



# Walbrook Assets Limited

## Report of the Directors and Financial Statements for the year ended 31 December 2018

Report of the Directors	2
Independent Auditor's Report to the Members of Walbrook Assets Limited	5
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Financial Statements	12





# Report of the Directors

The Directors present their Directors' report and the financial statements for the year ended 31 December 2018.

## Principal Activities and Business Review

The principal activity of Walbrook Assets Limited ("the Company") is that of investment in property and lettings. The results for the period are set out in the statement of comprehensive income on page 8. The Company's profit before tax was £120,000 (9 months to 31 December 2017: £90,000).

Although the Company has significant borrowings, it continues to generate profit and, furthermore, has received a letter of financial support from the Directors of Rothschild & Co Continuation Limited, the parent undertaking. Consequently the Directors consider it appropriate that the financial statements are prepared on a going concern basis.

In 2017, the Company changed its financial year end from 31 March to 31 December. This set of financial statements is the first full year since this change and consequently, the comparative figures for the Company's statement of comprehensive income, statement of changes in equity, cash flow statement and related notes are for the 9 months from 1 April 2017 to 31 December 2017.

## Dividends

The Company did not pay any dividends during the year (9 months to 31 December 2017: £nil).

## Directors

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

Peter Barbour

Anthony Chapman

Anthony Coghlan

John King - appointed 19 June 2018

## Directors' Indemnity

The Company has provided qualifying third-party indemnities for the benefit of the Directors. These were provided during the period and remain in force at the date of this report.

## 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.



# Report of the Directors (continued)

## Audit Information

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 auditor is aware of that information.

## Statement of Directors' Responsibilities

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 as adopted by the European Union (IFRSs as adopted by the 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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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.



# Report of the Directors (continued)

## Statement of Directors' Responsibilities (continued)

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.

By Order of the Board

Helen Horton for  
N M Rothschild & Sons Limited  
Secretary

New Court, St. Swithin's Lane, London EC4N 8AL

02 July 2019

# **Independent Auditor's Report to the Members of Walbrook Assets Limited**

## **Opinion**

We have audited the financial statements of Walbrook Assets Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 as 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.

## **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of

Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

## **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 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 pages 3 and 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.

# Independent Auditor's Report to the Members of Walbrook Assets Limited

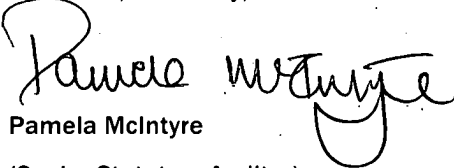
## Auditor's responsibilities

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.



Pamela McIntyre

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

09 July 2019



# Statement of Comprehensive Income

For the year ended 31 December 2018

		Year to 31 December 2018	9 months to 31 December 2017
	Note	£	£
Rent receivable		120,000	90,000
Operating expenses		-	-
Interest payable		-	-
Profit before tax		120,000	90,000
Taxation	5	(22,800)	(17,100)
Profit for the financial period		97,200	72,900
Other comprehensive income		-	-
Total comprehensive income for the financial period		97,200	72,900

All amounts are in respect of continuing activities.

The notes on pages 12 to 16 form an integral part of these financial statements





# Balance Sheet

At 31 December 2018

		31 December 2018 £	31 December 2018 £	31 December 2017 £	31 December 2017 £
	Note				
<b>Non-current assets</b>					
Property, plant and equipment	6		1,750,000		1,750,000
<b>Current assets</b>					
Other assets	7	8,115		22,002	
		8,115		22,002	
<b>Current liabilities</b>					
Overdraft with parent undertaking	8	(2,863,558)		(2,980,345)	
Current tax payable		(22,800)		(17,100)	
Net current liabilities			(2,878,243)		(2,975,443)
Total assets less current liabilities			(1,128,243)		(1,225,443)
<b>Shareholders' equity</b>					
Share capital	9		2		2
Retained earnings			(1,128,245)		(1,225,445)
Total shareholders' equity			(1,128,243)		(1,225,443)

