

Company No. **1844601**

**JARVIS INVESTMENT MANAGEMENT plc**

**FINANCIAL STATEMENTS**  
**For the year ended 31 December 2003**



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# JARVIS

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# JARVIS

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## COMPANY INFORMATION For the year ended 31 December 2003

**DIRECTORS:** A J Grant  
L G Grant  
M J Edmett  
J S Mackay

**SECRETARY:** M J Edmett

**REGISTERED OFFICE:** Oxford House  
15/17 Mount Ephraim Road  
Tunbridge Wells  
Kent  
TN1 1EN

**REGISTERED NUMBER:** 1844601

**AUDITORS:** Horwath Clark Whitehill  
10 Palace Avenue  
Maidstone  
Kent  
ME15 6NF

**REGISTRAR:** Capita IRG plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

**BANKERS:** HSBC Bank plc  
105 Mount Pleasant  
Tunbridge Wells  
Kent  
TN1 1QP

Anglo Irish Bank  
Corporation plc  
10 Old Jewry  
London  
EC2R 8DN

**SOLICITORS:** Nicholson Graham & Jones  
110 Cannon Street  
London  
EC4N 6AR

Thomson Snell & Passmore  
3 Lonsdale Gardens  
Tunbridge Wells  
TN1 1NX

**WEBSITES:** [www.jarvisim.co.uk](http://www.jarvisim.co.uk)  
[www.sharedealactive.co.uk](http://www.sharedealactive.co.uk)

**TRADING ADDRESS:** Oxford House  
15/17 Mount Ephraim Road  
Tunbridge Wells  
Kent  
TN1 1EN

# JARVIS

## CHAIRMAN'S STATEMENT

### Review of the Year

In my chairman's statement of last year, I spoke about a time of great challenges and greater opportunities in 2003. I discussed our progress in installing new systems and our ambition to make a suitable acquisition to supplement our organic growth.

I am very pleased to present these financial statements to you, as they reveal the positive transformation that occurred in Jarvis Investment Management plc ("Jarvis") during the year.

Our new systems were successfully installed in early February 2003 allowing us to cut costs and launch a more competitive product range immediately. There was a steep learning curve as we mastered the new systems and as we set about a significant recruitment drive to attract staff with the required skill base. Having reached an active client database of around 5,000 in the 18 years to 2003, we proceeded to sign up more than 3,500 clients in the new product within the year.

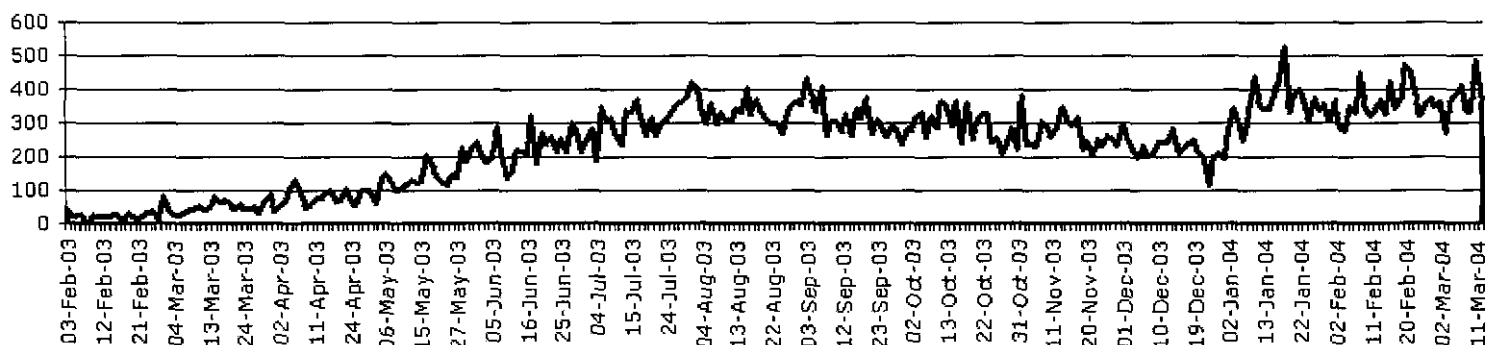
Jarvis was also successful in identifying a suitable target and completing its first acquisition. After extensive and tough negotiations, legal completion on the purchase of the trade of CFA Securities Limited ("CFAS") occurred in June. CFAS was a widely known volume execution-only stockbroker based in Manchester. It had been growing fast but was unable to move into profitability quickly enough for its owners. The acquisition instantly propelled Jarvis from a niche PEP and ISA manager into the mainstream stockbroking and financial administration arena. Indeed, I am very proud to report our progress in less than one year from using a third party broker to being classed as a volume broker in our own right. This transaction also brought us about 15,000 more accounts.

