



Report and Accounts

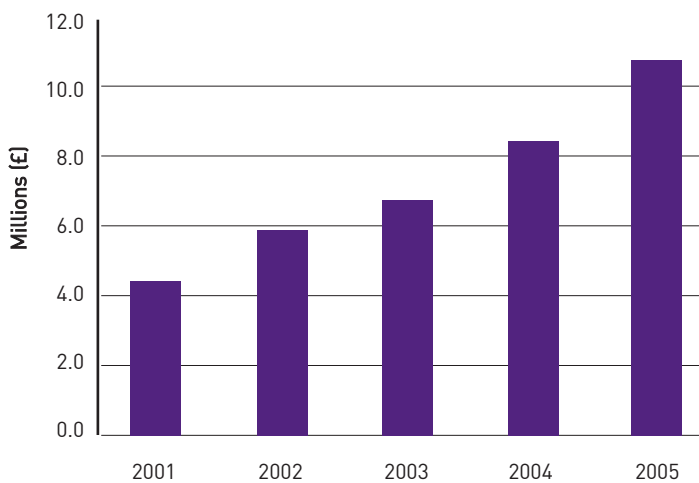
for year ending 30th September 2005

A different way of looking at your business

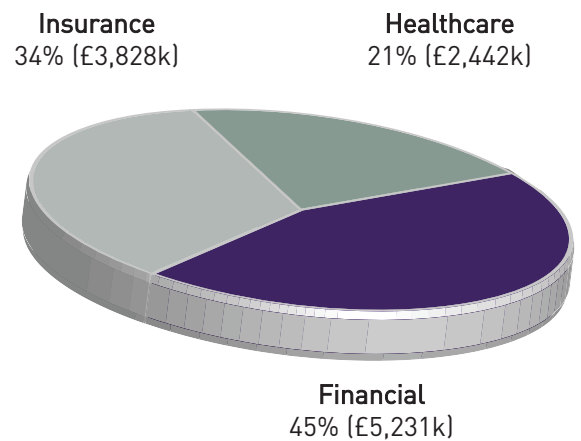
Some of the year's highlights

- Group turnover up 36% to £11.5m

Growth in turnover



Turnover by business 2005



- Growth in turnover by operating business 2005:

Insurance	+35%
Healthcare	+14%
Financial services	+49%

- Profits before tax up 93% to £1.011m
- EBITDA up 62% to £1.42m
- Improved earnings per share from 3.2p (2004) to 5.0p (2005)
- Successful integration of a number of acquisitions, including Managed Healthcare Ltd and A Wills & Co Ltd

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“An integrated approach, using the Jelf Group to manage all our benefits under one roof, has given us an opportunity to reduce unnecessary areas of ‘double-cover’ whilst enabling us to reduce costs still further.”

Bex Sinclair
Human Resources Adviser
Battens Solicitors

“I think that you get some advisers that tend to sit on the fence between the customer and the insurance company, but I have no doubt that the Jelf Group are actually working for me.”

Neil Smith
Finance Director
JP Group

An introduction to Jelf Group plc

The Jelf Group is an independent full-service consultancy working primarily with businesses, but also individuals. We are a client focused organisation specialising in providing insurance, healthcare, financial services and commercial finance solutions.

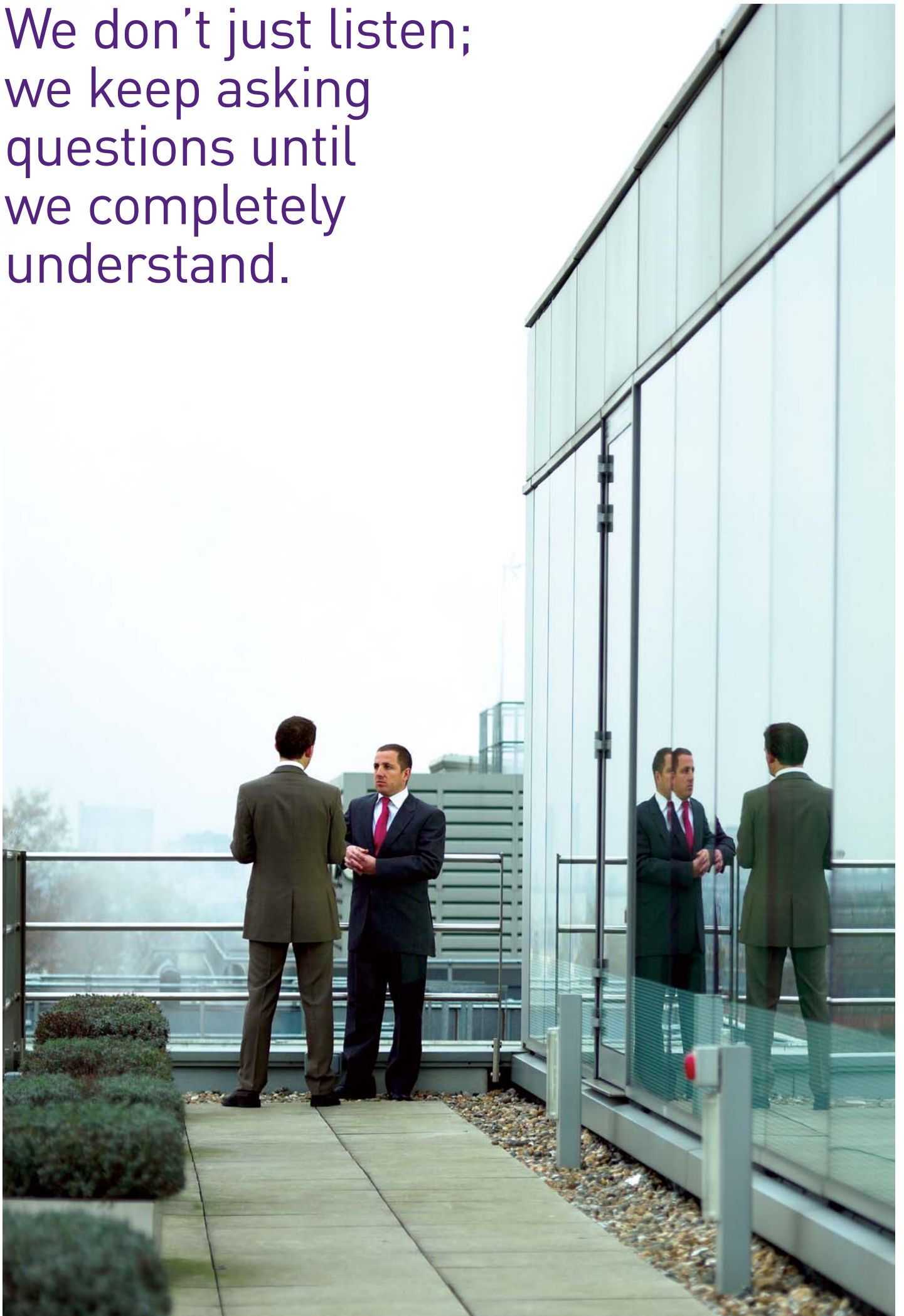
Founded in 1989 by our Chairman, Christopher Jelf, the Group employs more than 200 staff across its 10* offices, predominantly located in the South of England and Wales. We work with more than 6,500 corporate clients, covering a wide spectrum from small businesses, through the SME sector up to large plc's, as well as over 10,000 individual clients.

