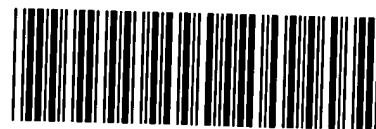


Company No. **1844601**

JARVIS INVESTMENT MANAGEMENT LIMITED

FINANCIAL STATEMENTS
For the year ended 31 December 2018

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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 U.K. LLP Riverside House 40-46 High Street Maidstone Kent ME14 1JH	
CASS AUDITOR:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU	
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 9% to £6,317,044. Profit before income tax has decreased by 26% to £731,182.

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 2018. 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: 8.8% (2017: 14.1%)

Operating profit margin: 11.6% (2017: 16.9%)

Revenue per employee: £110,825 (2017: £138,178)

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.

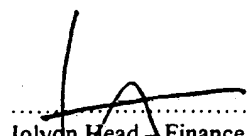
Threats & Risks	Mitigation
Changes in the regulatory environment resulting in additional costs or significant system or product amendments.	The firm operates in the "execution only" area of the financial services environment in which regulation is less onerous than the "advisory" area. The firm avoids 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 £600,406 (2017: £792,691). No dividends were paid during the year (2017: nil). The balance on the income statement has been carried forward.


 Jolyon Head – Finance Director
 13th March 2019

JARVIS INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 2018.

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 (IFRS) 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 has considerable financial resources together with long term contracts with all its 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.

Future developments

Future developments are discussed in the strategic report.

JARVIS INVESTMENT MANAGEMENT LIMITED

Financial Instruments and risk

Details of our financial risk mitigation policy are included in notes 15 and 16.

Directors

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

A J Grant
N J Crabb
J C Head

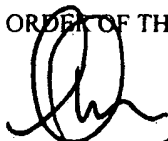
Subsequent Events

The directors consider there are no subsequent events.

Auditors

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

BY ORDER OF THE BOARD



.....
Andrew J Grant – Managing Director
13th March 2019

JARVIS INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JARVIS INVESTMENT MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Jarvis Investment Management Limited for the year ended 31 December 2018 which comprise Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. 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.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

JARVIS INVESTMENT MANAGEMENT LIMITED

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

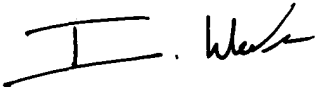
As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Ian Weekes
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Riverside House

41-46 High Street

Maidstone

Kent

ME14 1JH

13th March 2019

JARVIS INVESTMENT MANAGEMENT LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

		Year to 31/12/18	Year to 31/12/17
	<i>Notes</i>	£	£
Continuing operations:			
Revenue	3	6,317,044	5,803,484
Administrative expenses		(5,585,862)	(4,821,865)
Profit before income tax	5	731,182	981,619
Income tax charge	7	(130,776)	(188,928)
Profit for the period		600,406	792,691
Attributable to equity holders		600,406	792,691

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	Year to 31/12/18	Year to 31/12/17
	£	£
Profit for the period	600,406	792,691
Total recognised income and expense for the period	600,406	792,691
Attributable to equity holders	600,406	792,691

The notes on pages 12 to 21 form part of these financial statements

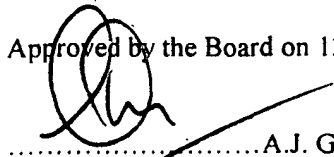
JARVIS INVESTMENT MANAGEMENT LIMITED

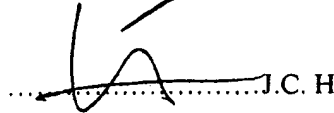
Company No.: 1844601

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

		31/12/18	31/12/17
	<i>Notes</i>		
		£	£
Assets			
<i>Non-current assets</i>			
Investments in subsidiaries	8	5	5
		5	5
<i>Current assets</i>			
Trade and other receivables	9	5,239,102	3,978,073
Investments held for trading	10	1,956	13,546
Cash and cash equivalents	11	2,066,980	9,672,051
		7,308,038	13,663,670
Total assets		7,308,043	13,663,675
Equity and liabilities			
<i>Capital and reserves</i>			
Share capital	12	250,000	250,000
Share premium		9,900	9,900
Other Reserves		-	-
Retained earnings		3,242,628	2,642,222
Total equity attributable to equity holders		3,502,528	2,902,122
<i>Current liabilities</i>			
Trade and other payables	13	3,715,400	10,619,857
Income tax	13	90,115	141,696
Total liabilities		3,805,515	10,761,553
Total equity and liabilities		7,308,043	13,663,675

