

Registered number: 00865402

# **ROTHSCHILD TRUST CORPORATION LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**



# **ROTHSCHILD TRUST CORPORATION LIMITED**

## **CONTENTS**

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	<b>Page</b>
<b>Company information page</b>	<b>1</b>
<b>Directors' report</b>	<b>2-3</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5-6</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10-17</b>

# **ROTHSCHILD TRUST CORPORATION LIMITED**

## **COMPANY INFORMATION**

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**DIRECTORS**

A J H Penney  
S Stevenson  
T Archard

**COMPANY SECRETARY**

N M Rothschild & Sons Limited

**COMPANY NUMBER**

00865402

**REGISTERED OFFICE**

Rothschild Trust Corporation Limited  
New Court  
London  
United Kingdom  
EC4N 8AL

**AUDITOR**

KPMG LLP  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

# **ROTHSCHILD TRUST CORPORATION LIMITED**

## **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

The directors decided in accordance with the whole Rothschild Group to change the financial year end from March to December. This period presented is therefore the 9 months from 1 April 2017 to 31 December 2017.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is the administration of trusts and wealth planning services.

### **BUSINESS REVIEW**

#### **Performance**

There has been no significant change in the activity of the Company during the period and it is not the intention that there will be any change in the future. The business forms part of the Rothschild Private Banking and Trust Group which operates in a number of jurisdictions, the core services of which are as follows:

- Asset structuring
- Strategic advice
- Consolidated reporting, manager oversight and performance analysis
- Investment management
- Banking services

The Company made a profit for the year £130,641 (31.03.2017: profit of £198,720), of which £130,641 (31.03.2017: £198,720) was transferred to reserves. During the year a dividend of GBP 250'000 (2016: £0) was paid to shareholders in respect of the year ended 31 March 2017. No final dividend was paid post year end.

#### **Principal Risks and Uncertainties**

The Company faces a number of risks, in common with its peers, such as regulatory, operational and market risks. The Company seeks to mitigate these risks through a combination of insurance, segregation and duties, outsourcing and employing experienced staff.

#### **Key Performance Indicators ("KPIs")**

There are a number of KPI's that management monitor, such as revenue and costs analysis, debtor collection and cash flow forecasts, as well as certain analysis from a regulatory perspective.

### **DIRECTORS**

The directors who served during the year were:

A J H Penney  
S Williams (resigned 01.11.2017)  
T Archard  
S Stevenson

### **PAYMENT OF CREDITORS**

It is the Company's aim to pay all creditors within 7 days of receipt of a monthly statement. In practice this means that all creditors should receive payment no later than 40 days from the date of supply of goods and services.

**ROTHSCHILD TRUST CORPORATION LIMITED**

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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**DONATIONS**

The Company made no charitable donations (31.03.2017: Nil) during the year. No political donations were made nor any political expenditure incurred during the year (31.03.2017: Nil).

**PROVISION OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware there is no relevant audit information of which the Company's auditors is unaware
- that director has taken all steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

**GOING CONCERN**

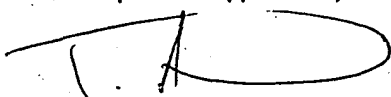
The company's business activities and the principal business risks have been considered by the Directors. The Company has sufficient financial resources and the continued support of its parent. As a consequence, the Directors believe that the Company is well placed to manage its business risks.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future; thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

**AUDITOR**

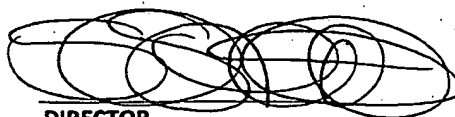
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office

This report was approved by the board and signed on its behalf.



**DIRECTOR**

Date: 14 May 2018



**DIRECTOR**

Rothschild Trust Corporation Limited  
New Court  
London  
United Kingdom  
EC4N 8AL

## **ROTHSCHILD TRUST CORPORATION LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 31 DECEMBER 2017**

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#### **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 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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 ROTHSCHILD TRUST CORPORATION LIMITED**

## **Opinion**

We have audited the financial statements of Rothschild Trust Corporation Limited ("the company") for the period ended 31 December 2017 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial period is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Paul McKechnie (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
15 May 2018



**ROTHSCHILD TRUST CORPORATION LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

		<b>9 months to 31.12.2017</b>	<b>Year ended 31.03.2017</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	<b>1.2</b>	<b>1,620,353</b>	<b>2,134,565</b>
Administrative expenses		<b>(1,437,877)</b>	<b>(1,860,105)</b>
<b>OPERATING PROFIT</b>	<b>2</b>	<b>182,476</b>	<b>274,460</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>182,476</b>	<b>274,460</b>
Tax on profit on ordinary activities	<b>4</b>	<b>(51,835)</b>	<b>(75,740)</b>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>10</b>	<b>130,641</b>	<b>198,720</b>

The notes on pages 10 to 17 form part of these financial statements.

