

New Court Property Services

Report of the Directors and Financial Statements
for the year ended 31 March 2012



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Report of the Directors



The Directors present their Directors' report and the financial statements for the year ended 31 March 2012

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Principal Activities and Business Review

The principal activity of the Company is that of investment in property and lettings. The results for the year are set out in the statement of comprehensive income on page 7.

On 16 January 2012 the lease for the property at 1 King William Street, which was due to run to 2018, was cancelled on payment of £18.8 million to the landlord. Further details are provided in note 11.

The principal risks to which the Company is exposed are detailed in note 1.

Dividends

The Directors do not recommend the payment of a dividend (2011: £nil).

Directors

The Directors who held office during the year were as follows:

Peter Barbour	(Appointed 12 March 2012)
Anthony Chapman	
Anthony Coghlan	
Andrew Tovell	(Resigned 9 March 2012)

Auditors

KPMG Audit Plc are the appointed auditors of the Company and pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed. KPMG Audit Plc will therefore continue in office.

Report of the Directors



Audit Information

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

By Order of the Board

N M Rothschild & Sons Limited, Secretary

New Court, St Swithun's Lane, London EC4N 8AL
7 August 2012

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 year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and applicable law.

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 judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 the 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.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of New Court Property Services



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We have audited the financial statements of New Court Property Services for the year ended 31 March 2012 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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.

Independent Auditor's Report to the Members of New Court Property Services



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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

Karim K Haji (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

7 August 2012

Statement of Comprehensive Income

For the year ended 31 March 2012



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	Notes	2012 £	2011 £
Revenue			
Rent receivable		3,105,153	7,850,186
Rent payable		(4,134,665)	(5,480,000)
Net rental (expense)/income		(1,029,512)	2,370,186
Provisions utilised/(made)	11	985,890	(9,048,472)
Operating expenses		(2,907,486)	(786,975)
Operating loss		(2,951,108)	(7,465,261)
Profit on disposals	5	3,378,815	-
Interest receivable		103,180	125,871
Finance cost	11	(404,000)	(547,000)
Profit/(loss) before tax	2	126,887	(7,886,390)
Taxation	4	(796,036)	(577,110)
Loss for the financial year		(669,149)	(8,463,500)
Other comprehensive income		-	-
Total comprehensive loss for the financial year		(669,149)	(8,463,500)

The notes on pages 11 to 19 form an integral part of these financial statements

Balance Sheet

At 31 March 2012



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	Notes	2012 £	2012 £	2011 £	2011 £
Non-current assets					
Property	5		-		4,375,000
Deferred tax asset	6		-		2,596,360
Current assets					
Debtors	7	4,611		1,378,852	
Loan to parent undertaking	8	-		4,700,000	
Current tax recoverable		1,800,325		-	
Cash and cash equivalents	9	1,509,261		12,048,032	
		3,314,197		18,126,884	
Current liabilities					
Current tax payable		-		(608,147)	
Other financial liabilities	10	(2,142,151)		(1,982,197)	
Provisions	11	(689,000)		-	
Net current assets			483,046		15,536,540
Total assets less current liabilities			483,046		22,507,900
Non-current liabilities					
Provisions	11		-		(27,355,705)
Net assets/(liabilities)			483,046		(4,847,805)
Shareholders' equity					
Share capital	12		31,966,000		25,966,000
Retained losses			(31,482,954)		(30,813,805)
Total shareholders' equity			483,046		(4,847,805)

Approved by the Board of Directors on 7 August 2012 and signed on its behalf by

Anthony Coghlan, Director

The notes on pages 11 to 19 form an integral part of these financial statements

Statement of Changes in Equity

For the year ended 31 March 2012



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	Share Capital £	Retained Earnings £	Total Equity £
At 1 April 2011	25,966,000	(30,813,805)	(4,847,805)
Ordinary share capital issued	6,000,000	-	6,000,000
Total comprehensive loss for the financial year	-	(669,149)	(669,149)
At 31 March 2012	31,966,000	(31,482,954)	483,046
At 1 April 2010	25,966,000	(22,350,305)	3,615,695
Total comprehensive loss for the financial year	-	(8,463,500)	(8,463,500)
At 31 March 2011	25,966,000	(30,813,805)	(4,847,805)

