

Registration number: SC028024

Charles Connell & Company Limited

Annual Report and Financial Statements for the Year Ended

31 December 2015

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COMPANIES HOUSE



Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

Charles Connell & Company Limited

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Charles Connell & Company Limited

Company Information

Directors Mr Charles C. Connell
Mr Ian Stubbs

Company secretary Mr Alan Hartley

Registered office Woodend
Craigallian
Milngavie
G62 8EN

Auditors Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

Charles Connell & Company Limited

Directors Report for the Year Ended 31 December 2015

The Directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the company is holding investments.

Directors of the Company

The directors who held office during the year were as follows:

Mr Charles C. Connell - Director

Mr Charles Raymond Connell - Director (Deceased 15 November 2015)

Mr Ian Stubbs - Director

Mr Ian Brown - Director (Resigned 30 June 2015)

Charles Connell & Company Limited

Directors Report for the Year Ended 31 December 2015

Fair review of the business

2015 was a difficult year for most equity investments, as sentiment was impacted by a combination of tightening US monetary policy, instability in the Eurozone, and a slowdown in Chinese economic growth. The year started strongly, with the MSCI World rising 7.6% in Sterling terms in Q1 2015, but there was a sharp correction in the summer, as well as a bursting of the bubble in the Chinese A share market. Over the year, markets rose in Japan and Europe on the back of an anticipated recovery driven by QE and low oil prices.

In contrast, there were only modest gains in UK and US equities, despite both experiencing stronger economic growth than other developed countries. The UK market was boosted by the unexpected Conservative majority in the May election, but still struggled to make headway due to the high index weighting of Oil and Mining stocks. However, international investors in the US benefited from a further strengthening of the dollar. Emerging Markets were a place to avoid, as growth slowed and local currencies came under pressure.

For Fixed Income investments, 2015 was an even tougher year, with capital losses recorded across the spectrum. The US high yield market was hit particularly hard, falling 6.6% on a total return basis in H2 2015 as contagion from the Energy sector (c.15% of the market) led to rising spreads across high yield securities in general. The US Senior Loan market also suffered widening spreads despite a lower Energy weighting of c.5%, and delivered a negative return of -0.7% in US\$ over the year. The European high yield markets were impacted less due to a far lower exposure to Energy companies (c.4%), but posted only modest gains.

The two biggest trends during H2 2014 were the strengthening of the US dollar and the collapse in the oil price, and these continued into 2015. The strength of the US dollar perhaps came as little surprise given the prospect of higher interest rates at a time when Japan and the Eurozone have continued to loosen monetary policy. Oil's rally in H1 2015 proved short-lived, with Brent Crude down 36% over the year to \$35.7/bbl at 31 December, below the level reached in 2008. A combination of continued Saudi production and weaker global demand growth means that the consensus expects oil prices to remain weak over the coming year. This has impacted oil producers, particularly the US shale industry, as well as the supply chain, which has been hit by a capex cuts. Similarly, the Mining sector has suffered from overcapacity as a result of weaker Chinese demand. In early 2016, the price fell further before rallying again.

Charles Connell & Company Limited

Directors Report for the Year Ended 31 December 2015

Investors became more risk averse in the second half of 2015. Uncertainty over the impact of rising US rates was compounded by geo-political tensions, culminating in the Paris attacks and the shooting down of a Russian jet over Turkey. The Vix, a measure of volatility in the US equity market, increased from a low of 12.1% in July 2015 to 25.0% in the first few days of 2016, albeit that this remains well below historic highs.

Despite the weakness of Emerging markets in general, the Chinese A share market surged in late 2014 after the government announced monetary stimulus to boost economic growth. This rally continued in the first half of 2015, with the Shanghai SE Index rising 60% in US dollar terms to mid-June on the back of buying from local investors. Over the remainder of the year, however, the index gave back most of these gains despite government intervention, and has suffered a further 13% decline in the first few days of 2016 following disappointing manufacturing data.