At the Jelf Group, we look at things differently, believing that to provide a truly client focused service; we must constantly be striving for further improvement. To do this, we look to build long-term relationships with our clients, working together to understand the risks that they face before using our experience and expertise to develop tailored solutions.

In October 2004, the Group floated on the Alternative Investment Market. Our listing has enabled the Group to pursue its twin strategy of organic and consolidating acquisition growth and to invest in its infrastructure to support the enlarged Group.

*At the end of the financial year 2004/2005, as covered in this financial report, the Jelf Group had 8 offices. We have since opened offices in Ringwood (Hampshire) and Swindon.

We don't just listen;
we keep asking
questions until
we completely
understand.



A man in a white shirt and dark tie is gesturing with his hands while talking to a woman in a light blue shirt. They are standing in a modern office with large windows. Outside the window, a building with a prominent dome and classical architectural features is visible. The scene is brightly lit, suggesting a high-rise office environment.

The performance
of the Group
reflects the
quality and
professionalism
of our
employees

Chairman's statement

I am delighted to be able to report another year of strong trading performance for the Group in all of its core markets. I am particularly pleased that we have continued to develop a group-wide culture of referring clients internally when new services are required. This developing approach has underpinned strong organic growth across the Group, generating healthy cashflows this year.

In addition, we have made a number of acquisitions including Managed Healthcare Ltd, A Wills & Co Ltd and the South West commercial insurance operations of a competitor.

This activity is in line with our strategy of growing both organically and by complementary acquisitions.

Financial results

In the year ending 30th September 2005, the Group increased its turnover by 36% to £11.50m (2004: £8.46m) and achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of £1.42m (2004: £0.88m). This represents a 62% increase.

Operating margin, before goodwill, was 11.2% (2004: 9.3%); representing further progress despite continuing internal investment.

Consolidated shareholders' funds as at 30th September 2005 amounted to £4.43m (2004: £1.87m) representing an increase of 137%. The basic earnings per share amounted to 5.0p (2004: 3.2p)

In line with the Group's stated dividend policy, the Directors intend to commence payment of dividends only when it becomes commercially prudent to do so, having regard to the availability of the Company's distributable profit and the retention of funds required to finance future growth. As a result, the Board is not recommending the payment of a dividend.

Operations

Our strong trading performance is reflected across healthcare, general insurance and financial services; the Group's three main business areas.

Healthcare

The healthcare business provides advice on health related employee benefit issues and has increased its turnover by 14% to £2.44m (2004: £2.13m). It achieved EBITDA earnings of £293k (2004: £167k) an increase of 75%.

This growth has largely been achieved through acquiring new customers, a significant number of whom have come through the Group's cross-selling strategy. In addition, the performance was assisted by a small acquisition early in 2005.

Overall, the market for healthcare insurance providers has continued to consolidate despite new players, such as PruHealth, coming into the market. This consolidation has driven through to healthcare intermediaries; leaving large players, such as Jelf Corporate Healthcare, well placed to continue to develop its business.

Commercial insurance

The general insurance business provides commercial insurance broking services to corporate clients. It gives independent advice on all aspects of commercial insurance, from research, design and provision of cover, to auditing, reviewing and enhancing clients' existing insurance provision.

Turnover in this business has increased by 35% to £3.83m (2004: £2.83m), whilst EBITDA has increased by 27% to £581k (2004: £458k).

2005 has seen a year of softening premiums as more capital from existing and new insurance carriers has been introduced into the market. This, in turn, has served to generally reduce earnings for insurance brokerages. However, the Group has continued to win new customer mandates which, coupled with a significant acquisition and establishing an insurance business in Cardiff, have resulted in a strong increase in earnings.

Financial services

An increase in investor confidence, in addition to a number of business development initiatives and the acquisition of A Wills & Co Ltd, has generated an increase in turnover for this business of 49% to £5.23m (2004: £3.50m). EBITDA has increased by 126% to £589k (2004: £261k).

