

# New Court Property Services

Report of the Directors and Financial Statements  
for the year ended 31 March 2010



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# Report of the Directors



The Directors present their Directors' report and the financial statements for the year ended 31 March 2010

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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.

Property provisions of £0.9 million (2009: £0.9 million) have been recognised in the statement of comprehensive income. Further explanation is 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 (2009: £nil).

## Directors

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

Sir Clive Whitmore  
Anthony Chapman  
Anthony Coghlan  
Andrew Tovell

## Auditors

KPMG Audit Plc are the appointed auditors of the Company and in accordance with the elective regime adopted on 11 May 2005 the Company has dispensed with the obligation to appoint auditors annually.

# 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

A handwritten signature in black ink, appearing to read 'Amber', written over the printed name of the Secretary.

New Court, St Swithun's Lane, London EC4P 4DU  
24 November 2010

# Statement of Directors' Responsibilities in Relation to the Directors' Report and the Financial Statements



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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 judgments 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.

# Independent Auditors' Report to the Members of New Court Property Services



We have audited the financial statements of New Court Property Services for the year ended 31 March 2010 set out on pages 7 to 18. 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.

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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 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/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## 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 2010 and of its profit 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 Auditors' 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

Canary Wharf

London E14 5GL

24 November 2010

# Statement of Comprehensive Income

For the year ended 31 March 2010



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	Notes	2010 £	2009 £
<b>Revenue</b>			
Rent receivable		7,840,604	7,849,461
Rent payable		(5,470,418)	(5,479,275)
<b>Gross profit</b>		<b>2,370,186</b>	<b>2,370,186</b>
Provisions	11	(406,741)	(385,610)
Administration expenses		(927,421)	(812,365)
<b>Operating profit</b>		<b>1,036,024</b>	<b>1,172,211</b>
Interest receivable		118,969	1,800,577
Interest payable	11	(518,000)	(491,000)
<b>Profit before tax</b>	<b>2</b>	<b>636,993</b>	<b>2,481,788</b>
Taxation	4	(527,798)	(1,047,293)
<b>Profit for the financial year</b>		<b>109,195</b>	<b>1,434,495</b>
Other comprehensive income		-	-
<b>Total Comprehensive income for the financial year</b>		<b>109,195</b>	<b>1,434,495</b>

The notes on pages 11 to 18 form an integral part of these financial statements

# Balance Sheet

At 31 March 2010



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	Notes	2010 £	2010 £	2009 £	2009 £
<b>Non-current assets</b>					
Property	5		5,107,000		5,837,000
Deferred tax asset	6		2,565,323		2,545,630
<b>Current assets</b>					
Debtors	7	1,448,867		1,703,201	
Loan to parent undertaking	8	4,700,000		4,700,000	
Cash and cash equivalents	9	10,084,426		8,891,377	
		<b>16,233,293</b>		<b>15,294,578</b>	
<b>Current liabilities</b>					
Current tax payable		(547,491)		(1,027,008)	
Other financial liabilities	10	(1,982,197)		(2,308,208)	
<b>Net current assets</b>			<b>13,703,605</b>		<b>11,959,362</b>
<b>Total assets less current liabilities</b>			<b>21,375,928</b>		<b>20,341,992</b>
<b>Non-current liabilities</b>					
Provisions	11		(17,760,233)		(16,835,492)
<b>Net assets</b>			<b>3,615,695</b>		<b>3,506,500</b>
<b>Shareholders' equity</b>					
Share capital	12		25,966,000		25,966,000
Retained losses			(22,350,305)		(22,459,500)
<b>Total shareholders' equity</b>			<b>3,615,695</b>		<b>3,506,500</b>

Approved by the Board of Directors on 24 November 2010 and signed on its behalf by

Anthony Coghlan, Director

The notes on pages 11 to 18 form an integral part of these financial statements



# Statement of Changes in Equity

For the year ended 31 March 2010



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	Share Capital £	Retained Earnings £	Total Equity £
At 1 April 2009	25,966,000	(22,459,500)	3,506,500
Total comprehensive income for the financial year	-	109,195	109,195
At 31 March 2010	25,966,000	(22,350,305)	3,615,695
At 1 April 2008	57,966,000	(23,893,995)	34,072,005
Total comprehensive income for the financial year	-	1,434,495	1,434,495
Share capital reduction	(32,000,000)	-	(32,000,000)
At 31 March 2009	25,966,000	(22,459,500)	3,506,500

