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COHEN AND COMPANY FINANCIAL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014

Company no 05894236

COHEN AND COMPANY FINANCIAL LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 AND COMPANY FINANCIAL LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2014

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COHEN AND COMPANY FINANCIAL LIMITED

STRATEGIC REPORT

For the year ended 31 December 2014

Business overview

The company carries on the business of providing financial research, asset management services and engages in credit related 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 definitive agreement to sell its European operations, which includes CCFL, to C&CO Europe Acquisitions LLC. C&CO Europe Acquisitions LLC is an entity incorporated in the United States and controlled by Daniel G. Cohen, a Director of CCFL.

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. In addition, the directors consider business risk of investor perceptions of the credit and debit market.

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.

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.
The Strategic Report was approved by the Directors and signed on their behalf on 23 April 2015.

Gareth Noonan
Director

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Principal activity

The principal activities of the company are to provide financial research, asset management services and engage in credit related 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 2014 after taxation amounting to £1,150,899, as compared a net loss of £2,032,311 for the year ended 31 December 2013. The Group's net loss decreased from prior year as a result of a 16% decrease in administrative expenses.

For the year ended 31 December 2014, capital contributions totalling £1,800,000 were made by IFMI, LLC, CCFL's parent company. This was made by way of issuance of £1,800,000 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 01 January 2014, CCFL established a branch office in Spain. Subsequent to the establishment of the Spanish branch office, all operations in Spain were handled by the Spanish branch. In addition to offices in London England and Madrid Spain, 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.
- 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

As of the year end, the company's assessment of its capital resource requirements was:

- operational risk requirement £907,000;
- credit and market risk capital requirement £398,000;
- variable capital (fixed overhead) requirement £1,306,000;

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.

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 2014**
Investment Management	£1,521,939
Capital Markets	£1,784,272
Support & other	£151,169
Total	**£3,457,380**

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 2014**
Senior Management	£726,765

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 2014
Fixed Remuneration	£304,164
Variable Remuneration	£422,601
Total	**£726,765**

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.

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

Gareth Noonan
Director
23 April 2015

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 2014 which comprise the consolidated profit and loss account, group and company balance sheets 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).

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

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 (FRC) 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 2014 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept 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
23 April 2015

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The principal accounting policies of the Group have remained unchanged from the previous year and are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertaking made up to 31 December 2014. 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.

CASH FLOW STATEMENT

The company has not presented a cash flow statement in accordance with Financial Reporting Standard 1 'Cash flow statements' as its ultimate parent company's consolidated accounts are publicly available (see note 17).

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.

TRADE AND OTHER DEBTORS

Trade and other debtors are recognised and carried forward at invoice amount less provisions for any doubtful debts. Bad debts are written off when identified.

CASH AND CASH EQUIVALENTS

Cash comprises cash at bank and in hand.

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.

FOREIGN CURRENCIES

All assets and liabilities expressed in foreign currencies are translated into 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 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.

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 credit-related fixed income securities sales, trading, and financing, as well as new issue placements in corporate and securitised products and advisory services.

TANGIBLE FIXED ASSETS AND DEPRECIATION

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.

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.

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 when it is more likely than not that they will be recovered. Deferred tax is measured using rates that have been enacted or substantively enacted by the balance sheet date.

COHEN AND COMPANY FINANCIAL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Turnover	1	**6,391,521**	6,925,325
Administrative expenses		**(7,621,227)**	(9,083,665)
Operating (loss)/profit		**(1,229,706)**	(2,158,340)
Other operating (expense)/income	3	**(113,924)**	(16,425)
Other interest receivable and similar income		**235,823**	142,454
(Loss)/profit on ordinary activities before taxation		**(1,107,807)**	(2,032,311)
Tax on (loss)/profits on ordinary activities	5	**43,092**	-
(Loss)/profits retained and transferred from reserves	13	**(1,150,899)**	(2,032,311)

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial period.

As permitted by section 408 Companies Act 2006, the holding company has not published its own profit and loss account.