This business, which provides employee benefits advice to companies and wealth management services to private clients, especially entrepreneurs, remains firmly independent following changes to the regulatory environment effective from 1st June 2005. It will continue to develop its services in these key markets through focusing on provision of high quality advice.

Organisational development

A fourth business was established in the final quarter of the Group's trading year, offering commercial finance services (commercial mortgages, asset financing, debtor financing etc) to existing and new customers. We believe this completes another stage in our strategy of being able to service all of our clients' needs.

The Group, as at 30th September 2005, operated out of eight locations and staff numbers throughout the year have increased by 26% to 185. It continues to invest in its infrastructure to ensure the business is properly supported, whilst also creating capacity for future growth. This investment includes:

1. Installation of a Wide Area Network to provide security and consistency of systems across all branches and Head Office.
2. Creation of a group-wide intranet facility to improve communications with all staff.
3. Strengthening core support functions to underpin the Group's growth strategy.

Business development

The highlights of the financial year include:

- Strong organic growth across all three main operating areas
- Strong operating cash-flows
- Acquisition and integration of the client bank of Managed Healthcare Ltd
- Acquisition and integration of the staff, management and client bank of A Wills & Co Ltd

- Purchase of the South West commercial insurance operations of a competitor
- Acquisition of the financial services client bank from accountants, Crowther Beard
- Recruitment and establishment of a team of commercial insurance account executives for our Cardiff operations
- Launch of a commercial finance service

These highlights are in line with our declared strategy of:

- Acting as a consolidator within our core markets
- Offering a broad range of services to corporate clients

Acquisitions

The Group continues to explore and develop a pipeline of acquisition and recruitment opportunities. Changes in the regulatory environment for insurance broking, which occurred in the early part of 2005, and included new reporting and solvency requirements have now started to take effect within the marketplace. Whilst the effect of these changes has taken longer than anticipated to materialise we have recently detected a considerable increase in the number of businesses putting themselves up for sale. In response to these opportunities, the Group has appointed a Distribution Development Director to research and identify appropriate acquisition targets.

The acquisitions this year have contributed to approximately £1m of the £3m increase in turnover and yielded a margin of approximately 20%.

Regulation

The Group has embraced the new regulatory environment put in place when regulation of the general insurance and healthcare markets was moved to be under the remit of the Financial Services Authority (FSA).

In addition, the Group welcomes the FSA's "Treating Customers Fairly" (TCF) initiative and has sought to integrate the key themes within the group-wide client strategy currently under development.

People

The performance of the Group reflects the quality and professionalism of all its employees. The staff and management of the Jelf Group, along with their commitment to, and relationships with, our clients, remain our biggest assets.

The future

The Group will continue with its strategy of strengthening its market position by both acquiring and consolidating businesses, and creating value through organic growth activities.

The challenges facing the Group from within our markets and the regulatory environment will continue to demand high levels of professionalism from all our people.

The results for 2005 and the initiatives that we have put in place give us confidence that 2006 is going to be another year of significant progress.



Christopher Jelf, Group Chairman
25th January 2006

Company Information

Registered Company Name	Jelf Group plc
Directors	C Jelf A D Alway P J Elliott J T Harding D P Walker (appointed 1 st December 2004) (Non-Executive)
Secretary	J T Harding
Company number	2975376
Registered office	Fromeforde House Church Road Yate Bristol BS37 5JB
Nominated Adviser	Daniel Stewart & Company plc Becket House 36 Old Jewry London EC2R 8DD
Broker	JM Finn & Co Salisbury House London Wall London EC2M 5TA
Auditors	Horwath Clark Whitehill LLP Chartered Accountants & Registered Auditors Carrick House Lypiatt Road Cheltenham Glos GL50 2QJ
Solicitors	Finers Stephens Innocent 179 Great Portland Street London W1W 5LS BPE St James' Square Cheltenham GL50 3PR
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham BR3 4TU
Bankers	The Royal Bank of Scotland plc PO Box 333 Silbury House 300 Silbury Boulevard Milton Keynes MK9 2ZF

“I have found the Jelf Group to be extremely customer focused and highly responsive in managing our healthcare scheme, providing an excellent professional service.”

Jackie Evans
UK Human Resources Risks Manager
British Alcan Group

Directors' report for year ending 30th September 2005

The directors present their report and financial statements for year ending 30th September 2005.

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 Group and the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Results and dividends

The profit for the year, after taxation, amounted to £663,192 (2004 - £323,503).

The directors do not propose the payment of a dividend (2004 - £nil).

Principal activities and review of business

Jelf Group plc is a holding company and did not trade throughout the year.

Of the company's subsidiaries, Jelf Financial Planning Limited's principal activity continues to be that of independent financial advisers, Jelf Insurance Brokers Limited's continues to

be that of insurance brokerage and Jelf Corporate Healthcare Limited's continues to be that of corporate healthcare intermediary services. The principal activity of Jelf Insurance Brokers (Wessex) Limited continued to be that of insurance brokerage during the year, but its trade and assets were transferred into Jelf Insurance Brokers Limited with effect from the close of business on 30th September 2005.

A further business was established in the final quarter of the year to offer commercial financial services to existing and new customers, through a subsidiary Jelf Commercial Finance Limited.

The Group has achieved a strong and profitable performance in the year within its core markets. The Group has continued to expand through acquisition and organically.

The staff and management of the Group continue to deliver to the highest level and remain our single biggest asset.

A more detailed review of the business and its activities is given in the Chairman's statement.

