

Company No. **1844601**

JARVIS INVESTMENT MANAGEMENT LIMITED

FINANCIAL STATEMENTS
For the year ended 31 December 2016

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JARVIS INVESTMENT MANAGEMENT LIMITED

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JARVIS INVESTMENT MANAGEMENT LIMITED

COMPANY INFORMATION

DIRECTORS:	A J Grant N J Crabb J C Head	
REGISTERED OFFICE:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS	
REGISTERED NUMBER:	1844601	
AUDITOR:	Crowe Clark Whitehill LLP 10 Palace Avenue Maidstone ME15 6NF	
BANKERS:	NatWest 89 Mount Pleasant Road Tunbridge Wells Kent TN1 1QJ	
SOLICITORS:	Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells TN1 1NX	K&L Gates 110 Cannon Street London EC2R 8DN
WEBSITE:	www.jarvisinvest.co.uk	
TRADING ADDRESS:	78 Mount Ephraim Royal Tunbridge Wells TN4 8BS	

JARVIS INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT

The company

Jarvis Investment Management Ltd is a Member of The London Stock Exchange (LSE) and ICAP Securities and Derivatives Exchange (ISDX) markets and is authorised and regulated by the Financial Conduct Authority (FCA). This status is essential for the trading activities of the company and therefore compliance with the Rules of both the LSE and FCA is of paramount importance. The company provides retail execution-only stockbroking; ISA and SIPP investment wrappers; savings schemes and financial administration and settlement services in all these areas to other stockbrokers and investment firms as well as individuals.

Business review

The company's revenue has increased by 8% to £5,084,394. Profit before income tax has increased by less than 1% to £609,362.

The market

There are many stockbroking firms within the UK and a number of outsourced financial administration service providers. Jarvis Investment Management is in a highly competitive and price-sensitive market for retail execution-only clients. The market for third party administration services is also competitive but with a greater bias towards service than cost. The company has again expanded in both these areas during the year under review and expects to continue doing so in 2016. Trade volumes clearly have a significant impact on the fortunes of stockbroking businesses but with a wider spread of activities and a different charging model to our competitors we believe that our income is less volatile and of a higher quality than other pure execution-only brokers.

Capitalisation and financing

Jarvis Investment Management Ltd has 25,000,000 Ordinary 1p shares in issue. The business is cash generative, and therefore requires no further debt or other external financing.

Key Performance Indicators (KPI)

Detailed KPI's are presented in the accounts of the immediate parent company Jarvis Securities plc. Summary KPI's of Jarvis Investment Management Limited are:

Turnover growth: 8.2% (2015: 4.7%)

Operating profit margin: 12.0% (2015: 12.9%)

Revenue per employee: £108,179 (2015: £109,295)

Future developments

The main focus of Jarvis Investment Management Ltd at this time is on organic growth through actively promoting its retail and third party stockbroking and administration services.

Threats and risks

The main risks to the company are considered and monitored by the Board. An explanation as to how they are mitigated is also provided.

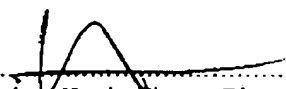
Threats & Risks	Mitigation
Changes in the regulatory environment resulting in additional costs or significant system or product amendments.	The firm operates in the "execution only" area of the financial services environment in which regulation is less onerous than the "advisory" area. The firm avoids entering into areas that are complex from a regulatory perspective.
Market volumes directly affect bargain numbers transacted and hence commission income for the company. Volumes are currently volatile month on month and are driven largely by investors risk appetite.	As stated above the firm has several income streams. The firm also has a low fixed cost base and most of the costs associated with trade volumes are marginal. Therefore in months where commission income is lower variable costs are also lower.
Loss of key personnel is a threat to any skills-based business.	The firm attempts to set remuneration at competitive market levels and empower key employees so that they enjoy working at Jarvis. All employment contracts for key staff members include sufficient notice periods for replacements to be recruited and trained.

