

29 January 2008

JELF GROUP PLC

("Jelf", the "Group" or the "Company")

Preliminary Results for the year ended 30 September 2007

JELF ANNOUNCES STRONG GROWTH ACROSS ALL AREAS OF THE BUSINESS

Jelf Group plc, an independent full-service brokerage that supports businesses and related individuals, announces robust performance across all areas of the business and another successful year of growth, both organically and through acquisitions.

FINANCIAL HIGHLIGHTS

- Turnover has increased 62% to £40.6m (2006 : £25m), driven by increased cross-selling, winning new corporate clients and a number of strategic acquisitions
- EBITDA more than doubled to £7.2m (2006 : £3.5m), with EBITDA margins up 26% to 17.7% (2006: 14%), demonstrating an ongoing lift in margins due to improving business mix and economies of scale
- Normalised Diluted Earnings Per Share up 45% to 17.0p (2006: 11.7p)
- Operating margins have now grown by more than 70% since Jelf floated on AIM in October 2004, to 16.3%

OPERATING HIGHLIGHTS

- Highly active acquisition programme: nine acquisitions for the financial year ended 30 September 2007, including the two largest deals, SPS Wellbeing, a healthcare intermediary, and John Lampier, a Bristol-based insurance broker, which are performing in line with expectations
- Organic sales up 16%, including increased revenue from cross selling
- Installed new core operating system
- Strong repeat revenue with client retention more than 90% and healthy cash generation. Net cash inflow from operating activities was £9.0m (2006: £2.5m)

The Company is also pleased to announce that on 28 January 2008, it made three acquisitions. As detailed in an announcement dated 29 January 2008, Jelf acquired the entire issued share capital of Manson Insurance Group Limited ("Manson") which provides Jelf with a presence in the North West of England. The Company also acquired Bartlett Davies Bicks Limited ("BDB") and Carter & Co. Risk Management Limited ("CRM"), which build on Jelf's presence in Devon. Jelf has also announced a conditional placing and subscription to raise approximately £47.0 million (before expenses).

Alex Alway, chief executive, commented:

"This ongoing strong performance has been the result of hard work throughout the year to drive growth across all areas of the business. We have an active acquisition programme and we are pleased with our organic growth, which is 16% this year. Market conditions continue to be competitive but Jelf remains well placed to deliver further growth in 2008."

ENQUIRIES

Jelf Group plc

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Notes to editors

Jelf was founded by Chris Jelf in 1989. Today, Jelf operates from over 20 locations primarily in the Southern England and South Wales and offers an extensive range of corporate services, insurance, healthcare, employee benefits, commercial finance and wealth management services to businesses and individuals.

Jelf advises over 20,000 corporate clients across a range of disciplines. These clients cover the spectrum from significant public companies to small owner-managed businesses. Core Jelf clients are medium-sized owner-managed businesses, typically employing up to 250 staff.

Jelf has developed a corporate support infrastructure that has enabled it to make 15 acquisitions over the last two years. These acquisitions span all core areas of its business and have been made to either supplement existing operations or as in the case of John Lampier and Son and the Manson Insurance Group Limited to operate as stand-alone entities within the Jelf Group using their own brand names. The acquisitions made since the start of this period are detailed in note 28 towards the end of this document.

Further information is available on Jelf at the Group's website:

www.Jelfgroup.com.

Chairman's Statement

I am pleased to be in a position to report another set of excellent results which continue the outstanding growth that the Jelf Group has achieved.

The Group once again had a busy year acquiring nine broking businesses; the highlights of which were the acquisitions of SPS Wellbeing Ltd and John Lampier & Sons Ltd, which helped us to create significant scale within the healthcare market and build on our dominant position within the Bristol insurance market. .

In addition, the Group has continued to make real progress by cultivating the culture of client cross referrals in order to drive organic growth. The Group's success in cross-selling its services can be firmly attributed to this culture, combined with development of unique client propositions, which rely upon the capabilities of the Group as a whole.

The Group's healthcare and employee benefits businesses have enjoyed another year of strong organic growth, culminating in our healthcare team receiving industry recognition when it was voted Private Medical Insurance Intermediary of the Year and International Medical Intermediary of the Year at the Health Insurance Magazine Annual Awards.

The opportunities that exist in the market, fuelled by emerging gaps in competitor capability, genuinely excite us. Our focus on developing Jelf staff to meet the demands of our clients will enable us to continue to deliver exceptional service across a broad range of their requirements.

We remain committed to constantly reviewing our performance and, more importantly, listening to what our clients and staff indicate is important to them. The relationships we enjoy with our clients, along with our ability to offer a broad range of products and services, remain key strengths.

The employees and management team continue to strive to add shareholder value and were delighted to receive an award for best corporate communications at the AIM Awards recently. I would like to take this opportunity on behalf of the Board to once again thank our colleagues for their efforts and continued support in driving the Jelf Group forward. The Jelf team has performed strongly and continues to be our greatest asset.

In conclusion, I would also like to thank our clients for their continued support and loyalty.

Christopher Jelf, Group Chairman, January 2008

Operating and financial review

Overview

It's been another busy year for the Jelf Group and we have again demonstrated both the strength of our strategy and our organic growth credentials. Each business area has delivered a good performance and the commitment and flexibility of our people have contributed to another very good year.

The period to 30 September, 2007 was again one of considerable change, growth and positive development. The results for the period show substantial increases in both turnover and earnings before interest, tax, depreciation and amortisation (EBITDA).

Financial Results

In the year ended 30 September, 2007 the Group increased its turnover by 61% to £40.56m (2006 - £25.10m) and achieved EBITDA of £7.19m (2006 - £3.52m). This EBITDA growth represents an increase of 104%.

Underlying organic revenue growth (before the addition of acquired revenue) during 2007 increased 16% from the previous year. During our first year of detailed recording of organic growth from cross referrals, in excess of £1m additional income was generated and recorded.

Operating margins before goodwill were 16.3% (2006 - 12.9%); representing an increase of 26.4% and demonstrating further progress towards our stated objective of raising margins, while continuing to invest in the Group's infrastructure. Operating margins have now grown by more than 70% since floating on AIM in October 2004.

The Group had net cash inflow from operating activities of £9.0m (2006 - £2.5m). This strong cash flow is used to settle deferred consideration payments from acquisitions as these payments become due.

Consolidated shareholders' funds as at 30 September, 2007 amounted to £20.03m (2006 - £16.33m) representing an increase of 23%. The basic earnings per share amounted to 4.3p (2006 - 6.0p), reduced due to increased amortisation of the goodwill arising in relation to the Group's acquisition strategy. Diluted earnings per share before goodwill has increased by 45% from 11.7p to 17.0p.

Dividend policy

In line with the Company'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 Group's distributable profit and retained funds required to finance future growth and meet regulatory capital adequacy requirements. As a result, the Directors are not recommending the payment of a dividend.

Review of operations

We have taken the opportunity following the year end to rationalise the number of separate FSA-regulated operating companies to six from 10, all of which are based in the UK. Our business continues to be conducted through five operating areas each reporting to a Managing Director, who has direct responsibility for the profit and loss account and considerable autonomy in the day-to-day management of their business.

