

MONDAY



L5B007CZ

LD3

11/07/2016

#57

COMPANIES HOUSE

**COHEN & COMPANY
FINANCIAL LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015

Company no 05894236

COHEN & COMPANY FINANCIAL LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2015

Company registration number: 05894236

Registered office: 6 St. Andrew Street
5th Floor,
London
EC4A 3AET

Directors: Paul Vernhes
Daniel Gideon Cohen
Gareth Noonan

Bankers: HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Auditors: Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
30 Finsbury Square
London
EC2P 2YU

COHEN & COMPANY FINANCIAL LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2015

INDEX	PAGE
Strategic report	1 – 2
Report of the directors	3 – 7
Report of the independent auditor	8 – 9
Consolidated Statement of Comprehensive Income	10
Statements of Financial Position (Group and Company)	11
Statements of Changes in Equity (Group and Company)	12
Notes to the financial statements	13 – 23

COHEN & COMPANY FINANCIAL LIMITED

STRATEGIC REPORT

For the year ended 31 December 2015

Business overview

The company carries on the business of providing financial research, asset management, advisory and new issue services and engages in fixed income securities sales and trading.

The Board of Directors is responsible for the overall stewardship of the company and there have been no changes to the composition of the board during the year. The Board regularly meets to address all business areas including new business opportunities and cost cutting measures.

On 19 August 2014, IFMI, LLC, CCFL's parent company, entered into a Share Purchase Agreement ("Purchase Agreement") to sell its European operations, which includes CCFL, to C&CO Europe Acquisitions LLC ("Buyer"). C&CO Europe Acquisitions LLC is an entity incorporated in the United States and controlled by Daniel G. Cohen, a Director of CCFL. The Purchase Agreement provides that either party may terminate the agreement after 31 December 2015. On 18 February 2016, the Buyer provided notice to IFMI, LLC that it continues to evaluate the transaction. As of 21 April 2016, neither party has terminated the Purchase Agreement.

The Company's performance for the year is contained in the Report of the Directors' on page 2 which forms part of the Strategic Report.

Principal risks and uncertainties

The directors consider the primary risks faced by the Company to be counterparty risk, foreign exchange risk and regulatory risk. The directors also consider business risk of investor perceptions of the credit and debt market as the Company's business is affected by economic conditions in the financial markets and broad trends in business and finance. These factors may affect the financial decisions made by investors and companies, including their level of participation in the financial markets.

Financial risk management objectives and policies

The directors consider that the material risks which affect the company relate to investor perception of the credit and debt markets, counterparty risk, foreign exchange risk and regulatory or tax changes affecting the company's services.

The directors closely monitor market trends and ensure that the business reacts appropriately.

Other risks such as legal risk, price risk, operational risk and solvency are considered to be minimal. The company has no gearing and thus is not exposed to any interest rate risk.

COHEN & COMPANY FINANCIAL LIMITED

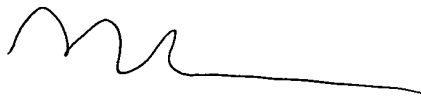
STRATEGIC REPORT

For the year ended 31 December 2015

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business, however, the directors closely monitor the capital resources of the company which comprise share capital and retained earnings to ensure it is sufficient for the company's needs. The company's minimum base capital resource requirement is €730,000.

The Strategic Report was approved by the Directors and signed on their behalf on 21 April 2016.

A handwritten signature in black ink, appearing to be 'm' followed by a long horizontal line.

Daniel G. Cohen
Director

COHEN & COMPANY FINANCIAL LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Principal activity

The principal activities of the company are to provide financial research, asset management, advisory and new issue services and engage in fixed income securities sales and trading. The company is regulated by the Financial Conduct Authority.

Business review

There was net loss for the Group for the year ended 31 December 2015 after taxation amounting to £2,330,883, as compared a net loss of £1,150,899 for the year ended 31 December 2014. The Group's net loss increased from prior year primarily as a result of a write off of a £1,371,359 note receivable due from an investment banking client in the energy industry that was deemed uncollectable in 2015.

