

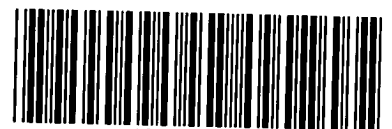
**Speirs & Jeffrey Limited**

**Directors' report and financial  
statements**

**Registered number SC98335**

**Period ended 10 May 2016**

WEDNESDAY



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## Directors' report

The directors have pleasure in submitting their report to the members, together with audited financial statements, for the 52 week period ended 10 May 2016.

### Directors

The directors at the date of this report were:

J.R. McCulloch (retired 12 May 2016)  
G.H.W. Waddell (appointed Chairman 12 May 2016)  
W.G. Dickie  
R.L. Crichton  
M.J. Wilson  
S.W.J. Mathieson  
A.A.W. Waddell  
T.M.B. Brown  
C.C. Baxter  
K. L. Donaldson

### Incorporation

The company is incorporated in Scotland with the registered number SC98335.

### Dividend

The profit after tax for the period was £7,280,000 (2015: £5,540,000 restated) due to higher fee income and trading volumes offset by increasing costs. The total dividend per ordinary share paid in the period was £103 (2015: £66), comprising the prior year final dividend of £19 per share and an interim and final dividends totalling £84 per share. The remaining balance of shareholders' funds is £12,236,000 (2015: £11,990,000 restated).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Going Concern

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

On the basis of their assessment of the Company's financial position the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**S.W.J. Mathieson**  
*Director/Company Secretary*  
George House  
50 George Square  
Glasgow

2 August 2016

## Strategic Report

### Business review and principal activities

The company's primary activities are investment management, stockbroking and related services.

S&J had a pleasing year with progress made in a number of fronts. Revenues rose reflecting good trading and robust fee income. This has allowed us to make further investments in both our systems and personnel with staff numbers now up to 141.

The flip side is that costs continue to rise with the increase in regulation and compliance set to be an ongoing feature for the years ahead.

2016 was a period of further change including much political upheaval and now Brexit. We live in a "great age of disruption". The challenge in these times is to do in the year ahead as before – have a passionate focus on client service, create good investment ideas and deliver the message in a positive coherent way.

Change has also occurred at the local level. My first report reflects the retirement of Jimmy McCulloch after 34 years of service. We wish him a long and happy time away from the "screens".

### Principal risks and uncertainties

#### *Political risk*

The EU In-Out Referendum decision is already the focus of considerable political and media debate, if not yet of any real significance to our business in the foreseeable future. We continue to be vigilant as to any possible action which might need to be taken as matters develop.

The board carries out regular reviews of the risk environment. The main areas of risk identified by the board are:

#### *Liquidity risk*

This is the risk that the company does not have sufficient financial resources to enable it to meet its obligations as and when they fall due. The company operates with modest fixed cost commitments and aims to carry sufficient cash balances. There is no external debt.


#### *Operational risk*

This is the risk of loss arising from inadequate or failed internal processes, people or systems. The board regularly reviews the system of internal controls.

#### *Business risk*

This is the risk that the firm may not be able to carry out its business plan and strategy. The board regularly reviews the performance of all areas of the business.

By order of the board



**Graham H W Waddell**

*Executive Chairman*

George House  
50 George Square  
Glasgow

2 August 2016

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Speirs & Jeffrey Limited**

We have audited the financial statements of Speirs & Jeffrey Limited for the period ended 10 May 2016 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Statement of directors' responsibilities set out on page 3, 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](http://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 company's affairs as at 10 May 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' report for the financial period 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**John Waterson (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
191 West George Street  
Glasgow  
G2 2LJ  
2 August 2016

