

**Jelf Group plc**

**(“Jelf”, the “Group” or the “Company”)**

**Final results for the year ended 30 September 2011**

Jelf, an independent full service brokerage that supports businesses and individuals, announces its final results.

### **Financial highlights**

Strong financial performance despite the difficult trading conditions and fragile wider economy:

- Revenue levels increased by 2% to £72.1m (2010: £70.4m)
- EBITDAE increased by 3% to £10.1m (2010: £9.8m)
- EBITDAE margin maintained at 14% (2010: 14%)
- Earnings per share increased by 136% to 2.6p (2010: 1.1p)

Significantly strengthened the balance sheet:

- Net debt down to £3.0m (2010: £7.3m)

Cash generated from operations continues to be strong and deferred consideration from previous acquisitions is nil (2010: £0.8m).

### **Operating highlights**

- Organic sales in the Insurance business are up 4% to £44.8m (2010: £42.9m)
- Organic sales in the Employee Benefits business are up by 5% to £19.9m (2010: £18.9m)
- Investment continues in the business aimed at organic growth and developing people and infrastructure
- Plans in place to embrace the forthcoming Retail Distribution Review changes
- Drive for operational efficiency continues

Alex Alway, Group Chief Executive, commented:

“Strong trading during 2011 has enabled the Group to increase its income, and margins have been maintained whilst at the same time we have initiated a series of investments aimed at generating future economic growth.”

### **Enquiries**

Jelf Group plc

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Cenkos Securities plc

## Chairman's statement

I am delighted to be in a position to report a strong set of results for the year ended 30 September 2011.

We continue to operate in a difficult trading environment and our clients continue to be affected by the uncertain and fragile economic conditions. Despite this we have seen encouraging growth in the business. We have increased revenue to £72.1m (2010: £70.4m), increased EBITDAE by 3% to £10.1m (2010: £9.8m) and delivered a 136% increase in earnings per share to 2.6p (2010: 1.1p). This is a strong result.

Growth has been achieved through a focus on retaining existing clients, by providing clients with a wider range of services, and by winning new clients and new members for our network, The Purple Partnership.

Underpinning this is the high quality of our client service as reflected in a strong rating in the Investor in Customers survey. This independent and highly respected award is based solely on feedback from our clients and staff.

We have strengthened Jelf's balance sheet. As a result of strong trading and prudent financial management, our net debt has been reduced to £3.0m (2010: £7.3m).

Over the course of the last 12 months we have signed off a number of initiatives to provide the foundation for stronger future organic growth. In addition we are well placed to take advantage of selected acquisition opportunities where there is a good fit to our business and where the price is right.

The governance structure within Jelf is strong and fit for purpose in a regulated environment.

My fellow non-executives continue to be impressed by the high quality of the management team and by the dedication to client service shown by the employees in their everyday activities.

We are in a strong position to take advantage of any upturn in the economy and to generate growth in value for our shareholders.

I look forward to working with the Board and the people of Jelf in the year ahead to deliver another strong set of results.

**Les Owen**

Non-executive Chairman

## Operating and financial review

*“Positive trading during 2011 has enabled the Group to increase its income, and margins have been maintained whilst at the same time we have initiated a series of investments aimed at generating future economic growth.” Alex Alway, Group Chief Executive*

### Financial results

In this financial year, we saw a continued improvement in both Jelf’s financial performance and strength. In the year ended 30 September 2011, Jelf’s revenue increased by 2% to £72.1m (2010: £70.4m). EBITDAE increased by 3% to £10.1m (2010: £9.8m) and earnings per share rose by 136% to 2.6p (2010: 1.1p).

EBITDAE margins have been maintained at 14% (2010: 14%) whilst at the same time we have initiated investment in a number of initiatives to generate future organic growth; a good example is the opening of our new London office.

Jelf has concentrated on improving profit levels and I am pleased that we have managed an increase in operating profit of 42% to £4.4m (2010: £3.1m).

Jelf continues to generate strong positive cash flow and all deferred consideration payments have been made.

The net debt position has reduced further and now stands at £3.0m (2010: £7.3m). This means that Jelf is in a strong and secure financial position, ideally poised to take advantage of any growth in the economy or opportunities for M&A as they arise.