JARVIS INVESTMENT MANAGEMENT LIMITED

Threats & Risks (continued)	Mitigation (continued)
Any takeover of The London Stock Exchange could result in major unanticipated changes for Jarvis and its commercial clients.	The Board monitor any proposed changes to the pricing structure of The London Stock Exchange and calculate their impact on our profitability in advance. In the event that there was an anticipated adverse impact the firm would have sufficient time to renegotiate contracts with commercial clients.
Loss of data, client assets or corporate assets through breaches of our IT infrastructure would result in financial loss to the firm and reputational damage.	The Board acknowledge the growing threat of cybercrime and maintain up to date industry standards in IT security. The firm's IT infrastructure is externally audited to be Payment Card Industry Data Security Standard, policies and procedures are in place to minimise the risk of critical data loss, employees must complete ongoing training in money laundering and fraud prevention and all computers are installed with malware protection.

Results and dividends

The profit for the year after income tax amounted to £487,445 (2015: £484,511). Ordinary dividends of £700,000 (2015: nil) were paid during the year. The balance on the income statement has been carried forward.


 Jolyon Head – Finance Director
 16th February 2017

JARVIS INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 2016.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Principal activities

The principal activities of the company are:

- Stockbroker (Member of The London Stock Exchange and ISDX markets)
- Outsourced investment administration and Model B settlement services provider
- HM Revenue and Customs approved ISA manager

Going concern basis

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described within these financial statements. In addition, notes 17 and 18 to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company has considerable financial resources together with long term contracts with all its customers and significant suppliers as well as a diversified income stream. The company does not have any current borrowing or any anticipated borrowing requirements. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

JARVIS INVESTMENT MANAGEMENT LIMITED

Financial Instruments and risk

Details of our financial risk mitigation policy are included in notes 17 and 18.

Directors

The directors who served in the year were as follows:-

A J Grant
N J Crabb
J C Head

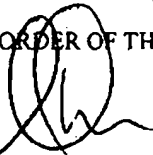
Subsequent Events

The directors consider there are no subsequent events.

Auditors

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

BY ORDER OF THE BOARD



.....
Andrew J Grant – Managing Director
16th February 2017

JARVIS INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements of Jarvis Investment Management Limited for the year ended 31 December 2016 which comprise the income statement, statement of financial position, statement of comprehensive income, statement of changes in equity, company statement of cashflows and related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report, the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us during the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the company's profit for the year then ended;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

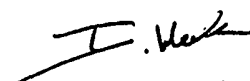
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ian Weekes
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor, Maidstone
16th February 2017

JARVIS INVESTMENT MANAGEMENT LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

		Year to 31/12/16	Year to 31/12/15
	<i>Notes</i>	£	£
Continuing operations:			
Revenue	3	5,084,394	4,699,691
Administrative expenses		(4,475,032)	(4,092,102)
Profit before income tax	6	609,362	607,589
Income tax charge	8	(121,917)	(123,078)
Profit for the period		487,445	484,511
Attributable to equity holders		487,445	484,511

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	Year to 31/12/16	Year to 31/12/15
	£	£
Profit for the period	487,445	484,511
Total recognised income and expense for the period	487,445	484,511
Attributable to equity holders	487,445	484,511

The notes on pages 11 to 19 form part of these financial statements

JARVIS INVESTMENT MANAGEMENT LIMITED

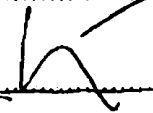
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STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

		31/12/16	31/12/15
	<i>Notes</i>		
		£	£
Assets			
<i>Non-current assets</i>			
Investments in subsidiaries	9	5	5
		5	5
<i>Current assets</i>			
Trade and other receivables	10	7,587,032	2,909,040
Investments held for trading	11	1,712	77,057
Cash and cash equivalents	13	3,397,130	8,688,829
		10,985,874	11,674,926
Total assets		10,985,879	11,674,931
Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	14	250,000	250,000
Share premium		9,900	9,900
Other Reserves		34,240	34,240
Retained earnings		1,815,291	2,027,846
Total equity attributable to equity holders		2,109,431	2,321,986
<i>Current liabilities</i>			
Trade and other payables	15	8,846,958	9,335,372
Income tax	15	29,490	17,573
Total liabilities		8,876,448	9,352,945
Total equity and liabilities		10,985,879	11,674,931

