



Alexander Sloan
Accountants and Business Advisers

Charles Connell & Company Limited
Annual Report and Financial Statements
Year Ended 31 December 2016
Registration number: SC028024

38 Cadogan Street
Glasgow
G2 7HF

Telephone
0141 204 8889

60 Melville Street
Edinburgh
EH3 7HF

Telephone
0131 228 7979

www.alexandersloan.co.uk
info@alexandersloan.co.uk

WEDNESDAY



SCT *S6B0L7SX*
19/07/2017 #97
COMPANIES HOUSE

Charles Connell & Company Limited

Contents

Company Information	1
Directors' Report	2 to 3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 6
Statement of Total Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 24

Charles Connell & Company Limited

Company Information

Directors Mr Charles C. Connell
 Mr Ian M Stubbs

Company secretary Mrs Maria Paloni

Registered office Woodend
 Craigallian
 Milngavie
 G62 8EN

Auditors Alexander Sloan
 Accountants
 38 Cadogan Street
 Glasgow
 G2 7HF

Charles Connell & Company Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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

Mr Ian M Stubbs

Fair review of the business

UK FT All Share Index demonstrated continued volatility starting the year with a fall of 11.6% before ending the year up 12.45%. The volatility was initially induced by global growth concerns combined with slowing manufacturing indicators coming out of China. The remainder of the year was punctuated by political shocks which changed the investment landscape enormously. The decision by a narrow majority of the British electorate to leave the EU caused a peak to trough drop in the UK equity markets of 17%. As the UK's international credibility took a nose dive, the currency weakened across our key trading partners, thereby boosting the earnings of the international operators in the FTSE100. At first glance, the FTSE's return of 12.45% looks stellar, but in USD or EUR terms, the FTSE All Share was down 5.4% and 2.93% respectively. This painted a very different picture for those UK companies with predominantly GBP earnings, for who a flat year was considered a positive year.

In anticipation of a year where the main drivers were binary political events with polar potential outcomes, the Directors evaluated our willingness and ability to take risk and opted to reduce our exposure to equity market risk throughout the year with a view to keeping our powder dry. Instead, management time was focused on developing initiatives that will reap benefits in the future within our operating businesses. In an effort to not take all risk off the table, our reduced risk budget was deployed in areas not correlated to equity market risks and rewards. This lack of correlation worked well during the drawdowns of January, February and June. Later in the year, however, when the Trump reflation trade was being played out in full, the lack of correlation worked against us and a sequence of unrelated single events took the portfolio return into marginally negative territory for the year end.

Looking forward, the Directors continue to be satisfied with the conservative positioning of the Company's capital, in light of markets looking increasingly expensive and detached from reality. In order to fully embrace the current bull market investors are being asked to close their eyes to the political uncertainties, distortions caused by fiscal stimulus and levels of leverage. This is not a background we feel comfortable in and as such we will continue to avoid the lure of top performing comparables in favour of staying alert for more attractive entry points or opportunities where the risk return pay-offs are significantly more compelling.

Charles Connell & Company Limited

Directors' Report for the Year Ended 31 December 2016

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.

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.

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 21 June 2017 and signed on its behalf by:



Mrs Maria Paloni
Company secretary

Charles Connell & Company Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 have 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 to the Members of Charles Connell & Company Limited

We have audited the financial statements of Charles Connell & Company Limited for the year ended 31 December 2016, set out on pages 7 to 24. 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 4), 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.

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 2016 and of its loss 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.

Charles Connell & Company Limited

Independent Auditor's Report to the Members of Charles Connell & Company Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

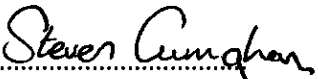
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

21 June 2017

Charles Connell & Company Limited

**Statement of Total Comprehensive Income for the Year Ended 31 December
2016**

	Note	2016 £	2015 £
Administrative expenses		(601,683)	(705,821)
Operating loss		(601,683)	(705,821)
Other interest receivable and similar income	4	107,531	1,947,557
Interest payable and similar charges	5	(267,701)	(850,740)
(Loss)/profit before tax		(761,853)	390,996
Taxation	8	39,550	(1,103)
(Loss)/profit for the financial year		(722,303)	389,893
Other comprehensive income		-	-
Total comprehensive income		(722,303)	389,893

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 10 to 24 form an integral part of these financial statements.