Directors and their interests

The directors who served during the year are shown on page 9 of these financial statements. The beneficial interests in the Company's issued share capital of those directors still in office at the year end were:

Jelf Group plc

Ordinary shares of £0.01 each

	<u>2005</u>	<u>2004</u>
C Jelf *	2,767,657	3,105,200
A D Alway	1,080,800	1,080,800
P J Elliott **	661,274	892,500
J T Harding	201,600	201,600
D P Walker	200,000	-

* 205,800 of the 714,700 ordinary shares which are registered in the name of Hazell Carr Pensions Services Limited (trustees of the Company's special self administered pension scheme) are beneficially owned by C Jelf through his interest in that company's special self administered pension scheme.

** 72,100 of the 714,700 ordinary shares which are registered in the name of Hazell Carr Pensions Services Limited (trustees of the Company's special self administered pension scheme) are beneficially owned by P J Elliott through his interest in that company's special self administered pension scheme.

Hazell Carr Pensions Services Limited (as trustees of the Company's special self administered pension scheme) is the registered holder of 714,700 ordinary shares amounting to 5.35% of the Company's issued share capital at the year end.

JT Harding and PJ Elliott have beneficial interests in EMI options to subscribe for 57,813 and 5,000 ordinary shares of the Company at an exercise price of 96 pence per share.

None of the directors held any shares in any of the other Group Companies during the year.

Other than the directors of the Group and its subsidiaries, the only beneficial interest in 3% or more of the share capital of the company is held by Chase Nominees Limited, who hold 17.1%.

Political and charitable contributions

During the year, the Group made charitable contributions totalling £2,655 (2004 - £1,301).

Payment of creditors

The group's payment policy is to comply with the terms of payment agreed with suppliers. Where no terms have been negotiated, the company makes every effort to adhere to suppliers' standard terms. The number of creditor days in the year to 30th September 2005 was 42 days (2004 - 32 days).

Share options and warrants

On 6th October 2004, the Company issued warrants to subscribe for 170,738 ordinary shares to Daniel Stewart & Company plc, warrants to subscribe for 133,701 ordinary shares to JM Finn and Co and warrants to subscribe for 267,402 ordinary shares to Midicorp Corporate Finance Limited.

Each warrant entitles the warrant holder to subscribe for one ordinary share at the price of 81 pence per share commencing on the date of Admission and ending on the fourth anniversary of Admission.

On 15th October 2004, the Company granted Enterprise Management Incentive (EMI) options to subscribe for a total of 150,000 ordinary shares to certain of the executive Directors and employees of the Group at an exercise price of 81 pence per share. These options were cancelled and replacement options, together with new options, to subscribe for a total of 205,625 ordinary shares at an exercise price of 96 pence per share were issued on 27th September 2005.

Auditors

Horwath Clark Whitehill LLP served as auditors during the year and have expressed their willingness to continue in office.

This report was approved by the board on 25th January 2006 and signed on its behalf.

Alex Alway
Group Chief Executive

John Harding
Group Finance and Operations Director

Independent auditors' report to the shareholders of Jelf Group plc

We have audited the financial statements of Jelf Group plc for year ending 30th September 2005 set out on pages 13 to 31. These financial statements have been prepared under the historical convention and the accounting policies set out therein.

This report is made solely to the company'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 shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the Annual Report and 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 is not consistent with the financial statements, if the company 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 and other members of the group is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

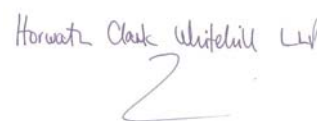
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in

the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the group's and the company's affairs as at 30th September 2005 and of the group's profit for the year then ended; and have been properly prepared in accordance with the Companies Act 1985.



Horwath Clark Whitehill LLP
Chartered Accountants
Registered Auditors
Cheltenham

25th January 2006

Consolidated profit and loss account

For year ending 30th September 2005

	Notes	2005 £'000	2004 £'000
Turnover	1,2	11,501	8,461
- Continuing			
- Acquired			
Cost of sales		(661)	(372)
Gross profit		10,840	8,089
- Continuing			
- Acquired			
Administrative expenses		(9,870)	(7,533)
Operating profit	3	970	556
Income from other investments		-	7
Interest receivable	6	86	10
Interest payable	7	(45)	(50)
Profit on ordinary activities before taxation		1,011	523
Taxation on profit on ordinary activities	8	(348)	(199)
Profit on ordinary activities after taxation		663	324
Dividends		-	-
Retained profit for the year	18	663	324
Earnings per share: Basic	20	5.0p	3.2p
Diluted	20	4.8p	3.2p

All amounts relate to continuing operations.

There are no recognised gains and losses other than those reported in the profit and loss account.

The notes on pages 17 to 31 form part of these financial statements.

Consolidated balance sheet

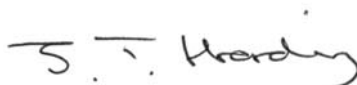
As at 30th September 2005

	Notes	£'000	2005 £'000	£'000	2004 £'000
Fixed assets					
Intangible fixed assets	10		3,340		1,736
Tangible fixed assets	11		678		414
Investments	12		35		35
			4,053		2,185
Current assets					
Debtors	13	6,159		3,178	
Cash at bank and in hand		1,946		1,401	
		8,105		4,579	
Creditors: amounts falling due within one year	14	(6,975)		(3,893)	
Net current assets			1,130		686
Total assets less current liabilities			5,183		2,871
Creditors : amounts falling due after more than one year	15		(605)		(903)
Provisions for liabilities and charges	16		(146)		(98)
Net assets			4,432		1,870
Capital and reserves					
Called up share capital	17		134		103
Share premium account	18		2,879		1,011
Capital reserve	18		13		13
Capital redemption reserve	18		1		1
Profit and loss account	18		1,405		742
Shareholders' funds - all equity	19		4,432		1,870

