Company No. **5107012**

JARVIS SECURITIES PLC

FINANCIAL STATEMENTS

For the interim 6 months to 30 June 2023

Corporate information

DIRECTORS:	A J Grant – Chairman and Chief Executive Officer J C Head – Finance Director S M Middleton – 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 1AG
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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Chairman's statement

- £1,064,977 (17.0%) increase in revenue versus six months to 30 June 2022
- £708,463 (22.8%) increase in profit before tax versus six months to 30 June 2022
- Cash under administration has decreased 31.2% versus 30 June 2022
- EPS increased to 6.52p (2022: 5.62p)

I am pleased to present a strong set of financial results despite difficult market conditions and the ongoing skilled person review. There has been a lot happening at Jarvis over the past six months which I will attempt to summarise.

Most importantly, we continue to operate our services as normal to retail clients via ShareDeal Active and X-O platforms. However, in the background we are making significant changes to our processes and controls as recommended in our skilled person review. We have increased the resources in our compliance department to undertake this work, and we anticipate that even when the review is satisfied, we will continue with increased compliance resource within the firm. As part of the review, we have over the last six months been exiting some model B relationships which posed a higher than tolerable risk level for Financial Crime and Money Laundering compliance. This has resulted in a reduction in assets and cash under administration and has been a difficult transition for all parties involved. The model B firms themselves have had to find new outsource providers but it is my belief that this has been the correct course of action for Jarvis' long-term success.

Within the market transaction volumes remain subdued. This not only affects Jarvis but all businesses involved in securities transactions. Fortunately, interest rates have continued their upward trend over the past six months which, whilst painful for companies with debt, has been beneficial for Jarvis. The additional income has offset the reduction in commission and fees from lower volumes and the reduced number of model B clients. Interest income has always been a significant contributor to the business model enabling Jarvis to maintain its fixed low-cost commission which has not been increased for over 12 years despite rising costs and the recent high levels of inflation.

Although the regulatory review is ongoing, as a firm we are currently committed to working through it and emerging in a more robust state and ready to focus on the future of the firm and its plans for growth.

As always, I would like to thank our staff for their relentless hard work and support over what continues to be a physically and mentally difficult period for the firm.

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 2023 where measurement over a year is required.

KPI:	**30/6/23**	30/6/22	Target
Profit before tax margin	**52%**	50%	20%
Revenue per employee *(annualised)*	**£261,618**	£201,946	to increase

Company No.: 5107012

Consolidated income statement for the period ended 30 June 2023

		Six months ended	Six months ended
	Notes	**30/6/23**	30/6/22
		(unaudited)	(unaudited)
		£	£
Continuing operations			
Revenue		**7,325,307**	6,260,330
Administrative expenses		**(3,502,010)**	(3,153,669)
Lease finance costs		**(8,982)**	(809)
Profit before income tax		**3,814,315**	3,105,852
Income tax charge	4	**(896,364)**	(590,112)
Profit for the period		**2,917,951**	2,515,740
Attributable to equity holders of the parent		**2,917,951**	3,724,940
Earnings per share	5	**P**	P
Basic		**6.52**	5.62

Consolidated statement of financial position at 30 June 2023

	Notes	**30/6/23**	31/12/22	30/6/22
		(unaudited)	(audited)	(unaudited)
		£	£	£
Assets				
Non-current assets				
Property, plant and equipment		551,519	598,044	260,864
Intangible assets		58,118	70,142	70,790
Goodwill		342,872	342,872	342,872
		952,509	1,011,058	674,526
Current assets				
Trade and other receivables		2,529,667	3,388,927	4,074,211
Investments held for trading		9,638	8,769	1,354
Cash and cash equivalents		5,705,734	4,278,737	4,171,438
		8,245,039	7,676,433	8,247,003
Total assets		9,197,548	8,687,491	8,921,529
Equity and liabilities				
Capital and reserves				
Share capital	7	111,828	111,828	111,828
Merger reserve		9,900	9,900	9,900
Capital redemption reserve		9,845	9,845	9,845
Retained earnings		4,855,550	4,845,114	4,846,336
Total equity		4,987,123	4,976,687	4,977,909
Non-current liabilities				
Deferred income tax		60,044	60,044	61,928
Lease liabilities		260,972	297,512	-
		321,016	357,556	61,928
Current liabilities				
Trade and other payables		2,922,355	2,739,330	3,268,547
Lease liabilities		72,182	70,410	21,712
Income tax	4	894,872	543,508	591,433
		3,889,409	3,353,248	3,881,692
Total liabilities		4,210,425	3,710,804	3,943,620
Total equity and liabilities		9,197,548	8,687,491	8,921,529