### Dividend policy

The Directors do not recommend the payment of a dividend this year (2010: nil). The Directors intend to commence payment of dividends only when it becomes commercially prudent to do so. Consideration will be given to:

- Repayment of existing loan facilities
- Maximisation of shareholder value
- Availability of Jelf’s distributable profits and cash
- Level of retained funds required to finance future growth
- Meeting regulatory capital adequacy requirements.

### Strategy

Our objective is to continue upon our strategy of profitable growth as a leading independent intermediary providing a broad and integrated range of products and services to the UK SME and corporate business sectors and the related private individual market.

The principles of Jelf’s strategy continue to be:

- **Clients** - Doing what our clients tell us they want us to do, which is to work side-by-side with them, as their trusted business adviser, to understand their business needs and individual circumstances. In this way we provide them with bespoke solutions from our broad range of products and services that mitigate risks and add value. This applies equally to businesses of all sizes, individuals and affinity / specialist trade groups.
- **People** - Our people are our key selling point, and we continue to develop them in order to deliver a high value service to our clients. We foster a people centric culture focused on attracting, retaining and developing highly talented individuals.
- **Provider relationships** - Strategic and trading relationships with our provider partners across all sectors are a key factor in our success. These relationships allow us to deliver bespoke products and top quality service to our clients.
- **Shareholders** - Prudent management of Jelf’s financial resources on behalf of our shareholders.

Throughout 2011, we have focused on achieving organic growth and on driving cross sales through use of the Jelf Menu. Registered cross sales this year exceeded £1m revenue. In addition, the Board continues to pursue an opportunistic strategy with regard to M&A. During this period the Board has reviewed a number of opportunities and it will continue to review the market during 2012.

### Review of operations

The business continues to offer a wide range of services, which enables us to be flexible and provide a “one stop” for our clients’ business and individual needs.

For all of our trading areas we have Directors who have responsibility for the profit and loss account and autonomy in the day-to-day running of their business. We have focused on investment and growth in our businesses: Insurance, Employee Benefits, Financial Planning and our network, the Purple Partnership.

Each of these business segments is monitored against key performance indicators (KPIs), which include revenue, EBITDAE and EBITDAE margin. In addition, we monitor our earnings per share and net debt. The performance of each business segment is included within the following review.

### **Insurance**

This business provides insurance broking services to corporate and individual clients, directly and through affinity groups and specialist trade groups. It offers advice on all aspects of general insurance, including carrying out risk assessments, designing insurance programmes, reviewing existing insurance arrangements and claims management.

Insurance is the largest segment, accounting for 62% of Jelf's total income.

Revenues were ahead of 2010, at £44.8m compared to £42.9m. EBITDAE increased from £4.3m in 2010 to £4.9m and EBITDAE margin also increased from 10% to 11% year-on-year.

During 2011 the management team has implemented development plans as well as continuing to increase the efficiency of the business. We have invested in new sales people and in systems and prospects at the same time. The quality of these new recruits along with the experience of our existing staff provides us with an excellent platform for growth.

The new business efforts within Insurance have borne fruit and a number of introducer deals have been put in place. Insurance new business in 2011 was £5.2m. We expect this to continue into 2012.

During 2011 we achieved chartered status for our Insurance business, a quality mark that is currently awarded to only a small number of insurance brokers.

This year saw The Purple Partnership, Jelf's network for independent brokers which is included within the insurance business segment, exceed its targets and continue to build its membership base. Revenue increased by 45% to £0.6m in its fourth year of operation.

### **Employee Benefits**

This business comprises a range of services including group pensions, group risk and healthcare (UK and international). The non-healthcare part of the business provides advice and a range of services to small and large businesses in respect of benefit design (including risk and pension benefits), benefit communication and implementation. This has always been an area of organic growth for Jelf and we have seen continued strong new business levels in this sector during 2011 as corporate clients have sought advice in these uncertain times and ahead of the introduction of the National Employment Savings Trust ('NEST') from October 2012. We expect this growth to continue through into 2012.

The healthcare business provides advice on health-related employee benefits such as private medical insurance and other non-insurance services. Core clients are owner-managed enterprises based in England and Wales. The business also provides specialist fee-based advice to larger companies, encompassing wider healthcare related issues such as absence management and occupational health as well as international health insurance cover.

The international healthcare business is developing as a centre of excellence and continues to experience strong organic growth.

Employee Benefits accounts for 28% of Jelf's total income.