For the year ended 31 December 2015, capital contributions totalling £1,350,000 were made by IFMI, LLC, CCFL's parent company. This was made by way of issuance of £1,350,000 ordinary £1 shares, which were subscribed for at par value.

In 2012, the company assumed the lead investment manager role from a large European Bank of one of the company's managed CDOs. In connection with the lead investment manager role, CCFL created a wholly owned subsidiary, Unicum Capital S.L. ("Unicum") incorporated in Spain. With the incorporation of Unicum, CCFL began operating as a Group. Effective 1 January 2014, CCFL established a branch office in Spain. Subsequent to the establishment of the Spanish branch office, all operations in Spain were transacted by the Spanish branch. During 2015, the company began the process of closing the office in Spain and all Spanish employees were terminated as of 30 November 2015. The company has begun the process of liquidating and dissolving both Spanish entities and expects this to be finalized during 2016. In addition to offices in London England, the company has a branch office located in Paris France.

Directors

The present membership of the Board is set out below. All served on the board throughout the year.

Daniel Gideon Cohen
Paul Vernhes
Gareth Noonan

The directors do not recommend payment of a dividend.

Capital requirements

The European Capital Requirements Directive introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II rules. The directive was introduced into the UK by the Financial Conduct Authority. The new framework consisted of three pillars.

- Pillar 1 - This specifies the minimum capital requirements.
- Pillar 2 - This supervisory review process requires an assessment to be made of whether additional capital should be held against risks not covered by Pillar 1.

COHEN & COMPANY FINANCIAL LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2015

- Pillar 3 - This introduces public disclosure of qualitative and quantitative information and is designed to promote market discipline by providing market participants with key information on a firm's risk exposures and risk management processes.

Pillar 3

Permissions

The company is authorised and regulated by the Financial Conduct Authority. Its scope of permission comprises:

- arranging, safeguarding and administration of assets;
- dealing with investments as principal;
- advising on investments (except on Pension Transfers and Pensions Opt Outs);
- arranging (bringing about) deals in investments;
- dealing in investments as agent;
- making arrangements with a view to transactions in investments;
- managing investments.

Risk management

The company is governed by its directors who determine the company's business strategy and risk appetite. The directors are also responsible for designing and implementing a risk management framework that recognises the risks that the company faces. The directors meet on a regular basis to discuss current projections of profitability, regulatory capital management, and business planning and risk management.

The company operates a relatively straightforward business model, as set out in the principal activity. The company's market risk is limited to foreign exchange risk on its assets in foreign currency, and the credit risk from management and performance fees receivable from the funds under its management. The company manages exposure to market and credit risk by constantly monitoring exchange rates and assets under management, and taking appropriate action as needed.

Capital resource requirements

The company's minimum base capital resource requirement is €730,000. The directors closely monitor the capital resources of the company which comprise share capital and retained earnings to ensure it is sufficient for the company's needs.

Remuneration code disclosure

The company is authorised and regulated by the Financial Conduct Authority as a Full Scope Firm and so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code ("the RemCode") covers an individual's total remuneration, fixed and variable. The company incentivises staff through a combination of the two.

The company's policy is designed to ensure that it complies with the RemCode and its compensation arrangements:

- are consistent with and promotes sound and effective risk management;
- do not encourage excessive risk taking;
- include measures to avoid conflicts of interest; and
- are in line with the company's business strategy, objectives, values and long-term interests.

COHEN & COMPANY FINANCIAL LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2015

Proportionality

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA have sought to apply proportionality in the first instance by categorising firms into 4 tiers.

The company falls within the FCA's third proportionality tier and as such this disclosure is made in line with the requirements for a Tier 3 Firm.

Application of the requirements

The company is required to disclose certain information on at least an annual basis regarding its remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the company. The disclosure is made in accordance with the company's size, internal organisation and the nature, scope and complexity of activities.