The financial statements were approved by the board on 25th January 2006 and signed on its behalf



Alex Alway
Group Chief Executive



John Harding
Group Finance and Operations Director

The notes on pages 17 to 31 form part of these financial statements

Company balance sheet

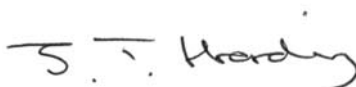
As at 30th September 2005

	Notes	£'000	2005 £'000	£'000	2004 £'000
Fixed assets					
Investments	12		1,271		1,406
Current assets					
Debtors	13	1,331		940	
Cash at bank and in hand		511		161	
		1,842		1,101	
Creditors: amounts falling due within one year	14	(33)		(1,003)	
Net current assets			1,809		98
Total assets less current liabilities			3,080		1,504
Creditors: amounts falling due after more than one year	15		-		(379)
Net assets			3,080		1,125
Capital and reserves					
Called up share capital	17		134		103
Share premium account	18		2,849		981
Capital redemption reserve	18		1		1
Profit and loss account	18		96		40
Shareholders' funds - all equity	19		3,080		1,125

The financial statements were approved by the board on 25th January 2006 and signed on its behalf



Alex Alway
Group Chief Executive



John Harding
Group Finance and Operations Director

The notes on pages 17 to 31 form part of these financial statements.

Consolidated cash flow statement

For year ending 30th September 2005

	Note	2005 £'000	2004 £'000
Net cash inflow from operating activities (below)		1,185	854
Returns on investments and servicing of finance	21	41	(33)
Taxation		(204)	(179)
Capital expenditure and financial investment	21	(378)	(129)
Acquisitions and disposals		(1,049)	(373)
Cash (outflow)/inflow before use of liquid resources and financing		(405)	140
Financing: Net cash inflow/(outflow) from financing	21	950	(4)
Increase in cash in the period		545	136

Consolidated cash flow statement information

For year ending 30th September 2005

	Note	£'000	2005 £'000	£'000	2004 £'000
Reconciliation of operating profit to net cash inflow from operating activities					
Operating profit			970		556
Amortisation of intangible assets			321		231
Depreciation of tangible fixed assets			125		89
Loss on disposal of tangible fixed assets			10		8
(Increase) in debtors			(2,925)		(629)
Increase in creditors			2,662		600
Increase/(decrease) in provisions			22		(1)
Net cash inflow from operating activities			1,185		854
Reconciliation of net cash flow to movement in net debt	22				
Increase in cash in the period			545		136
Cash outflow from decrease in debt and lease financing		949		28	
New deferred consideration		(920)		(548)	
Revision of deferred consideration		9		23	
Change in net debt resulting from cash flows			38		(497)
Movement in net debt in the period			583		(361)
Net (debt)/funds at 1st October 2004			(10)		351
Net funds/(debt) at 30th September 2005			573		(10)

The notes on pages 17 to 31 form part of these financial statements.

Notes to the financial statements

For year ending 30th September 2005

1. Accounting policies

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

1.1 Basis of accounting

The financial statements have been drawn up using the historical cost convention and include the results of the company's operations which are described in the Directors' Report, all of which are continuing.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of Jelf Group plc and all its subsidiary undertakings drawn up to 30th September 2005. Intra-group transactions are eliminated on consolidation and all figures relate to external transactions only.

1.3 Investments

Investments are stated at cost less any impairment.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Leasehold buildings	-	100%	In year of purchase
Motor vehicles	-	25%	Reducing balance
Fixtures & Fittings	-	15%	Reducing balance
Computer equipment	-	20%	Straight line

1.5 Goodwill

Goodwill arising on acquisitions is being amortised on a straight line basis over its estimated useful economic life of ten years.

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1. Accounting policies (cont'd)

1.8 Turnover - Income recognition

Income is recognised on a receivable basis. General insurance business brokerage is treated as earned on the basis of when an invoice is raised for the premium, and by reference to the period of cover provided. It is transferred to the office bank account:

- (i) when net premiums are paid to the insurers, or
- (ii) when commission is received from the insurer in those cases where clients pay premiums directly to the insurer.

A clawback provision is made for commissions repayable to insurance companies where it has been received and receivable on indemnity terms during the year.

1.9 Acquisitions

Following acquisition, businesses are fully integrated into the existing activities of the Group. As a result of this the Directors do not consider it practicable to analyse the results of acquired entities beyond the level of contribution to overhead expenditure.

In accordance with Financial Reporting Standard No.3 the turnover and contribution to overhead expenditure of acquisitions is shown separately for the year in which the acquisition occurred.

1.10 Pensions

The group operates a defined contribution pension scheme for certain of its directors and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The group also makes contributions to the personal pension plans of permanent employees. These are charged to the profit and loss account as they arise.

1.11 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 timing differences arising on revaluations of fixed assets which are not intended to be sold and 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.

2. Segmental analysis

The directors have identified four business sectors; insurance brokerage, financial planning, corporate healthcare and commercial finance. An analysis of turnover, profit before taxation and interest and net assets by business sector is set out below. Business sector data includes an allocation of corporate costs to the sector. There are no sales between business sectors.

All turnover arose within the United Kingdom.