Despite the challenging economic conditions the Employee Benefits business experienced an increase in revenues of 5% in 2011, to £19.9m (2010: £18.9 m). Cost management resulted in growth in EBITDAE of 2%. EBITDAE has increased to £5.2m (2010: £5.0m). EBITDAE margins remain strong at 26% (2010: 27%).

### **Financial Planning**

This business provides independent financial planning services, including investment planning, portfolio management and retirement planning advice to individuals, especially entrepreneurs; and business assurance advice to SMEs.

Financial Planning accounts for 10% of Jelf's total income.

There is a difficult wider environment for investments with all the problems associated with sovereign and private debt and directly as a result of these trading conditions revenues from Financial Planning have fallen by 13% to £7.5m (2010: £8.5m). EBITDAE has decreased by 96% to £18k (2010: £470k). EBITDAE margin is 0% (2010: 6%).

We reported last year we were implementing a phased transition to prepare the business for the new regulatory regime that will come into force on 1 January 2013. These plans continue and have included the development of a new investment proposition, the segmentation of our client base, new literature and a new preferred platform provider.

Jelf's advisers have a mandate for over £450m (2010: £450m) of Funds Under Advice with third party investment (wrap) platforms. These funds have been subject to the wider difficult investment climate.

During 2011 we retained the prestigious 'Chartered Financial Planners' status for our Financial Planning business, a mark that is currently awarded to only a small number of intermediaries.

### **Jelf in the Community**

Due to the efforts of staff members across Jelf, in excess of £17k (2010: £40k) has been raised to support local charities in England and Wales. This is in addition to £11k (2010: £7k) contributed by Jelf.

### **Rebranding**

The brand refresh we carried out for all our businesses during September 2010 has been short listed for the Corporate Communications Awards 2011.

### **Organisational development**

Over the last year, we have continued to implement a number of initiatives which will provide efficiency gains and simplify support and back office operations.

In addition, we have launched another tranche of our SAYE scheme which was significantly over subscribed by our employees.

Despite the difficult markets and the poor economic conditions in 2011, our staff retention remains good as we continue to build a cohesive Jelf culture across the business.

### **Infrastructure**

As at 30 September 2011, Jelf operated out of 32 locations (2010: 31) and staff numbers at the end of the year decreased by 1% to 1,022 (2010: 1,031). We have continued to invest in our infrastructure to ensure that we develop support for our primary asset, the people within our business, whilst also creating capacity for future growth.

### **Organic growth**

Total revenues increased by 2% on 2010. Particularly pleasing was the increase achieved by our Insurance business, with organic sales up 4% against a backdrop of a continuing soft market.

We have established a new London office which will act as a base to support the servicing of our existing clients as well as a hub for organic growth in London.

During the 2011 financial period, we have invested heavily in our marketing resources which will assist all business sectors.

**Thanks to staff**

Jelf remains determined to be responsive to the needs of our clients and to improve the underlying efficiency and quality of the service we deliver. We will continue to test ourselves and remain poised to capitalise on any improvements in the wider economy.

This year has again seen much change, and on behalf of the Board I would like to put on record our thanks to all our staff for their continued support and commitment.

We remain confident that, by meeting the needs of our clients, Jelf will be in a position to prosper over the next 12 months.

**Alex Alway**

Group Chief Executive

## Consolidated balance sheet

### As at 30 September 2011

	Note	2011 £'000	2010 £'000
<b>Non-current assets</b>			
Goodwill	3	58,475	58,473
Intangible assets	4	42,495	47,016
Property, plant and equipment		2,948	2,941
Available for sale investments		55	60
		<b>103,973</b>	108,490
<b>Current assets</b>			
Trade and other receivables		7,053	7,846
Cash and cash equivalents *		23,591	20,801
		<b>30,644</b>	28,647
<b>Total assets</b>		<b>134,617</b>	137,137
<b>Current liabilities</b>			
Trade and other payables		(17,549)	(17,774)
Deferred consideration		-	(840)
Borrowings	5	(4,116)	(1,986)
Income tax liabilities		(1,347)	(372)
Deferred income tax liabilities		(1,240)	(1,272)
Provisions		(575)	(1,312)
		<b>(24,827)</b>	(23,556)
<b>Net current assets</b>		<b>5,817</b>	5,091
<b>Non-current liabilities</b>			
Borrowings	5	(7,562)	(13,373)
Deferred income tax liabilities		(9,190)	(11,413)
Provisions		(519)	(139)
		<b>(17,271)</b>	(24,925)
<b>Total liabilities</b>		<b>(42,098)</b>	(48,481)
<b>Net assets</b>		<b>92,519</b>	88,656
<b>Equity</b>			
Share capital	6	1,104	1,100
Share premium		72,070	72,069
Merger reserve		9,282	9,159
Other reserves		2,942	2,031
Retained earnings		7,121	4,297
<b>Total equity</b> attributable to the owners of the parent Company		<b>92,519</b>	88,656