Insurance

- represents 50% of the Group's annualised turnover
- manages c £150m GWP
- One of the top 10 independent players in the marketplace

This business provides commercial insurance broking services to corporate clients and offers independent advice on all aspects of commercial insurance, including risk assessments, design of insurance programmes, auditing of existing insurance arrangements and claims management.

The acquisition of John Lampier & Sons Ltd has added a specialist team focused on the sourcing and placement of professional indemnity insurance to the Group's insurance offering.

Turnover for the Group's insurance business has increased by 66% to £17.45m (2006 - £10.51m) while EBITDA has increased by 123% to £3.50m (2006 - £1.57m). This growth has largely been achieved through eight acquisitions, including John Lampier & Sons Ltd, in addition to strong organic growth of 16% from new business combined with increased economies of scale.

Core clients for this business are owner-managed enterprises based in southern England and Wales.

The softening of insurance premiums has shown signs of stabilising in the SME market in 2007, while the mid to large market has continued to weaken as competition amongst insurers focused on the UK market has intensified. The vast majority of Jelf insurance business clients fall into the SME category. The Group's significant economies of scale have continued to provide margin offset to any shortfall in top line revenues.

Healthcare

- represents 14% of the Group's annualised turnover
- manages in excess of £125m GWP
- one of the top three independent players within its marketplace.

The healthcare business provides advice to businesses across the UK in respect of health related employee benefits such as private medical insurance; in addition to providing specialist fee-based advice on wider healthcare related issues, such as absence management and occupational health.

The Group continues to strengthen its position as a leading player in the corporate healthcare insurance market by introducing new services, capturing market share at the expense of national competitors, enjoying economies of scale and consolidating other intermediary businesses. We have also experienced ongoing re-ratings of Private Medical Insurance policies in 2007.

The relationships established with clients as a result of the Group's healthcare business continue to be a major source of cross-sales growth for other parts of the Group.

Turnover for the Group's healthcare business has increased by 130% to £6.73m (2006 - £2.92m) while EBITDA has increased by 258% to £1,530,000 (2006 - £427,000). This growth has largely been achieved by the acquisition of SPS Wellbeing Ltd in January 2007, supplemented by the winning of new corporate client mandates to give organic turnover growth of 7%. This division manages in excess of £125m GWP and is now one of the top three independent players within its marketplace.

Using the knowledge that we have gained from implementing a single core administration platform in our insurance business, our healthcare business will be placed on one core administration system during 2008.

Employee Benefits

- represents 15% of the Group's annualised turnover

The Group's employee benefits business provides a wide range of services and advice to large corporate entities in respect of benefits design (including risk and pension benefits), communication and implementation. This proposition has been further strengthened by ongoing development of the Group's market leading on-line flexible benefits system for employers.

Turnover for employee benefits has increased by 64% to £6.02m (2006 - £3.68m) while EBITDA has increased to £558,000 (2006 - £347,000). This growth has largely been achieved through introducing these services to existing clients of the corporate healthcare business and winning a significant number of new client mandates. Organic turnover growth for Employee Benefits is 57% for the financial year ended 30 September, 2007.

Since the start of the financial year we have been investing in systems and people as this market continues to enjoy favourable conditions. During 2008 we will continue with this investment as we see substantial opportunities for further growth within the business. These investments will not have a significant affect the profitability of the business.

Commercial Finance

- represents 1% of the Group's annualised turnover.

This business has enjoyed strong organic turnover growth of 134% during its second year of trading and has made a small positive EBITDA contribution this year. It provides solutions to Group clients who require specialist advice on all aspects of commercial finance, including property, asset, vehicle and invoice finance.

Turnover for commercial finance has increased to £475,000 (2006 - £109,000). This growth has largely been achieved through introducing this new service to existing clients of the Group.

Wealth Management

- represents 20% of the Group's annualised turnover

This business provides independent wealth management services, including investment planning, portfolio management, retirement planning and mortgage advice to individuals, especially entrepreneurs. It has enjoyed a year of excellent sales success as the combination of legislative changes to pensions and a favourable investment climate have generated considerable opportunities in this market.

This success was aided by the introduction of the Group's own branded Self Invested Personal Pension (SIPP). Developments such as this should enable us to counteract the anticipated down-turn in the mortgage market as a result of the "credit crunch".

In addition the wealth management team has installed a number of new investment processes for private clients that have enabled us to capture in excess of £125m of client funds on third party wrap platforms.

The Group has a clear objective to move a substantial part of its existing portfolio of funds under advice, which exceeds £1billion, to new style platforms over the next few years in order to be able to continue to meet client needs and drive additional value for the Group.

Turnover for wealth management has increased by 25% to £9.87m (2006 - £7.88m) whilst EBITDA has increased by 28% to £1.60m (2006 - £1.25m).

Acquisitions

The Group has completed nine acquisitions of commercial insurance and healthcare brokerages during this financial year; the highlights of which were the purchase of SPS Wellbeing (January, 2007) and John Lampier & Sons Ltd (July, 2007). These businesses are performing in line with our expectations.

Our market profile, as a strong independent intermediary, provides us with a healthy pipeline of acquisition targets against which we apply a strict business case set of principles. We expect to complete further acquisitions during 2008.

Integration

Our strategy of careful integration of businesses and the people within them has borne fruit with staff retention and morale remaining strong in all areas of the Group.

Throughout 2007 we have implemented the Acturis administration platform across the majority of our insurance locations and are in the process of rolling out the same system to recent insurance acquisitions and our healthcare business. This system was selected for its ability to provide enhanced management information whilst producing significant productivity gains once a complete renewal cycle has been undertaken.

Furthermore the Group has taken the opportunity following our year end to simplify its organisational structure, combining major acquisitions made over the last two years into a single corporate entity in each of our core markets: insurance, healthcare, employee benefits and wealth management.

This exercise has resulted in all major acquisitions (with the exception of John Lampier & Sons Ltd) operating under the Jelf Group brand.

Organisational development

The Group, as at 30 September 2007, operated out of 21 locations (2006 - 17) and staff numbers throughout the year have increased by 50% to 681 (2006 - 453). The Group has continued to invest heavily in its infrastructure to ensure that we build further support for our primary asset; the people within the business, while also creating capacity for future growth.

This investment includes:

- Implementation of the Acturis administration system across the majority of our insurance offices
- Initiation of a project to install a new Acturis administration system into our healthcare division
- Further strengthening of core support functions, including finance, IT, HR, marketing and the corporate acquisition team
- Rollout of bespoke training programmes for management and staff
- Launch of a number of cross - over products and services which enable multiple client sales
- Launch of Jelf Professions Ltd, the Group's specialist Professional Indemnity offering
- Significant investment in the physical working environment in several key locations

People

The Board and I wish to express our thanks to all the employees of the Jelf Group for their dedication and hard work during this financial period. The Group's employees have faced considerable change during the last 12 months and have risen to the challenge, performing superbly. Our particular thanks go to those employees who have joined the Group through acquisition and showed remarkable flexibility when dealing with the issues of integration.

Business strategy

For the last seven years the Group's aim has been to build a leading independent intermediary business providing a broad range of services to the corporate business sector and related private individuals market, primarily focused in the South of England and Wales.