## Profit and loss account and Other Comprehensive Income

	<i>Note</i>	<b>52 weeks to 10 May 2016 £000</b>	<b>Restated 52 weeks to 10 May 2015 £000</b>
<b>Turnover</b>		<b>23,910</b>	<b>21,344</b>
Interest received	2	47	63
		<hr/>	<hr/>
		<b>23,957</b>	<b>21,407</b>
Staff costs	3	10,957	10,594
Other operating expenses	5	3,711	3,280
Financial Services Compensation Scheme Levy		275	376
		<hr/>	<hr/>
		<b>14,943</b>	<b>14,250</b>
		<hr/>	<hr/>
<b>Operating profit</b>		<b>9,014</b>	<b>7,157</b>
Revaluation of investment in shares to fair value		84	(125)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>9,098</b>	<b>7,032</b>
Tax on profit on ordinary activities	6	(1,818)	(1,492)
		<hr/>	<hr/>
<b>Profit for the financial period</b>		<b>7,280</b>	<b>5,540</b>
		<hr/>	<hr/>

A statement of recognised gains and losses is not presented as there are no gains or losses in the period other than the profit for the financial period.

## Statement of Changes in Equity

	<b>2016 £000</b>	<b>Restated 2015 £000</b>
Profit for the financial period	7,280	5,540
Equity dividends paid	(7,034)	(4,508)
Balance brought forward	11,990	10,958
	<hr/>	<hr/>
<b>Balance carried forward</b>	<b>12,236</b>	<b>11,990</b>
	<hr/>	<hr/>
Shareholders' funds comprise:		
Equity	12,236	11,990
	<hr/>	<hr/>

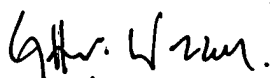
The notes on pages 8 to 16 form part of these financial statements.

## Balance sheet

	Note	10 May 2016	Restated 10 May 2015
		£000	£000
<b>Fixed assets</b>			
Tangible assets	7	954	1,151
Investment in subsidiaries	8	-	-
Investment in unquoted ordinary shares	9	1,076	992
		<hr/>	<hr/>
		2,030	2,143
<b>Current assets</b>			
Debtors - market and client balances		12,035	12,190
Bank balances and cash		16,059	15,735
		<hr/>	<hr/>
		28,094	27,925
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>			
Creditors - market and client balances		11,400	11,725
Creditors and accruals	10	5,763	5,432
Deferred tax liability	11	125	321
		<hr/>	<hr/>
		17,288	17,478
		<hr/>	<hr/>
<b>Net current assets</b>		10,806	10,447
<b>Creditors: amounts falling due after more than one year</b>			
Creditors		(600)	(600)
		<hr/>	<hr/>
<b>Net assets</b>		12,236	11,990
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	68	68
Capital redemption reserve	13	132	132
Profit and loss account		12,036	11,790
		<hr/>	<hr/>
<b>Shareholders' funds</b>		12,236	11,990
		<hr/>	<hr/>

The notes on pages 8 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 2 August 2016 and were signed on its behalf by:



**G.H.W. Waddell**  
Director



**R.L. Crichton**  
Director



## Cash flow statement

	52 weeks to 10 May 2016		Restated 52 weeks to 10 May 2015	
	£000	£000	£000	£000
<b>Reconciliation of operating profit to cash flow from operating activities</b>				
Profit for the year	9,098		7,032	
Interest received	(47)		(63)	
Revaluation of investment in shares to fair value	(84)		125	
Depreciation	278		276	
Increase/(decrease) in net market and client balances	(170)		(135)	
Increase in creditors	113		194	
Dividend received	(26)		(28)	
		9,162		7,401
<b>Returns on investments and servicing of finance</b>				
Dividend received		26		28
Interest Received		47		63
<b>Taxation</b>		(1,796)		(1,669)
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(81)		(130)
<b>Dividends paid on shares classified in shareholders' funds</b>		(7,034)		(4,508)
<b>Increase in cash in the period</b>		324		1,185
<b>Net cash</b>				
At the start of the period		15,735		14,550
Net inflow		324		1,185
<b>At end of the period</b>		16,059		15,735

The notes on pages 8 to 16 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Speirs & Jeffrey Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements as all the subsidiary undertakings of the company fall within the exclusions provided for in CA2006 s405. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

This is the first year that FRS 102 has been applied with a transition date of 10 May 2016.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that Investments in shares are stated at their fair value through the profit and loss account.