\* Included within cash and cash equivalents is fiduciary cash of £14,485,000 (2010: 11,241,000)

## Consolidated income statement

### For the year ended 30 September 2011

	Note	2011 £'000	2010 £'000
<b>Revenue</b>	2	<b>72,100</b>	70,371
Cost of Sales		<b>(8,418)</b>	(7,431)
<b>Gross Profit</b>		<b>63,682</b>	62,940
Administrative expenses		<b>(59,234)</b>	(59,799)
<b>Operating profit</b>		<b>4,448</b>	3,141
Operating profit consists of:			
<b>Earnings before interest, taxation, depreciation, amortisation and exceptional costs (EBITDAE)</b>	2	<b>10,078</b>	9,778
Depreciation of property, plant and equipment		<b>(891)</b>	(839)
Amortisation of intangible fixed assets		<b>(4,739)</b>	(4,713)
Group reorganisation and rationalisation costs		-	(1,085)
Investment revenues		<b>65</b>	32
Finance costs		<b>(1,298)</b>	(2,895)
Finance costs consist of:			
Interest payable		<b>(1,298)</b>	(1,407)
Fees relating to cancellation of debt facility:			
Interest rate swap exit		-	(1,076)
Loan arrangement fees previously capitalised		-	(412)
<b>Profit before income tax</b>		<b>3,215</b>	278
Income tax (charge)/credit	7	<b>(391)</b>	605
<b>Profit for the year</b> attributable to the owners of the parent Company		<b>2,824</b>	883
<b>Earnings per share</b> attributable to the owners of the parent Company			
Basic (pence)	8	<b>2.6</b>	1.1
Diluted (pence)	8	<b>2.6</b>	1.1

## Consolidated statement of comprehensive income

### For the year ended 30 September 2011

	2011 £'000	2010 £'000
<b>Profit for the year</b>	<b>2,824</b>	883
<b>Other comprehensive income</b>		
Cash flow hedges (net of tax)	-	746
<b>Other comprehensive income, net of tax</b>	-	746
<b>Total comprehensive income for the year</b> attributable to the owners of the parent Company	<b>2,824</b>	1,629

## Consolidated statement of changes in equity

### For the year ended 30 September 2011

	Share capital £'000	Share premium £'000	Merger reserve £'000	Hedging reserve <sup>1,2</sup> £'000	Share based payment reserve <sup>1,3</sup> £'000	Own shares held <sup>1</sup> £'000	Other reserves <sup>1</sup> £'000	Retained earnings £'000	Total £'000
<b>At 1 October 2009</b>	<b>498</b>	<b>54,852</b>	<b>10,742</b>	<b>(746)</b>	<b>3,650</b>	<b>(1,074)</b>	<b>14</b>	<b>(1,890)</b>	<b>66,046</b>
Share based payments	-	-	-	-	848	-	-	-	848
Share issue (net of issue costs)	602	17,217	2,597	-	-	-	-	-	20,416
Purchase of own shares by EBT	-	-	-	-	-	(283)	-	-	(283)
Settlement of cash flow hedges (net of tax)	-	-	-	746	-	-	-	-	746
Vesting of Employee Benefits Trust shares	-	-	-	-	(248)	248	-	-	-
Share based payments reallocation	-	-	-	-	(1,772)	648	-	1,124	-
Merger reserve transfer in respect of 2009 impairment	-	-	(4,180)	-	-	-	-	4,180	-
Retained profit for the year	-	-	-	-	-	-	-	883	883
<b>At 30 September 2010</b>	<b>1,100</b>	<b>72,069</b>	<b>9,159</b>	<b>-</b>	<b>2,478</b>	<b>(461)</b>	<b>14</b>	<b>4,297</b>	<b>88,656</b>
Share based payments	-	-	-	-	1,174	-	-	-	1,174
Share issue (net of issue costs)	4	1	123	-	-	-	-	-	128
Purchase of own shares by EBT <sup>4</sup>	-	-	-	-	-	(263)	-	-	(263)
Vesting of Employee Benefits Trust shares	-	-	-	-	(90)	90	-	-	-
Retained profit for the year	-	-	-	-	-	-	-	2,824	2,824
<b>At 30 September 2011</b>	<b>1,104</b>	<b>72,070</b>	<b>9,282</b>	<b>-</b>	<b>3,562</b>	<b>(634)</b>	<b>14</b>	<b>7,121</b>	<b>92,519</b>