Our strategy is built on the following principles:

- Maintenance of a strong client focus
- Strong and prudent management of the Group's financial resources
- Professional and caring management of our people
- Embedding cross referral of clients within our culture

The Group has pursued its strategy by combining organic growth with, where commercially and culturally appropriate, acquisition opportunities. We will continue to use both equity and debt in order to pursue our acquisition strategy.

Alex Alway, Group Chief Executive

Consolidated profit and loss account

For the year ended 30 September 2007

	Note	2007 £'000	2007 £'000	2006 Restated £'000	2006 Restated £'000
Turnover	1,2		40,556		25,095
- Continuing		33,941		15,995	
- Acquired		6,615		9,100	
Cost of sales			(3,416)		(3,167)
Gross profit			37,140		21,928
- Continuing		30,525		14,041	
- Acquired		6,615		7,887	
Administrative expenses			(29,947)		(18,407)
Earnings before interest, taxation, depreciation and amortisation	2		7,193		3,521

Depreciation of tangible fixed assets		(586)	(275)	
Amortisation of intangible fixed assets		(3,340)	(1,194)	
Operating profit	3, 19	3,267	2,052	
Interest receivable	6	86	123	
Interest payable	7	(838)	(102)	
Profit on ordinary activities before taxation		2,515	2,073	
Tax on profit on ordinary activities	8	(1,459)	(921)	
Profit on ordinary activities after taxation		1,056	1,152	
Earnings per share:	Basic	9	4.3p	6.0p
	Diluted	9	4.1p	5.7p
Normalised earnings per share*:	Basic	9	17.8p	12.2p
	Diluted	9	17.0p	11.7p

* before deduction of amortisation of intangible fixed assets

The notes on pages 51 to 68 form part of these financial statements.

Consolidated balance sheet

As at 30 September 2007

	Note	2007 £'000	2007 £'000	2006 Restated £'000	2006 Restated £'000
Fixed assets					
Intangible assets	10	49,274		19,204	
Tangible fixed assets	11	2,596		2,201	
Investments	12	131		43	
			52,001		21,448
Current assets					
Debtors	13	20,544		12,839	
Cash at bank and in hand		9,270		5,226	

				29,814	<i>18,065</i>
Creditors:	amounts	falling			
due within one year		14		(32,407)	<i>(17,697)</i>
Net current (liabilities)/assets				(2,593)	<i>368</i>
Total assets less current liabilities				49,408	<i>21,816</i>
Creditors:	amounts	falling	due		
after more than one year			15	(29,082)	<i>(5,377)</i>
Provisions for liabilities			16	(297)	<i>(112)</i>
Net assets				20,029	<i>16,327</i>

Capital and reserves

Called up share capital	17	257	<i>244</i>
Share premium account	18	16,247	<i>13,807</i>
Capital reserve	18	13	<i>13</i>
Capital redemption reserve	18	1	<i>1</i>
Share based payment reserve	18	757	<i>106</i>
Own shares held	18	(851)	<i>(360)</i>
Profit and loss account	18	3,605	<i>2,516</i>

Shareholders' funds - all equity **20,029** *16,327*

The financial statements were approved and authorised for issue by the Board and were signed on 28 January 2008.

Alex Alway
Group Chief Executive

John Harding
Group Finance and Operations Director

The notes on pages 51 to 68 form part of these financial statements.

Company balance sheet

As at 30 September 2007

	Note	2007 £'000	2007 £'000	2006 Restated £'000	2006 Restated £'000
Fixed assets					
Intangible assets	10	3,157		<i>1,085</i>	
Investments	12	45,572		<i>13,680</i>	
			48,729		<i>14,765</i>

Current assets

Debtors	13	3,752	5,390
Cash at bank and in hand		461	752
		4,213	6,142
Creditors: amounts falling due within one year	14	(8,667)	(2,130)
Net current (liabilities)/assets		(4,454)	4,012
Total assets less current liabilities		44,275	18,777
Creditors: amounts falling due after more than one year	15	(29,082)	(5,123)
Provisions for liabilities	16	(17)	-
Net assets		15,176	13,654

Capital and reserves

Called up share capital	17	257	244
Share premium account	18	16,217	13,777
Capital redemption reserve	18	1	1
Share based payment reserve	18	757	106
Own shares held	18	(851)	(360)
Profit and loss account	18	(1,205)	(114)
Shareholders' funds - all equity		15,176	13,654

The financial statements were approved and authorised for issue by the Board and were signed on 28 January 2008.

Alex Alway
Group Chief Executive

John Harding
Group Finance and Operations Director

The notes on pages 51 to 68 form part of these financial statements.

Consolidated cash flow statement

For the year ended 30 September 2007

Note	2007 £'000	2007 £'000	2006 Restated £'000	2006 Restated £'000
Net cash inflow from operating activities (see note below)		8,965		2,535

Returns on investments and servicing of

finance			
Interest received		86	123
Interest paid		(730)	(102)
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Net cash (outflow)/inflow from returns on investment and servicing of finance		(644)	21
Taxation		(322)	(921)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,158)	(889)
Purchase of own shares		(491)	(360)
Purchase of investments		(5)	(9)
Sale of tangible fixed assets		656	150
<hr/>			
Net cash outflow for capital expenditure and financial investment		(998)	(1,108)
Acquisitions and disposals			
Purchase of undertakings (including costs)		(23,493)	(9,687)
Net cash/(debt) acquired		3,540	(1,131)
Sale of undertakings (including costs)		35	-
<hr/>			
Net cash outflow from acquisitions and disposals		(19,918)	(10,818)
<hr/>			
Cash outflow before use of liquid resources and financing		(12,917)	(10,291)
Financing			
Issue of ordinary shares (net of expenses)	17	2,453	11,038
Capital element of finance lease rental payments		(43)	(10)
Draw down loan funding		23,368	3,200
Draw down finance lease funding		45	49
Repayment of loans and deferred consideration		(8,862)	(706)
<hr/>			
Net cash inflow from financing		16,961	13,571
<hr/>			
Increase in cash in the year	22,23	4,044	3,280
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		2007	2006
		£'000	Restated
			£'000
<hr/>			
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		3,267	2,052
Amortisation of intangible fixed assets		3,340	1,194
Depreciation of tangible fixed assets		527	275
Loss/(profit) on disposal of tangible fixed assets and investments		59	(148)
Cost of share options granted		110	38
Cost of EBT shares awarded to staff		155	27
(Increase)/decrease in debtors		(2,984)	246
Increase/(decrease) in creditors		4,325	(1,084)
Increase/(decrease) in provisions		166	(65)
<hr/>			
Net cash inflow from operating activities		8,965	2,535

The notes on pages 51 to 68 form part of these financial statements.
Reconciliations of movements in shareholders' funds

For the year ended 30 September 2007

	2007 £'000	2006 <i>Restated</i> £'000
Group		
Profit for the financial year	1,056	1,152
Cost of share options granted	110	38
Cost of EBT shares awarded to staff	155	27
Retained profit for the financial year	1,321	1,217
Issue of new shares	13	110
Premium on issue of new shares	2,440	11,430
Cost of share issue	-	(502)
Cost of share options granted on acquisitions	233	-
Cost of EBT shares awarded on acquisitions	186	-
Net movement of shares in EBT	(491)	(360)
Net addition to shareholders' funds	3,702	11,895
Opening shareholders' funds	16,327	4,432
Closing shareholders' funds	20,029	16,327