Inevitably these combined factors temporarily impacted on service levels. However, with the great dedication of the staff, we have been able to turn this around quickly. Following the hard work of all the team in 2003, we now have a very efficient and organised set-up that provides the strongest of foundations for continued growth.

### Performance Review

It is interesting to reflect on some of the significant changes and developments that have occurred during 2003. The graph below illustrates the enormous growth in our dealing volumes over the past year.

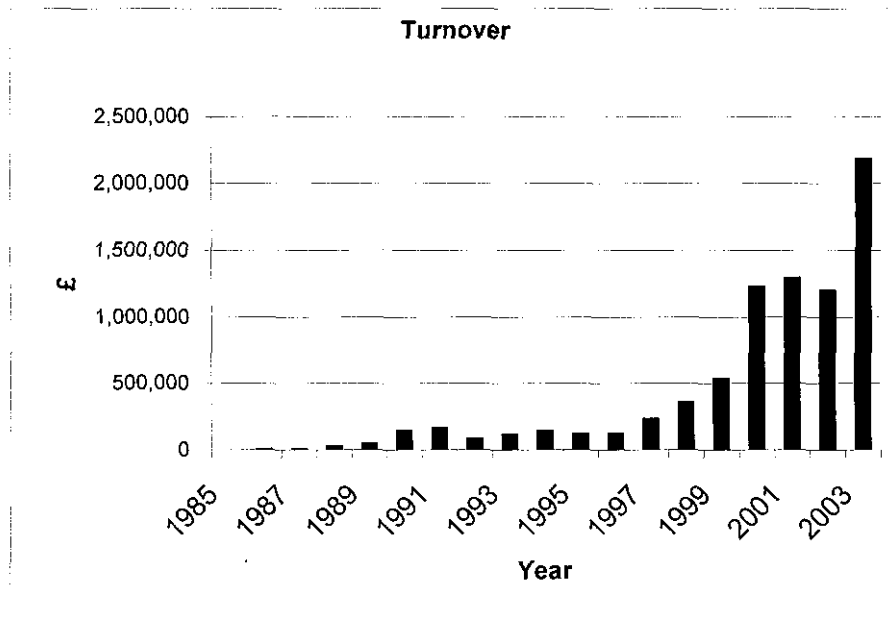
Deals by Day



# JARVIS

This change in the income sources of the firm has helped to balance our revenue between PEP and ISA management fees and stockbroking commissions. Such a diversification reduces our exposure to any one area of activity.

As we approach our 20<sup>th</sup> anniversary year in 2004, I thought it would be appropriate to reflect briefly on our record to date. The graph shown is a clear marker of our growth in recent years and sets a trend that we intend to extend in the next 12 months.



## Future Developments

We have recently publicised our intention to admit the shares of the firm to trading on the Alternative Investment Market of the London Stock Exchange. Despite the costs of this move, we feel that it will be of real benefit to both shareholders and the firm. In addition to a hope for improvement in liquidity of the ordinary shares, I also expect to see an increased profile for Jarvis in the financial services community and the real benefit of our stock being good currency for further acquisitions.

Jarvis also intends to expand its outsourced services operations during 2004. We have a good reputation in this area and are confident that there is an increasing market for low cost and efficient outsourced administration providers in the stockbroking and investment administration arena.

Once again, I would like to thank all the staff and Board for their hard work and dedication during such a key period of development for Jarvis, and all our Members for their continued support. I look forward to reporting further to our shareholders as the year develops.

  
Andrew Grant  
Chairman

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# JARVIS

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## DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 2003.