<sup>1</sup> Shown within other reserves on the balance sheet

<sup>2</sup> Shown net of tax

<sup>3</sup> The share based payment reserve is distributable to the equity holders of the Company

<sup>4</sup> The EBT purchased 400,000 (2010: 616,666) shares in the year

## Consolidated cash flow statement

### For the year ended 30 September 2011

	Note	2011 £'000	2010 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	9	11,353	4,598
Interest paid		(1,170)	(1,169)
Taxation paid		(1,553)	(1,131)
<b>Net cash flow from operating activities</b>		<b>8,630</b>	<b>2,298</b>
<b>Cash flows from investing activities</b>			
Interest received		41	32
Proceeds on disposal of property, plant and equipment		4	6
Purchase of property, plant and equipment		(903)	(921)
Purchase of intangible assets		(209)	(136)
Acquisition of client book		(18)	-
Disposal of client book		8	-
Deferred consideration paid		(618)	(6,564)
<b>Net cash flow used in investing activities</b>		<b>(1,695)</b>	<b>(7,583)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(3,883)	(32,298)
Repayments of obligations under finance leases		-	(16)
Purchase of own shares		(263)	(283)
Settlement of interest rate swap		-	(1,076)
Proceeds on issue of shares (net of expenses)		1	17,745
New borrowings raised (net of expenses)		-	23,267
<b>Net cash flow from financing activities</b>		<b>(4,145)</b>	<b>7,339</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,790</b>	<b>2,054</b>
Cash and cash equivalents at beginning of year		20,801	18,747
<b>Cash and cash equivalents at end of year</b> <sup>1</sup>		<b>23,591</b>	<b>20,801</b>

Included within cash and cash equivalents is fiduciary cash of £14,485,000 (2010: £11,241,000)

## Notes to the consolidated financial statements

### 1. General information and basis of preparation

Jelf Group plc is an AIM listed company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement and the Operating and Financial Review.

The financial information set out in this announcement does not constitute the Group's consolidated financial statements within the meaning of Section 435 of the Companies Act 2006 for the year ended 30 September 2011 and 30 September 2010 but is derived from those statements. This announcement should be read in conjunction with the statutory accounts for the year ended 30 September 2010, which were prepared under International Financial Reporting Standards (IFRSs) and were authorised for issue by the Board of Directors on 31 January 2011 and delivered to the Registrar of Companies. The Independent Auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by the way of emphasis without qualifying the report and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

While the financial information included in this announcement has been prepared in accordance with IFRSs as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Group intends to publish full financial statements that comply with IFRS.

### 2. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board, which is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions. Further information about each operating segment can be found in the Operating and Financial Review.

All revenue arose within the United Kingdom. No geographical segment information is therefore given. Segment information about these businesses is presented below.

<b>Year-ended 30 September 2011</b>	<b>Insurance £'000</b>	<b>Employee Benefits £'000</b>	<b>Financial Planning £'000</b>	<b>Total £'000</b>
<b>Revenue</b>	<b>44,797</b>	<b>19,850</b>	<b>7,453</b>	<b>72,100</b>
Operating profit/(loss)	772	4,201	(525)	4,448
Operating profit/(loss) consists of:				
<b>EBITDAE</b>	<b>4,904</b>	<b>5,156</b>	<b>18</b>	<b>10,078</b>
Depreciation of property, plant and equipment	(608)	(197)	(86)	(891)
Amortisation of intangible fixed assets	(3,524)	(758)	(457)	(4,739)
Group reorganisation and rationalisation costs	-	-	-	-
Investment revenues				65
Finance costs				(1,298)
Profit before income tax				3,215
Income tax (charge)/credit				(391)
Profit for the year				2,824

