



Alexander Sloan
Accountants and Business Advisers

CHARLES CONNELL & COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

PAGES FOR FILING WITH REGISTRAR

Company Registration No. SC028024 (Scotland)



CHARLES CONNELL & COMPANY LIMITED

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CHARLES CONNELL & COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	6	122,896		257,084	
Investments	7	18,216,142		22,842,799	
		<u>18,339,038</u>		<u>23,099,883</u>	
Current assets					
Debtors	9	5,643,684		19,992	
Cash at bank and in hand		1,530,142		888,095	
		<u>7,173,826</u>		<u>908,087</u>	
Creditors: amounts falling due within one year	10	(12,753,824)		(11,671,991)	
Net current liabilities		<u>(5,579,998)</u>		<u>(10,763,904)</u>	
Total assets less current liabilities		<u>12,759,040</u>		<u>12,335,979</u>	
Capital and reserves					
Called up share capital	11	450,000		450,000	
Capital redemption reserve		400		400	
Other reserves		475,695		475,695	
Profit and loss reserves		11,832,945		11,409,884	
Total equity		<u>12,759,040</u>		<u>12,335,979</u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 29 May 2019 and are signed on its behalf by:



Mr Charles Croxton Connell
Director

Company Registration No. SC028024

The notes on pages 3 to 11 form an integral part of these financial statements.

CHARLES CONNELL & COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2017	450,000	400	475,695	11,415,699	12,341,794
Year ended 31 December 2017:					
Loss and total comprehensive income for the year	-	-	-	(5,815)	(5,815)
Balance at 31 December 2017	450,000	400	475,695	11,409,884	12,335,979
Year ended 31 December 2018:					
Profit and total comprehensive income for the year	-	-	-	423,061	423,061
Balance at 31 December 2018	450,000	400	475,695	11,832,945	12,759,040

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Charles Connell & Company Limited is a private company limited by shares and incorporated in Scotland. The registered office is Woodend, Craigallan, Milngavie, Glasgow, G62 8EN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Heritable land and buildings	50 years
Leasehold land and buildings	5 years
Fixtures and fittings	3 to 15 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.7 Retirement benefits

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

1.8 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.10 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 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.

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.11 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Investments

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 £10,231,986 (2017 - £7,947,853). In addition, the company holds £751,763 (2017: £300,009) in unlisted events. These investments are held at cost as there is not an active market for these investments.

3 Exceptional income/(cost)

	2018 £	2017 £
Gain on sale of assets	2,459,315	-

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Administration and support	2	2

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	852,783	756,989
Contributions paid to money purchase schemes	20,000	19,000
	<u>872,783</u>	<u>775,989</u>

The company classifies the Directors as being the Key Management of the company.

6 Tangible fixed assets

	Heritable land and buildings £	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost				
At 1 January 2018	217,898	173,467	61,847	453,212
Additions	-	-	1,003	1,003
Disposals	-	(127,178)	(725)	(127,903)
At 31 December 2018	<u>217,898</u>	<u>46,289</u>	<u>62,125</u>	<u>326,312</u>
Depreciation and impairment				
At 1 January 2018	111,408	46,289	38,431	196,128
Depreciation charged in the year	4,127	-	3,886	8,013
Eliminated in respect of disposals	-	-	(725)	(725)
At 31 December 2018	<u>115,535</u>	<u>46,289</u>	<u>41,592</u>	<u>203,416</u>
Carrying amount				
At 31 December 2018	<u>102,363</u>	<u>-</u>	<u>20,533</u>	<u>122,896</u>
At 31 December 2017	<u>106,490</u>	<u>127,178</u>	<u>23,416</u>	<u>257,084</u>

The carrying value of land and buildings comprises:

	2018 £	2017 £
Heritable	102,363	106,490
Long leasehold	-	127,178
Short leasehold	-	-
	<u>102,363</u>	<u>233,668</u>

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Fixed asset investments

	2018 £	2017 £
Listed investments	17,464,380	21,069,412
Unlisted investments	751,762	1,773,387
	<u>18,216,142</u>	<u>22,842,799</u>

Movements in fixed asset investments

	Investments £
Cost or valuation	
At 1 January 2018	22,842,799
Additions	7,475,876
Valuation changes	200,558
Disposals	(12,303,091)
At 31 December 2018	<u>18,216,142</u>
Carrying amount	
At 31 December 2018	<u>18,216,142</u>
At 31 December 2017	<u>22,842,799</u>

8 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	5,626,298	54
Equity instruments measured at cost less impairment	<u>18,216,142</u>	<u>22,842,799</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>12,736,379</u>	<u>11,650,173</u>

9 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Other debtors	5,626,298	54
Prepayments and accrued income	<u>17,386</u>	<u>19,938</u>
	<u>5,643,684</u>	<u>19,992</u>

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	12,076,715	11,016,201
Other taxation and social security	17,445	21,818
Accruals and deferred income	659,664	633,972
	<u>12,753,824</u>	<u>11,671,991</u>

11 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
450,000 Ordinary Shares of £1 each	<u>450,000</u>	<u>450,000</u>

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Steven Cunningham BA (Hons) CA.

The auditor was Alexander Sloan.

14 Capital commitments

During the year to 31 December 2017 the company committed to investing £750,000 into a new financial investment. The total amount of financial commitments, in respect of the above, at the balance sheet date, not provided in the financial statements was £685,514 (2017 - £729,917).

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Related party transactions

Key Management

The company classes the Directors of the company and the parent company as key management.

Mr Matthew Royde is a director 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 £3,122,320 (2017: £4,003,613) in funds managed by Kestrel Partners LLP.

Summary of transactions with group companies

Charles Connell & Company Limited, Connell Renewables Limited and Charles Connell & Company (Colquhalzie Farms) Limited are all owned and controlled by Charles Connell & Company (Holdings) Limited. During the course of the year the company has had interest free loans with fellow group companies. Further details of the loans are set out below.

The following amounts were outstanding at the reporting end date:

	2018 £	2017 £
Amounts due to related parties		
Parent company	4,680,789	4,901,930
Associated entities of group	26,800	26,800
Group companies	7,369,126	6,087,471
	<u>12,076,715</u>	<u>11,016,201</u>

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

During the year £1,030,051 (2017: £1,421,996) was repaid to related parties and £2,335,548 (2017: £141,188) was received from related parties.

16 Parent undertaking and controlling party

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

CHARLES CONNELL & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 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 £7,232,392 (2017 - £13,121,559).

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 £10,231,986 (2017 - £7,947,853).

Unlisted investments with an active market

Unlisted investments with an active market are recorded at their current market value as at the year end based on information from the investment fund. The fair value is £Nil (2017 - £1,473,378).

Unlisted investments without an active market

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 £751,762 (2017 - £300,009).

Items of income, expense, gains or losses

The change in market value and gain/loss on disposal of financial assets measured at fair value is shown in the Other Gains and Losses note to these financial statement. The dividend income from these financial assets in the year was £184,289 (2017: £348,369).

The total interest income for financial assets not measured at fair value through profit or loss is £170 (2017 - £476).

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.