Charles Connell & Company Limited

(Registration number: SC028024)

Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	258,481	265,732
Other financial assets	10	20,148,585	20,163,730
		<u>20,407,066</u>	<u>20,429,462</u>
Current assets			
Debtors	11	21,525	21,861
Cash at bank and in hand		800,814	1,127,815
Short-term deposits		1,048,055	1,344,394
		<u>1,870,394</u>	<u>2,494,070</u>
Creditors: Amounts falling due within one year	13	(9,935,666)	(9,857,435)
Net current liabilities		<u>(8,065,272)</u>	<u>(7,363,365)</u>
Total assets less current liabilities		12,341,794	13,066,097
Provisions for liabilities		-	(2,000)
Net assets		<u>12,341,794</u>	<u>13,064,097</u>
Capital and reserves			
Called up share capital	14	450,000	450,000
Other reserves		476,095	476,095
Retained earnings		11,415,699	12,138,002
Total equity		<u>12,341,794</u>	<u>13,064,097</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 21 June 2017 and signed on its behalf by:



Mr Charles C. Connell

Director

The notes on pages 10 to 24 form an integral part of these financial statements.

Charles Connell & Company Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
At 1 January 2016	450,000	400	475,695	12,138,002	13,064,097
Loss for the year	-	-	-	(722,303)	(722,303)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(722,303)	(722,303)
At 31 December 2016	450,000	400	475,695	11,415,699	12,341,794
		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

The notes on pages 10 to 24 form an integral part of these financial statements.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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 FRS 102 from the requirement to produce a cash flow 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 £8,012,264 (2015 - £6,258,730).

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 2016

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 2016

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.

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 2016

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.

Current versus non-current classification

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

2 Operating loss

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	8,415	9,211
Operating lease rental	10,000	10,000
Profit on disposal of property, plant and equipment	(5,597)	-

3 Auditors' remuneration

	2016 £	2015 £
Audit of the financial statements	12,090	13,482
Other fees to auditors		
Taxation compliance services	9,975	17,760
Auditor's remuneration - payroll services	1,764	2,046
Auditors' remuneration - accountancy	1,380	3,915
	13,119	23,721

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

4 Other interest receivable and similar income

	2016	2015
	£	£
Interest income on bank deposits	3,439	2,927
Interest and dividends from investments	354,019	639,748
Foreign currency (gains)/losses	9,707	17,687
Gain/(Loss) on sale of investments	(259,634)	1,287,195
	<u>107,531</u>	<u>1,947,557</u>

5 Interest payable and similar expenses

	2016	2015
	£	£
Interest on bank overdrafts and borrowings	-	2
Fair value adjustment	267,701	850,738
	<u>267,701</u>	<u>850,740</u>

6 Staff costs

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

	2016	2015
	£	£
Wages and salaries	338,750	353,587
Social security costs	36,965	43,056
Other short-term employee benefits	8,836	11,421
Pension costs, defined contribution scheme	21,497	3,584
	<u>406,048</u>	<u>411,648</u>

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

	2016	2015
	No.	No.
Administration and support	<u>2</u>	<u>3</u>

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

7 Directors' remuneration

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

	2016 £	2015 £
Remuneration	249,505	267,265
Contributions paid to money purchase schemes	18,000	-
	<u>267,505</u>	<u>267,265</u>

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	243,648	219,728
Company contributions to money purchase pension schemes	18,000	-
	<u>261,648</u>	<u>219,728</u>

8 Corporation tax

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
Group relief payable/(receivable)	(63,292)	-
Group relief for previous year	25,742	-
	<u>(37,550)</u>	<u>-</u>
Foreign tax	-	2,103
Total current income tax	<u>(37,550)</u>	<u>2,103</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(14,000)	(500)
Arising from changes in tax rates and laws	12,000	(500)
Total deferred taxation	<u>(2,000)</u>	<u>(1,000)</u>
Tax (receipt)/expense in the income statement	<u>(39,550)</u>	<u>1,103</u>

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
(Loss)/profit before tax	(761,853)	390,996
Corporation tax at standard rate	(152,371)	79,177
Effect of revenues exempt from taxation	(34,180)	(87,302)
Effect of expense not deductible in determining taxable profit (tax loss)	(89)	2,324
Deferred tax expense (credit) relating to changes in tax rates or laws	12,000	(500)
Deferred tax expense (credit) from unrecognised tax loss or credit	230,000	-
Tax increase (decrease) from effect of capital allowances and depreciation	1,897	2,406
Tax increase (decrease) from fair value adjustments	27,658	(434,669)
Tax increase (decrease) from utilisation of tax losses	(158,486)	66,109
Tax increase (decrease) arising from group relief	(37,550)	-
Overseas tax	-	2,103
Tax increase (decrease) from capital gains	66,810	373,929
Other tax effects for reconciliation between accounting profit and tax expense (income)	4,761	(2,474)
Total tax (credit)/charge	(39,550)	1,103