The notes on pages 11 to 19 form an integral part of these financial statements

Cash Flow Statement

For the year ended 31 March 2012



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	Notes	2012 £	2011 £
Cash flow from operating activities			
Loss for the financial year		(669,149)	(8,463,500)
Non-cash items included in net profit			
Taxation		796,036	577,110
Provisions (utilised)/made in year		(112,890)	10,327,472
Profit on disposal of fixed assets		(3,378,815)	-
Operating loss/(profit) before changes in working capital and provisions		(3,364,818)	2,441,082
Net decrease in debtors		1,374,241	70,015
Net increase in other payables		159,954	-
Cash (used in)/generated from operations		(1,830,623)	2,511,097
Income taxes paid		(608,148)	(547,491)
Net cash (used in)/from operating activities		(2,438,771)	1,963,606
Cash flow (used in)/from investing activities			
Payment on cancellation of lease		(18,800,000)	-
Net cash flow (used in)/from investing activities		(18,800,000)	-
Cash flow from financing activities			
Share capital issued		6,000,000	-
Repayment of loan by parent undertaking		4,700,000	-
Net cash flow from financing activities		10,700,000	-
Net (decrease)/increase in cash and cash equivalents		(10,538,771)	1,963,606
Cash and cash equivalents at 1 April		12,048,032	10,084,426
Cash and cash equivalents at 31 March	9	1,509,261	12,048,032

Interest receipts and payments during the year were as follows

	2012 £	2011 £
From parent undertaking	56,207	141,193
From fellow subsidiary undertaking	51,214	54,693

The notes on pages 11 to 19 form an integral part of these financial statements

Notes to the Financial Statements

(forming part of the Financial Statements)

For the year ended 31 March 2012



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1 Accounting Policies

New Court Property Services ("the Company") is a company incorporated in the United Kingdom. The principal accounting policies which have been consistently adopted in the presentation of the financial statements are as follows

a Basis of preparation

The financial statements are prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, endorsed by the European Union ("EU") and with those requirements of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared under the historical cost accounting rules.

The financial statements have been prepared on a going concern basis.

Standards affecting the financial statements

In the current year, there have been no new or revised Standards or Interpretations that have been adopted that have affected the amounts reported in these financial statements.

b Property

Property is stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on leasehold improvements is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

Leasehold improvements	5 - 15 years
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c Impairment of property

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property is assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the statement of comprehensive income in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

Notes to the Financial Statements

(forming part of the Financial Statements)



1 Accounting Policies (continued)

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d 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, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

e Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and balances with banks.

f Taxation

Tax payable on profits is recognised in the statement of comprehensive income. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates and laws that are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised.

g Capital management

The capital of the Company is managed by a fellow subsidiary undertaking, N M Rothschild & Sons Limited.

h Financial risk management

The Company follows the financial risk management policies of a fellow subsidiary undertaking, N M Rothschild & Sons Limited. The key risks arising from the Company's activities involving financial instruments, which are monitored at the group level, are as follows:

- Credit risk – the Company does not have exposure to the risk of loss arising from client or counterparty default as it does not have any client balances. The majority of the Company's asset balances are with group companies.
- Market risk – the Company does not have exposure to changes in market variables such as currency exchange rates or equity and debt prices. Interest rate risk in the Company is not considered significant.
- Liquidity risk – the risk that the Company is unable to meet its obligations as they fall due or that it is unable to fund its commitments is not considered significant.

Notes to the Financial Statements

(forming part of the Financial Statements)



1 Accounting Policies (continued)

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g Accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

Deferred tax

Deferred tax assets are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised (Note 6). The directors have applied judgement in assessing future taxable profits and the extent to which deferred tax assets are recognised.