#### 1.2 Going concern

In assessing whether the Company is a going concern, the Board has reviewed cash flow forecasts for the Company based upon a variety of scenarios for the foreseeable future. In addition, the Board has considered the current cash position and the overall financial position of the Company.

Given the above, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern in preparing these financial statements.

#### 1.3 Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Balances on foreign currency transactions have been translated into pounds sterling at the rate of exchange ruling at the balance sheet date.

#### 1.4 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

##### *Investments in unquoted ordinary shares*

Investments in unquoted equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss.

##### *Investments in subsidiaries*

These are separate financial statements of the company. Investments in subsidiaries are carried at cost.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement.

##### *Market and client balance*

Market and client balances comprise transactions arranged on behalf of clients together with client money held in the process of settling such transactions.

### **1.5 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Office equipment	-	25% straight line
Leasehold improvements/reinstatement	-	11% and 12.5% straight line respectively

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

### **1.6 Defined contribution plans and other long term employee benefits**

The Company operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

### **1.7 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

### **1.8 Turnover**

Turnover comprises gross commission, ISA and nominee management fees and sundry income all of which arises in the UK. Gross commission is recognised on a commitment basis with ISA and nominee management and sundry income recognised as earned in line with our terms and conditions.

### **1.9 Expenses**

#### ***Operating lease***

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

### **1.10 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Interest

	2016 £000	2015 £000
Bank interest received	47	63

### 3 Staff costs

	2016 £000	2015 £000
Wages and Salaries	9,361	8,935
Social security costs	1,122	1,089
Contributions to defined contribution plans	474	570
	<u>10,957</u>	<u>10,594</u>
Full time employees	130	125
Part time employees	6	6
	<u>136</u>	<u>131</u>

#### Remuneration of directors

Directors' emoluments	3,278	2,840
Company contributions to money purchase pension schemes	40	100
	<u>3,318</u>	<u>2,940</u>

The emoluments of the highest paid director were £509,000 (2015: £454,000). The contributions to the money purchase pension schemes by the company on his behalf was £40,000 (2015: £40,000). Retirement benefits are accruing at the balance sheet date to three directors (2015: three) in respect of money purchase pension schemes.

### 4 Pension scheme

#### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £123,000 (2015: £112,000). There were no outstanding or prepaid contributions at the end of the financial year.

## Notes (continued)

### 5 Expenses and auditors' remuneration

	2016 £000	<i>Restated</i> 2015 £000
Auditor's remuneration - statutory audit of the company	17	15
- audit of company's subsidiaries	2	2
- other services pursuant to legislation	30	20
- taxation compliance services	7	7
- tax advisory services	4	4
Depreciation	278	276
Operating leases	237	237
	<hr/> <hr/>	<hr/> <hr/>

### 6 Taxation

#### a) Analysis of charge in period:

	2016 £000	<i>Restated</i> 2015 £000
<b>Current tax</b>		
UK corporation tax on profits of the period	2,014	1,501
<b>Deferred tax</b>		
Timing differences	(196)	(9)
	<hr/>	<hr/>
<b>Taxation on profit on ordinary activities</b>	<b>1,818</b>	<b>1,492</b>
	<hr/> <hr/>	<hr/> <hr/>

#### b) Factors affecting tax charge for the period:

	2016 £000	<i>Restated</i> 2015 £000
Profit on ordinary activities before taxation	9,098	7,032
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.89%)	1,819	1,469
Capital allowances in excess of depreciation and other timing differences	(1)	23
	<hr/>	<hr/>
	<b>1,818</b>	<b>1,492</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 7 Fixed tangible assets

	Fittings And Equipment £000
<i>Cost</i>	
At 10 May 2015 restated	2,890
Additions	81
	<hr/>
<b>At 10 May 2016</b>	<b>2,971</b>
	<hr/>
<i>Depreciation</i>	
At 10 May 2015 restated	1,739
Charge for period	278
	<hr/>
<b>At 10 May 2016</b>	<b>2,017</b>
	<hr/>
<i>Net book value</i>	
<b>At 10 May 2016</b>	<b>954</b>
	<hr/>
At 10 May 2015 restated	1,151
	<hr/>

### 8 Investment in subsidiaries

Details of the subsidiaries are as follows:

Speirs & Jeffrey Fund Management Limited	- nominee company.
Speirs & Jeffrey Portfolio Management Limited	- nominee company.
Speirs & Jeffrey Client Nominees Limited	- nominee company.