1. Summary of information on the decision-making process used for determining the company's remuneration policy including use of external benchmarking consultants where relevant:
 - The company's policy has been agreed by the Senior Management in line with the RemCode principles laid down by the FCA.
 - Due to the company's size, nature and complexity, the company is not required to appoint an independent remuneration committee; however a compensation committee is in place at group level.
 - The company's policy will be reviewed as part of annual process and procedures, or following a significant change to the business requiring an update to its internal capital adequacy assessment in relation to its investment management and capital market activities.
2. Summary of how the company links between pay and performance:
 - Individuals are rewarded based on their contribution to the overall strategy of the business.
 - Other factors such as performance, reliability, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the company.
3. Aggregate quantitative information on remuneration broken down by significant business division (where such business divisions exist):

Business Area	Aggregate compensation expense in 2015
Investment Management	£1,196,059
Capital Markets	£1,273,378
Support & other	£190,201
Total	£2,659,638

COHEN & COMPANY FINANCIAL LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2015

4. Aggregate quantitative information on remuneration, for staff whose actions have a material impact on the risk profile of the company:

Code Staff	Aggregate compensation expense in 2015
Senior Management	£634,928

5. Amounts of remuneration for the financial year and the number of beneficiaries (Tier 3 only):

Code Staff (Number)	3
	Total amounts of remuneration in 2015
Fixed Remuneration	£285,768
Variable Remuneration	£349,160
Total	£634,928

General

The company may omit required disclosures where it believes that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

The company has made no omissions on the grounds of data protection.

COHEN & COMPANY FINANCIAL LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2015

Directors' Responsibilities Statement

The directors are responsible for preparing the Report of the Directors 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 laws). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

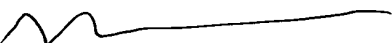
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



Daniel G. Cohen
Director
21 April 2016

COHEN & COMPANY FINANCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COHEN & COMPANY FINANCIAL LIMITED

We have audited the financial statements of Cohen & Company Financial Limited for the year ended 31 December 2015 which comprise the group statement of comprehensive income, the group and parent company statements of financial position, the group and parent company statements of changes in equity and the related notes. 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Directors' Responsibilities Statement set out on page 7, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

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

COHEN & COMPANY FINANCIAL LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Grant Thornton UK LLP

William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
21 April 2016

COHEN & COMPANY FINANCIAL LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Turnover	6	5,694,628	6,391,521
Administrative expenses		<u>(6,584,111)</u>	<u>(7,621,227)</u>
Operating loss		(889,483)	(1,229,706)
Other operating expense	8	(1,442,188)	(113,924)
Other interest receivable and similar income		<u>788</u>	<u>235,823</u>
Loss on ordinary activities before taxation		(2,330,883)	(1,107,807)
Tax on loss on ordinary activities	10	-	43,092
Loss for the financial year	19	<u>(2,330,883)</u>	<u>(1,150,899)</u>

All transactions arise from continuing operations.

Statement of Other Comprehensive Income

The Group does not have any other comprehensive income (2014: nil); therefore, no statement of other comprehensive income was prepared for the year ended 31 December 2015 and 2014.

The accompanying accounting policies and notes form an integral part of these financial statements.

