Rothschild Private Management Limited

Annual Report 2009

MONDAY
LD2
LYWD8EM0
02/11/2009
COMPANIES HOUSE
134

Rothschild Private Management Limited

Report of the Directors and Financial Statements for the year ended 31 March 2009

Report of the Directors	3
Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements	6
Report of the Independent Auditors	7
Consolidated Income Statement	9
Statement of Changes in Equity	9
Balance Sheets	10
Cash Flow Statements	11
Notes to the Accounts	12

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2009.

Principal Activities

The Rothschild Private Management Group (RPM Group) provides a wealth management service for its private clients.

Business Review

Performance

The business has continued to develop and has increased both the number of its clients and funds under management during the year. The business forms part of the wider 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 RPM Group made a loss during the year of £3.8 million (2008: £7.3 million). After relieving its taxable losses by selling them to a fellow subsidiary undertaking, a loss of £2.7 million (2008: £5.3 million) was transferred to reserves.

Principal Risks and Uncertainties

The RPM Group faces a number of risks, in common with its peers, such as investment, regulatory, operational and market risks. The Group seeks to mitigate these risks through a combination of insurance, segregation of duties, diversification of business, outsourcing and employing experienced staff. As set out in the Notes to the Accounts, the Company is reliant upon its shareholders continuing to fund it with periodic equity injections to ensure that it has sufficient capital to meet its regulatory and statutory needs. The shareholders have indicated their willingness to continue funding the Company for the foreseeable future.

Key Performance Indicators ("KPIs")

There are a number of KPIs that management monitor, such as total client assets (at 31 March 2009: £1,794.4 million, at 31 March 2008: £1,783.3 million), investment performance, revenue (average commission income bps for 2009 was 75bps) and costs analysis as well as certain analysis from a regulatory perspective.

Report of the Directors

Directors

The names of the directors who have served during the year are:

Gary Powell
Gordon Hunt
Alexander MacPhee

According to the register kept by the Company, no director had any direct beneficial interest in the share capital of the Company at any time during the year. Furthermore, no director had any direct beneficial interest in the share capital of either Concordia BV or Rothschilds Continuation Holdings AG.

Report of the Directors

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Directors' Report 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.

Auditors

KPMG Audit Plc are the appointed auditors of the Company and, in accordance with the elective regime adopted on 19 June 2005, the Company has dispensed with the obligation to appoint auditors annually.

By Order of the Board

N M Rothschild & Sons Limited
Secretary

New Court, St. Swithin's Lane, London EC4P 4DU
2 July 2009

Registered No. 4416252
Rothschild Private Management Limited

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 group and parent company financial statements for each financial year. Under that law the directors have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU.

The group and parent company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the group and the parent company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the group and parent company 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 group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Rothschild Private Management Limited

We have audited the Group and Parent Company financial statements (the "financial statements") of Rothschild Private Management Limited for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

Independent Auditors' Report to the Members of Rothschild Private Management Limited

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2009 and of its loss for the year then ended;
- the Parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 July 2009
London

Consolidated Income Statement

For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Revenue	2	9,498	9,871
Administrative expenses		(13,580)	(17,582)
Operating loss		(4,082)	(7,711)
Other interest receivable and similar income	6	287	405
Loss on ordinary activities before taxation	3	(3,795)	(7,306)
Tax credit on loss on ordinary activities	7	1,051	2,036
Loss on ordinary activities after taxation	8	(2,744)	(5,270)
Retained loss for the financial year transferred to reserves		(2,744)	(5,270)

The retained loss for the year is wholly attributable to the Company's equity holders.

Statement of Changes in Equity

	Share Capital Group £'000	Retained Earnings Group £'000	Total Group £'000	Share Capital Company £'000	Retained Earnings Company £'000	Total Company £'000
At 1 April 2007	35,500	(29,913)	5,587	35,500	(30,288)	5,212
Issue of shares	6,300	–	6,300	6,300	–	6,300
Loss for the period	–	(5,270)	(5,270)	–	(5,445)	(5,445)
At 31 March 2008	41,800	(35,183)	6,617	41,800	(35,733)	6,067
At 1 April 2008	41,800	(35,183)	6,617	41,800	(35,733)	6,067
Issue of shares	3,500	–	3,500	3,500	–	3,500
Loss for the period	–	(2,744)	(2,744)	–	(2,902)	(2,902)
At 31 March 2009	45,300	(37,927)	7,373	45,300	(38,635)	6,665