Approved by the Board on 13th March 2019 and signed on its behalf by:

 A.J. Grant – Director

 J.C. Head – Director

The notes on pages 12 to 21 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 1/1/17	250,000	9,900	34,240	1,815,291	2,109,431
Profit for the period	-	-	-	792,691	792,691
Transfer to retained earnings	-	-	(34,240)	34,210	-
Balance at 31/12/17	250,000	9,900	-	2,642,222	2,902,122
Profit for the period	-	-	-	600,406	600,406
Balance at 31/12/18	250,000	9,900	-	3,242,628	3,502,528

The notes on pages 12 to 21 form part of these financial statements

JARVIS INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year to 31/12/18	Year to 31/12/17
		£	£
Cash flows from operating activities			
Profit before income tax		731,182	981,619
		731,182	981,618
(Increase)/Decrease in trade and other receivables		(1,261,029)	3,603,959
(Decrease)/Increase in trade payables		(6,904,454)	1,772,899
Cash generated from operations		(7,434,301)	6,363,477
Income tax paid		(182,360)	(76,722)
Net cash from operating activities		(7,616,661)	6,286,755
Cash flows from investing activities			
Purchase of investments held for trading		(661,352)	(1,644,356)
Proceeds from sale of investments held for trading		672,942	1,632,522
		11,590	(11,834)
Cash flows from financing activities			
Dividends paid		-	-
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(7,605,071)	6,274,921
Cash and cash equivalents at the start of the year		9,672,051	3,397,130
Cash and cash equivalents at the end of the year		2,066,980	9,672,051

The notes on pages 12 to 21 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 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.

New standards, not yet effective

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.

IFRS 16 is effective for periods commencing on or after 1 January 2019. The standard was endorsed by the European Union during 2017 and is available for early adoption. The directors have decided not to adopt this standard early.

The Directors assessed the most likely transitional approach the company will apply is the modified retrospective approach.

The Directors have assessed the application of IFRS 16, and note that once effective it will have a material impact on the results of the company. Application of this standard will result in changes in presentation of information within the company's financial statements due to the capitalisation of the company's operating leases noted in note 18.

In addition to the above impacts, recognition of lease assets will increase the 's regulatory capital requirement.

Significant judgements and estimates

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 17.

Going concern

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 16 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 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant 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. The standard replaces existing revenue recognition guidance, in particular under IAS 18.

The directors have assessed the company will apply the cumulative effect method upon transition to IFRS 15, with the effect of applying the standard recognised at the date of adoption, with no restatement of the comparative period.

The Directors have assessed the impact of IFRS 15 on the financial statements and they consider there to be no material impact.

Commission – the company 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

The company is exempt from the requirements to prepare company 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 reporting segment is an organisational unit for which information is reported to key management personnel for the purpose of performance assessment and future resource allocation. The Directors regard the operations of the company as a single reporting segment on the basis there is only a single organisational unit that is reported to key management personnel for the purpose of performance assessment and future resource allocation.

(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

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.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(g) Investments

The company classifies its investments in the following categories: investments in subsidiaries and investments held for trading. 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.

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 one assets in accordance with IFRS 13.

Purchases and sales of investments are recognised on the trade-date – the date on which the company 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 company 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.

The fair value of quoted investments is based on current bid prices. The company assesses at each balance sheet date whether there is objective evidence that an investment is impaired.

(h) Foreign Exchange

The company offers settlement of trades in various currencies, predominately Sterling, US Dollars and Euros. The company 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.

(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.

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(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 company'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.

All remaining options were exercised during the prior year.

(n) IFRS 9 'Financial Instruments'

The company currently calculates a "bad debt" provision on customer balances based on 25% of overdrawn client accounts which are one month past due date and are not specifically provided for. Under IFRS 9 this assessment is required to be calculated based on a forward - looking expected credit loss ('ECL') model, for which a simplified approach will be applied. The new method will use historic customer data, alongside future economic conditions to calculate expected loss on receivables

The company has taken advantage of the exemption from restating comparative information for prior periods with respect to classification and measurement (including impairment) requirements.