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

COHEN AND COMPANY FINANCIAL LIMITED

BALANCE SHEETS AT 31 DECEMBER 2014

	Note	**Group At 31 December 2014 £**	**Company At 31 December 2014 £**	Group At 31 December 2013 £	Company At 31 December 2013 £
Fixed assets					
Tangible assets	6	**94,009**	**94,009**	162,781	125,851
Investment in subsidiary	7	**-**	**2,367**	-	2,367
Current assets					
Debtors	8	**3,373,988**	**3,447,693**	3,442,116	3,369,397
Cash at bank and in hand		**1,668,899**	**1,595,194**	779,743	586,630
		5,042,887	**5,042,887**	4,221,859	3,956,027
Creditors: amounts falling due within one year	9	**(2,893,013)**	**(3,124,169)**	(2,789,858)	(2,718,252)
Net current assets		**2,149,874**	**1,918,718**	1,432,001	1,237,775
Total assets less current liabilities		**2,243,883**	**2,015,094**	1,594,782	1,365,993
Net assets		**2,243,883**	**2,015,094**	1,594,782	1,365,993
Capital and reserves					
Called up share capital	11	**5,300,011**	**5,300,011**	3,500,011	3,500,011
Share premium account	12	**399,990**	**399,990**	399,990	399,990
Profit and loss account	12	**(3,456,118)**	**(3,684,907)**	(2,305,219)	(2,534,008)
Shareholders' funds	13	**2,243,883**	**2,015,094**	1,594,782	1,365,993

The financial statements were approved for issue by the Directors and signed on their behalf on 23 April 2015.

Gareth Noonan
Director

Company no 05894236

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

1 TURNOVER

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

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Europe	**4,553,111**	4,595,825

Total turnover attributable to segment:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Investment Management	**4,537,595**	4,595,825
Capital Markets	**1,853,926**	2,329,500
Total	**6,391,521**	6,925,325

2 OPERATING INCOME/(LOSS)

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

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Depreciation on tangible fixed assets	**70,560**	69,096
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the financial statements	**26,000**	24,500
Fees payable to the company's auditor for other services	**3,250**	2,000
Other operating lease rentals	**335,548**	481,457

3 OTHER OPERATING INCOME/(EXPENSES)

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Net gain/(loss) on foreign currency translation	**(113,924)**	(16,425)

4 WAGES AND SALARIES

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

	Year ended 31 December 2014 No	Year ended 31 December 2013 No
Sales and trading	**24**	21
Management	**3**	3
	27	24

The aggregate payroll costs excluding directors of the above were:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Wages and salaries	**2,259,637**	3,005,781
Social security costs	**340,963**	332,183
	2,600,600	3,337,964

Remuneration in respect of directors was as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Wages and salaries	**726,765**	678,754
Social security costs	**130,015**	246,417
	856,780	925,171

There were two directors (2013: two) remunerated by the company during the year.

5 TAX ON LOSS ON ORDINARY ACTIVITIES

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

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Current tax:		
United Kingdom corporation tax at 21.5% (2013: 23.3%)	-	-
Foreign tax charge	43,092	-
Deferred tax	-	-
Total tax	**43,092**	-

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 21.5% (2013: 23.3%)

Profit/(loss) on ordinary activities in the United Kingdom before taxation	**(1,107,807)**	(2,032,311)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 21.5% (2013: 23.3%)	**(238,179)**	(473,529)
Effect of:		
Expenses not deductible for tax purposes	**8,795**	21,936
Depreciation in excess of capital allowances	-	-
Losses carried forward	**(229,384)**	(451,593)
	-	-

6 TANGIBLE ASSETS

Group	Leasehold Improvements	Furniture Fittings & Equipment	Total
Cost			
At 1 January 2014	256,682	359,062	615,744
Disposals	(191,338)	(79,237)	(270,575)
At 31 December 2014	**65,344**	**279,825**	**345,169**
Depreciation			
At 1 January 2014	199,916	253,047	452,963
Charge for the year	14,710	55,850	70,560
Disposals	(191,338)	(79,237)	(270,575)
Exchange differences	63	(1,851)	(1,788)
At 31 December 2014	**23,351**	**227,809**	**251,160**
Net Book Values			
At 31 December 2014	**41,993**	**52,016**	**94,009**
At 31 December 2013	56,766	106,015	162,781