Approved by the Board of Directors on 02 July 2019 and signed on its behalf by:

Anthony Coghlan, Director

The notes on pages 12 to 16 form an integral part of these financial statements



# Statement of Changes in Equity

For the year ended 31 December 2018

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2018	2	(1,225,445)	(1,225,443)
Total comprehensive income for the financial period	-	97,200	97,200
At 31 December 2018	2	(1,128,245)	(1,128,243)
At 1 April 2017	2	(1,298,345)	(1,298,343)
Total comprehensive income for the financial period	-	72,900	72,900
At 31 December 2017	2	(1,225,445)	(1,225,443)

The notes on pages 12 to 16 form an integral part of these financial statements



# Cash Flow Statement

For the year ended 31 December 2018

	Note	Year to 31 December 2018 £	9 months to 31 December 2017 £
Cash flow from operating activities			
Profit for the financial period		97,200	72,900
Income tax charge		22,800	17,100
Profit before tax		120,000	90,000
Net decrease in other assets		13,887	6,000
Income taxes paid		(17,100)	(22,663)
Net cash flow from operating activities		116,787	73,337
Net increase in cash and cash equivalents		116,787	73,337
Cash and cash equivalents at beginning of period		(2,980,345)	(3,053,682)
Cash and cash equivalents at end of period	8	(2,863,558)	(2,980,345)

Interest paid during the period was as follows :

	Year to 31 December 2018 £	9 months to 31 December 2017 £
To parent undertaking	-	-

The notes on pages 12 to 16 form an integral part of these financial statements



# Notes to the Financial Statements

*(Forming part of the Financial Statements)*

For the year ended 31 December 2018

## 1. Accounting Policies

Walbrook Assets Limited ("the Company") is a private company limited by shares and incorporated in England and Wales. The Company's registered office is at New Court, St Swithin's Lane, London EC4N 8AL. 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 and presented in sterling, unless otherwise stated.

Notwithstanding net current liabilities of £2,878,243 at the balance sheet date, the financial statements have been prepared on a going concern basis which the Directors consider appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its immediate parent company, Rothschild & Co Continuation Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Rothschild & Co Continuation Limited continuing to provide financial support during that period. Rothschild & Co Continuation Limited has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

### Standards affecting the financial statements

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers were implemented with effect from 1 January 2018. Neither of these standards has had a significant effect on these financial statements.

### Future accounting policies

A number of new standards, amendments to standards and interpretations are effective for accounting periods ending after 31 December 2018 and therefore have not been applied in preparing these financial statements. The Company has reviewed the new standards and determined that only IFRS 16 Leases (first effective for accounting periods beginning on or after 1 January 2019) may impact the financial statements. IFRS 16 introduces a single lease accounting model for lessees whereby the classification of leases as either operating or financial leases is no longer relevant. IFRS 16 is not expected to have a material effect on the Company as lessor.



# Notes to the Financial Statements

*(Forming part of the Financial Statements)*

## 1. Accounting Policies (continued)

### b. Property, plant and equipment

Property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are recognised in the income statement.

No depreciation is provided on freehold properties. It is the Company's policy to maintain these properties in a good state of repair and it is considered that the residual values, based on prices prevailing at the time of acquisition or subsequent valuation, are such that any depreciation is insignificant.

At each balance sheet date property, plant and equipment is assessed for indications of impairment. If such indications are present, the assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of impairment and the loss is recognised in the income statement in the period in which it occurs.

### c. Interest payable

Interest is recognised in the statement of comprehensive income using the effective interest rate method.

### d. Taxation

Tax payable on profits is recognised in the statement of comprehensive income.

### e. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises an overdraft with the parent undertaking used in the cash management of the Company. In the balance sheet, this overdraft is included in current liabilities.

### f. Capital management

The Company is not subject to any externally imposed capital requirements. It is dependent on Rothschilds Continuation Limited (the parent undertaking) to provide capital resources which are therefore managed on a group basis.