The US dollar remained strong against other currencies in 2015, reflecting the expectation of rising interest rates, with the first quarter point move coming in December. The Swiss Franc rose sharply in mid-year after abandoning its currency peg to the Euro, while the Yen was also strong, in contrast to the previous year. The Euro remained weak on the back of further monetary easing, but the weakest currencies were oil-related economies or emerging markets with large current account deficits, notably Brazil.

The Company's key financial and other performance indicators during the year were as follows:

As with many other businesses, the Directors use a number of key performance indicators to assess the performance of the Company. Those regularly reviewed are:

- Investment Return
- Broker Performance against the Market

Principal risks and uncertainties

The Directors believe that the principal risk and uncertainty facing the business is market risk. The Company is exposed to market risk whereby its investments can be affected by adverse changes in interest rates or market performance. The Directors are confident however that the balanced investment strategies which they have adopted mitigate this risk to a satisfactory level. Where appropriate the company uses specialists to manage exposure to currency fluctuations.

Fixed Assets

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Charles Connell & Company Limited

Directors Report for the Year Ended 31 December 2015

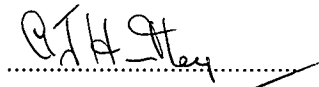
Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Alexander Sloan as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Small companies provision statement

This report has been prepared in accordance with Part 15 of the small companies regime under the Companies Act 2006.

Approved by the Board on 1 September 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A Hartley', is written over a horizontal dotted line.

Mr Alan Hartley
Company secretary

Charles Connell & Company Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charles Connell & Company Limited

Independent Auditor's Report

We have audited the financial statements of Charles Connell & Company Limited for the year ended 31 December 2015, set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Charles Connell & Company Limited

Independent Auditor's Report

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report and the requirements to prepare a Strategic Report.



Steven Cunningham B.A. (Hons) C.A. (Senior Statutory Auditor)

For and on behalf of Alexander Sloan, Statutory Auditor

38 Cadogan Street
Glasgow
G2 7HF

1 September 2016

Charles Connell & Company Limited

Statement of Total Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 £	2014 £
Administrative expenses		(705,821)	(774,254)
Operating loss		(705,821)	(774,254)
Other interest receivable and similar income	4	1,096,819	1,146,416
Interest payable and similar charges	5	(2)	(56)
Profit before tax		390,996	372,106
Taxation	8	(1,103)	(10,200)
Profit for the financial year		389,893	361,906
Other comprehensive income		-	-
Total comprehensive income		389,893	361,906

The above results were derived from continuing operations.

The notes on pages 12 to 27 form an integral part of these financial statements.

Charles Connell & Company Limited

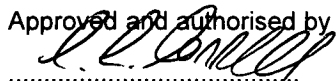
(Registration number: SC028024)

Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	9	265,732	270,612
Other financial assets	11	20,163,730	22,037,856
		<u>20,429,462</u>	<u>22,308,468</u>
Current assets			
Stocks	10	-	1,391
Debtors	12	21,861	30,713
Other financial assets	11	-	11,595
Cash at bank and in hand		1,127,815	138,845
Short-term deposits		1,344,394	794,075
		<u>2,494,070</u>	<u>976,619</u>
Creditors: Amounts falling due within one year	16	(9,857,435)	(10,607,883)
Net current liabilities		<u>(7,363,365)</u>	<u>(9,631,264)</u>
Total assets less current liabilities		13,066,097	12,677,204
Provisions for liabilities		(2,000)	(3,000)
Net assets		<u>13,064,097</u>	<u>12,674,204</u>
Capital and reserves			
Called up share capital	14	450,000	450,000
Other reserves		476,095	476,095
Retained earnings		12,138,002	11,748,109
Total equity		<u>13,064,097</u>	<u>12,674,204</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised by the Board on 1 September 2016 and signed on its behalf by:



Mr Charles C. Connell

Director

The notes on pages 12 to 27 form an integral part of these financial statements.