Consolidated statement of comprehensive income

	Six months ended 30/6/23 (unaudited)	Six months ended 30/6/22 (unaudited)
Profit for the period	**2,917,951**	2,515,740
Total comprehensive income for the period	**2,917,951**	2,515,740
Attributable to equity holders of the parent	**2,917,951**	2,515,740

Consolidated statement of changes in equity for the period

Unaudited for the 6 months ended 30 June 2023

	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 31/12/21	111,828	-	9,900	9,845	5,014,456	-	5,146,029
Profit for the period	-	-	-	-	2,515,740	-	2,515,740
Dividends	-	-	-	-	(2,683,860)	-	(2,683,860)
Balance at 30/6/22	111,828	-	9,900	9,845	4,846,336	-	4,977,909
Profit for the period	-	-	-	-	2,458,983	-	2,458,983
Dividends	-	-	-	-	(2,460,205)	-	(2,460,205)
Balance at 31/12/22	111,828	-	9,900	9,845	4,845,114	-	4,976,687
Profit for the period	-	-	-	-	2,917,951	-	2,917,951
Dividends	-	-	-	-	(2,907,515)	-	(2,907,515)
Balance at 30/6/23	111,828	-	9,900	9,845	4,855,550	-	4,987,123

Consolidated statement of cashflows for the period ended 30 June 2023

	Six months ended 30/6/23 (unaudited)	Six months ended 30/6/22 (unaudited)
	£	£
Cash flow from operating activities		
Profit before tax	**3,814,315**	3,105,852
Finance Cost	**8,982**	809
Depreciation charges	**46,525**	47,486
Amortisation charges	**12,774**	23,464
	3,882,596	3,177,611
(Increase)/ decrease in receivables	**859,259**	2,287,496
(Decrease) / increase in payables	**192,008**	(1,631,087)
(Increase) / decrease in investments held for trading	**(869)**	604
Cash generated from operations	**4,932,994**	3,834,624
Income tax (paid)	**(545,000)**	(702,129)
Net cash from operating activities	**4,387,994**	3,132,495
Cash flows from investing activities		
Purchase of tangible assets	**-**	(12,584)
Purchase of intangible fixed assets	**(750)**	(648)
Net cash used in investing activities	**(750)**	(13,232)
Cash flows from financing activities		
Repayment of lease liability	**(43,750)**	(43,750)
Dividends to equity shareholders	**(2,907,515)**	(2,683,860)
Interest paid	**(8,982)**	(809)
Net cash used in financing activities	**(2,960,247)**	(2,728,419)
Net increase / (decrease) in cash & cash equivalents	**1,426,997**	390,844
Cash and cash equivalents at 1 January	**4,278,737**	3,780,594
Cash and cash equivalents at 30 June	**5,705,734**	4,171,438
Of which:		
Balance at bank and in hand	**5,912,069**	5,421,630
Cash held for settlement of market transactions	**(206,335)**	(1,250,192)

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 UK Adopted International Accounting Standards.

The preparation of these interim financial statements in accordance with UK Adopted 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 2022 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 2023.

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 23.5% (2022: 19%).

5. Earnings per share

	Six months ended 30/6/23			Six months ended 30/6/22		
	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	**2,917,951**	**44,731,000**	**6.52**	2,515,740	44,731,000	5.62

6. Dividends

During the interim period dividends totalling 6.5p (2022: 6p) per ordinary share were declared and paid.

7. Share capital

The company has one class of ordinary shares of £0.0025 each. During the period and 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. There is an option to terminate the lease on 26 September 2023 and therefore this is the discounted period.

11. Capital commitments

At 30 June 2023 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.