Company

Loss for the financial year	(1,124)	(169)
Cost of share options granted	110	38
Cost of EBT shares awarded to staff	155	27
Retained loss for the financial year	(859)	(104)
Issue of new shares	13	110
Premium on issue of new shares	2,440	11,430
Cost of share issue	-	(502)
Cost of share options granted on acquisitions	233	-
Cost of EBT shares awarded on acquisitions	186	-
Net movement of shares in EBT	(491)	(360)
Net addition to shareholders' funds	1,522	10,574
Opening shareholders' funds	13,654	3,080
Closing shareholders' funds	15,176	13,654

Consolidated statement of total recognised gains and losses

For the year ended 30 September 2007

	2007 £'000	2006 <i>Restated</i> £'000
Profit for the financial year	1,056	1,152
Cost of share options granted	110	38

Total recognised gains and losses**1,321****1,217**

The effect of the prior year adjustment is shown in note 19.
 The notes on pages 51 to 68 form part of these financial statements.
 Notes to the financial statements

For the year ended 30 September 2007

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements. Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account. The loss dealt with in the accounts of the Parent Company was £859,000 (2006 - £104,000)

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The group has adopted Financial Reporting Standard 20 'Share Based Payment' (FRS20) during the year.

1.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings drawn up to 30 September 2007. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

1.3 Turnover - income recognition

Income is recognised on a receivable basis. Turnover represents commissions and fees due by reference to the commencement date of the insurance policy or other product taken out by clients. Insurance transactions are such that a debtor, representing the premiums owing from an individual customer, and a corresponding creditor, representing the amount due to the insurer, are recognised at the commencement date of a policy. The difference, being the commission income, is recognised as turnover at that date.

1.4 Intangible fixed assets - goodwill

Goodwill, representing the excess of the fair value of the consideration given and the associated costs over the fair value of the separable net assets acquired, is capitalised. It is amortised in equal instalments over its estimated useful life. The estimated useful life is the period over which the Directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets. Goodwill is amortised over 10 years.

In the Company's financial statements, investment in subsidiary undertakings is stated at cost, less any impairment in value. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of section 131 Companies Act 1985 apply, cost represents the nominal value of the shares issued together with the fair value of any additional consideration given and transaction costs.

1.5 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:

Freehold buildings	2%	Straight line
Motor vehicles	25%	Reducing balance
Fixtures and fittings	15%	Reducing balance
Computer equipment	20%	Straight line

1.6 Investments

Investments are stated at cost less any impairment.

1.7 Leasing and finance leasing

Assets obtained under hire purchase contracts and finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

1.8 Pensions

The Group operates a defined contribution pension scheme for certain of its Directors and the pension charge represents the amounts payable by the Group 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.

1.9 Taxation

The charge for tax is based on the profit for the year and takes into account tax deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

1.10 Financial instruments

The Group's financial instruments comprise cash and borrowings and various items such as trade debtors and creditors that arise directly from its operations. The Group's policy towards financial instruments is to manage interest rate and liquidity risk without exposing the Group to undue risk or speculation.

1.11 Share based payments / own shares held

Shares awarded through the Employee Benefit Trust ('EBT') are accounted for in accordance with UITF Abstract 17 'Employee Share Schemes'. A period of continued employment is required before the employees become unconditionally entitled to the shares awarded. The cost of the awards is spread over this period. The amount recognised is based on the fair value of shares at the date the award is made.

Own shares held by the EBT are accounted for in accordance with UITF Abstract 38 'Accounting for ESOP Trusts':

- Until such time as the Company's own shares held by the EBT vest unconditionally in employees, the consideration paid for the shares is deducted from the Group and Company profit and loss account in arriving at shareholders' funds
- Consideration paid or received for the purchase or sale of the Company's own shares are shown as separate amounts in the reconciliations of movements in shareholders' funds
- Any dividend income arising on own shares is excluded in arriving at profit before tax and deducted from dividends paid and proposed.
- Other assets and liabilities of the EBT are recognised as the assets and liabilities of the Group and Company.

Finance costs and any administration expenses of the EBT are charged as they accrue.

The group has applied the requirements of FRS20 'Share Based Payment'. In accordance with the transitional provisions, FRS20 has been applied to all the grants of equity instruments after 7 November 2002, that were unvested at 1 January 2006. The fair value of share options is recognised as an expense on a straight line basis over the vesting period. Where the options are granted as part of the consideration for an acquisition, the fair value is capitalised. For share option agreements where the number of options is dependent on performance, an estimate is made of the number of options that will be granted at the end of the performance period. This estimate is reviewed each accounting period. The fair value of share options granted by the Company is measured using the Black-Scholes model. The expected life in the model has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations

1.12 Acquisitions

Following acquisition, businesses are 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 3 the turnover and contribution to overhead expenditure of acquisitions is shown separately for the year in which the acquisition occurred.

2. Segmental analysis

The Directors have identified five business sectors; insurance, healthcare, employee benefits, commercial finance and wealth management. An analysis of turnover, earnings before interest, taxation, depreciation and amortisation (EBITDA) 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.

	2007 £'000	2006 <i>Restated</i> £'000
Turnover		
Insurance	14,351	4,931
- Continuing		
- Acquired	3,103	5,578
Healthcare	3,222	2,527
- Continuing		
- Acquired	3,512	398
Employee benefits	6,020	2,767
- Continuing		
- Acquired	-	908
Commercial finance	475	80
- Continuing		
- Acquired	-	29
Wealth management	9,873	5,690
- Continuing		
- Acquired	-	2,187
Turnover	40,556	25,095
EBITDA		
Insurance	3,499	1,565
Healthcare	1,530	427
Employee benefits	558	347
Commercial finance	2	(66)
Wealth management	1,604	1,248
EBITDA	7,193	3,521
Depreciation of tangible fixed assets	(586)	(275)
Amortisation of intangible fixed assets	(3,340)	(1,194)
Net interest (payable)/receivable	(752)	21
Profit before taxation	2,515	2,073
Profit/(loss) before taxation		
Insurance	941	722
Healthcare	574	229
Employee benefits	257	288
Commercial finance	(30)	(74)
Wealth management	773	908
Profit before taxation	2,515	2,073
Net assets/(liabilities)		
Insurance	5,026	8,016
Healthcare	8,532	2,435
Employee benefits	4,272	3,697
Commercial finance	(177)	(123)
Wealth management	1,852	1,513
	19,505	15,538
Unallocated Group net funds	524	789

Net assets	20,029	<i>16,327</i>
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3. Operating profit

The operating profit is stated after charging:	2007	<i>2006</i>
	£'000	<i>£'000</i>
Amortisation of intangible fixed assets	3,340	<i>1,194</i>
Depreciation of tangible fixed assets		
- owned fixed assets	515	<i>270</i>
- assets under finance lease	12	<i>5</i>
- loss/(profit) on sale of fixed assets	59	<i>(148)</i>
Operating lease rental		
- vehicles and equipment	216	<i>152</i>
- office space	889	<i>451</i>
Auditors' remuneration		
- fees payable to the Company's auditors for the audit of the Company's annual accounts	23	<i>21</i>
- fees payable to the Company's auditors for other services to the Group	126	<i>49</i>
Total audit fees	149	<i>70</i>
- tax services	33	<i>12</i>
- other services supplied pursuant to such legislation	13	<i>26</i>
Total non-audit fees	46	<i>38</i>

Fees payable to Horwath Clark Whitehall LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

4. Staff costs

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

	2007	<i>2006</i>
	£'000	<i>£'000</i>
Wages and salaries	18,622	<i>11,777</i>
Social security costs	2,215	<i>1,304</i>
Other pension costs	746	<i>459</i>
	21,583	<i>13,540</i>

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

	2007	<i>2006</i>
	No.	<i>No.</i>
Sales	184	<i>99</i>
Administration	330	<i>186</i>
Group core	84	<i>38</i>
	598	<i>323</i>

5. Directors' remuneration

Details of Directors' emoluments, share and share option awards and pension entitlements are given in the Remuneration Report on pages 40 to 42.