### Statement of directors' responsibilities

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

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

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

### Principal activities

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

Jarvis Investment Management plc	Stockbroker Member of The London Stock Exchange Inland Revenue approved PEP and ISA managers Third party investment administration services
Jarvis Personal Finance Limited	Secured loan provider
Dudley Road Nominees Limited	Dormant nominee company
JIM Nominees Limited	Dormant nominee company
Galleon Nominees Limited	Dormant nominee company
e-Zee-invest.com Limited	Dormant

### Business review

System improvements and the launch of a significant new product range have resulted in turnover rising by more than 82% to £2,182,486 from £1,196,043 last year. Exceptional costs related to the business refocusing have reduced the profit before tax to 87% of the 2002 level, but operating profit is up by more than 86%.

The trade and certain assets of CFA Securities Limited were acquired in June for a total consideration of £225,000. Revenues for the remainder of the period exceeded the consideration.

The net assets of the Jarvis Investment Management plc group have fallen by 18% to £430,233 from £523,435 during 2003.

### Future developments

Jarvis Investment Management plc has been reviewing further potential acquisition targets since the purchase of the trade of CFA Securities Limited during the year. The Board is also in discussion with a number of advisors on the best route to achieve a move from OFEX to AIM in the near future.

### Results and dividends

The consolidated profit for the year after taxation amounted to £282,753 (2002 profit £303,746). Ordinary dividends of £386,155 (2002 £150,000) were paid during the year. The balance on the profit and loss account has been carried forward.

# JARVIS

## Payment of creditors

The company attempts to establish continuing relationships with its suppliers by agreeing mutually acceptable arrangements on an individual basis. Accordingly, the directors consider that the adoption of any external standard or code would prejudice the flexibility that individual arrangements can achieve for the benefit of both parties. The average payment period at the year-end was 70 days (2002 20 days).

## Directors and their interests

The directors and their interests, as defined by the Companies Act, in the shares of the company at 31 December 2003 were as follows:-

		<u>At 31.12.03 or on Resignation</u>	<u>31.12.02</u>
A J Grant	- 1p ordinary shares	1,000	31,400
L G Grant	- 1p ordinary shares	1,000	32,188
M A P Studholme (Resigned 1 April)	- 1p ordinary shares	-	5,000
M J Edmett	- 1p ordinary shares	-	-
J S Mackay	- 1p ordinary shares	-	-

A J Grant has an interest in 1,000 (2002 25,800) 1p ordinary shares which are registered in the name of his spouse. L G Grant has an interest in 1,000 (2002 115,168) 1p ordinary shares registered in the name of his spouse. Messrs. Grant also own the entire share capital of Hazelburn Limited, a company which holds nil (2002 85,500) 1p ordinary shares in Jarvis Investment Management plc.

The directors had the following interests, as defined by the Companies Act, in the shares of the company's parent company, Sion Holdings Limited, at 31 December 2003:-

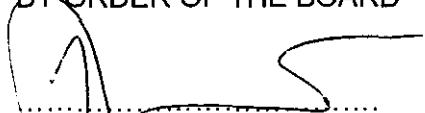
		<u>At 31.12.03 or on Resignation</u>	<u>31.12.02</u>
A J Grant	- 50p ordinary shares	298,013	286,628
L G Grant	- 50p ordinary shares	119,971	119,971
M A P Studholme (Resigned 1 April)	- 50p ordinary shares	-	6,500
M J Edmett	- 50p ordinary shares	1,000	-
J S Mackay	- 50p ordinary shares	-	-

A J Grant has an interest in 111,557 (2002 91,927) 50p ordinary shares which are registered in the name of his spouse. L G Grant has an interest in 87,314 (2002 57,000) 50p ordinary shares which are registered in the name of his spouse. In addition to the above, A J Grant and L G Grant own the entire share capital of Hazelburn Limited a company which holds 266,930 (2002 378,200) ordinary shares in Sion Holdings Limited.

## Auditors

Horwath Clark Whitehill will be proposed for re-appointment in accordance with Section 385 of The Companies Act 1985.

BY ORDER OF THE BOARD

  
Mathew J Edmett – Secretary  
Date 8 April 2004

# JARVIS



Horwath Clark Whitehill

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JARVIS INVESTMENT MANAGEMENT PLC

We have audited the financial statements which comprise of the consolidated Profit and Loss Account, Balance Sheet, company Balance Sheet, Cash Flow Statement and related notes of Jarvis Investment Management Plc for the year ended 31 December 2003 set out on pages 7 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 11.