COHEN & COMPANY FINANCIAL LIMITED

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Note	Group At 31 December 2015 £	Company At 31 December 2015 £	Group At 31 December 2014 £	Company At 31 December 2014 £
Fixed assets					
Tangible assets	11	45,165	45,165	94,009	94,009
Investment in subsidiary	12	-	2,367	-	2,367
Current assets					
Debtors	13	1,589,946	1,666,635	3,373,988	3,447,693
Cash at bank and in hand		896,409	819,720	1,668,899	1,595,194
		<u>2,486,355</u>	<u>2,486,355</u>	<u>5,042,887</u>	<u>5,042,887</u>
Creditors: amounts falling due within one year	14	(1,268,520)	(1,499,676)	(2,893,013)	(3,124,169)
Net current assets		<u>1,217,835</u>	<u>986,679</u>	<u>2,149,874</u>	<u>1,918,718</u>
Total assets less current liabilities		<u>1,263,000</u>	<u>1,034,211</u>	<u>2,243,883</u>	<u>2,015,094</u>
Net assets		<u>1,263,000</u>	<u>1,034,211</u>	<u>2,243,883</u>	<u>2,015,094</u>
Capital and reserves					
Called up share capital	17	6,650,011	6,650,011	5,300,011	5,300,011
Share premium account	18	399,990	399,990	399,990	399,990
Profit and loss account	18	(5,787,001)	(6,015,790)	(3,456,118)	(3,684,907)
	19	<u>1,263,000</u>	<u>1,034,211</u>	<u>2,243,883</u>	<u>2,015,094</u>

The financial statements were approved for issue by the Directors and signed on their behalf on 21 April 2016.



Daniel G. Cohen
Director

Company no 05894236

The accompanying accounting policies and notes form an integral part of these financial statements.

COHEN & COMPANY FINANCIAL LIMITED

STATEMENTS OF CHANGES IN EQUITY AT 31 DECEMBER 2015

Group

	Called-up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 January 2014	3,500,011	399,990	(2,305,219)	1,594,782
Income/(loss) for the year	-	-	(1,150,899)	(1,150,899)
Issue of shares	1,800,000	-	-	1,800,000
At 31 December 2014	5,300,011	399,990	(3,456,118)	2,243,883
Income/(loss) for the year	-	-	(2,330,883)	(2,330,883)
Issue of shares	1,350,000	-	-	1,350,000
At 31 December 2015	6,650,011	399,990	(5,787,011)	1,263,000

Company

	Called-up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 January 2014	3,500,011	399,990	(2,534,008)	1,365,993
Income/(loss) for the year	-	-	(1,150,899)	(1,150,899)
Issue of shares	1,800,000	-	-	1,800,000
At 31 December 2014	5,300,011	399,990	(3,684,907)	2,015,094
Income/(loss) for the year	-	-	(2,330,883)	(2,330,883)
Issue of shares	1,350,000	-	-	1,350,000
At 31 December 2015	6,650,011	399,990	(6,015,790)	1,034,211

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 GENERAL INFORMATION

The Group's principal activities are listed on page 2. The company is a private limited company registered in England under the Companies Act 2006. The Group's main office is located at 23 College Hill, 6th Floor, London EC4R 2RP.

2 STATEMENT OF COMPLIANCE

The Group and Company financial statements of Cohen & Company Financial Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 22. There has been no impact on the Group's statement of comprehensive income, Group and Company's statement of financial position or Group and Company's statement of changes in equity for periods previously reported.

The consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

A. Going concern

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group should be able to operate within the level of its current activities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

B. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Group has taken advantage of the exemption from preparing a statement of cash flows for Group or Company, on the basis that it is a qualifying entity and its cash flows are included in its ultimate parent company's consolidated accounts which are publicly available at IFMI.com (see note 23).

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS OF UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key accounting estimates and assumptions that have a significant impact on the financial statements include provisions made against a note receivable from an investment banking client. The note receivable represents an investment the Group made in the form of a note to an investment banking client in Europe in the mining industry. The note was deemed uncollectable in 2015 and the remaining balance due was written off. There are no other critical judgements or estimates which have a material impact on the financial statements.

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

5 PRINCIPAL ACCOUNTING POLICIES

A. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertaking made up to 31 December 2015. A company is consolidated when the group has control. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

B. Turnover

Turnover represents fees for financial research and asset management services excluding Value Added Tax, and is recognised over the period that the services are provided. Incentive fees earned on asset management services are recognised net of VAT at the point of transaction. Turnover also includes commission revenue earned from the company's trading business and is recorded on trade date basis and new issue and advisory revenue which is recorded when all services have been provided and payment earned.

C. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Bad debts are written off when identified.

D. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

E. Cash and cash equivalents

Cash comprised of cash at bank and in hand.

F. Investment in subsidiary

The company made an initial investment in its Spanish subsidiary. This investment was treated as a capital injection by the subsidiary and is held at cost less impairment. The investment and share capital are eliminated on consolidation.

G. Foreign currencies

The Group's financial statements are presented in pound sterling. The Group's functional and presentational currency is the pound sterling. All assets and liabilities expressed in foreign currencies are translated into pound sterling at the Bank of England month end rate of exchange for the last month of the accounting year. Transactions during the period are converted into pound sterling at the Bank of England average exchange rate ruling during the month of the transaction. Exchange differences are taken into account in arriving at the net results.

H. Segmental reporting

The Group is organised into two business segments: Investment Management and Capital Markets. The Group's Investment Management segment manages assets within CDO's and separately managed accounts. The Group's Investment Management segment includes its fee-based asset management operations which include ongoing base and incentive management fees. The Group's Capital Markets segment consists primarily of related fixed income securities sales, trading, and financing, as well as new issue placements in corporate and securitised products and advisory services.

I. Tangible fixed assets and depreciation

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Leasehold improvements are stated at cost net of depreciation and depreciated over the life of the lease on a straight line basis.

Furniture, fittings and other equipment is stated at cost net of depreciation and depreciated at 20% per annum on a straight line basis.

Computer equipment is stated at cost net of depreciation and depreciated at 33.33% per annum on a straight line basis.

J. Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits in a straight line basis over the period of the lease.

K. Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that they will be recovered against future taxable profit. Deferred tax is measured using rates that have been enacted or substantively enacted by the balance sheet date.

6 TURNOVER

The turnover attributable to geographical markets outside the United Kingdom amounted to:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Europe	<u>5,694,628</u>	<u>4,553,111</u>

Total turnover attributable to segment:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Investment Management	2,706,235	4,537,595
Capital Markets	<u>2,988,393</u>	<u>1,853,926</u>
Total	<u>5,694,628</u>	<u>6,391,521</u>

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

7 OPERATING INCOME/(LOSS)

The operating income/(loss) is stated after charging:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Depreciation on tangible fixed assets	53,751	70,560
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the financial statements	26,000	26,000
Fees payable to the company's auditor for other services	3,250	3,250
Other operating lease rentals	<u>357,453</u>	<u>335,548</u>

8 OTHER OPERATING INCOME/(EXPENSES)

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Write off of bad debt	(1,371,360)	-
Net (loss) on foreign currency translation	<u>(70,828)</u>	<u>(113,924)</u>
	<u>(1,442,188)</u>	<u>(113,924)</u>

9 WAGES AND SALARIES

The average number of employees of the company during the year was:

	Year ended 31 December 2015 No	Year ended 31 December 2014 No
Sales and trading	17	24
Management	<u>3</u>	<u>3</u>
	<u>20</u>	<u>27</u>

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

The aggregate payroll costs excluding directors of the above were:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Wages and salaries	1,615,549	2,259,637
Social security costs	<u>249,080</u>	<u>340,963</u>
	<u>1,864,629</u>	<u>2,600,600</u>

Remuneration in respect of directors was as follows:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Wages and salaries	634,928	726,765
Social security costs	<u>160,081</u>	<u>130,015</u>
	<u>795,009</u>	<u>856,780</u>

There were two directors (2014: two) remunerated by the company during the year.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Wages and salaries	479,859	569,171
Social security costs	<u>140,495</u>	<u>110,403</u>
	<u>620,354</u>	<u>679,575</u>

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

10 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge is based on the profit/(loss) for the period and represents:

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Current tax:		
United Kingdom corporation tax at 20.3% (2014: 21.5%)	-	-
Foreign tax charge	-	43,092
Deferred tax	-	-
Total tax	<u>-</u>	<u>43,092</u>