Company	Leasehold Improvements	Furniture Fittings & Equipment	Total
Cost			
At 1 January 2014	249,963	308,217	558,180
Transfers	1,852	35,078	36,930
Disposals	(191,338)	(79,237)	(270,575)
At 31 December 2014	**60,477**	**264,058**	**324,535**
Depreciation			
At 1 January 2014	195,049	237,280	432,329
Charge for the year	14,710	55,850	70,560
Disposals	(191,338)	(79,237)	(270,575)
Exchange differences	63	(1,851)	(1,788)
At 31 December 2014	**18,484**	**212,042**	**230,526**
Net Book Values			
At 31 December 2014	**41,993**	**52,016**	**94,009**
At 31 December 2013	54,914	70,937	125,851

7 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.

8 DEBTORS

	Group 2014 £	**Company 2014 £**	Group 2013 £	Company 2013 £
Trade debtors	**1,795,542**	**1,869,247**	2,034,504	2,008,679
Prepayments	**224,915**	**224,915**	288,933	242,039
Other debtors	**1,353,531**	**1,353,531**	1,118,679	1,118,679
	3,373,988	**3,447,693**	3,442,116	3,369,397

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2014 £	**Company 2014 £**	Group 2013 £	Company 2013 £
Trade creditors	**15,586**	**15,586**	12,289	12,289
Accruals and deferred income	**812,576**	**812,576**	1,089,949	1,081,261
Other taxes and social security	**253,679**	**253,679**	348,362	272,630
Amounts owed to group undertakings	**1,811,172**	**2,042,328**	1,339,258	1,352,072
	2,893,013	**3,124,169**	2,789,858	2,718,252

10 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 2014 is £5,453,294 (2013: £4,032,244) which results in an unrecognized deferred tax asset of £1,090,659 (2013: £939,513). The company does not discount deferred tax assets. There are no deferred charges for the subsidiary.

11 SHARE CAPITAL

	At 31 December 2014 £	At 31 December 2013 £
Authorised:		
5,300,100 ordinary shares of £1 each	**5,300,100**	3,500,100
Allotted, called up and fully paid:		
5,300,011 ordinary shares of £1 each	**5,300,011**	3,500,011

During the twelve months ended 31 December 2014, a total of 1,800,000 ordinary £1 shares were issued at par value.

12 RESERVES

Group	Share Premium £	Profit and loss account £
At 1 January 2014	399,990	(2,305,219)
Profit/(Loss) for the year	-	(1,150,899)
At 31 December 2014	**399,990**	**(3,456,118)**

Company	Share Premium £	Profit and loss account £
At 1 January 2014	399,990	(2,534,008)
Profit/(Loss) for the year	-	(1,150,899)
At 31 December 2014	**399,990**	**(3,684,907)**

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2014 £	2013 £
Profit/(loss) for the year	**(1,150,899)**	(2,032,311)
Opening shareholders' funds	**1,594,782**	3,627,093
Issuance of share capital	**1,800,000**	-
Closing shareholders' funds	**2,243,883**	1,594,782

Company	2014 £	2013 £
Profit/(loss) for the year	**(1,150,899)**	(2,349,576)
Opening shareholders' funds	**1,365,993**	3,715,569
Issuance of share capital	**1,800,000**	-
Closing shareholders' funds	**2,015,094**	1,365,993

14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2014 or at 31 December 2013.

15 CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 December 2014 or at 31 December 2013.

16 OPERATING LEASE COMMITMENTS

Operating lease payments amounting to £321,090 (2013: £365,556) are due within one year. The leases to which these amounts relate to expire as follows:

	Group Land and Buildings 2014	**Company Land and Buildings 2014**	Group Land and Buildings 2013	Company Land and Buildings 2013
	£	**£**	£	£
Operating leases which expire:				
Between two and five years	**321,090**	**321,090**	365,556	306,306
	321,090	**321,090**	365,556	306,301

17 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 2014, Cohen and 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.

18 RELATED PARTY TRANSACTIONS

As a majority owned subsidiary of IFMI, the company is exempt from the requirements of Financial Reporting Standard 8 'Related Party Disclosure' to disclose transactions with other wholly owned members of the group headed by IFMI.