Provisions for onerous lease contracts

Details of provisions for onerous lease contracts are provided in note 11 to the financial statements. Directors have estimated the costs relating to future lease periods in which properties are expected to be vacant including dilapidation and reinstatement costs for which the Company will be liable on expiry of the leases.

2 Profit Before Tax

	2012 £	2011 £
Is stated after		
Income		
Income receivable from Group undertakings	3,046,243	7,751,326
Interest receivable from Group undertakings	103,180	125,871

The amount receivable by the auditors and their associates in respect of the audit of these financial statements is £4,700 (2011 £4,700). The audit fee is paid on a group basis by N M Rothschild & Sons Limited.

3. Directors' Emoluments

None of the Directors received any remuneration from the Company during the year (2011 £nil).

Notes to the Financial Statements

(forming part of the Financial Statements)



4 Taxation

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Tax is based on the results for the year and comprises

	2012 £	2011 £
Current tax		
– Current period	1,800,324	(608,147)
Total current tax	1,800,324	(608,147)
Deferred taxation		
– Origination and reversal of timing differences	(2,596,360)	31,037
Total deferred tax	(2,596,360)	31,037
Total tax charged to income statement	(796,036)	(577,110)

The tax charged on income differs from the theoretical amount that would arise using the standard tax rate as follows

	2012 £	2011 £
Profit/(loss) before tax	126,887	(7,886,390)
Tax calculated at the standard rate of 26 % (2011 28 %)	(32,991)	2,208,189
Origination and reversal of timing differences	(1,242,408)	-
Changes in tax rate	-	(199,720)
Non tax deductible expenses	(1,565,980)	(2,585,579)
Income not subject to tax	2,045,343	-
Total tax charged to income statement	(796,036)	(577,110)

The UK corporation tax rate has been changed from 26 per cent to 24 per cent with an effective date of 1 April 2012. This rate has been substantively enacted at the balance sheet date but has not affected the amounts reported in the financial statements.

Notes to the Financial Statements

(forming part of the Financial Statements)



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5 Property

	2012 £	2011 £
Leasehold improvements		
Cost		
At 1 April	8,027,000	8,027,000
Disposals	(8,027,000)	-
At 31 March	-	8,027,000
Depreciation		
At 1 April	3,652,000	2,920,000
Charge for the year	469,000	732,000
Disposals	(4,121,000)	-
At 31 March	-	3,652,000
Net book value	-	4,375,000

On 16 January 2012 a payment of £18,800,000 was made to the landlord on cancellation of the lease for the property at 1 King William Street, and associated leasehold improvements with a net book value of £3,906,000 were written off. At the same time, vacant property and dilapidation/reinstatement provisions amounting to £26,084,815 were released, resulting in a profit on disposal of £3,378,815. Further details of the lease cancellation are set out in note 11.

6 Deferred Tax Asset

The deferred tax asset at 31 March 2011 was calculated on certain temporary differences under the liability method using an effective tax rate of 26%. At 31 March 2012 those timing differences no longer existed following the cancellation of the lease for the property at 1 King William Street and the release of the associated provision for vacant space. The movements in the deferred tax asset during the year were as follows:

	2012 £	2011 £
At 1 April	2,596,360	2,565,323
Income tax (charge)/credit	(2,596,360)	31,037
At 31 March	-	2,596,360

Deferred tax assets are attributable to the following items:

	2012 £	2011 £
Accelerated tax depreciation	-	279,892
Vacant property provisions	-	2,316,468
At 31 March	-	2,596,360

Notes to the Financial Statements

(forming part of the Financial Statements)



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7 Debtors

	2012 £	2011 £
Interest receivable	882	5,123
Other debtors	3,729	3,729
Prepayments and accrued income	-	1,370,000
	4,611	1,378,852

8 Loan to Parent Undertaking

	2012 £	2011 £
Loan to parent undertaking	-	4,700,000

On 30 March 2009 the Company made a loan of £4,700,000 to Rothschilds Continuation Limited, repayable on demand. Interest was receivable at base rate plus one per cent per annum. The loan was repaid in full on 16 January 2012.