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

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF AUDIT OPINION

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

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

### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**HORWATH CLARK WHITEHILL**

Chartered Accountants  
and Registered Auditors  
Maidstone

8/4/04



# JARVIS

## GROUP PROFIT AND LOSS ACCOUNT For the year ended 31 December 2003

	Notes	2003	2002
		£	£
<b>TURNOVER</b>		<b>2,182,486</b>	1,196,043
Administrative expenses		<u>1,294,573</u>	<u>720,052</u>
<b>OPERATING PROFIT</b>	4	<b>887,913</b>	475,991
Exceptional costs of business reorganisation	5	<u>160,857</u>	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>727,056</b>	475,991
Interest payable	6	<u>372,036</u>	<u>68,338</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>355,020</b>	407,653
Tax on profit on ordinary activities	7	<u>72,267</u>	<u>103,907</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>282,753</b>	303,746
Dividends	8	<u>386,155</u>	<u>150,000</u>
<b>RETAINED (LOSS)/PROFIT</b>	18	<b>(103,402)</b>	153,746
Retained profit brought forward		<u>423,435</u>	<u>269,689</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><b>320,033</b></u>	<u>423,435</u>
<b>EARNINGS PER SHARE</b>			
Basic earnings per share	21	<b>2.82p</b>	3.04p
Earnings per share before exceptional expenses	21	<b>4.42p</b>	3.04p
Diluted earnings per share	21	<b>2.82p</b>	3.04p

### CONTINUING OPERATIONS

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

### TOTAL RECOGNISED GAINS AND LOSSES

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

### PARENT COMPANY PROFIT AND LOSS ACCOUNT

The parent company is exempt from producing a separate profit and loss account under the provisions of S230(3) of the Companies Act 1985. The profit after tax of the company as a separate entity for the year was £318,896.


The notes on pages 11 to 17 form part of these accounts.

# JARVIS

## GROUP BALANCE SHEET As at 31 December 2003

		2003		2002	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9	309,640		-	
Tangible assets	10	157,381		137,799	
Investments	11	-		768	
			467,021		138,567
<b>CURRENT ASSETS</b>					
Investments	12	46,482		-	
Debtors	13	3,565,432		1,463,681	
Cash at bank and in hand	14	4,095,078		495,178	
		7,706,992		1,958,859	
<b>CREDITORS:</b>					
Amounts falling due within one year	15	7,732,652		1,552,193	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(25,660)		406,666
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			441,361		545,233
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	16		11,128		21,798
<b>NET ASSETS</b>			430,233		523,435
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		100,300		100,000
Share premium account	18		9,900		-
Profit and loss account	18		320,033		423,435
<b>SHAREHOLDERS' FUNDS</b>			430,233		523,435

Approved by the Board on 8 April 2004 and signed on its behalf by:

 A.J. Grant - Director

 L.G. Grant - Director

The notes on pages 11 to 17 form part of these financial statements

# JARVIS

## COMPANY BALANCE SHEET As at 31 December 2003

		2003		2002	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9	309,640		-	
Tangible assets	10	157,381		137,799	
Investments	11	7		125,772	
			467,028		263,571
<b>CURRENT ASSETS</b>					
Investments	12	46,482		-	
Debtors	13	3,565,432		1,109,135	
Cash at bank and in hand	14	4,095,066		493,528	
		7,706,980		1,602,663	
<b>CREDITORS:</b>					
Amounts falling due within one year	15	7,732,647		1,340,195	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(25,667)		262,468
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			441,361		526,039
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	16		11,128		21,798
<b>NET ASSETS</b>			430,233		504,241
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		100,300		100,000
Share premium account	18		9,900		-
Profit and loss account	18		320,033		404,241
<b>SHAREHOLDERS' FUNDS</b>			430,233		504,241

Approved by the Board on 8 April 2004 and signed on its behalf by:

 A.J. Grant - Director

 L.G. Grant - Director

The notes on pages 11 to 17 form part of these financial statements

# JARVIS

## GROUP CASH FLOW STATEMENT For the year ended 31 December 2003

Notes	2003	2002
	£	£
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	887,913	475,991
Cashflow from exceptional item	(160,857)	-
Depreciation	47,045	31,733
Amortisation	8,619	-
Loss on disposal of fixed assets	518	325
Increase in current asset investments	(46,482)	-
Increase in debtors	(2,101,752)	(250,292)
Increase in creditors	6,022,592	282,821
<b>Net cash inflow from operating activities</b>	<b>4,657,596</b>	<b>540,578</b>