Year-ended 30 September 2010	Insurance £'000	Employee Benefits £'000	Financial Planning £'000	Total £'000
Revenue	42,929	18,906	8,536	70,371
Operating (loss)/profit	(1,423)	4,100	464	3,141
Operating (loss)/profit consists of:				
EBITDAE	4,268	5,040	470	9,778
Depreciation of property, plant and equipment	(651)	(131)	(57)	(839)
Amortisation of intangible fixed assets	(4,183)	(515)	(15)	(4,713)
Group reorganisation and rationalisation costs	(857)	(294)	66	(1,085)
Impairment charges	-	-	-	-
Investment revenues				32
Finance costs				(2,895)
Profit before income tax				278
Income tax (charge)/credit				605
Profit for the year				883

### 3. Goodwill

	2011 £'000	2010 £'000
<b>Cost and net book value</b>		
At 1 October	58,473	57,088
Adjustments	2	1,385
At 30 September	58,475	58,473

Adjustments relate to the revaluation of the Group's estimate of contingent consideration due on acquired businesses.

#### Impairment tests for goodwill

Goodwill is reviewed at least annually for impairment by comparing the recoverable amount of each cash generating unit ('CGU') with the goodwill allocated to that CGU. Goodwill has been allocated according to the business segment.

	Insurance £'000	Employee Benefits £'000	Financial Planning £'000	Total £'000
At 1 October 2010	47,538	10,552	383	58,473
Adjustments	2	-	-	2
At 30 September 2011	47,540	10,552	383	58,475
At 1 October 2009	46,287	10,567	234	57,088
Adjustments	1,251	(15)	149	1,385
At 30 September 2010	47,538	10,552	383	58,473

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The key assumptions used to prepare the financial budgets are based on past experience and management's expectation for the markets in which they operate.

Cash flows beyond the five year period (2010: 5 years) are extrapolated using an average growth rate of 2.25% (2010: 2.25%). This growth rate is in line with the expected average UK economy long term growth rate.

The cash flows projections are discounted at a post-tax discount rate of 10.80% (2010: 12.50%). The discount rate is determined with reference to internal measures and available industry information and reflects specific risks relevant to the Group.

Further to the impairment review, the Directors concluded that no impairment has arisen during the year.

Impairment testing inherently involves a number of judgemental areas, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting; the assessment of the discount rate appropriate to the Group and the estimation of the future revenue and expenditure of each CGU. Accordingly, management undertook stress testing to understand the key sensitivities and concluded as follows.

- Insurance is the largest CGU and is also the most sensitive to changes in discount rate and growth rate.
- The discount rate for 2011 is 10.8%. This would need to increase to 14.1% for an impairment to occur.
- A compound average revenue growth rate of 4.3% has been assumed for the first five years. If this growth rate were to fall to 2.3% and management made no compensating changes to the budgeted level of administrative expenses in this period, an impairment would occur in the Insurance CGU.

#### 4. Intangible assets

	<b>Computer software</b> £'000	<b>Client books of business</b> £'000	<b>Total</b> £'000
<b>Cost</b>			
At 1 October 2010	1,105	60,565	<b>61,670</b>
Additions	208	18	<b>226</b>
Disposals	(195)	(8)	<b>(203)</b>
At 30 September 2011	1,118	60,575	<b>61,693</b>
<b>Accumulated amortisation</b>			
At 1 October 2010	644	14,010	<b>14,654</b>
Amortisation charge	196	4,543	<b>4,739</b>
Disposals	(195)	-	<b>(195)</b>
At 30 September 2011	645	18,553	<b>19,198</b>
<b>Net book value</b>			
At 30 September 2011	473	42,022	<b>42,495</b>
At 30 September 2010	461	46,555	<b>47,016</b>

## 5. Borrowings

	Loan facility £'000	Unamortised loan costs £'000	Net borrowings £'000
<b>Year-ended 30 September 2011</b>			
Current	4,266	(150)	4,116
Non current	7,850	(288)	7,562
	12,116	(438)	11,678
<b>Year-ended 30 September 2010</b>			
Current	2,133	(147)	1,986
Non current	13,867	(494)	13,373
	16,000	(641)	15,359

The Group has no undrawn committed borrowing facilities at 30 September 2011 (2010: £nil).

As at 13 December 2011 the outstanding loan facility was £11,050,000 and unamortised loan costs were £413,000. The Directors consider that the carrying amount of borrowings approximate to their fair value.