Approved by the Board on 18th February 2016 and signed on its behalf by:


.....A.J. Grant – Director


.....J.C. Head – Director

The notes on pages 11 to 19 form part of these financial statements

JARVIS INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR

	Share capital	Share premium	Other Reserves	Retained earnings	Attributable to equity holders
	£	£	£	£	£
Balance at 1/1/15	250,000	9,900	34,240	1,543,335	1,837,475
Profit for the period	-	-	-	484,511	484,511
Balance at 31/12/15	250,000	9,900	34,240	2,027,846	2,321,986
Profit for the period	-	-	-	487,445	487,445
Dividends	-	-	-	(700,000)	(700,000)
Balance at 31/12/16	250,000	9,900	34,240	1,815,291	2,109,431

The notes on pages 11 to 19 form part of these financial statements

JARVIS INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Year to 31/12/16	Year to 31/12/15
		£	£
Cash flows from operating activities			
Profit before income tax		609,362	607,589
Profit on disposal of investment held to maturity		-	(1,876)
		609,362	605,713
Decrease/(Increase) in trade and other receivables		(4,677,992)	(889,962)
(Decrease) in trade payables		(488,414)	1,793,046
Cash generated from operations		(4,557,044)	1,508,797
Interest paid		-	-
Income tax paid		(110,000)	(139,000)
Net cash from operating activities		(4,667,044)	1,369,797
Cash flows from investing activities			
Purchase of investments held for trading		(3,822,741)	(758,882)
Proceeds from sale of investments held for trading		3,898,086	695,541
Receipt from sale of investment held to maturity		-	248,855
		75,345	185,514
Cash flows from financing activities			
Dividends paid		(700,000)	-
Net cash used in financing activities		(700,000)	-
Net (decrease)/increase in cash and cash equivalents		(5,291,699)	1,555,311
Cash and cash equivalents at the start of the year		8,688,829	7,133,518
Cash and cash equivalents at the end of the year		3,397,130	8,688,829

The notes on pages 11 to 19 form part of these financial statements

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Basis of preparation

The company has adopted the requirements of International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

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

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The Directors are still assessing whether the application of IFRS 9, IFRS 15 and IFRS 16, once effective, will have a material impact on the results of the company. Application of these standards may result in changes in presentation of information within the company's financial statements.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 19.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described within these financial statements. In addition, note 18 of the financial statements includes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company has considerable financial resources together with long term contracts with all its customers and significant suppliers as well as a diversified income stream. The company does not have any current borrowing or any anticipated borrowing requirements. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Summary of significant accounting policies

(a) Revenue

Income is recognised as earned in the following ways:

Commission – we charge commission on a transaction basis. Commission rates are fixed according to account type. When a client instructs us to act as an agent on their behalf (for the purchase or sale of securities) our commission is recognised as income 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. Fees are accrued up to the time they are charged using a day count and most recent asset level basis as appropriate.

Interest income – interest income is earned on clients' late settlement positions. This is charged to the client's account at the end of each month and is calculated on a daily basis.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Basis of consolidation

The company is exempt from the requirements to prepare group financial statements by virtue of Sections 400 and 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

(c) 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 company as a single segment.

(d) Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the income statement.

(e) 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.

(f) Operating leases and finance leases

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

(g) Investments

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

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any permanent diminution in value. Assets in this category are classified as non-current.

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 and are considered to be level 1 assets in accordance with IFRS 13.

(h) Foreign Exchange

The company offers settlement of trades in various currencies, predominately Sterling, US Dollars and Euros. 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 company has minimal foreign exchange risk.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Client money is not included in the cash balance as this money is held in trust and is not an asset of the company.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(j) 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 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 company and it is probable that the temporary differences will not reverse in the foreseeable future.