All amounts are from continuing operations.

The Company has not prepared a separate statement of other comprehensive income as all the income and losses are reflected in the profit and loss account above.

**ROTHSCHILD TRUST CORPORATION LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Share Capital £	Retained earnings £	Total equity £
<b>Balance at 31 March 2016</b>	<b>250,000</b>	<b>141,245</b>	<b>391,245</b>
Profit for the Year	-	198,720	198,720
Other comprehensive income	-	-	-
Dividends	-	-	-
<b>Balance at 31 March 2017</b>	<b>250,000</b>	<b>339,965</b>	<b>589,965</b>
Profit for the period	-	130,641	130,641
Other comprehensive income	-	-	-
Dividends	-	(250,000)	(250,000)
<b>Balance at 31 December 2017</b>	<b>250,000</b>	<b>220,606</b>	<b>470,606</b>

The notes on pages 10 to 17 form part of these financial statements.

**ROTHSCHILD TRUST CORPORATION LIMITED**

**BALANCE SHEET  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

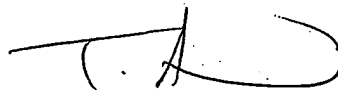
		31.12.2017		31.03.2017	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Fixed asset investments	5		100		100
<b>CURRENT ASSETS</b>					
Debtors	6	350,288		393,090	
Cash at bank		925,648		1,039,206	
		<u>1,275,936</u>		<u>1,432,296</u>	
<b>CREDITORS</b>					
amounts falling due within one year	7	<u>(805,430)</u>		<u>(842,431)</u>	
<b>NET CURRENT ASSETS</b>			<u>470,506</u>		<u>589,865</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>470,606</u>		<u>589,965</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9	250,000		250,000	
Reserves	10	220,606		339,965	
<b>SHAREHOLDERS'S FUNDS</b>	11		<u>470,606</u>		<u>589,965</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

14 May 2018



**DIRECTOR**



**DIRECTOR**

The notes on pages 10 to 17 form part of these financial statements.

Registered number: 00865403

## **ROTHSCHILD TRUST CORPORATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The Company's ultimate parent undertaking, Rothschild & Co, includes the Company in its consolidated financial statements. The consolidated financial statements are prepared under International Financial Reporting Standards and may be obtained from <https://www.rothschildandco.com/en/>. In these financial statements the Company is considered to be a qualifying entity and has applied the exemptions available in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the year;
- Cash Flow Statement and related notes; and
- Key Management personnel compensation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

##### **1.2 TURNOVER**

Turnover comprises fees billed for trust management services rendered excluding VAT, and is recognised as contractual work was performed in relation to fees. Fees received in advance for services not yet performed are carried in the balance sheet as deferred income. Accrued income is recognised as time charged less provision for non-recoverable time, where a right to consideration arises through the providing of services.

##### **1.3 INVESTMENTS**

Investments held as fixed assets are shown at cost less provision for impairment.

##### **1.4 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

## **ROTHSCHILD TRUST CORPORATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.4 DEFERRED TAXATION (continued)**

Except where otherwise required by accounting standards, full provision has been made for deferred tax liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

##### **1.5 WORK IN PROGRESS**

Work in progress is calculated as total unbilled staff time charged less a provision to reduce it to estimated cost and is included in the Balance Sheet under the heading of Trade Debtors.

##### **1.6 PENSION COSTS**

The Company's post-retirement benefit arrangements are described in note 12. The Company participates in a number of pension and other post-retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types. For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the profit and loss account.

The defined benefit scheme in which the Company participates is accounted for by the sponsoring company (NM Rothschild & Sons Limited) using the option permitted by the amendment to IAS19 – Employee Benefits whereby actuarial gains and losses are recognised outside profit or loss and presented in the statement of recognised gains and losses. The amount recognised in the sponsoring company's balance sheet in respect of the defined benefit scheme is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan's assets, if any. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the plan's obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

However, as there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to the Company, the sponsoring company recognises the entire net defined benefit cost of the plan in its accounts. The Company recognises as a cost the contribution payable for the period.