2. Segmental analysis (cont'd)

	2005 £'000	2004 £'000
Turnover by business sector		
Insurance broking - Continuing	3,221	2,825
- Acquired	607	-
Financial planning - Continuing	4,921	3,503
- Acquired	310	-
Corporate healthcare - Continuing	2,387	1,479
- Acquired	55	654
	11,501	8,461
Profit before tax by business sector		
Insurance broking	429	340
Financial planning	456	181
Corporate healthcare	132	35
Commercial finance	(47)	-
Operating profit	970	556
Investment income	-	7
Net interest receivable/(payable)	41	(40)
Profit before taxation	1,011	523
Taxation	(348)	(199)
Earnings	663	324
Net assets by business sector		
Insurance broking	2,287	1,333
Financial planning	957	526
Corporate healthcare	725	447
Commercial finance	(47)	-
	3,922	2,306
Unallocated group net funds/(debt)	510	(436)
Group net assets	4,432	1,870

3. Operating Profit

The operating profit is stated after charging:

	2005 £'000	2004 £'000
Amortisation of intangible assets	321	231
Depreciation of tangible fixed assets		
- owned by the company	125	88
- held under finance leases and hire purchase contracts	-	1
Auditors' remuneration		
- audit fees	33	28
- taxation services	6	6
- advisory services	-	33
- AIM float services - (costs charged against share premium)	138	-
Operating lease rentals		
- hire of plant & machinery	39	58
- other	242	189

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2005 £'000	2004 £'000
Wages and salaries	5,680	4,279
Social security costs	645	472
Other pension costs	221	204
	<hr/>	<hr/>
	6,546	4,955

The average monthly number of employees, including directors, during the year was as follows:

	2005 No.	2004 No.
Sales	54	46
Administration	90	72
Group Core	22	16
	<hr/>	<hr/>
	166	134

5. Directors' remuneration

	2005 £'000	2004 £'000
Aggregate emoluments	547	644
Company pension contributions to money purchase schemes	39	87
	<hr/>	<hr/>
	586	731

During the year, retirement benefits were accruing to 4 directors (2004 - 7) in respect of money purchase pension schemes.

Included in the above are emoluments, excluding pension contributions paid to:

Highest paid director	214	189
The accrued retirement benefits to the highest paid director are	16	21

6. Interest receivable

	2005 £'000	2004 £'000
Bank interest	83	7
Other interest receivable	3	3
	<hr/>	<hr/>
	86	10

7. Interest payable

	2005 £'000	2004 £'000
On bank loans and overdrafts	42	23
On other loans	3	27
	<hr/>	<hr/>
	45	50

8. Taxation

	2005 £'000	2004 £'000
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax on profits of the year	318	196
Adjustments in respect of prior periods	4	(7)
Total current tax	322	189
Deferred tax		
Origination and reversal of timing differences	26	10
Total deferred tax (see note 16)	26	10
Tax on profit on ordinary activities	348	199

Factors affecting tax charge for year

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

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	1,011	523
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2003: 30%)	303	157
Effects of:		
Expenses not deductible for tax purposes	29	62
Capital allowances for period in excess of depreciation	(2)	(9)
Marginal relief	(12)	(14)
Adjustments to tax charge in respect of prior periods	4	(7)
Current tax charge for year (see note above)	322	189

There were no material factors that may affect future charges.

9. Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the profit and loss of the company is not presented as part of these financial statements.

The consolidated profit for the financial year of £663,192 (2004 - £323,503) includes a profit of £55,589 (2004 - profit of £5,597), which is dealt with in the financial statements of the company

10. Intangible fixed assets

Group	Negative Goodwill £'000	Goodwill £'000	Total £'000
Cost			
At 1 st October 2004	(28)	2,491	2,463
Additions	-	1,934	1,934
Permanent diminution in value	-	(9)	(9)
At 30 th September 2005	(28)	4,416	4,388
Amortisation			
At 1 st October 2004	(6)	733	727
Charge/(credit) for the year	(3)	324	321
At 30 th September 2005	(9)	1,057	1,048
Net Book Value			
At 30 th September 2005	(19)	3,359	3,340
At 30 th September 2004	(22)	1,758	1,736

The negative goodwill arose on the acquisition of the minority holding in Jelf Corporate Healthcare Limited in the year ended 30th September 2002.

11. Tangible fixed assets

Group	Land & Buildings £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 st October 2004	25	328	10	322	685
Additions	-	123	-	278	401
Disposals	(25)	(15)	(10)	(2)	(52)
At 30 th September 2005	-	436	-	598	1,034
Depreciation					
At 1 st October 2004	25	120	6	120	271
Charge for the year	-	40	-	85	125
Disposals	(25)	(8)	(6)	(1)	(40)
At 30 th September 2005	-	152	-	204	356
Net book value					
At 30 th September 2005	-	284	-	394	678
At 30 th September 2004	-	208	4	202	414

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2005 £'000	2004 £'000
Motor vehicles	-	-
Computer equipment	-	3
	-	3

Company

The company held no tangible fixed assets in 2005 or 2004.

12. Fixed asset investments

Group	2005 £'000	2004 £'000
Other investments	35	35

The aggregate market value of listed investments at 30th September 2005, shown at cost above, was £30,127 (2004 - £24,836).

Company	Shares in group undertakings £'000
Cost	
At 1 st October 2004	1,406
Disposals	(135)
At 30 th September 2005	1,271
Net book value	
At 30 th September 2005	1,271
<i>At 30th September 2004</i>	<i>1,406</i>

Details of the investments, all of which are held by Jelf Group plc, where the company holds more than 20% of the nominal value of any class of share capital are as follows, or where the company is the ultimate parent company:

Name of company	Holding	% holding	Nature of business
Jelf Financial Planning Limited	£1 Ordinary shares	100%	Independent Financial Advisers
Jelf Insurance Brokers Limited	£1 Ordinary shares	100%	Insurance Brokers
Jelf Insurance Brokers (Wessex) Limited	£1 Ordinary shares	100%	Insurance Brokers
Jelf Corporate Healthcare Limited	£1 Ordinary shares	100%	Healthcare Financial Services
Jelf Commercial Finance Limited	£1 Ordinary shares	100%	Commercial Finance
Kallender Walwyn Limited	£1 Ordinary shares	100%	Dormant
Bath Financial Planning Limited	£1 Ordinary shares	100%	Dormant
Jelf Corporate Consultancy Limited	£1 Ordinary shares	100%	Dormant
Jelf Credit Insurance Services Limited	£1 Ordinary shares	100%	Dormant
Jelf Private Clients Limited	£1 Ordinary shares	100%	Dormant
Managed Healthcare Limited	£1 Ordinary shares	100%	Dormant
A Wills & Co Limited	£1 Ordinary shares	100%	Dormant
Crowther Beard Financial Planning Limited	£1 Ordinary shares	100%	Dormant

The holding in each subsidiary undertaking represents that both for the company and the group as a whole. All of the subsidiary undertakings shown above have been included in the group consolidation. Each of the above shown subsidiary undertakings is such by virtue of the company's holding in their issued share capital.

The disposals in the year represent the investment value of a number of dormant subsidiary companies which were struck off during the year.

13. Debtors

	2005 £'000	2004 £'000
Group		
Due within one year		
Trade debtors	5,424	2,110
Other debtors	279	138
Prepayments and accrued income	456	930
	<hr/>	<hr/>
	6,159	3,178
	<hr/>	<hr/>
	2005 £'000	2004 £'000
Company		
Due within one year		
Other debtors	1,298	350
Prepayments and accrued income	33	590
	<hr/>	<hr/>
	1,331	940
	<hr/>	<hr/>

Included within other debtors due within one year are loans of £1,685 (2004 - Enil) to directors of the Group. The maximum amount outstanding during the year was £1,685 (2004 - £111).

14. Creditors: Amounts falling due within one year

	2005 £'000	2004 £'000
Group		
Bank loans and overdrafts	61	246
Trade creditors	4,963	1,931
Corporation tax	330	194
Social security and other taxes	213	150
Other creditors	846	333
Accruals and deferred income	562	1,039
	<hr/>	<hr/>
	6,975	3,893
	<hr/>	<hr/>
Company		
Bank loans and overdrafts	-	121
Amounts owed to group undertakings	23	314
Other creditors	10	568
	<hr/>	<hr/>
	33	1,003
	<hr/>	<hr/>

15. Creditors: Amounts falling due after more than one year

	2005 £'000	2004 £'000
Group		
Bank loans and overdrafts	46	493
Other creditors	559	410
	<u>605</u>	<u>903</u>

	2005 £'000	2004 £'000
Company		
Bank loans and overdrafts	-	379

	2005 £'000	2004 £'000
Group		
Included within the above are amounts falling due as follows:		
In 1 - 2 years:		
Loan instalments	16	183
In 2 - 5 years:		
Loan instalments	30	310
In more than 5 years:		
Loan instalments	-	-

Loan instalments include a loan, originally for £179,000, repayable in monthly instalments by March 2009. Interest is payable at 2% above the Base Rate. The loan is unsecured.

Further loans, originally for £200,000, £280,000 and £350,000 respectively were repaid during the year.

	2005 £'000	2004 £'000
Company		
Included within the above are amounts falling due as follows:		
In 1-2 years:		
Loan instalments	-	127
In 2-5 years:		
Loan instalments	-	252
In more than 5 years:		
Loan instalments	-	-

16. Provisions for liabilities and charges

	Deferred Tax £'000	Clawback provisions £'000	Total £'000
Group			
At 1 st October 2004	30	68	98
Additions	26	22	48
Reversal	-	-	-
At 30 th September 2005	56	90	146

Deferred Tax

The deferred tax provision is made in respect of accelerated capital allowances.

Clawback provision

Provision is made for commissions repayable to insurance companies where it has been received and receivable on indemnity terms during the year.

17. Called up share capital

	2005 £'000	2004 £'000
Authorised		
100,000,000 Ordinary shares of £0.01 each	1,000	1,000
	1,000	1,000
Allotted, called up and fully paid		
13,370,120 Ordinary shares of £0.01 each	134	103

On 21st October 2004, the Company issued 3,086,420 ordinary shares of 1p each for cash with a total premium of £2,469,136 on the issue before deduction of expenses relating to the issue.

On 6th October 2004, the Company issued warrants to subscribe for a total of 571,841 ordinary shares. Each warrant entitles the warrant holder to subscribe for one ordinary share at the price of 81 pence per share commencing on the date of Admission and ending on the fourth anniversary of Admission.

On 15th October 2004, the Company granted Enterprise Management Incentive (EMI) options to subscribe for a total of 150,000 ordinary shares to certain of the executive Directors and employees of the Group at an exercise price of 81 pence per share. These options were cancelled and replacement options, together with new options, to subscribe for a total of 205,625 ordinary shares at an exercise price of 96 pence per share were issued on 27th September 2005.