### CASH FLOW STATEMENT

Cash flow from operating activities		4,657,596	540,578
Returns on investment and servicing of finance	22a	(159,091)	(68,338)
Taxation		(122,200)	(216,570)
Capital expenditure and financial investment	22a	(66,378)	(49,823)
Acquisitions – cash consideration for the purchase of a business	3	(318,259)	-
Equity dividends paid		(386,155)	(150,000)
		<u>3,605,513</u>	<u>55,847</u>
Financing	22a	(5,613)	(1,871)
<b>Increase in cash</b>		<b>3,599,900</b>	<b>53,976</b>

### Reconciliation of net cash flow to movement in net debt

	2003	2002
22b	£	£
Increase in cash in the period	3,599,900	53,976
New finance lease agreements	-	(15,813)
Repayments of amounts borrowed	13,942	1,871
Movement in net debt in the period	<u>3,613,842</u>	<u>40,034</u>
Net funds at 1 January 2003	481,236	441,202
Net funds at 31 December 2003	<u>4,095,078</u>	<u>481,236</u>

# JARVIS

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2003

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

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

#### (a) Accounting convention

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

#### (b) Revenue

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

#### (c) Basis of consolidation

The group financial statements consolidate the financial statements of Jarvis Investment Management plc, Jarvis Personal Finance Limited, e-Zee-invest.com Limited, JIM Nominees Limited, Galleon Nominees Limited and Dudley Road Nominees Limited made up to 31 December 2003. Intra-group sale and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only. No profit and loss account is presented for Jarvis Investment Management plc as provided by S230(3) of the Companies Act 1985.

#### (d) Tangible fixed assets

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

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

Software developments relate to a new computer system that is not yet operational. Hence depreciation will not be provided until the system is complete and has entered use.

#### (e) Intangible fixed assets

Goodwill represents the excess of the fair value of the consideration given over the aggregate fair values of the separable net assets. Goodwill is amortised over 20 years on a straight line basis, subject to annual impairment reviews.

#### (f) Deferred taxation

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

#### (g) Segmental reporting

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

#### (h) Pensions

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

#### (i) Stockbroking balances

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

#### (j) Operating leases and finance leases

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

#### (k) Investments

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

### 2. GROUP INCOME

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

### 3. ACQUISITION

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

The fair value of the assets and liabilities are set out below:

Asset:	Fair Value (£):
Certificated client contracts	10,000
Database and trade marks	5,000
Non-certificated client contracts	10,000
	<hr/> 25,000
Consideration	225,000
Legal fees and acquisition costs	93,259
Goodwill on acquisition	<hr/> 293,259

# JARVIS

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2003 (continued)

### 4. OPERATING PROFIT

	2003	2002
Operating profit is stated after charging:	£	£
Directors' emoluments	208,621	137,514
Depreciation – owned assets	65,611	30,233
Depreciation – assets held under hire purchase agreements	-	1,500
Amortisation	8,619	-
Operating lease rentals – hire of machinery	674	1,646
Operating lease rentals – land and buildings	18,762	-
Auditor's remuneration – audit	9,150	13,525
Auditor's remuneration – other services	1,976	1,372
Loss on disposal of fixed assets	518	325
<b>Directors' emoluments</b>		
Fees	201,436	130,771
Pension contributions	7,185	6,743
Other emoluments	-	-

#### Details of the highest paid director are as follows:

Aggregate emoluments	95,000	67,000
Company contributions to personal pension scheme	7,185	6,743
	102,185	73,743

Benefits are accruing for one director (2002 one director) under a money purchase pension scheme.