(k) 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.

(l) Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's directors.

(m) Share based payments

The Company applies the requirements of IFRS 2 Share-based Payment.

The Company issues equity-settled share-based payments to certain employees and other personnel. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effects of non market-based vesting conditions.

The share option reserve represents the accumulated share option charge. The balance in the reserve will be transferred to retained earnings once the options have been exercised.

Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3. Revenue

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

	2016	2015
	£	£
Gross interest received	272,975	556,619
Fees, commissions, foreign exchange gains and other revenue	4,811,420	4,143,072
	<u>5,084,394</u>	<u>4,699,691</u>

4. Segmental information

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

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

6. Profit before income tax	2016	2015
Profit before income tax is stated after charging:	£	£
Directors' emoluments	572,391	512,329
Operating lease rentals – hire of machinery	9,052	9,052
Impairment of receivable charge	116,300	135,550
Directors' emoluments		
Short term employee benefits	466,435	441,500
Post employment benefits	97,023	61,239
Benefits in kind	8,933	9,590
	572,391	512,329
Details of the highest paid director are as follows:		
Short term employee benefits	275,080	240,000
Post employment benefits	37,950	24,000
Benefits in kind	7,906	8,132
	320,936	272,132

During the year benefits accrued for three directors (2015 three directors) under a money purchase pension scheme.

Staff costs

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

	2016	2015
Management and administration	47	43
	£	£
The aggregate payroll costs of these persons were as follows:		
Wages, salaries & social security	1,701,577	1,589,882
Pension contributions	105,165	63,025
	1,806,742	1,652,907

Key personnel

The directors are considered to be the key management personnel of the company.

7. Auditor's remuneration

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

	2016	2015
<i>Fees payable to the company's auditors for:</i>	£	£
The audit of the company's annual financial statements	16,750	16,500
Other services relating to taxation	4,250	4,000
	21,000	20,500

The audit fees of the company are met by Jarvis Securities plc, the company's immediate parent undertaking.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

8. Income and deferred tax charges	2016	2015
Analysis of tax charge	£	£
Based on the adjusted results for the year:		
UK corporation tax	121,872	123,098
Adjustments in respect of prior years	45	(20)
Total current income tax	121,917	123,078
Income tax on profit	121,917	123,078

The income tax assessed for the year is greater than the standard rate of corporation tax in the UK (20%). The differences are explained below:

Profit before income tax	609,362	607,589
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	121,872	123,037
Effects of:		
Expenses not deductible for tax purposes	-	62
Adjustments to tax charge in respect of previous years	45	(20)
Current income tax charge for the year	121,917	123,078

9. Investments in subsidiaries	2016	2015
	£	£
At 1 January and 31 December	5	5

Investments in subsidiaries are unlisted investments held in the following companies registered in the United Kingdom.

	Shareholding	Holding	Business
JIM Nominees Limited	100%	1 £1 Ordinary share	Dormant (nominee co.)
Dudley Road Nominees Limited	100%	2 £1 Ordinary shares	Dormant (nominee co.)
Galleon Nominees Limited	100%	2 £1 Ordinary shares	Dormant (nominee co.)

10. Trade and other receivables

Amounts falling due within one year:

	2016	2015
	£	£
Trade receivables	435,814	203,685
Settlement receivables	6,732,763	1,946,180
Amount owed by group undertaking	152,679	471,697
Other receivables	9,400	18,350
Prepayments and accrued income	256,376	269,128
	7,587,032	2,909,040

An analysis of trade and settlement receivables past due is given in note 19. There are no amounts past due within other receivables or prepayments and accrued income.