## 6. Called up share capital

Group	2011 £'000	2010 £'000
<b>Authorised</b>		
100,000,000 Ordinary shares of 1p each	1,000	1,000
25,063,838 Non-voting shares of 1p each	251	251
	1,251	1,251

	Ordinary shares		Non-voting shares		Total	
	No. of shares	£'000	No. of shares	£'000	No. of shares	£'000
<b>Allotted, called up and fully paid</b>						
At 1 October 2010	84,949,782	849	25,063,838	251	110,013,620	1,100
Share issue	383,743	4	-	-	383,743	4
At 30 September 2011	85,333,525	853	25,063,838	251	110,397,363	1,104

On 28 September 2011, the Company settled the last of the deferred consideration liability with 371,112 ordinary shares of 1p each at a price of 36p. This resulted in an increase of £3,711 to share capital and £129,889 to merger reserve.

On 24 May 2011, 12,631 ordinary shares of 1p were issued at 12p to fulfil share options exercised by staff members.

## 7. Income tax charge/(credit)

	2011 £'000	2010 £'000
<b>Current tax</b>		
Current tax on profit for the year	2,430	1,552
Adjustment in respect of prior years	78	(419)
Total current tax	2,508	1,133
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1,325)	(1,367)
Impact of change in UK tax rate	(809)	(452)
Adjustment in respect of prior years	17	81
Total deferred tax	(2,117)	(1,738)
<b>Income tax charge/(credit)</b>	<b>391</b>	<b>(605)</b>

## 8. Earnings per share

		2011	2010
Profit for the year (£'000)		2,824	883
Weighted average shares in issue (number)	Basic	108,970,580	81,065,125
	Diluted	109,978,476	81,171,099
Earnings per share (pence)	Basic	2.6	1.1
	Diluted	2.6	1.1

## 9. Cash generated from operations

	2011 £'000	2010 £'000
<b>Profit for the year</b>	<b>2,824</b>	883
<i>Adjustments for:</i>		
Investment revenues	(41)	(32)
Finance costs	1,274	2,895
Income tax	391	(605)
Depreciation of property, plant and equipment	891	839
Amortisation of intangible assets	4,739	4,713
Share-based payment expense	1,174	848
(Decrease) / increase in provisions	(386)	(160)
<b>Operating cash flows before movement in working capital</b>	<b>10,866</b>	9,381
Decrease in receivables	593	3,543
Decrease in payables	(106)	(8,326)
<b>Cash generated from operations</b>	<b>11,353</b>	4,598

## 10. Net debt

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Cash	<b>23,591</b>	20,801
Fiduciary cash	<b>(14,485)</b>	(11,241)
Own funds	<b>9,106</b>	9,560
Borrowings <sup>1</sup>	<b>(12,116)</b>	(16,000)
Deferred consideration	-	(840)
<b>Net debt</b>	<b>(3,010)</b>	(7,280)

<sup>1</sup>Borrowings shown gross of amortised loan costs of £438,000 (2010: £641,000). See note 5 for details.

## Company information

<b>Registered Company name</b>	Jelf Group plc	
<b>Directors</b>	Les Owen (Group Non-Executive Chairman) Christopher Jelf (Deputy Chairman) Alex Alway (Group Chief Executive) Phil Barton (Chief Executive (Insurance)) John Harding (Group Finance and Operations Director) Alex Rowe (Non-Executive) Jonathan Kelly (Non-Executive) Grahame Stott (Non-Executive)	
<b>Company secretary</b>	John Harding	
<b>Registered number</b>	2975376	
<b>Registered office</b>	Fromeforde House Church Road Yate Bristol BS37 5JB	
<b>Nominated adviser</b>	Cenkos Securities plc 6-8 Tokenhouse Yard London EC2R 7AS	
<b>Brokers</b>	Cenkos Securities plc 6-8 Tokenhouse Yard London EC2R 7AS	
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 31 Great George Street Bristol BS1 5QD	
<b>Solicitors</b>	Finers Stephens Innocent LLP 179 Great Portland Street London W1W 5LS	BPE Solicitors St James' Square Cheltenham GL50 3PR
<b>Registrars</b>	Capita Registrars Ltd Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	
<b>Principal bankers</b>	The Royal Bank of Scotland plc PO Box 333 Silbury House 300 Silbury Boulevard Milton Keynes MK9 2ZF	