Factors affecting the tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom of 20.3% (2014: 21.5%)

Profit/(loss) on ordinary activities in the United Kingdom before taxation	<u>(2,339,627)</u>	<u>(1,107,807)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20.3% (2014: 21.5%)	(474,944)	(238,179)
Effect of:		
Expenses not deductible for tax purposes	8,701	8,795
Depreciation in excess of capital allowances	-	-
Losses carried forward	<u>(466,243)</u>	<u>(229,384)</u>
	<u>-</u>	<u>-</u>

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

11 TANGIBLE ASSETS

Group	Leasehold Improvements	Furniture Fittings & Equipment	Total
Cost			
At 1 January 2015	65,344	279,825	345,169
Additions	-	6,700	6,700
Disposals	(6,281)	(49,244)	(55,525)
At 31 December 2015	<u>59,063</u>	<u>237,281</u>	<u>296,344</u>
Depreciation			
At 1 January 2015	23,351	227,809	251,160
Charge for the year	12,921	40,830	53,751
Disposals	(6,281)	(49,244)	(55,525)
Exchange differences	(622)	2,415	1,793
At 31 December 2015	<u>29,369</u>	<u>221,810</u>	<u>251,179</u>
Net Book Values			
At 31 December 2015	<u>29,694</u>	<u>15,471</u>	<u>45,165</u>
At 31 December 2014	<u>41,993</u>	<u>52,016</u>	<u>94,009</u>
Company			
Cost			
At 1 January 2015	60,477	264,058	324,535
Additions	-	6,700	6,700
Disposals	(6,281)	(49,244)	(55,525)
At 31 December 2015	<u>54,196</u>	<u>221,514</u>	<u>275,710</u>
Depreciation			
At 1 January 2015	18,484	212,042	230,526
Charge for the year	12,921	40,830	53,751
Disposals	(6,281)	(49,244)	(55,525)
Exchange differences	(622)	2,415	1,793
At 31 December 2015	<u>24,502</u>	<u>206,043</u>	<u>230,545</u>
Net Book Values			
At 31 December 2015	<u>29,694</u>	<u>15,471</u>	<u>45,165</u>
At 31 December 2014	<u>41,933</u>	<u>52,016</u>	<u>94,009</u>

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARY

In 2012, the company created Unicum, SL, a wholly owned subsidiary. The company made an initial investment of £2,367 which represents 100% of the voting shares of Unicum, SL. The investment is eliminated in consolidation. Unicum primarily acted as investment managers on one of the company's CDOs.

13 DEBTORS

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Trade debtors	1,409,910	1,486,599	1,795,542	1,869,247
Prepayments	36,115	36,115	224,915	224,915
Other debtors	143,921	143,921	1,353,531	1,353,531
	<u>1,589,946</u>	<u>1,666,635</u>	<u>3,373,988</u>	<u>3,447,693</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Trade creditors	22,484	22,484	15,586	15,586
Accruals and deferred income	608,062	608,062	812,576	812,576
Other taxes and social security	193,124	193,124	253,679	253,679
Amounts owed to group undertakings	444,850	676,006	1,811,172	2,042,328
	<u>1,268,520</u>	<u>1,499,676</u>	<u>2,893,013</u>	<u>3,124,169</u>

15 FINANCIAL INSTRUMENTS

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>1,369,524</u>	<u>1,446,213</u>	<u>3,094,878</u>	<u>3,168,582</u>
	<u>1,369,524</u>	<u>1,446,213</u>	<u>3,094,878</u>	<u>3,168,528</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>1,246,042</u>	<u>1,477,198</u>	<u>2,823,777</u>	<u>3,054,932</u>
	<u>1,246,042</u>	<u>1,477,198</u>	<u>2,823,777</u>	<u>3,054,932</u>

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

16 PROVISION FOR LIABILITIES AND CHARGES

The directors have decided not to recognise a deferred tax asset arising from trading losses on the basis that there is some uncertainty surrounding the company's profitability in the short to medium term. The accumulated tax loss as of 31 December 2015 is £7,357,856 (2014: £5,068,062) which results in an unrecognized deferred tax asset of £1,493,645 (2014: £1,013,612). The company does not discount deferred tax assets. There are no deferred charges for the subsidiary.