#### Staff Costs

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

	Number	Number
Management and administration	17	12

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	438,060	296,377
Pension contributions	7,887	7,679
Social security	48,045	28,639
	493,992	332,695

### 5. EXCEPTIONAL ITEMS

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

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank loans and overdrafts	8,672	1,072
Hire purchase agreement	470	344
Other interest	362,894	66,922
	372,036	68,338

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
Based on the adjusted results for the year:		
UK corporation tax	92,879	111,997
Tax credits on UK dividends	-	287
Adjustments in respect of prior periods	(31,740)	(30,175)
Total current tax	61,139	82,109
Deferred tax:		
Origination and reversal of timing differences	11,128	21,798
Tax on profit on ordinary activities	72,267	103,907

# JARVIS

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2003 (continued)

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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

Profit on ordinary activities before tax	355,020	387,315
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 – 30%)	105,506	116,194
Effects of:		
Marginal relief	(4,423)	-
Expenses not deductible for tax purposes	215	2,997
Dividend income	-	(575)
Ineligible depreciation	1,661	216
Capital allowances less than depreciation	(8,708)	(6,548)
Adjustments to tax charge in respect of previous periods	(32,789)	(30,175)
Other short term timing differences	(324)	-
Current tax charge for the year	61,138	82,109

There are no factors that may affect future tax charges.

If the company had not incurred exceptional costs of £160,857 the profit before tax would have been £515,877 with a tax charge for the year of £120,523.

Movement in provision:	
Provision at start of period	21,798
Deferred tax charged in the P&L account for the period	11,128
Provision at end of period	32,926

Provision for deferred tax:	
Accelerated capital allowances	32,926

### 8. DIVIDENDS

	2003	2002
	£	£
Interim dividends paid on Ordinary 1p shares	386,155	150,000

### 9. INTANGIBLE FIXED ASSETS

	Goodwill	Brands, Other & Databases	Total
	£	£	£
<b>Cost:</b>			
At 1 January 2003	-	-	-
Additions on acquisition	293,259	25,000	318,259
At 31 December 2003	293,259	25,000	318,259
<b>Amortisation:</b>			
At 1 January 2003	-	-	-
Charge for the year	7,942	677	8,619
At 31 December 2003	7,942	677	8,619
<b>Net Book Value:</b>			
At 31 December 2003	285,317	24,323	309,640
At 31 December 2002	-	-	-

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

# JARVIS

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2003 (continued)

### 10a. TANGIBLE FIXED ASSETS – GROUP

	Software Development	Website	Leasehold Improvements	Motor Vehicle	Office Equipment	Total
	£	£	£	£	£	£
<b>Cost:</b>						
At 1 January 2003	33,553	23,000	17,649	30,000	87,533	191,735
Additions	31,577	14,405	22,421	-	30,067	98,470
Disposals	-	-	(17,649)	(30,000)	(1,296)	(48,945)
At 31 December 2003	65,130	37,405	22,421	-	116,304	241,260
<b>Depreciation:</b>						
At 1 January 2003	-	7,667	8,825	1,500	35,944	53,936
Charge for the year	-	12,468	6,408	6,000	22,169	47,045
On Disposal	-	-	(8,825)	(7,500)	(777)	(17,102)
At 31 December 2003	-	20,135	6,408	-	57,336	83,879
<b>Net Book Value:</b>						
At 31 December 2003	65,130	17,270	16,013	-	58,968	157,381
At 31 December 2002	33,553	15,333	8,824	28,500	51,589	137,799

The net book value of the motor vehicle includes £Nil in respect of an asset held under a hire purchase contract (2002 £28,500).

### 10b. TANGIBLE FIXED ASSETS – COMPANY

	Software Development	Website	Leasehold Improvements	Motor Vehicles	Office Equipment	Total
	£	£	£	£	£	£
<b>Cost:</b>						
At 1 January 2003	33,553	23,000	17,649	30,000	87,533	191,735
Additions	31,577	14,405	22,421	-	30,067	98,470
Disposals	-	-	(17,649)	(30,000)	(1,296)	(48,945)
At 31 December 2003	65,130	37,405	22,421	-	116,304	241,260
<b>Depreciation:</b>						
At 1 January 2003	-	7,667	8,825	1,500	35,944	53,936
Charge for the year	-	12,468	6,408	6,000	22,169	47,045
On Disposal	-	-	(8,825)	(7,500)	(777)	(17,102)
At 31 December 2003	-	20,135	6,408	-	57,336	83,879
<b>Net Book Value:</b>						
At 31 December 2003	65,130	17,270	16,013	-	58,968	157,381
At 31 December 2002	33,553	15,333	8,824	28,500	51,589	137,799

The net book value of the motor vehicle includes £Nil in respect of an asset held under a hire purchase contract (2002 £28,500).