The directors have assessed the impact of IFRS 9 on the financial statements and they consider there to be no material impact.

Financial Assets	Original classification under IAS 39	Original carrying amount under IAS 39 £'000	New classification under IFRS 9	New carrying amount under IFRS 9 £'000
Investments held for trading	Available for sale	1,956	Fair value through profit or loss	1,956
Cash and cash equivalents	Loans and receivables	2,066,980	Amortised cost	2,066,980
Other financial assets	Loans and receivables	4,965,397	Amortised cost	4,965,397
Total financial assets		7,034,333		7,034,333

The basis of classification for financial liabilities under IFRS 9 remains unchanged from under IAS 39. The two categories are amortised cost or fair value through profit or loss (either designated as such or held for trading).

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.

	2018	2017
	£	£
Gross interest received	410,391	243,514
Commissions	4,057,825	4,141,315
Fees	1,854,828	1,418,655
	<u>6,317,044</u>	<u>5,803,484</u>

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

4. Segmental information

All of the reported revenue and operational results for the period derive from the company's external customers and continuing financial services operations. All non-current assets are held within the United Kingdom.

The company is not reliant on any one customer and no customer accounts for more than 10% of the company's external revenues.

As noted in 2 (c) the Directors regard the operations of the company as a single reporting segment on the basis there is only a single organisational unit that is reported to key management personnel for the purpose of performance assessment and future resource allocation.

5. Profit before income tax

Profit before income tax is stated after charging:

	2018	2017
	£	£
Directors' emoluments	670,453	606,648
Operating lease rentals – hire of machinery	8,842	8,842
Impairment of receivable charge	<u>36,452</u>	<u>72,604</u>
Directors' emoluments		
Short term employee benefits	549,895	529,853
Post employment benefits	110,502	67,463
Benefits in kind	<u>10,055</u>	<u>9,332</u>
	670,453	606,648
Details of the highest paid director are as follows:		
Short term employee benefits	346,027	330,943
Post employment benefits	-	2,167
Benefits in kind	<u>9,123</u>	<u>8,396</u>
	<u>355,150</u>	<u>341,506</u>

During the year benefits accrued for three directors (2017 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:

	2018	2017
	57	49
	£	£
Management and administration		
The aggregate payroll costs of these persons were as follows:		
Wages, salaries & social security	2,245,433	1,968,639
Pension contributions	<u>129,217</u>	<u>82,818</u>
	<u>2,374,650</u>	<u>5,051,457</u>

Key personnel

The directors are considered to be the key management personnel of the company. The total amount of employers NIC paid on behalf of key personal was £71,942 (2017: 70,541).

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

6. Auditor's remuneration

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

	2018	2017
	£	£
<i>Fees payable to the company's auditors for:</i>		
The audit of the company's annual financial statements	15,000	14,750
Other services relating to taxation	3,000	9,720
	<u>18,000</u>	<u>24,470</u>

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

7. Income and deferred tax charges

Analysis of tax charge

Based on the adjusted results for the year:

	2018	2017
	£	£
UK corporation tax	137,347	188,928
Adjustments in respect of prior years	(6,571)	-
Total current income tax	<u>130,776</u>	<u>188,928</u>
Income tax on profit	<u>130,776</u>	<u>188,928</u>

The income tax assessed for the year is greater than the standard rate of corporation tax in the UK (19%). The differences are explained below:

Profit before income tax	<u>731,182</u>	<u>981,619</u>
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	138,925	188,928
<i>Effects of:</i>		
Adjustments to tax charge in respect of previous years	(6,571)	-
Marginal relief	(392)	-
Redress income not taxable	(1,186)	-
Current income tax charge for the year	<u>130,776</u>	<u>188,928</u>

8. Investments in subsidiaries

	2018	2017
	£	£
At 1 January and 31 December	<u>5</u>	<u>5</u>

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

	<u>Shareholding</u>		<u>Holding</u>	<u>Business</u>
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.)