6. Interest receivable

	2007	<i>2006</i>
	£'000	<i>£'000</i>
Bank interest receivable	86	123

7. Interest payable

	2007	<i>2006</i>
	£'000	<i>£'000</i>
Bank loans and overdrafts	781	90
Finance lease agreements	8	2
Other	49	10
	838	<i>102</i>

8. Tax on profit on ordinary activities

	2007	<i>2006</i>
	£'000	<i>£'000</i>

Analysis of tax charge in the year**Current tax (see note below)**

UK corporation tax on profits in the year	1,806	975
Adjustments in respect of prior periods	3	(84)

Total current tax	1,809	<i>891</i>
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Deferred tax

Origination and reversal of timing differences	(350)	30
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Total deferred tax (see note 16)	(350)	<i>30</i>
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Tax on profit on ordinary activities	1,459	<i>921</i>
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Factors affecting tax charge for the 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:

	2007	<i>2006</i>
	£'000	<i>Restated</i>
		<i>£'000</i>
Profit on ordinary activities before taxation	2,515	2,073

Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	755	622
--	-----	-----

Effects of:

Expenses not deductible for tax purposes	992	342
Capital allowances for period in excess of depreciation	57	(56)

Marginal relief	2	67
Adjustments to tax charge in respect of prior periods	3	(84)
Current tax charge for the year (see note above)	1809	891

There were no material factors that may affect future charges.

9. Earnings per share

	2007 £'000	2006 Restated £'000
Computation of EPS		
Numerator		
Earnings - profit on ordinary activities after taxation	1,056	1,152
Amortisation of intangible fixed assets	3,340	1,194
Normalised earnings	4,396	2,346
Denominator		
Weighted average number of ordinary shares – Basic	24,739,188	19,270,208
Weighted average number of ordinary shares – Diluted	25,930,715	20,045,458
Earnings per share:		
Basic	4.3p	6.0p
Diluted	4.1p	5.7p
Normalised earnings per share:		
Basic	17.8p	12.2p
Diluted	17.0p	11.7p

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

10. Intangible fixed assets

Goodwill	Group £'000	Company £'000
Cost		
At 1 October 2006	21,446	1,123
Additions	33,700	2,461
Disposals	(76)	(76)
Adjustments	(214)	(7)
At 30 September 2007	54,856	3,501
Amortisation		
At 1 October 2006	2,242	38
Charge for the year	3,340	306
At 30 September 2007	5,582	344

Net Book Value

At 30 September 2007

49,274**3,157**

At 30 September 2006

19,204

1,085

Adjustments to goodwill represent revisions in the estimates of deferred consideration payable in line with post-acquisition results of businesses acquired.

11. Tangible fixed assets

	Land & buildings £'000	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Group					
Cost					
At 1 October 2006	500	1,334	1,647	83	3,564
From acquisitions	-	364	516	210	1,090
Additions	-	252	895	45	1,192
Disposals	(500)	(173)	(325)	(251)	(1,249)
At 30 September 2007	-	1,777	2,733	87	4,597
Depreciation					
At 1 October 2006	13	589	721	40	1,363
From acquisitions	-	231	335	82	648
Charge for the year	-	136	379	12	527
Disposals	(13)	(149)	(281)	(94)	(537)
At 30 September 2007	-	807	1,154	40	2,001
Net book value					
At 30 September 2007	-	970	1,579	47	2,596
At 30 September 2006	487	745	926	43	2,201

Included within motor vehicles are leased assets with a net book value of £42,000 (2006 - £43,000). The depreciation charge for the year on these assets was £12,000 (2006 - £5,000).

12. Fixed asset investments

	Other investments £'000
Group	
Cost and net book value	
At 1 October 2006	43
Additions	5
From acquisitions	86
Disposals	(3)
At 30 September 2007	131

The aggregate market value of listed investments at 30 September 2007 was £139,000 (2006 - £50,000).

	Other investments £'000	Shares in group undertakings £'000	Total £'000
Company			
Cost			
At 1 October 2006	3	13,677	13,680
Additions	5	32,171	32,176
Adjustments	-	(281)	(281)
Disposals	(3)	-	(3)
<hr/>			
At 30 September 2007	5	45,567	45,572

Details of the Company's subsidiary undertakings are given in note 20. Adjustments to shares in group undertakings represent revisions in the estimates of deferred consideration payable in line with post-acquisition results of businesses acquired.

13. Debtors

	2007 £'000	2006 £'000
Group		
Due within one year		
Trade debtors	5,258	2,276
Insurance broking debtors	11,627	9,090
Other debtors	1,382	137
Deferred tax asset (note 16)	443	-
Prepayments and accrued income	1,834	1,336
<hr/>		
	20,544	12,839
<hr/>		
Company		
Due within one year		
Amounts owed by group undertakings	2,159	5,335
Other debtors	995	25
Prepayments and accrued income	598	30
<hr/>		
	3,752	5,390

14. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Group		
Obligations under finance leases	12	14
Trade creditors	1,614	836
Insurance broking creditors	13,758	10,835
Corporation tax	3,275	608
Social security and other taxes	697	529

Deferred consideration	4,893	2,770
Other creditors	1,385	389
Accruals and deferred income	6,773	1,716
	32,407	17,697

Company

Obligations under finance leases	12	-
Trade creditors	553	-
Amounts owed to group undertakings	2,184	212
Corporation tax	-	5
Social security and other taxes	411	-
Deferred consideration	4,664	1,903
Other creditors	441	-
Accruals and deferred income	402	10
	8,667	2,130

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

	2007	2006
	£'000	£'000
Group		
Bank loan	20,268	3,200
Obligations under finance leases	29	25
Deferred consideration	8,785	2,152
	29,082	5,377

Company

Bank loans	20,268	3,200
Obligations under finance leases	29	-
Deferred consideration	8,785	1,923
	29,082	5,123

Group

Included within the above are amounts falling due as follows:

In 1 - 2 years:

Bank loans	498	450
Obligations under finance leases	29	25

In 2 - 5 years:

Bank loans	19,770	2,750
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The bank loan is at a floating interest rate of between 1.5% and 2.0% above LIBOR and is repayable between February 2009 and 2012. The loan is secured by an unlimited inter-company composite guarantee over the trading companies within the Group.