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## NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2003 (continued)

### 11. FIXED ASSET INVESTMENTS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
<b>Unlisted Investments</b>				
Cost:				
At 1 January 2003	-	-	125,004	5
Additions	-	-	3	125,000
Disposals	-	-	(125,000)	(1)
As at 31 December 2003	-	-	7	125,004
<b>Listed Investments</b>				
Valuation:				
At 1 January 2003	768	-	768	-
Additions	-	768	-	768
Disposals	(768)	-	(768)	-
As at 31 December 2003	-	768	-	768
<b>Total</b>	<b>-</b>	<b>768</b>	<b>7</b>	<b>125,772</b>

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

	<u>Shareholding</u>	<u>Holding</u>	<u>Business</u>
Jarvis Personal Finance Limited	100% 1	£1 Ordinary shares	Personal loans
JIM Nominees Limited	100% 1	£1 Ordinary shares	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.)
e-Zee-invest.com Limited	100% 1	£1 Ordinary shares	Dormant

Listed investments are stated at their market value at 31 December 2003.

### 12. CURRENT ASSET INVESTMENTS

	Group		Company	
	2003	2002	2003	2002
<b>Listed Investments</b>				
Valuation:				
At 1 January 2003	-	-	-	-
Additions	46,482	-	46,482	-
Disposals	-	-	-	-
As at 31 December 2003	46,482	-	46,482	-

Listed investments are stated at their market value at 31 December 2003.

### 13. DEBTORS

	Group		Company	
<i>Amounts falling due within one year:</i>	2003	2002	2003	2002
	£	£	£	£
Trade debtors	3,304,453	1,319,379	3,304,453	964,833
Amounts owed by group undertakings	21,500	-	21,500	-
Other debtors	28,934	10,388	28,934	10,388
Prepayments and accrued income	210,545	133,914	210,545	133,914
	<u>3,565,432</u>	<u>1,463,681</u>	<u>3,565,432</u>	<u>1,109,135</u>

Other debtors include £520 (2002 £711) in respect of a director's loan account to AJ Grant. The maximum balance outstanding during the year was £520. No interest has been charged or is accruing on this balance.

Trade debtors includes £3,261,787 (2002 £959,973) in respect of delivery versus payment transactions for the settlement of client bargains.

### 14. CASH AT BANK & IN HAND

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Balance at bank and in hand	4,095,078	495,178	4,095,066	493,528

The company has a Company Unlimited Cross Guarantee dated 7 May 2003 with Jarvis Personal Finance Limited.

Cash at bank includes £3,987,686 (2002 £115,871) received in the course of settlement of bargains. This amount is held by the company in trust on behalf of clients and is only available to complete the settlement of outstanding bargains.

# JARVIS

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2003 (continued)

### 15. CREDITORS:

	Group		Company	
<i>Amounts falling due within one year:</i>	2003	2002	2003	2002
	£	£	£	£
Hire Purchase	-	15,813	-	15,813
Trade creditors	7,377,162	1,093,977	7,377,162	1,093,977
Amounts due to group companies	-	-	-	91
Corporation tax	92,879	132,143	92,879	132,143
Other taxes and Social Security	20,623	37,021	20,623	37,021
Other creditors	21,851	219,140	21,851	7,051
Accruals	220,135	54,099	220,132	54,099
	<u>7,732,652</u>	<u>1,552,193</u>	<u>7,732,647</u>	<u>1,340,195</u>

Trade creditors includes £7,249,473 (2002 £1,075,844) in respect of delivery versus payment transactions for the settlement of client bargains.

### 16. DEFERRED TAX

	2003	2002
	£	£
Charge for the year	11,128	21,798
As at 31 December 2003	<u>11,128</u>	<u>21,798</u>
The deferred tax is made up as follows:		
Origination and reversal of timing differences	11,128	-
Accelerated capital allowances	-	22,122
Provisions	-	(324)
	<u>11,128</u>	<u>21,798</u>

### 17. CALLED UP SHARE CAPITAL

	2003	2002
	£	£
<b>Authorised:</b>		
12,000,000 Ordinary shares of 1p each	120,000	100,000
	<u>120,000</u>	<u>100,000</u>
<b>Allotted, issued and fully paid:</b>		
10,030,000 Ordinary shares of 1p each	100,300	100,000
	<u>100,300</u>	<u>100,000</u>

During the year 30,000 Ordinary 1p shares in the company were issued at 34p per share for cash, being a premium of 33p per share over the nominal value.