11. Investments held for trading

Listed Investments:	2016	2015
Valuation:	£	£
At 1 January	77,057	13,626
Additions	3,822,741	758,882
Disposals	(3,898,086)	(695,451)
As at 31 December	1,712	77,057

Listed investments held for trading are stated at their market value at 31 December 2016.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

	2016	2015
12. Investments held to maturity		
Cost:	£	£
At 1 January	-	300,067
Disposals	-	(300,067)
As at 31 December	-	-
Amortisation:		
At 1 January	-	53,088
Charge for the year	-	15,969
Disposal	-	(69,057)
As at 31 December	-	-
Net Book Value:		
At 1 January	-	246,979
As at 31 December	-	-

The investment held to maturity was an 8% coupon UK Government Gilt. The Gilt was originally purchased to place as a bond with a 3rd party business partner. The relationship was terminated during 2015 and the Gilt returned to us. As it was no longer needed for its original purpose it was sold.

	2016	2015
13. Cash and cash equivalents	£	£
Balance at bank and in hand	3,397,130	8,688,829
	<u>3,397,130</u>	<u>8,688,829</u>

	2016	2015
14. Share capital	£	£
Authorised:		
25,000,000 Ordinary shares of 1p each	<u>250,000</u>	<u>250,000</u>
Allotted, issued and fully paid:		
25,000,000 (2015 25,000,000) Ordinary shares of 1p each	<u>250,000</u>	<u>250,000</u>

	2016	2015
15. Trade and other payables	£	£
<i>Amounts falling due within one year:</i>		
Trade payables	109,433	203,684
Settlement payables	8,131,466	8,687,940
Other taxes and social security	81,389	61,096
Other payables	300,102	207,711
Accruals	<u>224,568</u>	<u>174,941</u>
Trade and other payables	<u>8,846,958</u>	<u>9,335,372</u>
Income tax	<u>29,490</u>	<u>17,573</u>
Total liabilities	<u>8,876,448</u>	<u>9,352,945</u>

Settlement payables will be settled on their contracted date, which has a maximum allowed time of 20 days from the trade date. Trade payables and other taxes and social security are all paid at the beginning of the month after the invoice was received or the liability created.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

16. Operating lease commitments

At 31 December 2016 the company was committed to making the following payments in respect of operating leases which expire:

	Equipment	
	2016	2015
	£	£
Not later than one year:	9,052	9,052
Later than one year and not later than five years:	13,579	22,631

Equipment leases relate to the use of postage processing and franking machines.

17. Financial instruments

The company's principal financial instruments comprise cash, short terms borrowings and various items such as trade receivables, trade payables etc. that arise directly from operations. The main purpose of these financial instruments is the funding of the company's trading activities. Cash and cash equivalents and trade and other receivables are categorised as loans and receivables, investments held for trading are categorised as available-for-sale financial assets and trade and other payables are classified as financial liabilities. Other than investments held for trading all financial assets and liabilities are held at amortised cost and their carrying value approximates to their fair value.

The main financial asset of the company is cash and cash equivalents, which is denominated in sterling and which is detailed in note 13. The company operates a low risk investment policy and surplus funds are placed on deposit with at least A rated banks or equivalent at floating interest rates.

The company also holds investments in equities.

Short-term receivables and payables are excluded from these disclosures.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

18. Financial risk management objectives and policies

The directors consider that their main risk management objective is to monitor and mitigate the key risks to the company, which are considered to be principally credit risk, compliance risk, liquidity risk and operational risk. Several high-level procedures are in place to enable all risks to be better controlled. These include detailed profit forecasts, monthly management accounts and comparisons against forecast, regular meetings of the full Board of Directors, and more regular senior management meetings.

The company's main credit risk is exposure to the trading accounts of clients. This credit risk is controlled via the use of credit algorithms within the computer systems of the company. These credit limits prevent the processing of trades in excess of the available maximum permitted margin at 100% of the current portfolio value of a client.

A further credit risk exists in respect of trade receivables. The company's policy is to monitor trade and other receivables and avoid significant concentrations of credit risk. Aged receivables reports are reviewed regularly and significant items brought to the attention of senior management.

The compliance risk of the company is controlled through the use of robust policies, procedures, the segregation of tasks, internal reviews and systems controls. These processes are based upon the Rules and guidance notes of the Financial Conduct Authority and the London Stock Exchange and are overseen by the compliance officer together with the management team. In addition, regular compliance performance information is prepared, reviewed and distributed to management.