The notes on pages 12 to 24 form an integral part of these financial statements

Balance Sheets

At 31 March 2009

	Note	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Non-current assets					
Property, plant and equipment	9	3	3	16	16
Investments in subsidiary undertakings	10	–	250	–	250
		3	**253**	**16**	**266**
Current assets					
Other assets	11	3,458	3,959	3,466	5,490
Cash at bank and in hand	12	9,016	7,387	8,814	5,957
		12,474	**11,346**	**12,280**	**11,447**
Current liabilities					
Other liabilities	13	(3,068)	(2,898)	(3,729)	(3,696)
Net current assets		**9,406**	**8,448**	**8,551**	**7,751**
Total assets less current liabilities		**9,409**	**8,701**	**8,567**	**8,017**
Other liabilities falling due after more than one year	14	(2,036)	(2,036)	(1,950)	(1,950)
Net assets		**7,373**	**6,665**	**6,617**	**6,067**
Shareholders equity					
Called up share capital	15	45,300	45,300	41,800	41,800
Retained earnings		(37,927)	(38,635)	(35,183)	(35,733)
Total shareholders equity		**7,373**	**6,665**	**6,617**	**6,067**

Alexander MacPhee, Director

Approved by the Board of Directors and signed as such on 2 July 2009.

The notes on pages 12 to 24 form an integral part of these financial statements

Registered No. 4416252

Cash Flow Statements

For the year ended 31 March 2009

	2009 Group £'000	2009 Company £'000	2008 Group £'000	2008 Company £'000
Cash flow used in operating activities				
Net loss for the financial year	(2,744)	(2,902)	(5,270)	(5,445)
Adjustments to reconcile net profit to cash flow from operating activities				
Non-cash items included in net profit and other adjustments				
– Depreciation	13	13	14	14
Net (increase)/decrease in operating assets				
– Accrued income, prepaid expenses and other assets	7	1,531	652	(299)
Net increase/(decrease) in operating liabilities				
– Accrued expenses and other liabilities	(574)	(712)	(1,599)	(934)
Net cash flow used in operating activities	**(3,298)**	**(2,070)**	**(6,203)**	**(6,664)**
Cash flow from financing activities				
– Issuance of share capital	3,500	3,500	6,300	6,300
Cash flow from financing activities	**3,500**	**3,500**	**6,300**	**6,300**
Cash flow from investing activities				
– Purchase of property, plant and equipment	–	–	–	–
Cash flow from investing activities	**–**	**–**	**–**	**–**
Net increase in cash equivalents	**202**	**1,430**	**97**	**(364)**
Cash and cash equivalents at 1 April	8,814	5,957	8,716	6,321
Cash and cash equivalents at 31 March	**9,016**	**7,387**	**8,814**	**5,957**
Cash and cash equivalents comprise				
Cash	9,016	7,387	8,814	5,957

Notes to the Accounts

For the year ended 31 March 2009

1. Accounting Policies

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

a. Basis of preparation

The financial statements have been prepared on a going concern basis as the Company's shareholders have agreed to provide funding to cover its operating losses for the foreseeable future.

The financial statements are prepared 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 1985 applicable to companies reporting under IFRS. The financial statements are prepared under the historical cost convention.

The principal accounting policies set out below have been consistently applied in the presentation of the Group financial statements.

[illegible] preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results [illegible] form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

b. Basis of consolidation

The financial statements of the Group are made up to 31 March 2009 and consolidate the audited financial statements of the Company and its subsidiary undertaking.

Subsidiary undertakings

The Company's subsidiary undertaking is an entity over which it has the power to govern the financial and operating policies, as a result of its shareholding affording it all of the voting rights. The subsidiary undertaking is fully consolidated from the date on which the Company acquired control, and will cease to be consolidated from the date that control ceases.

The Group used the purchase method of accounting for the acquisition of its subsidiary undertaking. The cost of the acquisition was measured as the fair value of the shares issued at the date of acquisition. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated on consolidation. The accounting policies used by the subsidiary are consistent with the policies adopted by the Group.

The financial statements of the Group's subsidiary are made up to the same date as that of the Company and are adjusted, where necessary, to conform with the accounting polices of the Group.