16. Provisions for liabilities

	Deferred tax £'000	Clawback provisions £'000	Total £'000
Group			
At 1 October 2006	87	25	112
From acquisitions	(13)	20	7
(Credit)/charge for the year	(350)	85	(265)
Deferred tax asset (note 13)	443	-	443
At 30 September 2007	167	130	297
Company			
At 1 October 2006	-	-	-
Charge for the year	17	-	17
At 30 September 2007	17	-	17

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

Group and Company	2007 £'000	2006 £'000
Authorised		
100,000,000 Ordinary shares of 1p each	1,000	1,000
	No. of shares	£'000
Allotted, called up and fully paid		
At 1 October 2006	24,381,240	244
Issued during the year	1,363,172	13
At 30 September 2007	25,744,412	257

On 11 October 2006, 133,701 new ordinary shares of 1p were issued at 81p to fulfil the exercise of share warrants by JM Finn. On 25 July 2007, 267,402 new ordinary shares of 1p were issued at 81p to fulfil the exercise of share warrants by Midicorp. On 28 September 2007, 170,738 new ordinary shares of 1p were issued at 81p to fulfil the exercise of share warrants by Daniel Stewart.

On 2 November 2006, 3 July 2007, 10 August 2007 and 18 September 2007, 5,000, 5,000, 5,781 and 5,000, respectively, new ordinary shares of 1p were issued at 96p to fulfil share options exercised by staff members under the EMI scheme.

On 24 January 2007, 76,133 new ordinary shares of 1p were issued at 245p as part of the price for the acquisition of SPS Wellbeing Limited. On 31 July 2007, 694,417 new ordinary shares of 1p were issued at 257p as part of the price for the acquisition of John Lampier & Son Limited and its subsidiaries.

18. Reserves

	Group Restated £'000	Company Restated £'000
Share premium account		
At 1 October 2006	13,807	13,777
Premium on shares issued	2,440	2,440
<hr/>		
At 30 September 2007	16,247	16,217
<hr/>		
Capital reserve		
At 1 October 2006 and 30 September 2007	13	-
<hr/>		
Capital redemption reserve		
At 1 October 2006 and 30 September 2007	1	1
<hr/>		
Share based payment reserve		
At 1 October 2006	106	106
Share options granted	110	110
Share options granted on acquisitions	233	233
EBT shares awarded to staff	155	155
EBT shares awarded on acquisitions	186	186
Share options exercised	(33)	(33)
<hr/>		
At 30 September 2007	757	757
<hr/>		
Own shares held		
At 1 October 2006	(360)	(360)
Purchase of own shares by EBT	(491)	(491)
<hr/>		
At 30 September 2007	(851)	(851)
<hr/>		
Profit and loss account		
At 1 October 2006	2,516	(114)
Cost of share options exercised	33	33
Profit /(loss) for the year	1,056	(1,124)
<hr/>		
At 30 September 2007	3,605	(1,205)

Included within the retained profit of the Company and the Group is £6,000 loss (2006 - £2,000 profit) held by the EBT.

19. Prior year adjustment

The Company has adopted Financial Reporting Standard 20 "Share Based Payment" ('FRS20') for the year ended 30 September 2007. Comparative figures for the year ended 30 September 2006 have been restated following the application of FRS20.

2006
£'000

Operating profit as previously stated	2,090
Cost of share options granted	(38)
Operating profit as restated	2,052

The corresponding adjustment to reserves at 1 October 2005 created an opening entry in the Share Based Payment Reserve of £41,000, with an equal reduction in the Profit and Loss Account reserve to £1,364,000.

20. Subsidiary undertakings

The following is a list of all of the subsidiary companies within the Group at 30 September 2007. All subsidiaries are 100% owned, except where noted, and are registered and operate in England and Wales.

Name of company	Holding	Nature of business
Access Underwriting Agencies Limited*	5p Ords	Insurance Brokers**
Goss & Co (Insurance Brokers) Limited*	£1 Ords	Insurance Brokers**
Goss Risk Management Limited*	£1 Ords	Insurance Brokers**
Jelf Insurance Brokers Limited	£1 Ords	Insurance Brokers**
Jelf Professions Limited (formerly Lampier Professions Limited) *	£1 Ords	Insurance Brokers
John Lampier & Son Limited	£1 Ords	Insurance Brokers**
Martin & Galpin (Insurance Services) Limited*	£1 Ords	Insurance Brokers
Jelf Corporate Healthcare Limited	£1 Ords	Healthcare**
SPS Wellbeing Limited	1p Ords	Healthcare**
Goss & Co (Financial Services) Limited*	£1 Ords	Wealth Management**
Jelf Financial Planning Limited	£1 Ords	Employee Benefits and Wealth Management**
Auto Business Solutions Limited	£1 Ords	Vehicle and Asset Finance**
Jelf Commercial Finance Limited	£1 Ords	Commercial Finance
Goss Group Limited***	£1 Ords	Holding Company
Martin & Galpin (Holdings) Limited*	£1 Ords	Non trading holding company
A Wills & Co Limited*	£1 Ords	Dormant
Bath Financial Planning Limited*	£1 Ords	Dormant
Crowther Beard Financial Planning Limited*	£1 Ords	Dormant
Farndale Hammond (Healthwise) Limited*	£1 Ords	Dormant
Jelf Corporate Consultancy Limited	£1 Ords	Dormant
Jelf Insurance Brokers (Wessex) Limited	£1 Ords	Dormant
Jelf Mortgage Solutions Limited	£1 Ords	Dormant
Jelf Private Clients Limited	£1 Ords	Dormant
Kallender Walwyn Limited	£1 Ords	Dormant
Managed Healthcare Limited*	£1 Ords	Dormant
Brian D Thomas Insurance Services Limited	£1 Ords	Non trading
C&I Insurance Services Limited*	£1 Ords	Non trading
Cheltenham Insurance Brokers Limited	£1 Ords	Non trading
Cheltenham Insurance Brokers Life & Pensions Limited	£1 Ords	Non trading
Haines Wallace Insurance Brokers Limited	£1 Ords	Non trading
Pendleton May Financial Services Limited*	£1 Ords & £1 deferred	Non trading
Pendleton May Insurance Brokers Limited*	£1 Ords	Non trading
Sunninghill Insurance Brokers Limited	£1 Ords	Non trading
Wellbeing Healthcare Limited*	10p Ords	Non trading

* Denotes where the shareholding is held by a wholly owned subsidiary of the Company

** Regulated by the Financial Services Authority

*** At the year end, Michael King held all the £1 'B' Ordinary shares of Goss Group Limited. These shares carry no voting rights and are in the process of being transferred to the Company as part of the acquisition of Goss Group Limited.

Subsequent to 30 September 2007, the Group rationalised its structure as described in note 29.