##### **1.7 RELATED PARTY TRANSACTIONS**

As 100% of the Company's voting rights are controlled by Rothschild & Co. (formerly Paris Orléans), for which consolidated accounts are publicly available, it is exempt from the disclosure requirements of Financial Reporting Standard 8 in respect of transactions with other entities within the Paris Orléans group.

The Company provides trustee and administration services for members of the Rothschild family and employees for a nominal fee. The Company has entered into service agreements with other members of the Rothschild Holdings AG group to provide and receive marketing and administration services to other companies within that group.

# ROTHSCHILD TRUST CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

### 1. ACCOUNTING POLICIES (continued)

#### 1.8 CHANGE IN PERIOD

The directors decided in accordance with the whole Rothschild Group to change the financial year end from March to December. This period presented is therefore the 9 months from 1 April 2017 to 31 December 2017.

#### 1.9 GOING CONCERN

The company's business activities and the principal business risks have been considered by the Directors. The Company has sufficient financial resources and the continued support of its parent, Rothschild Private Trust Holdings AG has committed to any shortfall the company might experience; as a consequence, the Directors believe that the Company is well placed to manage its business risk.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future; thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

### 2. OPERATING PROFIT

	31.12.2017	31.03.2017
	£	£
The operating profit is stated after charging:		
Auditor's remuneration	9,037	12,261
Pension costs	64,805	87,870
Wages and salaries	820,856	1,062,816
Social security costs	101,513	134,056
Other administrative expenses	441,665	563,102

The average number of employees during the period was 7 (31.03.2017: 8).

Directors' emoluments for the period amounted to £252,873 (31.03.2017: £442,014), which includes deferred remuneration of £105,012 (31.03.2017: £100,000).

One (31.03.2017: two) of the directors were a member of the group pension scheme described in note 12.

The emoluments of the highest paid director excluding pension contributions was £357,885 (31.03.2017: £442,014).

The highest paid director was a member of a defined contribution scheme under which his accrued pension at the period end was £nil (31.03.2017: £nil).

### 3. AUDITOR'S REMUNERATION

Audit fees have been paid for the financial year end 31st March 2017 of total CHF 12'350 (GBP 9,538). For the financial period ended 31st December 2017 CHF 12,400 (GBP 9,406) has been accrued.

No fees (31.03.2017: Nil) for taxation services were paid during the period.

**ROTHSCHILD TRUST CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

**4. TAXATION**

	31.12.2017 £	31.03.2017 £
<b>ANALYSIS OF TAX CHARGE IN THE PERIOD</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the period	66,858	91,190
Prior year adjustments	-	(8,223)
<b>TOTAL CURRENT TAX</b>	<u>66,858</u>	<u>82,967</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(40,892)	(34,832)
Adjustments in respect of prior years	25,869	27,605
Effect of increased tax rate on opening liability	-	-
<b>TOTAL DEFERRED TAX</b> (see note 8)	<u>(15,023)</u>	<u>(7,227)</u>
<b>TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	<u><u>51,835</u></u>	<u><u>75,740</u></u>
 <b>FACTORS AFFECTING TAX CHARGE FOR THE PERIOD</b>		
Profit on ordinary activities before tax	182,476	277,228
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (31.03.2017: 20%)	36,495	55,446
Effects of:		
Adjustments in respect of prior years	25,869	19,382
Effect of changes in tax rates on deferred tax assets	-	-
Disallowed expenditure	4,494	8,139
Tax losses utilised	(15,023)	(7,227)
	<u><u>51,835</u></u>	<u><u>75,740</u></u>

# **ROTHSCHILD TRUST CORPORATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017**

### **5. FIXED ASSET INVESTMENTS**

	31.12.2017	31.03.2017
	£	£
<b>COST</b>	<b>100</b>	<b>100</b>
	<u>100</u>	<u>100</u>

The Company holds the entire issued share capital of Rotrust Nominees Limited; 100 shares of £1 each. This subsidiary is registered in England and Wales, and does not trade.