Charles Connell & Company Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
At 1 January 2015	450,000	400	475,695	11,748,109	12,674,204
Profit for the year	-	-	-	389,893	389,893
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	389,893	389,893
At 31 December 2015	450,000	400	475,695	12,138,002	13,064,097
		Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
At 1 January 2014	450,000	400	475,695	11,386,203	12,312,298
Profit for the year	-	-	-	361,906	361,906
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	361,906	361,906
At 31 December 2014	450,000	400	475,695	11,748,109	12,674,204

The notes on pages 12 to 27 form an integral part of these financial statements.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in British Pounds Sterling which is the functional currency. Figures are shown to the nearest whole pound.

Summary of disclosure exemptions

The company has taken advantage of the exemption in FRS102 from the requirement to produce a cashflow statement because it is a small company.

Name of parent of group

These financial statements are consolidated in the financial statements of Charles Connell and Company (Holdings) Limited.

The financial statements of Charles Connell and Company (Holdings) Limited may be obtained from
Woodend
Craigallan
Milngavie
G62 8EN.

Key sources of estimation uncertainty

Off-shore investments are valued based on their Net Asset Value. This is believed to be a reasonable estimate of the market value of the investments. The carrying amount is £6,258,730 (2014 -£Nil).

Finance income and costs policy

Changes in fair value of investments held at fair value through profit and loss and gains and losses on disposals are recognised in the Statement of Total Comprehensive Income. Interest and dividends from shares and bonds are recognised as Investment Income when the company becomes entitled to the return.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to received more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Depreciation

Depreciation is charged so as to write off the cost of assets, other than the long leasehold properties over their estimated useful lives. The company's long leasehold property has not been depreciated as the Directors consider that after taking into account its residual value and long useful life any depreciation would be immaterial. The Directors have carried out an impairment review on the long leasehold property and they are satisfied that no adjustment is required to the carrying value. The depreciation rates used for other tangible assets are as follows:

Asset class	Depreciation method and rate
Heritable buildings	50 years
Leasehold properties	5 years
Fixtures, fittings and equipment	3 to 15 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in off-shore trusts are based on the Net Asset Value (NAV) of the fund. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Defined contribution pension plan

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Derivative financial instruments

Derivatives

The company uses derivative financial instruments such as foreign currency contracts to manage its risk associated with currency fluctuation risk. Such derivative financial instruments are always stated at their fair value. Any gains or losses arising from changes in fair value are taken directly to the profit and loss account.

Current versus non-current classification

The company classifies shares and bonds held for long term investment purposes as non-current.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

2 Operating profit

Arrived at after charging/(crediting)

	2015 £	2014 £
Depreciation expense	3,397	8,666
Operating lease rental	10,000	10,000
Profit on disposal of property, plant and equipment	-	(2,100)

3 Auditors' remuneration

	2015 £	2014 £
Audit of the financial statements	13,482	11,400
Other fees to auditors		
Taxation compliance services	17,760	19,374
Auditor's remuneration - payroll services	2,046	1,140
Auditors' remuneration - accountancy	3,915	1,740
	23,721	22,254

4 Other interest receivable and similar income

	2015 £	2014 £
Interest income on bank deposits	2,927	4,917
Interest and dividends from investments	639,748	612,079
Foreign currency (gains)/losses	17,687	6,442
Fair value adjustment	(850,738)	(10,336)
Gain/(Loss) on sale of investments	1,287,195	533,314
	1,096,819	1,146,416

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

5 Interest payable and similar charges

	2015 £	2014 £
Interest on bank overdrafts and borrowings	<u>2</u>	<u>56</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015 £	2014 £
Wages and salaries	353,587	436,411
Social security costs	43,056	53,981
Pension costs, defined contribution scheme	3,584	4,355
	<u>400,227</u>	<u>494,747</u>

The average number of persons employed by the company (excluding directors) during the year, analysed by category was as follows:

	2015 No.	2014 No.
Administration and support	<u>3</u>	<u>3</u>

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

7 Directors' remuneration

The company considers key management to be the Directors of the company. The directors' remuneration for the year was as follows:

	2015 £	2014 £
Remuneration	264,304	350,828

In respect of the highest paid director:

	2015 £	2014 £
Remuneration	196,875	340,692

8 Income tax

Tax charged/(credited) in the income statement

	2015 £	2014 £
Current taxation		
UK corporation tax	-	3,096
UK corporation tax adjustment to prior periods	-	(13,896)
	-	(10,800)
Foreign tax	2,103	-
Total current income tax	2,103	(10,800)
Deferred taxation		
Arising from origination and reversal of timing differences	(500)	21,000
Arising from changes in tax rates and laws	(500)	-
Total deferred taxation	(1,000)	21,000
Tax expense in the income statement	1,103	10,200

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2014 - the same as the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

	2015 £	2014 £
Profit before tax	390,996	372,106
Corporation tax at standard rate	79,177	80,003
Effect of revenues exempt from taxation	(87,302)	(79,513)
Effect of expense not deductible in determining taxable profit (tax loss)	2,324	10,909
Effect of foreign tax rates	-	808
Deferred tax expense (credit) relating to changes in tax rates or laws	(500)	-
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	-	(13,896)
Tax increase (decrease) from effect of capital allowances and depreciation	2,406	671
Tax increase (decrease) from fair value adjustments	(434,669)	(1,433)
Tax increase (decrease) from utilisation of tax losses	66,109	103,036
Tax increase (decrease) arising from group relief	-	2,288
Overseas tax	2,103	-
Tax increase (decrease) from capital gains	373,929	(86,267)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(2,474)	(6,406)
Total tax charge	1,103	10,200

Deferred tax

Deferred tax assets and liabilities

2015	Liability £
Accelerated capital allowances	-
Surplus on revaluation	89,000
Transitional relief	7,000
Tax losses carried forward	(94,000)
	2,000

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

2014	Liability £
Accelerated capital allowances	(1,000)
Surplus on revaluation	643,000
Transitional relief	11,000
Tax losses carried forward	(650,000)
	<u>3,000</u>

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2015	391,364	80,136	471,500
Additions	-	4,331	4,331
At 31 December 2015	<u>391,364</u>	<u>84,467</u>	<u>475,831</u>
Depreciation			
At 1 January 2015	140,254	60,634	200,888
Charge for the year	5,814	3,397	9,211
At 31 December 2015	<u>146,068</u>	<u>64,031</u>	<u>210,099</u>
Carrying amount			
At 31 December 2015	<u>245,296</u>	<u>20,436</u>	<u>265,732</u>
At 31 December 2014	<u>251,110</u>	<u>19,502</u>	<u>270,612</u>

Included within the net book value of land and buildings above is £114,744 (2014 - £118,871) in respect of heritable land and buildings, £127,178 (2014 - £127,178) in respect of long leasehold land and buildings and £3,374 (2014 - £5,061) in respect of short leasehold land and buildings.

10 Stocks

	2015 £	2014 £
Raw materials and consumables	<u>-</u>	<u>1,391</u>

The cost of stocks recognised as an expense in the year amounted to £Nil (2014 - £Nil).

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

11 Other financial assets (current and non-current)

	2015 £	2014 £
Non-current financial assets		
Financial assets at fair value through profit and loss	20,163,730	22,037,856

	2015 £	2014 £
Current financial assets		
Derivatives used for hedging	-	11,595

12 Debtors

	2015 £	2014 £
Other receivables	298	2,262
Prepayments and accrued income	21,563	28,451
Total current trade and other receivables	21,861	30,713

13 Cash and cash equivalents

	2015 £	2014 £
Cash at bank	1,127,815	138,845
Short-term deposits	1,344,394	794,075
	2,472,209	932,920

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary Shares of £1 each	450,000	450,000	450,000	450,000

15 Other long-term employment and termination benefits

Pension cost

The company makes pension scheme payments to the personal pension plan of a member of its staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company.

The amount of the obligation is £3,584 (2014 - £4,355). The extent of funding at the reporting date is £Nil (2014 - £Nil).