# Notes to the Financial Statements

*(Forming part of the Financial Statements)*

## 2. Financial Risk Management

The Company follows the financial risk management policies of the parent undertaking, Rothschilds Continuation 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 risk of loss arising from client or counterparty default is the main risk to the Company. Management monitors outstanding receivables on a continuing basis and steps are taken to recover any amounts that are past due.
- Market risk – exposure to changes in market variables such as interest rates, currency exchange rates, equity and debt prices is limited to interest rates payable on the overdraft with the parent undertaking.
- 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 as material cash outflows are to the parent undertaking which provides financial support to the Company.

## 3. Audit Fee

The amount receivable by the auditors and their associates in respect of the audit of these financial statements is £3,504 (9 months to 31 December 2017: £3,504). The audit fee is paid on a group basis by N M Rothschild & Sons Limited.

## 4. Directors' Emoluments

None of the Directors received any remuneration in respect of their services to the Company during the period (9 months to 31 December 2017: £nil).

## 5. Taxation

	Year to 31 December 2018 £	9 months to 31 December 2017 £
Total tax charged to the income statement	22,800	17,100

The tax charge for the period may be explained as follows:

	Year to 31 December 2018 £	9 months to 31 December 2017 £
Profit before tax	120,000	90,000
Tax charge at standard rate of 19% (9 months to 31 December 2017: 19%)	22,800	17,100
Total tax charge for the period	22,800	17,100



# Notes to the Financial Statements

(Forming part of the Financial Statements)

## 6. Property, Plant and Equipment

	Year to 31 December 2018 £	9 months to 31 December 2017 £
Freehold Land and Buildings		
Cost		
At beginning and end of period	3,131,024	3,131,024
Impairment losses		
At beginning and end of period	(1,381,024)	(1,381,024)
Net book value at end of period	1,750,000	1,750,000

The freehold land and buildings have been leased out under an operating lease. The future minimum lease payments receivable under non-cancellable leases are as follows:

	31 December 2018 £	31 December 2017 £
Less than one year	120,000	120,000
Between one and five years	420,000	480,000
More than five years	-	60,000
	540,000	660,000

The rental receipts during the period were £136,000 (9 months to 31 December 2017: £96,000).

## 7. Other Assets

	31 December 2018 £	31 December 2017 £
Rent receivable	6,000	22,000
Other assets	2,115	2
	8,115	22,002

## 8. Overdraft with Parent Undertaking

At 31 December 2018 the Company had an overdraft with the parent undertaking of £2,863,558 (31 December 2017: £2,980,345). The Company pays no interest on this overdraft (31 December 2017: none).



# Notes to the Financial Statements

(Forming part of the Financial Statements)

## 9. Share Capital

	31 December 2018	31 December 2017
Authorised		
Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2

## 10. Related Party Transactions

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

Amounts payable to related parties at the period end were as follows:

	31 December 2018 £	31 December 2017 £
Overdraft with parent undertaking	2,863,558	2,980,345

There was nothing recognised in the statement of comprehensive income in respect of related party transactions during the year (9 months to 31 December 2017: £nil).

There were no loans made to Directors during the year (9 months to 31 December 2017: none) and no balances outstanding at period end (31 December 2017: £nil). The Directors did not receive any remuneration in respect of their services to the Company. There were no employees of the Company during the year (9 months to 31 December 2017: none).

## 11. Parent Undertaking and Ultimate Holding Company

The largest group in which the results of the Company are consolidated is that headed by Rothschild & Co Concordia SAS, incorporated in France, and whose registered office is at 23bis avenue de Messine, 75008 Paris. The smallest group in which they are consolidated is that headed by Rothschild & Co SCA, a French public limited partnership, whose registered address is also at 23bis avenue de Messine, 75008 Paris.

The Company's immediate parent company is Rothschild & Co Continuation Limited, a private company limited by shares and incorporated in England and Wales whose registered office is at New Court, St. Swithin's Lane, London EC4N 8AL.