Notes to the Accounts

1. Accounting Policies (continued)

c. Property plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on other assets 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:

Office equipment, fixtures and fittings	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Impairment of property, plant and equipment
At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment are 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 income statement 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. Foreign exchange

The consolidated financial statements are presented in sterling, which is the Company's functional currency and the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using their functional currency. The functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the income statement.

Notes to the Accounts

1. Accounting Policies (continued)

e. Pensions

The Group's post-retirement benefit arrangements are described in note 18. The Group 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 income statement.

The defined benefit scheme in which the Group participates is accounted for by the sponsoring Company (N M Rothschild & Sons Limited) using the option permitted by the amendment made to IAS 19 – Employee Benefits whereby actuarial gains and losses are recognised outside profit or loss and presented in the statement of recognised income and expense. 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 obligations' present value 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 Group, N M Rothschild & Sons Limited recognises the entire net defined benefit cost of the plan in its accounts. The Group recognises as a cost the contribution payable for the period.

f. Revenue

Revenue comprises management fees, transaction charges and commissions which are earned over a period of time and are recognised over the period in which the service is provided.

g. Interest

Interest receivable and payable is dealt with on an accruals basis.

h. Taxation

Tax payable on profits is recognised in the income statement, except to the extent that it relates to items that are recognised in equity.

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.

The principal temporary differences arise from long term incentive payments, see note 11 and accruals.

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.

Notes to the Accounts

1. Accounting Policies (continued)

i. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months.

j. Provisions and contingencies

Provisions are recognised only when the Group has a present obligation (legal or constructive) as a result of past events. In addition, it must be probable that a transfer of economic benefits will be required to settle the obligation, and it must also be possible to make a reliable estimate of the amount of the obligation.

The Group recognises provisions in respect of onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly with the Group's control, or present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote.

2. Analysis of Revenue

	2009 £'000	2008 £'000
Turnover		
Management fees	8,295	8,313
Commission receivable and other income	1,203	1,558
	9,498	**9,871**

3. Loss on Ordinary Activities before Taxation

Loss on ordinary activities before taxation is stated after charging:

	2009 £'000	2008 £'000
Service charges from fellow subsidiary undertaking	(3,223)	(3,026)
Auditors' remuneration for audit services		
– Audit fees relating to the Company	(28)	(27)
– Audit fees relating to subsidiary undertaking	(12)	(12)
Auditors' remuneration for regulatory review		
– Audit fees relating to the Company	(12)	(12)
– Audit fees relating to subsidiary undertaking	(5)	(5)

Notes to the Accounts

4. Remuneration of Directors

	2009 £'000	2008 £'000
Directors' emoluments	631	965
Pension contributions to money purchase schemes	178	432
Total remuneration	**809**	**1397**

The numbers of directors belonging to money purchase pension schemes and defined benefit pension schemes at the year end are as follows:

Pensions	2009 Number	2008 Number
Money purchase pension schemes	–	–
Defined benefit pension schemes	2	2

0 directors (2008: 0) are members of both the money purchase pension schemes and defined benefit pension schemes.

Highest paid director	2009 £'000	2008 £'000
Aggregate emoluments	544	482
Accrued pension at year end	31	26

5. Staff Numbers and Costs

The average number of persons employed by the Company (including directors) during the year, was as follows:

	Number of employees 2009	2008
Wealth management	43	49

The aggregate payroll costs of these persons were as follows:

	Note	2009 £'000	2008 £'000
Wages and salaries		6,084	9,005
Social security costs		726	932
Other pension costs	18	731	776
		7,541	**10,713**

Notes to the Accounts

6. Other Interest Receivable on Ordinary Activities

	2009 £'000	2008 £'000
Receivable from a fellow subsidiary undertaking	287	405

7. Tax Credit on Loss on Ordinary Activities

	2009 £'000	2008 £'000
Current tax		
Current period	1,027	2,017
Deferred tax		
Origination and reversal of timing differences	24	19
Tax credit on loss on ordinary activities	**1,051**	**2,036**

The current tax credit for the year may be explained as follows:

	2009 £'000	2008 £'000
Tax credit at UK standard corporation tax rate of 28% (2008: 30%)	1,063	1,412
Tax credit at future UK standard corporation tax rate of 28%	–	691
Permanently disallowed expenses	(61)	(67)
Timing differences on allowable expenses	(24)	(19)
Adjustments to prior years tax credit	49	–
Current tax credit for year	**1,027**	**2,017**

Tax losses were sold to a member of the N M Rothschild Group.