9. Cash and Cash Equivalents

At the year end the Company held cash of £1,509,261 at a fellow subsidiary undertaking (2011 £12,048,032). The effective interest rate received on this balance at 31 March 2012 was 0.50 per cent per annum (2011 0.50 per cent per annum). The rate re-prices within one month.

10 Current Liabilities: Other Financial Liabilities

	2012 £	2011 £
Other creditors	2,142,151	44,365
Accruals and deferred income	-	1,937,832
	2,142,151	1,982,197

Notes to the Financial Statements

(forming part of the Financial Statements)



11 Provision for Onerous Lease Contracts

In prior years the Company entered into certain non-cancellable leases which ran to year 2018. One of these leases expired on 2 November 2011. A provision of £689,000 had previously been made in respect of dilapidation and reinstatement costs for which the Company is liable. Agreement has not yet been reached on the final sum to be paid, however the Directors are of the opinion that the provision is adequate. The second lease was cancelled on 16 January 2012 on payment of £18,800,000 to the landlord. This sum included £4,600,000 for dilapidation and reinstatement costs. All provisions in respect of this lease, amounting to £26,084,815, have been released.

The movements in provisions during the year were as follows

	Vacant Property £	Dilapidation/ Reinstatement £	Total £
At 1 April 2011	16,864,705	10,491,000	27,355,705
Provisions (utilised)/made during the year	(985,890)	404,000	(581,890)
Provisions (released) on disposals	(15,878,815)	(10,206,000)	(26,084,815)
At 31 March 2012	-	689,000	689,000
At 1 April 2010	7,816,233	9,944,000	17,760,233
Provisions made during the year	9,048,472	547,000	9,595,472
At 31 March 2011	16,864,705	10,491,000	27,355,705

12 Share Capital

	2012	2011
Authorised		
Ordinary shares of £1 each	60,000,000	60,000,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	31,966,000	25,966,000

On 16 January 2012, the Company issued 6,000,000 ordinary shares of £1 each for a consideration of £6,000,000, to enable it to meet its continuing obligations.

Notes to the Financial Statements

(forming part of the Financial Statements)



13. Operating Lease Commitments

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The Company has the following minimum commitments under non-cancellable operating leases on

	Property 2012 £	Property 2011 £
Up to 1 year	-	4,990,000
Between 1 and 5 years	-	16,000,000
More than 5 years	-	7,333,000
	-	28,323,000

One of the two leases expired on 2 November 2011, and the other was cancelled on 16 January 2012. Further details of the lease cancellation are set out in note 11.

14 Related Party Transactions

Parties are considered to be related if one party controls, is controlled by or has the ability to exercise significant influence over the other party. This includes the parent company, subsidiaries and fellow subsidiaries.

Amounts receivable from related parties at the year end were as follows

	2012 £	2011 £
Cash balance with fellow subsidiary undertaking	1,509,261	12,048,032
Amounts owed by fellow subsidiary undertaking	882	5,123
Deposit with immediate parent undertaking	-	4,700,000

Amounts recognised in the statement of comprehensive income in respect of related party transactions were as follows

	2012 £	2011 £
Interest receivable from intermediate parent undertaking	56,207	70,500
Interest receivable from fellow subsidiary undertaking	46,973	55,371
Rent receivable from fellow subsidiary undertakings	3,046,243	7,751,326

Notes to the Financial Statements

(forming part of the Financial Statements)



15 Parent Undertaking and Ultimate Holding Company

The largest group in which the results of the Company are consolidated is that headed by Rothschild Concordia SAS, incorporated in France. The smallest group in which they are consolidated is that headed by Paris Orléans SA, registered in France.

The Company's immediate parent company is Rothschilds Continuation Limited.

The Company's ultimate parent company is Rothschild Concordia SAS, which is incorporated in France. Throughout the year, Rothschild Concordia SAS has been controlled by the Rothschild family and their interests.

The Company's registered office is located at New Court, St. Swithin's Lane, London, EC4N 8AL.

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