17 SHARE CAPITAL

	At 31 December 2015 £	At 31 December 2014 £
Authorised:		
6,650,100 ordinary shares of £1 each	<u>6,650,100</u>	<u>5,300,100</u>
Allotted, called up and fully paid:		
6,650,011 ordinary shares of £1 each	<u>6,650,011</u>	<u>5,300,011</u>

During the twelve months ended 31 December 2015, a total of 1,350,000 ordinary £1 shares were issued at par value.

18 RESERVES

Group	Share Premium £	Profit and loss account £
At 1 January 2015	399,990	(3,456,118)
Loss for the year	-	(2,330,883)
At 31 December 2015	<u>399,990</u>	<u>(5,787,001)</u>

Company	Share Premium £	Profit and loss account £
At 1 January 2015	399,990	(3,684,907)
Loss for the year	-	(2,330,883)
At 31 December 2015	<u>399,990</u>	<u>(6,015,790)</u>

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2015 £	2014 £
Loss for the year	(2,330,883)	(1,150,899)
Opening shareholders' funds	2,243,883	1,594,782
Issuance of share capital	1,350,000	1,800,000
Closing shareholders' funds	<u>1,263,000</u>	<u>2,243,883</u>
Company	2015 £	2014 £
Loss for the year	(2,330,883)	(1,150,899)
Opening shareholders' funds	2,015,094	1,365,993
Issuance of share capital	1,350,000	1,800,000
Closing shareholders' funds	<u>1,034,211</u>	<u>2,015,094</u>

20 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2015 or at 31 December 2014.

21 CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 December 2015 or at 31 December 2014.

22 OPERATING LEASE COMMITMENTS

The future minimum operating lease payments as follows:

	Group Land and Buildings 2015 £	Company Land and Buildings 2015 £	Group Land and Buildings 2014 £	Company Land and Buildings 2014 £
Within one year	281,996	281,996	321,090	321,090
Between two and five years	238,717	238,717	589,758	589,758
	<u>520,713</u>	<u>520,713</u>	<u>910,848</u>	<u>910,848</u>

COHEN & COMPANY FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

23 FINANCIAL RISK MANAGEMENT

The group has exposure to two main areas of risk – foreign exchange currency exposure and liquidity risk.

Foreign exchange transactional currency exposure

The group is exposed to currency exchange rate risk due to a significant portion of its receivables and operating expenses being denominated in non-Sterling currencies. The net exposure of each currency is monitored regularly however, is not actively managed.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations, the group has support available from its ultimate parent company.

24 TRANSITION TO FRS 102

This is the first year that the Group has presented its results under FRS102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of the transition to FRS 102 was 1 January 2014. The impact of transition to FRS 102 for the Group and Company has been to the presentation of the financial statements, the results for the year and the net assets attributable to the shareholders have not been affected by the transition.

25 CONTROLLING RELATED PARTIES

The ultimate holding company is Institutional Financial Markets, Inc., (“IFMI”) incorporated in the United States of America. IFMI is a publicly traded company on the NYSE MKT LLC (formerly known as the NYSE Amex LLC) under the ticker symbol “IFMI”. As of 31 December 2015, Cohen & Company Financial Limited was majority owned by IFMI. The smallest company which Cohen & Company Financial Limited is consolidated into is IFMI, LLC. The largest company into which CCFL is consolidated is IFMI, which is the ultimate parent company of CCFL.

26 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of IFMI, LLC, the company is exempt from the requirements of Financial Reporting Standard 102 to disclose transactions with other wholly owned members of the group headed by IFMI.