21. Other commitments

At 30 September 2007, there were annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Group				
Expiry date:				
Within 1 year	43	132	59	16
Between 2 and 5 years	345	290	247	120
After more than 5 years	881	177	-	-
	1,269	599	306	136

22. Reconciliation of net cash flow to movement in net debt

	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Increase in cash in the year		4,044		3,280
Cash inflow from increase in debt and lease financing	(14,508)		(2,533)	
New deferred consideration	(11,532)		(4,346)	
Revision of deferred consideration	214		91	
Change in net debt resulting from cash flows		(25,826)		(6,788)
Movement in net debt in the year		(21,782)		(3,508)
Net (debt)/funds at 1 October		(2,935)		573
Net debt at 30 September		(24,717)		(2,935)

23. Analysis of net funds/(debt)

	At 1 October 2006 £'000	Cash Flow £'000	Other changes £'000	At 30 September 2007 £'000
Net cash:				
Cash at bank and in hand	5,226	4,044	-	9,270
Debt:				
Deferred consideration	(4,922)	2,562	(11,318)	(13,678)

Obligations under finance leases	(39)	(2)	-	(41)
Bank loans	(3,200)	(17,068)	-	(20,268)
	(8,161)	(14,508)	(11,318)	(33,987)
Net debt	(2,935)	(10,464)	(11,318)	(24,717)

24. Related parties

During the year, Group companies paid a total of £127,000 (2006 - £125,000) for rent of the buildings at Yate from which they operate. In 2006, the buildings were owned by Jelf Insurance Group Directors' Retirement and Death Benefit Scheme, which is deemed to be a related party because the Scheme's only members are certain directors of companies within the Group. In October 2007, the buildings were transferred to Fromeforde Partners LLP, the partners of which are directors of companies within the Group.

During the year, Group companies paid a total of £20,000 (2006 - £10,000) rent in respect of the premises at Newton Abbott from which they operate. At the start of the year, the landlord was the Michael King SSAS of which the sole beneficiary is Michael King, a Director of the Company. From March 2007, this ownership transferred to Fromeforde Partners LLP.

At the year end, an amount of £10,000 (2006 - £nil) was owed to Fromeforde Partners LLP, £nil (2006 - £nil) was owed to Jelf Insurance Group Directors' Retirement and Death Benefit Scheme and £nil (2006 - £nil) was owed to the Michael King SSAS.

In accordance with the requirements of Financial Reporting Standard 8, paragraph 3(c), the Group is exempt from disclosing transactions between entities within the Group.

25. Employee Benefit Trust

The Company and Group results include those of the Jelf Group plc Employee Benefit Trust ('EBT'), which holds shares in respect of the Group's share schemes. The EBT was set up in February 2006 to acquire 'excess' shares as they become available on the open market. The shares so purchased are to be used to meet awards of shares and share options for the Group's employees. The share purchases are funded by means of a third party bank loan to the EBT, for which the Company acts as guarantor.

Finance and administrative costs are borne by the EBT. All costs are accounted for as they accrue. At 30 September 2007, the EBT held 462,678 (2006 - 232,000) 1p ordinary shares. At that date, share awards issued under the Group's share scheme amounted to 430,554 (2006 - 112,803).

The EBT has been granted an option by Michael King to buy 500,000 ordinary shares of 1p at 183p per share. This option is exercisable by the EBT between 22 March 2008 and 21 March 2009. On 9 August 2007, 100,000 of these options were exercised by the EBT by mutual agreement between the EBT and Michael King.

The nominal value of own shares held by the Group and Company at 30 September 2007 was £4,627 (2006 - £2,320). Own shares are held in the EBT and are listed investments. Their market value at 30 September 2007 was £1,124,000 (2006 - £425,000).

26. Share options

The Group has a number of share option plans that are available to Board members and employees, as described in the Remuneration Report on pages 40 to 42.

Employees

Employee share options outstanding at 30 September 2007 were as follows:

	Price	Awarded	Exercisable	At 1 Oct 2006 No.	Awards in year No.	Exercised in year No.	At 30 Sept 2007 No.
EMI Options	96p	1 Sep 05	Oct 2006 - Sep 2014	160,625	-	(20,781)	139,844
EMI Options	96p	1 Sep 05	Oct 2007 - Sep 2015	26,000	-	-	26,000
Long-service awards	170p	1 Oct 06	Nov 2008 - Oct 2016	-	15,000	-	15,000
Performance awards	230p	12 Jan 07	Feb 2010 - Jan 2011	-	12,000	-	12,000
SPS acquisition	12p	6 Feb 07	Mar 2009 - Feb 2016	-	101,047	-	101,047
Executives' LTIP	242p	7 Mar 07	Oct 2009 - Sep 2010	-	370,000	-	370,000
Long-service awards	265p	31 May 07	Jun 2009 - May 2017	-	15,000	-	15,000

On 1 October 2007, a further 490,000 share options were awarded under the Executives' LTIP scheme. These options entitle the holder to subscribe at a price of 243p per ordinary share between January 2011 and January 2012. The numbers of options to be granted in both the March 2007 and October 2007 awards under the Executives' LTIP scheme are subject to the achievement of prescribed performance criteria.

Options are settled by the issue of ordinary shares of 1p each upon receipt of the relevant exercise funds from the option holder. Options lapse if the holder is no longer employed by the Company. No options lapsed during the year (2006 - nil), and a total of 16,841 have lapsed since the year end.

Third parties

Upon admission to the Alternative Investment Market on 21 October 2004, the Company issued warrants to Daniel Stewart & Company plc, JM Finn & Co and Midicorp Corporate Finance Ltd. All these warrants were exercised in the year.

The Company also has a share option plan to recognise the performance of a number of self-employed advisors.

Share options outstanding at 30 September 2007 were as follows:

Awarded	Price	Exercisable	At 1 Oct 2006 No.	Awards in year No.	Exercised /Lapsed in year No.	At 30 Sep 2007 No.
6 Oct 04 Warrants	81p	Oct 2004 - Oct 2008	571,841	-	(571,841)	-
3 Oct 05 Performance Awards	96p	Oct 2007 - Oct 2009	50,000	-	-	50,000
12 Jan 07 Performance Awards	230p	Jan 2010 - Jan 2011	-	478,000	(21,000)	457,000

On 6 November 2007, 435,000 of share options at 252p were issued as performance awards. These options are exercisable from November 2010 until November 2011.

Options are settled by the issue of ordinary shares of 1p each upon receipt of the relevant exercise funds from the option holder. Options lapse if the holder is no longer engaged by the Company. A total of 21,000 (2006 - nil) options lapsed during the year for this reason.

Weighted averages

Weighted average exercise prices of the share options are:

	2007 Pence	2006 Pence
Outstanding at 1 October	85.4	84.7
Granted during the year	211.1	96.0
Forfeited during the year	230.0	-

Exercised during the year	81.5	-
Outstanding at 30 September	189.8	85.4
Exercisable at 30 September	96.0	84.3

The weighted average market price at the date of exercise of the options exercised during the year was 239.0p (2006 - n/a).

Valuation

Key assumptions used in the valuation of share options are determined as follows:

Share price	Market value at the award date.
Exercise price	As stated in the option agreement. There are currently no options with a variable exercise price.
Expected volatility	Based on the historical volatility of the Company's share price, which the Directors believe is the most objective basis for estimating future volatility.
Expected option life	Assuming a holder exercises their option half-way through the exercise period.
Expected dividends	Nil.
Lapse probability	Based on annualised historic lapses.
Performance criteria	Options granted on 7 March 2007 have performance criteria which must be met for the options to vest. A 60% probability of meeting the criteria has been applied.
Risk-free interest rate	Based on UK Gilts with similar issue dates and terms as the option.