### 18a. RESERVES AND RECONCILIATION OF SHAREHOLDER FUNDS – GROUP

	Share Capital	Share Premium	Profit & Loss Account	Total Shareholders' Funds
	£	£	£	£
At 1 January 2002	100,000	-	269,689	369,689
Retained profit for the financial year	-	-	153,746	153,746
At 31 December 2002	100,000	-	423,435	523,435
Retained loss for the financial year	-	-	(103,402)	(103,402)
Shares issued	300	9,900	-	10,200
At 31 December 2003	<u>100,300</u>	<u>9,900</u>	<u>320,033</u>	<u>430,233</u>

### 18b. RESERVES AND RECONCILIATION OF SHAREHOLDER FUNDS – COMPANY

	Share Capital	Share Premium	Profit & Loss Account	Total Shareholders' Funds
	£	£	£	£
At 1 January 2002	100,000	-	270,530	370,530
Retained profit for the financial year	-	-	133,711	133,711
At 31 December 2002	100,000	-	404,241	504,241
Retained loss for the financial year	-	-	(84,208)	(84,208)
Shares issued	300	9,900	-	10,200
At 31 December 2003	<u>100,300</u>	<u>9,900</u>	<u>320,033</u>	<u>430,233</u>

# JARVIS

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 December 2003 (continued)

### 19. ULTIMATE PARENT UNDERTAKING

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

### 20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under paragraph 3(c) of Financial Reporting Standard Number 8 on the grounds that it is more than 90% controlled within the group and included in financial statements that are publicly available.

During the year, the motor vehicle was sold to Hazelburn Limited, a company owned and controlled by Messrs. A J and L G Grant, at its net book value of £22,500. The transaction was at open market value.

At the year end Sion Holdings Limited had an outstanding balance due to Jarvis Investment Management plc of £21,500. This relates to an invoice issued on the 31 December 2003 that was made up of a charge of £6,000 for the provision of office services to the parent company and a contribution towards moving costs. Sion Holdings Limited made a contribution to the costs of the company's office move as an incentive for its own purposes as landlord to both premises occupied by the company during the year. All property transactions with the parent company are on normal commercial terms.

### 21. EARNINGS PER SHARE

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

Date	Event	No. of shares	Days	2003	2002
01/01/03	Opening balance 2003	10,000,000	42	1,150,685	10,000,000
11/02/03	Issue of capital	10,030,000	323	8,875,863	-
			365	10,026,548	10,000,000

### 22. NOTES TO THE CASH FLOW STATEMENT

#### NOTE A – GROSS CASH FLOWS

	2003	2002
	£	£
<b>Returns on investment and servicing of finance</b>		
Interest paid	(158,621)	(74,474)
Interest element of finance lease payments	(470)	-
Interest received	-	6,136
	<u>(159,091)</u>	<u>(68,338)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(98,470)	(48,307)
Receipts from disposal of fixed assets	31,324	(768)
Receipts from disposal of listed investments	768	-
Disposal of subsidiary	-	(748)
	<u>(66,378)</u>	<u>(49,823)</u>
<b>Financing</b>		
Issue of ordinary share capital	10,200	-
Capital element of finance lease rentals	(15,813)	(1,871)
	<u>(5,613)</u>	<u>(1,871)</u>

#### NOTE B – ANALYSIS OF NET DEBT

	At 1.1.03	Cash Flow	Other Non Cash Changes	At 31.12.03
	£	£	£	£
Cash in hand, at bank	495,178	3,599,900	-	4,095,078
Debt due after one year	-	-	-	-
Debt due within one year	(13,942)	13,942	-	-
	<u>481,236</u>	<u>3,613,842</u>	<u>-</u>	<u>4,095,078</u>

### 23. OPERATING LEASE COMMITMENTS

At 31 December 2003 the company was committed to making the following payments during the next year in respect of operating leases which expire:

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