The notes on pages 11 to 18 form an integral part of these financial statements

# Cash Flow Statement

For the year ended 31 March 2010



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	Note	2010 £	2009 £
<b>Cash flow from operating activities</b>			
Profit for the financial year		109,195	1,434,495
<b>Non-cash items included in net profit</b>			
Taxation		527,798	1,047,293
Provisions	11	1,654,741	1,606,610
<b>Operating profit before changes in working capital and provisions</b>		<b>2,291,734</b>	<b>4,088,398</b>
Net decrease in debtors		254,334	3,298,825
Net (decrease)/increase in other payables		(326,011)	383,322
<b>Cash generated from operations</b>		<b>2,220,057</b>	<b>7,770,545</b>
(Income taxes paid)/Group relief received		(1,027,008)	567,047
<b>Net cash from operating activities</b>		<b>1,193,049</b>	<b>8,337,592</b>
<b>Cash flow (used in)/from investing activities</b>			
Purchase of fixed assets		–	(15,095,238)
Disposal of fixed assets		–	15,095,238
<b>Net cash flow (used in)/from investing activities</b>		<b>–</b>	<b>–</b>
<b>Cash flow from/(used in) financing activities</b>			
Settlement of undertaking to pay		–	36,666,000
Share capital reduction		–	(32,000,000)
Deposit made		–	(4,700,000)
<b>Net cash flow from/(used in) financing activities</b>		<b>–</b>	<b>(34,000)</b>
Net increase in cash and cash equivalents		1,193,049	8,303,592
Cash and cash equivalents at 1 April		8,891,377	587,785
<b>Cash and cash equivalents at 31 March</b>		<b>10,084,426</b>	<b>8,891,377</b>

Interest receipts and payments during the year were as follows

	2010 £	2009 £
From intermediate parent undertaking	–	1,816,035
From fellow subsidiary undertaking	47,292	–
To intermediate parent undertakings	–	86,202

The notes on pages 11 to 18 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 2010



## 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.

### 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.

Land is not depreciated. Depreciation on leasehold improvements and freehold buildings 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
Freehold buildings	50 years

### 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.

### 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.

# Notes to the Financial Statements

(forming part of the Financial Statements)



## I Accounting Policies (continued)

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### 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. The Company is exposed to interest rate risk on a loan to Rothschilds Continuation Limited. An upward movement of 0.5 per cent in base interest rates would result in an increase in income of £23,500 per annum. A similar downward movement would result in a corresponding reduction.
- 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. Payments due under property leases are matched by rents receivable from group companies.

## 2 Profit Before Tax

	2010 £	2009 £
As stated after		
i Income		
Income receivable from Group undertakings	7,741,744	7,750,601
Interest receivable from Group undertakings	118,969	1,800,577

# Notes to the Financial Statements

*(forming part of the Financial Statements)*



## 2 Profit Before Tax (continued)

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The amount receivable by the auditors and their associates in respect of the audit of these financial statements is £4,700 (2009 £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 (2009 £nil).

## 4 Taxation

Tax is based on the results for the year and comprises

	2010 £	2009 £
<b>Current tax</b>		
– Current period	(547,491)	(1,027,008)
– Prior year adjustment	–	(157,692)
<b>Total current tax</b>	<b>(547,491)</b>	<b>(1,184,700)</b>
<b>Deferred taxation</b>		
– Origination and reversal of timing differences	19,693	(9,772)
– Prior year	–	147,179
<b>Total deferred tax</b>	<b>19,693</b>	<b>137,407</b>
<b>Total tax charge for the year</b>	<b>(527,798)</b>	<b>(1,047,293)</b>

The total tax charge for the year may be explained as follows

	2010 £	2009 £
Profit before tax	636,993	2,481,788
Tax calculated at the UK corporation tax rate of 28% (2009 28%)	(178,358)	(694,901)
Non tax deductible expenses	(349,440)	(341,880)
Impact on deferred tax of corporation tax rate change	–	(10,512)
<b>Total tax charge for the year</b>	<b>(527,798)</b>	<b>(1,047,293)</b>

