allotted, issued and fully paid:

11,484,545 Ordinary shares of 1p each

	114,845	100,300
	<u>114,845</u>	<u>100,300</u>

18a. RESERVES AND RECONCILIATION OF SHAREHOLDER FUNDS – GROUP

	Share Capital £	Share Premium £	Profit & Loss Account £	Total Shareholders' Funds £
At 1 January 2003	100,000	-	423,435	523,435
Retained loss for the financial year	-	-	(103,402)	(103,402)
Shares issued	300	9,900	-	10,200
At 31 December 2003	100,300	9,900	320,033	430,233
Retained profit for the financial year	-	-	137,782	137,782
Shares issued	114,845	1,185,454	-	1,300,299
Expenses of issue	-	(395,334)	-	(395,334)
Share for share exchange on acquisition	(100,300)	-	-	(100,300)
At 31 December 2004	<u>114,845</u>	<u>800,020</u>	<u>457,815</u>	<u>1,372,680</u>

18b. RESERVES AND RECONCILIATION OF SHAREHOLDER FUNDS – COMPANY

	Share Capital £	Share Premium £	Profit & Loss Account £	Total Shareholders' Funds £
Shares issued	114,845	1,185,454	-	1,300,299
Expenses of issue	-	(395,334)	-	(395,334)
Retained profit for the financial year	-	-	(74,473)	(74,473)
At 31 December 2004	<u>114,845</u>	<u>790,120</u>	<u>(74,473)</u>	<u>830,492</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

19. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The company's immediate and ultimate parent undertaking is Sion Holdings Limited, a company registered in England and Wales.

20. RELATED PARTY TRANSACTIONS

At the year end Sion Holdings Limited had an outstanding balance due to Jarvis Securities plc of £5,000.

21. EARNINGS PER SHARE

The weighted average number of shares in issue during the year for the Earnings per Share calculations are as follows:

Date	Event	No. of shares	Days	2004	2003
01/01/03	Opening balance 2003	10,000,000	42	-	1,150,685
11/02/03	Issue of share capital	10,030,000	323	-	8,875,863
01/01/04	Opening balance 2004	10,030,000	358	9,810,765	-
23/12/04	Issue of share capital	11,484,545	8	251,028	-
				<u>10,061,793</u>	<u>10,026,548</u>

The Diluted Earnings per Share calculation is as follows:

Date	Event	No. of shares	Days	2004	2003
01/01/03	Opening balance 2003	10,000,000	42	-	1,150,685
11/02/03	Issue of share capital	10,030,000	323	-	8,875,863
01/01/04	Opening balance 2004	10,030,000	358	9,810,765	-
23/12/04	Issue of share capital and options	12,134,545	8	265,236	-
				<u>10,076,001</u>	<u>10,026,548</u>

22. NOTES TO THE CASH FLOW STATEMENT

NOTE A – GROSS CASH FLOWS

	2004	2003
	£	£
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(50,257)	(98,470)
Payments to acquire intangible fixed assets	(94,440)	-
Receipts from disposal of fixed assets	21,750	31,324
Payments to acquire current asset investments	-	(46,482)
Receipts from disposal of current asset investments	10,133	-
Receipts from disposal of listed investments	-	768
	<u>(112,814)</u>	<u>(112,860)</u>
Financing		
Issue of ordinary share capital	1,199,999	10,200
Expenses paid on issue of shares	(395,334)	-
Capital element of finance lease rentals	-	(15,813)
	<u>804,665</u>	<u>(5,613)</u>

NOTE B – ANALYSIS OF NET FUNDS

	At 1.1.04	Cash Flow	Other Non Cash Changes	At 30.9.04
	£	£	£	£
Cash in hand, at bank	4,095,078	794,727	-	4,889,805
Less DVP cash	(3,987,686)	328,922	-	(3,658,764)
NET FUNDS	<u>107,392</u>	<u>1,123,649</u>	<u>-</u>	<u>1,231,041</u>

23. OPERATING LEASE COMMITMENTS

At 31 December 2004 the company was committed to making the following payments during the next year in respect of operating leases which expire:

	Land and Buildings
	£
After more than five years:	<u>19,750</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

24. CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE COMPANY

Consolidated profit and loss account from the date of incorporation on 20 April 2004 to 31 December 2004 for Jarvis Securities plc:

	Total £
Turnover	1,226,880
Administrative expenses	823,012
Exceptional administrative expenses	132,860
Total administrative expenses	<u>955,872</u>
Total operating profit	<u>271,008</u>
Taxation on profit on ordinary activities	37,682
Profit on ordinary activities after taxation	<u>233,326</u>
Dividends – ordinary	225,675
Retained profit for the period	<u><u>7,651</u></u>

The profit and loss account above is required by the Companies Act 1985 and covers the first statutory accounting reference period of Jarvis Securities plc from its date of incorporation on 20 April 2004 to 31 December 2004.

Disclosure notes for this period are not presented, as the directors do not believe that they would provide meaningful information to the users of the accounts.

Directors' remuneration for this period is included within the amounts disclosed in the Remuneration Report, which covers remuneration for the year to 31 December 2004. Amounts for the period 20 April 2004 to 31 December 2004 in respect of salaries and other related costs can be derived by apportioning the annual amounts.

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

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

The meeting is to be held on **Wednesday 20 April 2005**. The Annual General Meeting will commence at **10:30 am**.

The Ordinary Resolutions to be considered are:

1. To approve the Directors' Report and Accounts for the year ended 31 December 2004.
2. To re-appoint Messrs. Horwath Clark Whitehill as auditors.

The meetings are scheduled to be held at the Company's offices at:

Oxford House
15/17 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EN

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

Jarvis Securities plc 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 **Wednesday 20 April 2005 at 10.30 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 2004		
Ordinary Resolution	To re-appoint Messrs Horwath Clark Whitehill as auditors		

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.