### **6. DEBTORS**

	31.12.2017	31.03.2017
	£	£
Trade debtors	277,708	316,158
Amounts owed by group undertakings	-	-
Other debtors	13,100	32,475
Equity security FVTPL	-	-
Deferred tax asset (see note 8)	59,480	44,457
	<u>350,288</u>	<u>393,090</u>

### **7. CREDITORS:**

#### **AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.2017	31.03.2017
	£	£
Trade creditors	14,364	16,682
Amounts owed to group undertakings	190,415	135,049
Corporation tax	85,821	91,190
Social security and other taxes (see below)	41,383	48,669
Other creditors	473,446	550,840
	<u>805,430</u>	<u>842,431</u>

#### **SOCIAL SECURITY AND OTHER TAXES**

VAT control	41,383	48,669
	<u>41,383</u>	<u>48,669</u>



**ROTHSCHILD TRUST CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

**8. DEFERRED TAX ASSETS**

	<b>31.12.2017</b>	<b>31.03.2017</b>
	<b>£</b>	<b>£</b>
At beginning of period	<b>44,457</b>	<b>37,230</b>
Deferred tax asset charged to the profit and loss account (note 4)	<b>15,023</b>	<b>7,227</b>
	<hr/>	<hr/>
At end of period	<b>59,480</b>	<b>44,457</b>
	<hr/>	<hr/>

**9. SHARE CAPITAL**

	<b>31.12.2017</b>	<b>31.03.2017</b>
	<b>£</b>	<b>£</b>
<b>AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID</b>		
250,000 Ordinary shares of £1 each	<b>250,000</b>	<b>250,000</b>
	<hr/>	<hr/>

**10. RESERVES**

	<b>31.12.2017</b>	<b>31.03.2017</b>
	<b>£</b>	<b>£</b>
At beginning of period	<b>339,965</b>	<b>141,245</b>
Profit for the period / year	<b>130,641</b>	<b>198,720</b>
Dividends: Equity capital	<b>(250,000)</b>	<b>-</b>
	<hr/>	<hr/>
At end of period	<b>220,606</b>	<b>339,965</b>
	<hr/>	<hr/>

**ROTHSCHILD TRUST CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

**11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	31.12.2017	31.03.2017
	£	£
Opening shareholders' funds	589,965	391,245
Profit for the period / year	130,641	198,720
	<u>470,606</u>	<u>589,965</u>
Closing shareholders' funds	<u>470,606</u>	<u>589,965</u>

**12. DIVIDENDS**

	31.12.2017	31.03.2017
	£	£
Dividends paid on equity capital	(250,000)	-
	<u>(250,000)</u>	<u>-</u>

**13. PENSION COMMITMENTS**

The Company is a member of a group scheme, the NMR UK Pension Fund, which is operated by N M Rothschild & Sons Limited for the benefit of employees of certain Rothschild group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in April 2003 and a defined contribution section established with effect from April 2003. The assets of the Fund are held separately from those of the Group and are administered by trustees. The costs of running the Fund are assessed with the advice of independent actuaries.

As there is no contractual agreement or stated policy for charging the net defined benefit cost to participating Rothschild Group companies, the Company only recognises in its accounts the contributions it makes during any given financial period.

The Company's total pension charge (equivalent to the expected total pension charge) for the period amounted to £37,805 (31.03.2017: £51,870), all of which related to the above defined contribution section.

As at 31 December 2017, there was a deficit of £20.5 million (31.03.2017: £28.8 million) in the Fund as reported in the N M Rothschild & Sons Limited accounts which were prepared under International Financial Reporting Standards. The deficit in the Fund has been considered in determining the level of contributions payable by the Company. The funding policy is reviewed with the independent actuary to ensure that the contributions made are adequate to enable the Fund to meet its liabilities over the long term.

**ROTHSCHILD TRUST CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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**14. MANAGEMENT OF FINANCIAL RISK**

**a. Regulatory, operational and market risks**

The Company seeks to mitigate these risks through a combination of insurance, training, segregation of duties, and employment of experienced staff.

**b. Credit risk**

The Company is exposed to credit risk on fees which are not paid immediately out of trust assets. To mitigate risk the Company's policy is to collect fees as soon as they have been communicated to clients under administration.

**c. Interest rate risk**

Bank interest on deposits held is the only source of interest exposure. The effective interest during the year was 0.05% and all balances mature within one year.

**d. Liquidity risk**

The Company's policy throughout the year has been to maintain sufficient liquidity to pay its expenses as they fall due, and to comply with the financial resources requirements of the Guernsey Financial Services Commission. The parent companies continue to support the business.

**e. Currency risk**

The Company has a currency risk to income based on assets denominated in currencies other than sterling. In addition the Company has a proportion of its income denominated in Swiss Francs. To mitigate risk, liquid currency assets are monitored and regularly converted into sterling.

**15. CONTROLLING PARTY**

The largest group in which the results of the Company are consolidated is that headed by Rothschild Concordia SAS which is a French public limited company. The smallest group in which they are consolidated is that headed by Rothschilds Continuation Holdings AG, incorporated in Switzerland.