All companies are 100% owned subsidiaries registered in Scotland.

### 9 Investment in unquoted ordinary shares

	2016 £000	<i>Restated</i> 2015 £000
Non-quoted investment at cost	81	81
Revaluation of investment to fair value	911	1,036
	<hr/>	<hr/>
	992	1,117
Movement in the period	84	(125)
	<hr/>	<hr/>
	<b>1,076</b>	<b>992</b>
	<hr/>	<hr/>

The investment in the unquoted shares is measured at the fair value. In arriving at the fair value the earnings, net assets of the investment and the price of recent transactions are taken into account.

## Notes (continued)

### 10 Creditors and accruals: amounts falling due within one year

	2016 £000	<i>Restated</i> 2015 £000
Trade creditors	45	105
Accruals	4,055	3,947
Other tax and social security	856	791
UK corporation tax	807	589
	<u>5,763</u>	<u>5,432</u>

### 11 Deferred taxation

	Depreciation in excess/(deficit)of capital allowances £000	Other timing Differences £000	Total £000
At 10 May 2015 restated	(43)	(278)	(321)
Movement in financial period:			
- current period	8	188	196
- change in tax rate			-
	<u>(35)</u>	<u>(90)</u>	<u>(125)</u>

A deferred tax liability has been recognised at 20% (2015: 20%) representing the rate at which they are expected to reverse.

### 12 Called up share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
Equity: 68,300 (2015: 68,300) ordinary shares of £1 each	68	68
	<u>68</u>	<u>68</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### *Dividends*

	2016 £000	2015 £000
Equity - ordinary shares paid in year	7,034	4,508
	<u>7,034</u>	<u>4,508</u>

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is nil (2015: 1,298,000).

## Notes (continued)

### 13 Capital redemption reserve

	2016 £000	2015 £000
Capital redemption reserve	132	132

This reserve records the nominal value of shares repurchased by the Company.

### 14 Commitments

- a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2016 £000	2015 £000
Contracted	-	-

- b) Annual commitments under non-cancellable operating leases are as follows:

	2016 Land and Buildings £000	Other £000	2015 Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	-	-	-
Over five years	237	-	237	-
	<u>237</u>	<u>-</u>	<u>237</u>	<u>-</u>

### 15 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared at 10 May 2016 in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 10 May 2016 and the comparative information presented in these financial statements for the period ended 10 May 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

The changes from UK GAAP include the carrying value of the investment in shares which has been adjusted in line with the accounting policy at note 1. This resulted in an increase in the value of the asset recognised on balance sheet. Previously this was included at cost less impairment under old UK GAAP. Client and market balances have been increased to reflect the individual contract status of the underlying client balances. Client balances were previously reported on a net client basis. The cost of reinstating the leased premises has been capitalised and then depreciated over the length of the lease as outlined in accounting policy at note 1.5. Reinstatement costs were previously accrued on a yearly basis. A liability has been released as this does not meet the criteria set out for provisions under FRS102. FRS102 has changed the basis of accounting for the Financial Services Compensation Levy to when declared basis. Previously the levy was accounted for under UK GAAP on an accruals basis.