Deferred tax

Deferred tax assets and liabilities

2016	Liability £
Accelerated capital allowances	1,000
Surplus on revaluation	52,000
Transitional relief	4,000
Tax losses carried forward	(57,000)
	-

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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

There are £182,000 of unused tax losses (2015 - £Nil) for which no deferred tax asset is recognised in the Balance Sheet.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

9 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2016	391,364	84,467	475,831
Additions	-	4,835	4,835
Disposals	-	(27,186)	(27,186)
At 31 December 2016	<u>391,364</u>	<u>62,116</u>	<u>453,480</u>
Depreciation			
At 1 January 2016	146,068	64,031	210,099
Charge for the year	5,814	2,601	8,415
Eliminated on disposal	-	(23,515)	(23,515)
At 31 December 2016	<u>151,882</u>	<u>43,117</u>	<u>194,999</u>
Carrying amount			
At 31 December 2016	<u>239,482</u>	<u>18,999</u>	<u>258,481</u>
At 31 December 2015	<u>245,296</u>	<u>20,436</u>	<u>265,732</u>

Included within the net book value of land and buildings above is £110,617 (2015 - £114,744) in respect of heritable land and buildings, £127,178 (2015 - £127,178) in respect of long leasehold land and buildings and £1,687 (2015 - £3,374) in respect of short leasehold land and buildings.

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

10 Other financial assets (current and non-current)

	Financial assets at fair value through profit and loss £	Total £
Non-current financial assets		
At fair value		
At 1 January 2016	20,163,730	20,163,730
Fair value adjustments	(267,701)	(267,701)
Additions	4,446,927	4,446,927
Disposals	(4,194,371)	(4,194,371)
At 31 December 2016	<u>20,148,585</u>	<u>20,148,585</u>
Carrying amount		
At 31 December 2016	<u>20,148,585</u>	<u>20,148,585</u>

11 Debtors

	2016 £	2015 £
Other receivables	90	298
Prepayments and accrued income	21,435	21,563
Total current trade and other receivables	<u>21,525</u>	<u>21,861</u>

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

12 Cash and cash equivalents

	2016	2015
	£	£
Cash at bank	800,814	1,127,815
Short-term deposits	1,048,055	1,344,394
	<u>1,848,869</u>	<u>2,472,209</u>

13 Creditors

	Note	2016	2015
		£	£
Due within one year			
Owed by/(from) group undertakings	16	9,874,973	9,750,757
Directors' account	16	-	12,023
Social security and other taxes		18,112	43,873
Accrued expenses		42,581	50,782
		<u>9,935,666</u>	<u>9,857,435</u>

14 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>

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 and for directors. 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 £21,497 (2015 -£3,584).

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

16 Related party transactions

Transactions with directors

	At 1 January 2016	Advances by directors	Repayments by director	Other payments made to company by director	At 31 December 2016
	£	£	£	£	£
2016					
Mr Charles Raymond Connell					
Directors Loan	12,023	-	(12,023)	-	-

	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

Summary of transactions with other related parties

During the year Mr Matthew Royde was appointed to the Board of the entity's parent company: Charles Connell & Company (Holdings) Limited. Mr Royde holds the position of CEO in Kestrel Partners LLP, an independent investment manager. At the year end, the company held investments with a market value of £3,891,464 in funds managed by Kestrel Partners LLP.

Loans to related parties

	Parent
	£
2016	
At start of period	5,234,496
Repaid	(166,186)
At end of period	5,068,310

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

	Parent
	£
2015	
At start of period	5,433,775
Repaid	(199,279)
At end of period	5,234,496

Loans from related parties

	Group companies
	£
2016	
At start of period	4,516,261
Advanced	909,357
Repaid	(618,955)
At end of period	4,806,663

	Group companies
	£
2015	
At start of period	4,933,486
Advanced	968,429
Repaid	(1,385,654)
At end of period	4,516,261

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.