The company aims to fund its expansion plans mainly from existing cash balances without making use of bank loans or overdraft facilities. Financial risk is therefore mitigated by the maintenance of positive cash balances and by the regular review of the banks used by the company. Other risks, including operational, reputational and legal risks are under constant review at senior management level by the executive directors and senior managers at their regular meetings, and by the full board at their regular meetings.

The company derives a significant proportion of its revenue from interest earned on client cash deposits and does not have any borrowings. Hence, the directors do not consider the company to be materially exposed to interest rate risk in terms of the usual consideration of financing costs, but do note that there is a risk to earnings. Given the current Bank of England base rate is at its lowest level since its foundation in 1694, and the business has remained profitable, this risk is not considered material in terms of a threat to the long term prospects of the company.

The capital structure of the company consists of issued share capital, reserves and retained earnings. The company has an Internal Capital Adequacy Assessment Process ("ICAAP"), as required by the Financial Conduct Authority ("FCA") for establishing the amount of regulatory capital to be held by the company. The ICAAP gives consideration to both current and projected financial and capital positions. The ICAAP is updated throughout the year to take account of any significant changes to business plans and any unexpected issues that may occur. The ICAAP is discussed and approved at a board meeting at least annually. Capital adequacy is monitored daily by management. The Group uses the simplified approach to Credit Risk and the standardised approach for Operational Risk to calculate Pillar 1 requirements. The Group observed the FCA's regulatory requirements throughout the period. Information disclosure under Pillar 3 of the Capital Requirements Directive is available from the company's websites.

The directors do not consider that the company is materially exposed to foreign exchange risk as the company does not run open currency positions beyond the end of each working day.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

19. Critical accounting estimates and judgements

The company may be required to make 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. No critical accounting estimates and judgements have been required for the production of these financial statements.

As of 31 December 2016, trade receivables of £398,765 (2015: £378,690) were past their due date and were impaired and partially provided for. The amount of the provision was £299,903 as at 31 December 2016 (2015: £207,711). The individually impaired receivables relate to clients who are in a loan position and who do not have adequate stock to cover these positions. The amount of the impairment is determined by clients' perceived willingness and ability to pay the debt, legal judgements obtained in respect of, charges secured on properties and payment plans in place and being adhered to. Where debts are determined to be irrecoverable they are written off through the income and expenditure account.

Provision of impairment of receivables:

	2016	2015
	£	£
At 1 January	207,711	145,483
Charge / (credit) for the year	116,300	135,550
Uncollectable amounts written off	(24,108)	(73,322)
At 31 December	299,903	207,711

20. Immediate and ultimate parent undertaking

The company's immediate parent undertaking is Jarvis Securities plc. The company's ultimate parent undertaking is Sion Securities Limited, a company registered in England and Wales. Sion Securities Limited is controlled by Mr A J Grant by virtue of his controlling interest. Consolidated financial statements will be available from Jarvis Securities Plc at its registered office address of 78 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS.

21. Related party transactions

During the year Jarvis Investment Management Limited paid Jarvis Securities Plc £7,000 for rental of a disaster recovery site. An intercompany dividend of £700,000 was paid by Jarvis Investment Management Limited to Jarvis Securities Plc during the year. These transactions are eliminated on consolidation.

Jarvis Securities plc owed Jarvis Investment Management Limited £150,929 (2015: Jarvis Securities plc owed Jarvis Investment Management Limited £471,697) at year end.

During the year, Directors, key staff and other related parties by virtue of control carried out share dealing transactions in the normal course of business. Commissions for such transactions are charged at various discounted rates. The impact of these transactions does not materially or significantly affect the financial position or performance of the Company. At 31 December 2016, these same related parties had cash balances of £1,413,834 and interest was earned during the year amounting to £925 (2015, Nil). In addition to cash balances other equity assets of £45,026,624 were held by JIM Nominees Ltd as custodian.