8. Group Loss on Ordinary Activities After Tax

Of the Group loss for the financial year attributable to ordinary shareholders, a loss of £2,744,000 (2008: a loss of £5,270,000) has been dealt with in the financial statements of the Company. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company has not been presented separately.

Notes to the Accounts

9. Property, Plant and Equipment

	Office Equipment, Fixtures & Fittings £'000	Group and Company Total £'000
Cost		
At beginning of year	61	61
Additions	–	–
Disposals	–	–
At end of year	**61**	**61**
Depreciation		
At beginning of year	(45)	(45)
Charged during year	(13)	(13)
Disposals	–	–
At end of year	**(58)**	**(58)**
Net book value		
At beginning of year	16	16
At end of year	3	3

10. Investments in Subsidiary Undertakings

The Company's investments in subsidiary undertakings at 31 March 2009 comprise:

	£'000
At cost at beginning of year	250
Acquired in year	–
At cost at end of year	**250**

The Company's sole subsidiary undertaking at 31 March 2009 is Rothschild Private Fund Management Limited which is registered in England and Wales. Rothschild Private Fund Management Limited is the Authorised Corporate Director of an Open Ended Investment Company and is a wholly owned subsidiary.

Notes to the Accounts

11. Other Assets

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Due within one year				
Amounts owed by fellow subsidiary undertaking	1,041	1,041	174	2,296
Amounts owed by subsidiary undertaking	–	831	–	–
Corporation taxation recoverable (group relief receivable)	976	976	2,018	2,018
Other debtors, prepayments and accrued income	871	541	728	630
	2,888	**3,389**	**2,920**	**4,944**
Due after more than one year				
Deferred tax asset	570	570	546	546
	570	**570**	**546**	**546**
	3,458	**3,959**	**3,466**	**5,490**

The deferred tax asset at 31 March 2009 represented the future tax allowances from timing differences relating to deferred long term incentive payments.

12. Cash at Bank

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Cash held at a fellow subsidiary undertaking	8,793	7,387	8,683	5,957
Cash held with third party	223	–	131	–
	9,016	**7,387**	**8,814**	**5,957**

13. Other Liabilities

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Amounts owed to fellow subsidiary undertakings	–	–	54	54
Amounts owed to subsidiary undertaking	(170)	–	(33)	–
Accruals and deferred income	(2,898)	(2,898)	(3,750)	(3,750)
	(3,068)	**(2,898)**	**(3,729)**	**(3,696)**

Notes to the Accounts

14. Other Liabilities Falling Due After More Than One Year

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Amounts due under long term incentive plan	2,036	2,036	1,950	1,950
	2,036	**2,036**	**1,950**	**1,950**

15. Called Up Share Capital

The authorised share capital of the Company comprised 47,000,000 £1 ordinary shares at 31 March 2009 (2008: 47,000,000 £1 ordinary shares).

	£'000
Allotted, called up and fully paid	
Ordinary shares of £1 each	41,800
Issued during the year at par value for cash	3,500
At 31 March 2008	**45,300**

As an investment firm regulated by the FSA the firm is required to meet externaly imposed capital adequacy requirements as set out in the FSA handbook. The firm's compliance with those external FSA capital constraints is evidenced by the quarterly reports submitted to the FSA.

In order to meet these requirements, internal monitoring of the capital against FSA requirements is performed quarterly.

16. Management of Financial Risk

a. Financial risk

Exposure to credit, interest rate and liquidity risk arises in the normal course of the Company's business. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year ended 31 March 2009.

b. Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's only credit exposure is to debtors, which are frequently monitored for size and age. Balances with other companies within the Rothschild group are short term and considered as having low credit risk.

Notes to the Accounts

16. Management of Financial Risk (continued)

c. Interest rate risk

Bank interest on deposits held is the only source of interest exposure. The effective interest during 2009 was 3.4 per cent and all balances mature within 1 year.

d. Liquidity risk

The Company's policy throughout the year has been to maintain sufficient liquidity in line with FSA regulations. The parent companies continue to support the business.

17. Contingent Liabilities

The Company did not have any disclosable contingent liabilities as at 31 March 2009 (2008: Nil).

