



Alexander Sloan
Accountants and Business Advisers

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

PAGES FOR FILING WITH REGISTRAR

Company Registration No. SC039690 (Scotland)

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CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

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CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	5	1,017,379		943,896	
Investments	6	145,135		129,660	
		<u>1,162,514</u>		<u>1,073,556</u>	
Current assets					
Stocks	9	253,503		250,850	
Debtors	10	2,427,199		2,289,288	
Cash at bank and in hand		356,084		464,560	
		<u>3,036,786</u>		<u>3,004,698</u>	
Creditors: amounts falling due within one year	11	<u>(114,480)</u>		<u>(102,456)</u>	
Net current assets		<u>2,922,306</u>		<u>2,902,242</u>	
Total assets less current liabilities		<u>4,084,820</u>		<u>3,975,798</u>	
Provisions for liabilities	12	<u>(86,925)</u>		<u>(72,530)</u>	
Net assets		<u><u>3,997,895</u></u>		<u><u>3,903,268</u></u>	
Capital and reserves					
Called up share capital	14	20,000		20,000	
Share premium account		242,555		242,555	
Profit and loss reserves		3,735,340		3,640,713	
Total equity		<u><u>3,997,895</u></u>		<u><u>3,903,268</u></u>	

The director of the company has 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. SC039690

The notes on pages 3 to 12 form an integral part of these financial statements.

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017	20,000	242,555	3,679,080	3,941,635
Year ended 31 December 2017:				
Loss and total comprehensive income for the year	-	-	(38,367)	(38,367)
Balance at 31 December 2017	20,000	242,555	3,640,713	3,903,268
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	94,627	94,627
Balance at 31 December 2018	20,000	242,555	3,735,340	3,997,895

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Charles Connell & Company (Colquhalzie Farms) 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.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 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:

Freehold land and buildings	Straight line over 25 years
Plant and equipment	Straight line over between 3 and 20 years

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in profit or loss. Transaction costs are expensed to profit or loss as incurred.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Biological stock is recorded using the fair value model within FRS 102. Other Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 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 (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.9 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.

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.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.11 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.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 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.

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

Investment in Ladyston Farming Company

Ladyston Farming Company is a partnership in which Charles Connell & Company (Colquhalzie Farms) Limited owns 49%. The Directors believe that the best estimate of the fair value of the investment is the value of the capital account relating to Charles Connell & Company (Colquhalzie Farms) Limited. This is based on the unaudited annual accounts of Ladyston Farming Company. This is the value used in the financial statements as the fair value of the investment. The carrying value of the investment in Ladyston Farming Company at the year end is £145,135 (2017 - £129,660).

Biological Assets

The value of biological assets, in both this company and in its associate, is based on the estimated quality and weight of the asset and recent selling prices for similar assets. The carrying value of stock in the company is £253,503 (2017 - £250,850).

3 Employees

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

	2018 Number	2017 Number
Farm Workers	3	4
Administration and support	2	3
	<u>5</u>	<u>7</u>

4 Director's remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>2,100</u>	<u>11,187</u>

The company classifies directors as the key management of the company.

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Total £
Cost			
At 1 January 2018	948,691	1,025,371	1,974,062
Additions	63,049	143,785	206,834
Disposals	-	(155,341)	(155,341)
At 31 December 2018	1,011,740	1,013,815	2,025,555
Depreciation and impairment			
At 1 January 2018	514,345	515,821	1,030,166
Depreciation charged in the year	14,381	67,073	81,454
Eliminated in respect of disposals	-	(103,444)	(103,444)
At 31 December 2018	528,726	479,450	1,008,176
Carrying amount			
At 31 December 2018	483,014	534,365	1,017,379
At 31 December 2017	434,346	509,550	943,896

The carrying value of land and buildings comprises:

	2018 £	2017 £
Freehold	483,014	434,346

6 Fixed asset investments

	Notes	2018 £	2017 £
Investments in associates	7	145,135	129,660

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Fixed asset investments (Continued)

Movements in fixed asset investments

	Partnership £
Cost or valuation	
At 1 January 2018	129,660
Valuation changes	15,475
At 31 December 2018	145,135
Carrying amount	
At 31 December 2018	145,135
At 31 December 2017	129,660

7 Associates

Details of the company's associates at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Ladyston Farming Partnership	Scotland	Farming	Partner	49.00

8 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,322,144	2,227,723
Carrying amount of financial liabilities		
Measured at amortised cost	105,295	102,456

9 Stocks

	2018 £	2017 £
Raw materials and consumables	39,757	20,014
Livestock, Growing Crops and Finished Goods	213,746	230,836
	253,503	250,850

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	59,562	40,262
Amounts owed by group undertakings	2,262,190	2,162,910
Other debtors	14,955	27,614
Prepayments and accrued income	90,492	58,502
	<u>2,427,199</u>	<u>2,289,288</u>

11 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	49,732	56,490
Corporation tax	9,185	-
Other creditors	7,051	28,674
Accruals and deferred income	48,512	17,292
	<u>114,480</u>	<u>102,456</u>

12 Provisions for liabilities

	Notes	2018	2017
		£	£
Deferred tax liabilities	13	<u>86,925</u>	<u>72,530</u>

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2018	Liabilities 2017
	£	£
Balances:		
Accelerated capital allowances	<u>86,925</u>	<u>72,530</u>
Movements in the year:		2018
		£
Liability at 1 January 2018		72,530
Charge to profit or loss		14,395
Liability at 31 December 2018		<u>86,925</u>

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
20,000 Ordinary Shares of £1 each	20,000	20,000

15 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.

16 Related party transactions

Key Management

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

Summary of transactions with associates

Ladyston Farming Company is a partnership 49% controlled by Charles Connell & Company (Colquhalzie Farms) Limited. As set out below, there was sales and purchases between the partnership and the company and Charles Connell & Company (Colquhalzie Farms) Limited provided an interest free loan to the partnership.

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 provided interest free loans to Charles Connell & Company Limited and Connell Renewables Limited. Further details of the loans are set out below.

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2018	2017	2018	2017
	£	£	£	£
Associates	144,295	100,068	320	10,859
Group Companies	18,500	18,500	7,200	7,033

CHARLES CONNELL & COMPANY (COLQUHALZIE FARMS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2018	2017
	£	£
Amounts due to related parties		
Key management personnel	6,070	27,888

Other Related Party transactions

The estate of Mr Charles R. Connell, a former director of the company, is owed £16,308 by the company (2017: £24,170 was due to the company).

Amounts due to and from related parties are provided interest free and are repayable on demand.

The following amounts were outstanding at the reporting end date:

	2018	2017
	£	£
Amounts due from related parties		
Associates	40,232	30,820
Group Companies	2,221,958	2,132,090
	<u>2,262,190</u>	<u>2,162,910</u>

17 Controlling party

The company's parent company is Charles Connell & Company (Holdings) Limited, incorporated in Scotland.