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

9. Trade and other receivables

Amounts falling due within one year:

	2018	2017
	£	£
Trade receivables	552,857	516,235
Settlement receivables	3,743,718	2,083,049
Amount owed by group undertaking	667,072	1,098,660
Other receivables	1,750	1,750
Prepayments and accrued income	273,705	278,379
	<u>5,239,102</u>	<u>3,978,073</u>

An analysis of trade and settlement receivables past due is given in note 17. There are no amounts past due within other receivables or prepayments and accrued income.

10. Investments held for trading

Listed Investments:

Valuation:

	2018	2017
	£	£
At 1 January	13,546	1,712
Additions	661,352	1,644,356
Disposals	(672,942)	(1,632,522)
As at 31 December	<u>1,956</u>	<u>13,546</u>

Listed investments held for trading are stated at their market value at 31 December 2018.

11. Cash and cash equivalents

	2018	2017
	£	£
Balance at bank and in hand	3,278,355	1,715,234
Cash held for settlement of market transactions	(1,211,375)	7,956,817
	<u>2,066,980</u>	<u>9,672,051</u>

In addition to the balances shown above the company has segregated deposit and current accounts held in accordance with the client money rules of the Financial Conduct Authority. The company also has segregated deposits and current accounts on behalf of Counterparties and elected Professional clients of £915,921 not governed by client money rules therefore they are also not included in the statement of financial position of the company. This treatment is appropriate as the business is a going concern however, were an administrator appointed, these balances would be considered assets of the business.

12. Share capital

	2018	2017
	£	£
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 (2017 25,000,000) Ordinary shares of 1p each	<u>250,000</u>	<u>250,000</u>

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

13. Trade and other payables

Amounts falling due within one year:

	2018	2017
	£	£
Trade payables	182,887	186,029
Settlement payables	2,426,874	9,955,530
Other taxes and social security	161,762	52,632
Other payables	615,668	85,193
Accruals	328,209	340,473
Trade and other payables	3,715,400	10,619,857
Income tax	90,115	141,696
Total liabilities	3,805,515	10,761,553

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.

14. Operating lease commitments

At 31 December 2018 the company was committed to making the following payments in respect of operating leases which expire:

	Equipment	
	2018	2017
	£	£
Not later than one year:	8,641	8,641
Later than one year and not later than five years:	33,844	34,564
After more than five years:	-	7,921

The equipment lease is for the use of postage processing and franking machines. The lease was terminated during the year and a new agreement lease entered by mutual agreement of both parties.

15. 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 held at amortised cost, trade and other payables are classified as held at amortised cost. 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 11. 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)

16. 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 near 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 Company uses the simplified approach to Credit Risk and the standardised approach for Operational Risk to calculate Pillar 1 requirements. The Company 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.

As of 31 December 2018, trade receivables of £131,923 (2017: £115,184) were past their due date and were impaired and partially provided for. The amount of the provision was £105,470 as at 31 December 2018 (2017: £84,995). 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. The company does not anticipate future write offs of uncollectable amounts will be significant as the company now imposes much more restrictive rules on clients who utilise extended settlement facilities.

Provision of impairment of receivables:

	2018	2017
	£	£
At 1 January	84,995	299,903
Charge / (credit) for the year	36,452	72,412
Uncollectable amounts written off	(15,977)	(287,320)
At 31 December	<u>105,470</u>	<u>84,995</u>

JARVIS INVESTMENT MANAGEMENT LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

17. 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.

18. 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.

19. Related party transactions

During the year Jarvis Investment Management Limited paid Jarvis Securities Plc £7,000 (2017: £7,000) for rental of a disaster recovery site.

Jarvis Securities plc owed Jarvis Investment Management Limited £668,822 (2017: £1,098,660) 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 2018, these same related parties had cash balances of £288,458 (2017: £1,332,833) and interest was earned during the year amounting to £2,063 (2017: £8,395). In addition to cash balances, other equity assets of £36,381,672 (2017: £40,589,819) were held by JIM Nominees Ltd as custodian.

During the year Jarvis Securities Plc charged £3,671,242 (2017: £3,564,550) to Jarvis Investment Management Limited for use of intellectual properties.