18. Pension Scheme

The Company is a member of a group scheme, the NMR 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 in the period amounted to £731,000 (2008: £776,000) of which £551,000 (2008: £576,000) related to the above defined benefit section, £180,000 (2008: £200,000) related to the defined contribution section.

The Company's expected total pension charge for the year ended 2010 amounts to £733,000 of which £491,000 relates to the above defined benefit section and £242,000 relates to the above defined contribution section.

As at 31 March 2009, there was a deficit of £22.9 million in the Group Fund under IAS 19. 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.

18. Pension Scheme (continued)

Group and Company	2009	2008
Discount rate	7.00%	6.50%
Retail price inflation	3.20%	3.60%
Expected return on plan assets	7.00%	6.80%
Expected rate of salary increases	4.20%	4.60%
Expected rate of increase in pensions in payments		
– Capped at 5.0% per annum	3.10%	3.50%
– Capped at 2.5% per annum	2.20%	2.30%
Life expectancy of a pensioner aged 60		
– Male	27.1	26.40
– Female	29.1	28.9
Life expectancy of a future pensioner aged 60 in 20 years' time		
– Male	29.3	27.7
– Female	30.3	29.9

Amounts recognised in the balance sheet:

Group and Company	2009 £'000	2008 £'000
Present value of funded obligations	351,751	415,210
Fair value of plans assets	(328,807)	(422,764)
	22,944	**(7,554)**
Present value of unfunded obligations	1,895	2,214
Balance sheet liability	**24,839**	**(5,340)**

Movement in defined benefit obligation:

Group and Company	2009 £'000	2008 £'000
At 1 April	**417,424**	**446,738**
Current service cost (net of contributions paid by other plan participants)	4,447	6,392
Current service cost relating to other plan participants	1,009	1,028
Interest cost	26,773	23,919
Actuarial (gains)/losses	(61,629)	(46,581)
Benefits paid	(15,315)	(14,072)
Past service costs	(19,063)	–
At 31 March	**353,646**	**417,424**

Notes to the Accounts

18. Pension Scheme (continued)

Movement in plan assets:

	2009 £'000	2008 £'000
At 1 April	**422,764**	**433,465**
Expected return on plan assets	27,099	28,248
Actuarial gains and losses	(113,472)	(33,138)
Contrinutions by the Group	6,722	7,233
Contributions by other plan participants	1,009	(1,028
Benefits paid	(15,315)	(14,072)
Curtailments and settlements		–
At 31 March	**328,807**	**422,764**

At 31 March, the fair value of plan assets comprised:

	2009 £'000	2008 £'000
Equities	124,822	196,610
Bonds	63,407	73,621
Gilts/cash	75,843	79,957
Property	11,365	17,589
Hedge funds	20,380	23,426
PFI and private equity	32,990	31,561
	328,807	**422,764**

19. Transactions with Related Parties

a. Key management personnel

Details of transactions with key management personnel (and their connected persons) of the Group are as follows:

- Key management personnel are the directors of the Company and of parent companies.
- The remuneration of the directors of the Company is disclosed in note 4. The remuneration of directors of the parent companies is disclosed within the relevant company accounts.

Notes to the Accounts

19. Transactions with Related Parties (continued)

b. Other related party transactions

Amounts recognised in the Income Statement of the Company in respect of related party transaction are as follows:

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Interest receivable	287	245	405	323
Fees and commissions receivable	2,754	4,796	3,015	5,306
Operating expenses	(3,223)	(3,223)	(3,026)	(3,026)
Current tax credit received from fellow subsidiary undertaking	1,027	1,027	2,017	2,017
Current tax credit received from subsidiary undertaking	–	(61)	–	75

Administrative expenses represent a management charge and the recharge of services provided by a fellow subsidiary company and, in the case of the company, also its subsidiary company.

20. Segmental Reporting

The Company's business is that of wealth management, primarily located in the United Kingdom.

21. Parent Company and Ultimate Holding Company

The largest group in which the results of the Company are consolidated is that headed by Concordia BV, incorporated in The Netherlands. The smallest group in which they are consolidated is that headed by Rothschild Holding AG, registered in Zurich, Switzerland. The consolidated financial statements of this group are available to the public and may be obtained from Baarerstrasse 95, Postfach 735, 6301 Zug, Switzerland.

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

The Company's registered office is located at 1 King William Street, London EC4N 7AR.