# Notes to the Financial Statements

*(forming part of the Financial Statements)*



## 5 Property

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	Leasehold Improvements £
<b>Cost</b>	
At 1 April 2009	8,027,000
Additions	—
<b>At 31 March 2010</b>	<b>8,027,000</b>
<b>Depreciation</b>	
At 1 April 2009	2,190,000
Charge for the year	730,000
<b>At 31 March 2010</b>	<b>2,920,000</b>
<b>Net book value at 31 March 2010</b>	<b>5,107,000</b>
<b>Cost</b>	
At 1 April 2008	8,027,000
Additions	—
<b>At 31 March 2009</b>	<b>8,027,000</b>
<b>Depreciation</b>	
At 1 April 2008	1,460,000
Charge for the year	730,000
<b>At 31 March 2009</b>	<b>2,190,000</b>
<b>Net book value at 31 March 2009</b>	<b>5,837,000</b>

# Notes to the Financial Statements

*(forming part of the Financial Statements)*



## 6 Deferred Tax Asset

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The deferred tax asset at 31 March 2010 is attributable to accelerated tax depreciation and is calculated on all temporary differences under the liability method using an effective tax rate of 28% (2009 28%) The movements during the year were as follows

	2010 £	2009 £
At 1 April	2,545,630	2,408,223
Income tax credit	19,693	137,407
At 31 March	2,565,323	2,545,630

## 7 Debtors

	2010 £	2009 £
Interest receivable	75,138	3,462
Other debtors	3,729	418,651
Prepayments and accrued income	1,370,000	1,281,088
	1,448,867	1,703,201

## 8 Loan to Parent Undertaking

	2010 £	2009 £
Loan to parent undertaking	4,700,000	4,700,000

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

# Notes to the Financial Statements

*(forming part of the Financial Statements)*



## 9 Cash and Cash Equivalents

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At the year end the Company held cash of £10,084,426 at a fellow subsidiary undertaking (2009 £8,891,377). The effective interest rate received on this balance at 31 March 2010 was 0.50 per cent per annum. The rate re-prices within one month.

## 10 Current Liabilities Other Financial Liabilities

	2010 £	2009 £
Other creditors	44,365	434,573
Accruals and deferred income	1,937,832	1,873,635
	<b>1,982,197</b>	<b>2,308,208</b>

## 11 Provision for Onerous Lease Contracts

In prior years the Company entered into certain non-cancellable leases which run to year 2018. It is anticipated that one of these leased properties will become vacant in 2011. The Company has provided for all rental costs after this date, less those costs covered by projected subleases, in respect of this property. Provisions of £0.4 million (2009 £0.4 million) were made during the year based on the directors' best estimates of anticipated costs relating to vacant rent periods. An additional provision of £0.5 million (2009 £0.5 million) has also been made in respect of dilapidation and reinstatement costs for which the Company will be liable on expiry of the leases. Provisions are discounted to net present value using a discount rate of 5.5 per cent per annum.

The movements in provisions during the year were as follows:

	Vacant Property £	Dilapidation/ Reinstatement £	Total £
At 1 April 2009	7,409,492	9,426,000	16,835,492
Provisions made during the year	406,741	518,000	924,741
At 31 March 2010	<b>7,816,233</b>	<b>9,944,000</b>	<b>17,760,233</b>
At 1 April 2008	7,023,882	8,935,000	15,958,882
Provisions made during the year	385,610	491,000	876,610
At 31 March 2009	<b>7,409,492</b>	<b>9,426,000</b>	<b>16,835,492</b>



# Notes to the Financial Statements

*(forming part of the Financial Statements)*



## 12 Share Capital

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	2010	2009
<b>Authorised</b>		
Ordinary shares of £1 each	60,000,000	60,000,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	25,966,000	25,966,000

## 13 Operating Lease Commitments

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

	Property 2010 £	Property 2009 £
Up to 1 year	5,480,000	5,480,000
Between 1 and 5 years	16,990,000	18,470,000
More than 5 years	11,333,000	15,333,000
	<b>33,803,000</b>	<b>39,283,000</b>

# Notes to the Financial Statements

*(forming part of the Financial Statements)*



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## 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

	2010 £	2009 £
Cash balance with fellow subsidiary undertaking	10,084,426	8,891,377
Amounts owed by intermediate parent undertaking	70,693	–
Amounts owed by fellow subsidiary undertaking	4,445	418,384
Deposit with immediate parent undertaking	4,700,000	4,700,000

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

	2010 £	2009 £
Interest receivable from intermediate parent undertakings	70,693	1,800,004
Interest receivable from fellow subsidiary undertaking	48,276	573
Rent receivable from intermediate parent undertaking	–	7,067,636
Rent receivable from fellow subsidiary undertakings	7,741,744	682,965

## 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 Orleans 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, EC4P 4DU.