## Notes (continued)

### Reconciliation of equity

			10 May 2015			11 May 2014	
		UK	Effect of	FRS 102	UK	Effect of	FRS 102
	Note	GAAP	transition	to FRS 102	GAAP	transition to	FRS 102
		£000	to FRS 102	£000	£000	FRS 102	£000
<b>Fixed assets</b>							
Tangible fixed assets	7	701	450	1,151	772	525	1,297
Investments in subsidiaries	8	-	-	-	-	-	-
Investments in shares	9	81	911	992	81	1,036	1,117
<b>Current assets</b>							
Debtors—market and client balances		8,540	3,650	12,190	15,466	5,249	20,715
Cash at bank and in hand		18,110	(2,375)	15,735	16,792	(2,242)	14,550
<b>Creditors: amounts due within one year</b>							
Creditors and accruals	10	6,182	(750)	5,432	6,388	(711)	5,677
Creditors – market and client balances		9,884	1,841	11,725	16,991	3,124	20,115
Bank overdraft		566	(566)	-	117	(117)	-
Deferred Tax	11	3	318	321	(14)	343	329
<b>Creditors : amounts due after one year</b>		-	600	600	-	600	600
Net assets/[liabilities]		10,797	1,193	11,990	9,629	1,329	10,958
<b>Capital and reserves</b>							
Called up share capital	12	68	-	68	68	-	68
Capital redemption reserve	13	132	-	132	132	-	132
Profit and loss account		10,597	1,193	11,790	9,429	1,329	10,758
<b>Shareholders' equity</b>		10,797	1,193	11,990	9,629	1,329	10,958

			10 May 2015	
		UK	Effect of	FRS 102
	Note	GAAP	transition	to FRS 102
		£000	to FRS 102	£000
<b>Turnover</b>		21,344	-	21,344
Interest		63	-	63
<b>Expenses</b>				
Staff numbers and employment costs		10,594	-	10,594
Other operating expenses		3,280	-	3,280
Financial Services Compensation Scheme levy		331	45	376
<b>Operating profit</b>		7,202	(45)	7,157
Revaluation of investments to fair value		-	(125)	(125)
Profit on ordinary activities before taxation		7,202	(170)	7,032
Taxation		(1,526)	34	(1,492)
<b>Profit for the period</b>		5,676	(136)	5,540

## Notes (continued)

### 16 Financial Risk Management

The Company's activities expose it to a range of financial risks. These key risks and the associated risk management policies to mitigate these risks are described below.

#### *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its obligation resulting in a financial loss to the company. The company's financial assets exposed to credit risk is as follows:

	2016 £000	<i>Restated</i> 2015 £000
Cash at bank and interest receivable	16,059	15,735
Market and client balances	10,383	10,349
	<hr/> <hr/>	<hr/> <hr/>

Cash at bank is placed with financial institutions authorised by the Financial Conduct Authority. We review the credit status of institutions on a regular basis.

Market and client balances relate to transactions arranged by the firm on behalf of clients. The risk of default by either the client or the market counterparty is reviewed on a regular basis.

#### *Liquidity Risk*

The company's investments in an unquoted company which is not traded in an organised public market and which may be illiquid. As a result the company may not be able to liquidate quickly investments at an amount close to their fair value. The risk is managed by maintaining high levels of cash and by forward planning to ensure operational flexibility and choice.

#### *Market Risk*

Market risk includes price risk on unquoted investments, interest rate risk and currency risk on financial assets.

Price risk will affect the fair value of the unquoted investment. If the bid price at the balance sheet date had been 10% higher while all other variables remained constant the profit after tax for the year ended 10 May 2016 would have increased by £86,000 and equity shareholders' interests would have increased by the same amount. Had the price been 10% lower the converse would apply.

Unquoted investments involve a higher degree of price risk than listed investments. The company manages this risk by maintaining high levels of cash and by forward planning to ensure operational flexibility and choice.

The board on an ongoing basis reviews the fair value of the unquoted investment.

The interest rate risk will affect the level of income receivable on cash. Movements in interest rates are not expected to significantly affect the profit after tax for the year or equity shareholders' interest.

#### *Currency Risk*

The unquoted investment with a fair value of £1,076,000 is valued in Euros and is subject to fluctuations in the exchange rate. A 10% strengthening of the Euro exchange rate against sterling at the balance sheet date while all other variable remain constant would increase the profit after tax for the year ended 10 May 2016 by £86,000 and equity shareholders' would have been increased by the same amount. A 10% weakening in the Euro exchange rate would see the converse apply.