17 Financial instruments

Categorisation of financial instruments

	2016	2015
	£	£
Financial assets measured at fair value through profit or loss	20,148,585	20,163,730
	20,148,585	20,163,730

Financial assets measured at fair value

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Listed investments

Fair value is determined based on the market value at the reporting date from stock exchanges. The fair value is £11,836,320 (2015 - £13,904,999)

Off Shore Investments

The company has investments with a number of off-shore funds. There are no listed share prices for these investments. In the opinion of the Directors the Net Asset Value (NAV) 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 £8,012,264 (2015 - £6,258,730)

Derivatives

Fair value is determined based on the market value of the derivative. The fair value is £Nil (2015 - £Nil)

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 £300,001 (2015 - £1)

Charles Connell & Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Items of income, expense, gains or losses	Income	Expense	Net gains	Net losses
	£	£	£	£
2016				
Financial assets measured at fair value through profit or loss	-	527,335	-	527,335
	<u>Income</u>	<u>Expense</u>	<u>Net gains</u>	<u>et losses</u>
	£	£	£	£
2015				
Financial assets measured at fair value through profit or loss	1,093,893	-	1,093,892	-

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.

The total interest income for financial assets not measured at fair value through profit or loss is £3,439 (2015 - £2,927). The total interest expense for financial liabilities not measured at fair value through profit or loss is £Nil (2015 - £2).

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

18 Parent and ultimate parent undertaking

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

Charles Connell & Company Limited

The following pages do not form part of the statutory accounts

This page does not form part of the statutory financial statements.

Charles Connell & Company Limited

**Detailed Statement of Total Comprehensive Income for the Year Ended 31
December 2016**

	2016	2015
	£	£
Sales		
Turnover	-	-
Administrative expenses		
Employment costs	406,048	411,648
General administrative expenses	192,817	284,962
Depreciation costs	8,415	9,211
Gain/(loss) on disposal of property, plant and equipment	(5,597)	-
	<u>601,683</u>	<u>705,821</u>
Operating loss	(601,683)	(705,821)
Bank interest receivable	3,439	2,927
Interest and dividends from investments	354,019	639,748
Foreign currency (gains)/losses	9,707	17,687
Gain/(loss) on sale of investments	(259,634)	1,287,195
Bank interest payable	-	(2)
Fair value adjustment	(267,701)	(850,738)
	<u>(160,170)</u>	<u>1,096,817</u>
(Loss)/profit before tax	<u>(761,853)</u>	<u>390,996</u>

This page does not form part of the statutory financial statements.

Charles Connell & Company Limited

Detailed Statement of Total Comprehensive Income for the Year Ended 31 December 2016

	2016 £	2015 £
Employment costs		
Wages and salaries	96,782	97,111
Directors remuneration	241,968	256,476
Directors NIC (Employers)	36,965	43,056
Staff pensions (Defined contribution)	3,497	3,584
Directors pensions (Other)	18,000	-
Private health insurance	8,836	11,421
	<u>406,048</u>	<u>411,648</u>
General administrative expenses		
Staff recruitment	-	263
Travelling	18,134	9,055
Rent	10,000	10,000
Security	7,816	11,230
Light, heat and power	6,156	10,173
Insurance	1,923	1,696
Use of home as office	34,441	79,756
Repairs and maintenance	3,625	4,593
Telephone and fax	5,291	4,201
Office expenses	2,592	-
Computer software and maintenance costs	39,115	38,243
Printing, postage and stationery	3,259	4,759
Sundry expenses	2,196	9,804
Cleaning	2,175	9,541
Staff entertaining (allowable for tax)	-	765
Customer entertaining (disallowable for tax)	5,155	4,526
Auditor's remuneration - The audit of the company's annual accounts	12,090	13,482
Auditor's remuneration - Tax services	9,975	17,760
Auditor's remuneration - payroll services	1,764	2,046
Auditors' remuneration - accountancy	1,380	3,915
Management fees	2,493	16,370
Legal and professional fees	21,471	31,474

This page does not form part of the statutory financial statements.

Charles Connell & Company Limited

**Detailed Statement of Total Comprehensive Income for the Year Ended 31
December 2016**

Bank charges	1,766	1,310
	<u>192,817</u>	<u>284,962</u>
Depreciation costs		
Depreciation of freehold property	4,127	4,127
Depreciation of short leasehold property	1,687	1,687
Depreciation of fixtures and fittings (owned)	2,601	3,397
	<u>8,415</u>	<u>9,211</u>
Other expenses		
(Profit)/loss on disposal of tangible fixed assets	<u>(5,597)</u>	<u>-</u>
Other interest receivable and similar income		
Bank interest receivable	3,439	2,927
Interest and dividends from investments	354,019	639,748
Foreign currency (gains)/losses	9,707	17,687
	<u>367,165</u>	<u>660,362</u>

This page does not form part of the statutory financial statements.