16 Creditors

	Note	2015 £	2014 £
Due within one year			
Owed by/(from) group undertakings	17	9,750,757	10,367,261
Directors' account	17	12,023	7,436
Social security and other taxes		43,873	52,288
Accrued expenses		50,782	180,898
		<u>9,857,435</u>	<u>10,607,883</u>

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Related party transactions

Transactions with directors

	At 1 January 2015	Advances by directors	Repayments by director	Other payments made to company by director	At 31 December 2015
	£	£	£	£	£
2015					
Mr Charles Raymond Connell					
Directors Loan	7,436	13,686	(9,099)	-	12,023

	At 1 January 2014	Advances by directors	Repayments by director	Other payments made to company by director	At 31 December 2014
	£	£	£	£	£
2014					
Mr Charles Raymond Connell					
Directors Loan	1,823	16,531	(10,918)	-	7,436

Other transactions with related parties

During the year £30,125 (2014 - £nil) was paid to the Company Secretary for accountancy services. At the year end, £2,474 was still due (2014 - £1,400).

Summary of transactions with other related parties

Charles Connell & Company Limited and Connell Ventures Limited are both owned and controlled by Charles Connell & Company (Holdings) Limited.

During the year Connell Ventures transferred its bank balance and its tangible assets to Charles Connell & Company Limited at their book value. Connell Ventures Limited is now a dormant company.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Loans from related parties

	Other related parties
	£
2015	
At start of period	10,367,261
Advanced	968,429
Repaid	(1,584,933)
At end of period	<u>9,750,757</u>
	Other related parties
	£
2014	
At start of period	12,301,411
Advanced	13,151
Repaid	(1,947,301)
At end of period	<u>10,367,261</u>

Terms of loans from related parties

The company has interest free balances from its fellow group companies. No interest is charged on interest free debt which is repayable on demand.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

18 Financial instruments

Categorisation of financial instruments

	2015	2014
	£	£
Financial assets measured at fair value through profit or loss	<u>20,163,730</u>	<u>22,049,451</u>

Financial assets measured at fair value

Listed investments

Fair value is determined based on the market value at the reporting date from stock exchanges. The fair value is £13,904,999 (2014 - £22,037,855)

Off Shore Investments

The company has investments with a number of off-shore funds. There are no listed share price for these investments. In the opinion, of the Directors the Net Asset Value (NAV) price provides a reliable estimate of the market value. The NAV will be based on the Accounting Principles applying in the region where the fund operates. Where this is not available then the Directors will use the cost of the investment as the most reliable estimate The fair value is £6,258,730 (2014 - £Nil)

Derivatives

Fair value is determined based on the market value of the derivative. The fair value is £Nil (2014 - £11,595)

Unlisted Investments

Other unlisted investments are held at their cost which is deemed by the Directors to be a realistic estimate of their market value. The fair value is £1 (2014 - £1)

Items of income, expense, gains or losses

	Income	Expense	Net gains	Net losses
	£	£	£	£
2015				
Financial assets measured at fair value through profit or loss	<u>1,093,893</u>	<u>-</u>	<u>1,093,892</u>	<u>-</u>
	Income	Expense	Net gains	Net losses
	£	£	£	£
2014				
Financial assets measured at fair value through profit or loss	<u>1,141,499</u>	<u>-</u>	<u>1,141,499</u>	<u>-</u>

The income recognised above is per Note 4 excluding bank interest income for the year. This is representative of a combination of realised and unrealised gains on investments held during the year.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

The total interest income for financial assets not measured at fair value through profit or loss is £2,927 (2014 - £4,917). The total interest expense for financial liabilities not measured at fair value through profit or loss is £2 (2014 - £56).

Financial Instrument Risks

Market risk

The principal risk and uncertainty facing the business is market risk. The Company is exposed to market risk whereby its investments can be affected by adverse changes in interest rates and market performance. The Directors are confident, however, that the balanced investment strategies which they have adopted mitigate this risk to a satisfactory level.

Liquidity risk

The company monitors its liquid resources on a regular basis and makes changes to its investment portfolio to manage its liquidity risk.

Foreign Currency risk

Where the company feels it is exposed to undue currency risk it uses specialists to manage exposure who utilise forward contracts.

19 Parent and ultimate parent undertaking

The company is owned by Charles Connell and Company (Holdings) Limited, incorporated in Scotland.

20 Transition to FRS 102

There has been no impact on the Capital and Reserves, or Retained Earnings from the implementation of FRS102.