18. Reserves

	Group £'000	Company £'000
Share Premium Account		
At 1 st October 2004	1,011	981
Premium on shares issued	2,469	2,469
Costs of share issue	(601)	(601)
	<hr/>	<hr/>
At 30 th September 2005	2,879	2,849
	<hr/>	<hr/>
	Group £'000	Company £'000
Capital Reserve		
At 1 st October 2004	13	13
	<hr/>	<hr/>
At 30 th September 2005	13	13
	<hr/>	<hr/>
Capital Redemption Reserve		
At 1 st October 2004	1	1
	<hr/>	<hr/>
At 30 th September 2005	1	1
	<hr/>	<hr/>
Profit and Loss Account		
At 1 st October 2004	742	40
Profit for the year	663	56
	<hr/>	<hr/>
At 30 th September 2005	1,405	96
	<hr/>	<hr/>

19. Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Group		
Profit for the year	663	324
Shares issued in the year	31	-
Share premium on shares issued	2,469	24
Costs of share issue	(601)	-
	<hr/>	<hr/>
	2,562	348
Opening shareholders' funds	<hr/>	<hr/>
	1,870	1,522
Closing shareholders' funds	<hr/>	<hr/>
	4,432	1,870
	<hr/>	<hr/>
	2005 £'000	2004 £'000
Company		
Profit/(loss) for the year	56	(6)
Shares issued in the year	31	-
Share premium on shares issued	2,469	24
Costs of share issue	(601)	-
	<hr/>	<hr/>
	1,955	18
Opening shareholders' funds	<hr/>	<hr/>
	1,125	1,107
Closing shareholders' funds	<hr/>	<hr/>
	3,080	1,125
	<hr/>	<hr/>

20. Earnings per share

	2005	2004
Computation of EPS		
Numerator		
Earnings - £'000	663	324
Denominator		
Weighted average number of ordinary shares - Basic	13,201,001	10,264,555
Weighted average number of ordinary shares - Diluted	13,909,865	10,264,555
Basic EPS	5.0p	3.2p
Diluted EPS	4.8p	3.2p

The calculation of the weighted average number of ordinary shares takes account of the new shares issued in October 2004. Details are set out in note 17.

21. Analysis of cash flows for headings netted in the cash flow statement

	2005 £'000	2004 £'000
Returns on investments and servicing of finance		
Interest received	86	10
Interest paid	(45)	(50)
Income received from investments	-	7
Net cash inflow/(outflow) for returns on investments and servicing of finance	41	(33)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(380)	(139)
Sale of tangible fixed assets	2	10
Net cash outflow for capital expenditure	(378)	(129)
Acquisitions and disposals		
Purchase of undertakings	(1,072)	(373)
Net cash acquired	23	-
Net cash outflow for acquisitions and disposals	(1,049)	(373)
Financing		
Issue of ordinary shares (net of expenses)	1,899	24
Issue of shares	1,899	24
New loans	-	350
Repayments of loans and deferred consideration	(949)	(365)
Capital element of finance lease rentals	-	(13)
(Decrease) in debt	(949)	(28)
Net cash inflow/(outflow) from financing	950	(4)

22. Analysis of net (debt)/funds

	At 1 st October 2004 £'000	Cash Flow £'000	Other changes £'000	At 30 th September 2005 £'000
Net cash:				
Cash at bank and in hand	1,401	545	-	1,946
Debt:				
Deferred consideration	(672)	317	(911)	(1,266)
Bank loans	(739)	632	-	(107)
	(1,411)	949	(911)	(1,373)
Net (debt)/funds	(10)	1,494	(911)	573

23. Other commitments

At 30th September 2004 there were annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Group				
Expiry date:				
Within 1 year	8	8	-	-
Between 2 and 5 years	23	14	16	21
After more than 5 years	194	153	-	-

24. Related parties

During the year, group companies paid a total of £118,737 (2004 - £115,000) to Jelf Insurance Group Directors' Retirement and Death Benefit Scheme for rent of the buildings from which they operate. The Pension Scheme is deemed to be a related party because the Scheme's only members are certain directors of companies within the Group. At the year end, an amount of £nil (2004 - £nil) was owed by the Group to Jelf Insurance Group Directors' Retirement and Death Benefit Scheme.

25. Acquisitions

Jelf Group plc has made the following acquisitions:

Managed Healthcare Limited	31 st December 2004	Corporate Healthcare
A Wills & Co Limited	31 st January 2005	Financial Planning
R K Harrison (Taunton Operations)	18 th May 2005	Insurance Broking
Crowther Beard Financial Planning Limited	30 th June 2005	Financial Planning

The fair value tables in respect of these acquisitions are summarised as follows:

	2005 £'000	2004 £'000
Net assets acquired		
Fixed assets	21	20
Investments	-	10
Debtors	56	-
Cash at bank	23	-
Creditors	(42)	-
	58	30
Satisfied by		
Cash	1,072	373
Deferred consideration	920	525
Acquisition costs	-	-
	1,992	898
Goodwill	1,934	868

In all cases the directors considered the book values of assets in the acquired entities not to be materially different to the fair value of the assets acquired.

Deferred consideration is dependent upon a number of criteria including future turnover levels and is to be satisfied in cash. The directors have provided for deferred consideration at their best estimate of the liability which is reasonably expected to be payable. Due to the nature of deferred consideration final amounts paid may be reduced with a resulting adjustment to goodwill.

26. Derivatives and other financial instruments

Derivatives and financial instruments have not been used during the year in creating or changing the risks Jelf Group faces. As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures.

Interest rate profile

The interest rate profile of group financial liabilities is as follows:

Currency	No interest £'000	Fixed rate £'000	Floating rate £'000	Total £'000
30th September 2005				
Sterling borrowings	-	-	107	107
Deferred consideration	1,266	-	-	1,266
	1,266	-	107	1,373
30th September 2004				
Sterling borrowings	-	-	739	739
Deferred consideration	672	-	-	672
	672	-	739	1,411

The no interest financial liabilities comprise the deferred consideration in respect of acquisitions made by the group. The weighted average period until maturity of these liabilities is 1.5 years (2004 – 1.5 years).

The floating rate financial liabilities comprise denominated bank borrowings that bear interest at rates detailed in note 15.

Maturity of financial liabilities

The maturity profile of group financial liabilities is detailed in note 15.

Currency exposures

Jelf Group operations are handled almost entirely in sterling.

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