Grant date	Expected volatility	Expected option life years	Risk-free rate	Lapse probability	Aggregate fair value £
01 September 2005	20%	5.0	4.75%	7%	40,524
01 September 2005	20%	6.0	4.75%	14%	6,815
03 October 2005	20%	3.0	4.25%	14%	8,105
01 October 2006	20%	6.0	4.00%	14%	6,517
12 January 2007	20%	3.5	4.25%	21%	298,026
06 February 2007	20%	5.5	4.00%	14%	200,226
07 March 2007	20%	3.25	4.50%	18%	95,136
31 May 2007	20%	6.0	4.00%	14%	10,159

27. Derivatives and other financial instruments

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

Interest rate profile

The interest rate profile of the Group's financial liabilities is as follows:

Currency	No interest £'000	Floating rate £'000	Total £'000
30 September 2007			
Sterling borrowings	-	20,268	20,268
Deferred consideration	13,678	-	13,678
	13,678	20,268	33,946

30 September 2006

Sterling borrowings	-	3,200	3,200
Deferred consideration	4,922	-	4,922
	4,922	3,200	8,122

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 0.9 years (2006 - 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 the Group's financial liabilities is detailed in note 15.

Currency exposures

Group operations are handled almost entirely in sterling.

28. Acquisitions

During the year, the Group has made the following acquisitions:

Book of business from Hern Waters & Co	2 October 2006	Insurance Brokers
Book of business from North Cotswold Insurance	31 October 2006	Insurance Brokers
Haines Wallace (Insurance Brokers) Ltd	30 November 2006	Insurance Brokers
Book of business from John Wason (Insurance Brokers) Ltd	29 December 2006	Insurance Brokers
SPS Wellbeing Ltd	24 January 2007	Healthcare
Book of business from Lloyd & Whyte Ltd	28 February 2007	Insurance Brokers
Sunninghill Insurance Brokers Ltd	30 April 2007	Insurance Brokers
Cheltenham Insurance Brokers Ltd	30 May 2007	Insurance Brokers
Cheltenham Insurance Brokers Life & Pensions Ltd	30 May 2007	Wealth Management
John Lampier & Son Ltd	31 July 2007	Insurance Brokers
Martin & Galpin Ltd	31 July 2007	Insurance Brokers
Lampier Professions Ltd (now Jelf Professions Ltd)	31 July 2007	Insurance Brokers

The net assets acquired, fair value adjustments, consideration and goodwill for these acquisitions are summarised below:

	Book value acquired £'000	Fair value adjustments £'000	Fair value acquired £'000
Fixed assets	697	(151)	546
Debtors	3,872	-	3,872
Bank/other loans	2,043	-	2,043
Designated insurance broking account	1,497	-	1,497
Creditors	(7,426)	822	(6,604)
Provisions	(20)	-	(20)
Net assets acquired	663	671	1,334
Consideration (cash)			20,453
Consideration (shares, share options and share awards)			2,388
Consideration (deferred)			11,532
Net assets/(liabilities) payment due			(409)
Costs			1,070
Goodwill			33,700

Included in the above summary is the acquisition of SPS Wellbeing Limited which is summarised in note 28(i) and the acquisition of John Lampier & Son Limited, Martin & Galpin Ltd and Lampier Professions Ltd (the 'Lampier Group') which is summarised in note 28(ii).

In most 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. Where differences were identified, fair value adjustments have been made.

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.

28(i) SPS Wellbeing Limited

	Book value acquired £'000	Fair value adjustments £'000	Fair value acquired £'000
Fixed assets	358	(151)	207
Debtors	1,239	-	1,239
Bank/other loans	796	-	796
Designated insurance broking account	1,131	-	1,131
Creditors	(2,462)	822	(1,640)
Net assets acquired	1,062	671	1,733
Consideration (cash)			6,702
Consideration (shares, share options and share awards)			497
Consideration (deferred)			2,840
Costs			371
Goodwill			8,677

Prior to acquisition, the financial period of SPS Wellbeing Limited commenced on 1 April 2006. The results for the period 1 April 2006 to 24 January 2007 were turnover of £3,675,000, operating profit of £481,000, profit before taxation of £599,000 and tax charge of £575,000. The results for the year ended 31 March 2006 were turnover of £3,864,000, operating loss of £12,000, profit before taxation of £104,000, tax charge of £57,000 and profit after taxation of £47,000.

28(ii) Lampier Group

	Provisional book value acquired £'000	Provisional fair value adjustments £'000	Provisional fair value acquired £'000
Fixed assets	305	-	305
Debtors	2,157	-	2,157
Bank/other loans	(129)	-	(129)
Designated insurance broking account	1,030	-	1,030
Creditors	(4,170)	-	(4,170)
Net liabilities acquired	(807)	-	(807)
Consideration (cash)			10,973
Consideration (shares, share options and share awards)			1,783
Consideration (deferred)			6,869
Net assets/(liabilities) payment due			(807)
Costs			519

Prior to acquisition, the financial period of the Lampier Group commenced on 1 April 2007. The results for the period 1 April 2007 to 31 July 2007 were turnover of £2,004,000, operating profit of £127,000, profit before taxation of £2,000 and tax charge of £9,000. The results for the year ended 31 March 2007 were turnover of £6,989,000, operating profit of £1,827,000, profit before taxation of £1,936,000, tax charge of £578,000 and profit after taxation of £1,358,000.

29. Post balance sheet events

On 1 October 2007, the Company undertook a rationalisation of the group structure, the purpose of which was to bring the Goss and SPS Wellbeing businesses under the Jelf Group brand. Jelf Insurance Brokers Ltd. and Goss & Co (Insurance Brokers) Ltd. were combined to form Jelf Insurance Brokers Ltd. Jelf Financial Planning Ltd. and Goss & Co (Financial Services) Ltd. were combined to form Jelf Financial Planning Ltd. Jelf Corporate Healthcare Ltd. and SPS Wellbeing Ltd. were combined to form Jelf Wellbeing Ltd. The business of Auto Business Solutions Ltd. was transferred to Jelf Commercial Finance Ltd. and Jelf Insurance Brokers Ltd.

The details of the transactions are as follows:

- The shares of Goss & Co (Insurance Brokers) Ltd and Goss & Co (Financial Services) Ltd were sold from Goss Group Ltd to the Company.
- The regulated trade of Auto Business Solutions Ltd was hived into Goss & Co (Insurance Brokers) Ltd. The non-regulated trade and assets of Auto Business Solutions Ltd were hived into Jelf Commercial Finance Ltd.
- The trade and assets of Jelf Insurance Brokers Ltd were hived into Goss & Co (Insurance Brokers) Ltd and the two companies underwent a simultaneous name-change. The remaining trading entity became Jelf Insurance Brokers Ltd.
- The trade and assets of Goss & Co (Financial Services) Ltd were hived into Jelf Financial Planning Ltd.
- The trade and assets of Jelf Corporate Healthcare Ltd were hived into SPS Wellbeing Ltd and SPS Wellbeing Ltd was renamed as Jelf Wellbeing Ltd.

All distributable reserves in the subsidiary entities whose trade had been hived into other Group companies were paid to the Company in the form of dividends.

The following companies have applied to remove their FSA registration and are no longer regulated by the FSA:

Goss & Co (Insurance Brokers) Limited

Goss & Co (Financial Services) Limited

Auto Business Solutions Limited

Jelf Corporate Healthcare Limited

Access Underwriting Agency Ltd (formal notification of de-regulation is outstanding)