

Rothschild Wealth Management (UK) Limited

Annual Report 2017



Rothschild Wealth Management (UK) Limited

Report of the Directors and Financial Statements for the year ended 31 March 2017

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Business model

Rothschild Wealth Management (UK) Limited ("RWMUK" or the "Company") continues to provide a comprehensive range of wealth management services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities. Our investment philosophy is built around real wealth preservation and we have developed an approach that helps us to preserve clients' capital, smoothing returns and dampening risk across the market cycle.

Strategic objectives

Our key objectives are to continue to enhance our proposition to clients and improve profitability by increasing revenue and assets under management. We aim to be the leading wealth manager for UHNW clients looking for a smooth journey to long term wealth preservation and exceptional client service.

Business update & key performance indicators

Revenue has increased to £43.1 million in 2017 from the 2016 figure of £41.7 million. The main driver behind this has been the continued growth of our assets under management / administration, which have increased to £8,450 million as at 31 March 2017, a £1,198 million increase from £7,252 million (31 March 2016). Encouragingly, this increase has come from a healthy mixture of net new assets and positive market performance.

We continue to see growth from our recently opened branch in Milan, where assets under management have increased to over EUR 500 million.

In terms of costs, administrative expenses have increased to £41.5 million from £35.7 million last year. This increase is mainly as a result of the rise in staff costs due to a higher amount of full time employees. We believe that the high calibre of recruits across both front office and support functions has provided us with an excellent platform for future growth.

In April 2016, RWMUK received permissions from the FCA to advise on, enter into as lender and administer regulated mortgage contracts (and certain

other regulated loans). Christopher Coleman, an experienced banking professional who has worked in the Rothschild Group for 28 years, joined the RWMUK Board on 16 August 2016. The first mortgage loan was provided by RWMUK to a client in February 2017. All loans will be funded and risk participated by another Rothschild Group company so RWMUK has no ongoing funding requirement.

Pleasingly, for the 3rd consecutive year we have made a profit before tax. However, the above factors have contributed to profit before tax reducing to £2.1 million compared with a profit before tax of £6.4 million in 2016.

Rothschild & Co announced on the 21 March 2017 that it will change its financial year end from 31 March to 31 December. There will therefore be a 9 month accounting period until 31 December 2017. RWMUK will also change its year end in line with this.

Principal risks and uncertainties

The principal risks of the Company are market, credit, legal, reputational and operational risks. Risk management policies and procedures for the Company are set and managed by the Board of Directors in line with Rothschild Group practices.

The Board is ultimately responsible for the Company's risk management and internal control systems. It determines the nature and extent of the significant risks considered appropriate in pursuit of the Company's strategic objectives. Accountability for identifying and managing business risks lies with line management, subject to Board oversight. The risks are mitigated through a combination of segregation of duties, diversification of business, employing experienced staff and a robust internal control system.

By order of the Board



Alexander MacPhee
Director
Rothschild Wealth Management (UK) Limited
New Court, St. Swithin's Lane, London EC4N 8AL
6th June 2017

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 March 2017.

Principal activities

The Rothschild Wealth Management division provides wealth management services for its private clients. The Company has a branch in Milan.

Going concern

The Directors have prepared the accounts on a going concern basis. Note 19 sets out details of the financial risk management objectives and practices.

Regulatory disclosures

As prescribed by the Financial Conduct Authority ("FCA"), disclosures relating to the capital adequacy and remuneration policy for the Group are available on the website of the Rothschild & Co. Group.

Directors

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

Gareth Johnson
Helen Watson
Alexander MacPhee
Gary Powell
Jonathan Westcott (appointed 16th August 2016)
Christopher Coleman (appointed 16th August 2016)

Directors' Indemnity

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

Dividends

During the year the Company paid a dividend of £nil (2016: £nil).

Political and charitable donations

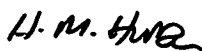
The Company made £42,000 of charitable donations during the year (2016 £nil).

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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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.



Helen Horton
For and on behalf of
NM Rothschild & Sons Limited
Secretary
6th June 2017

Registered office:
New Court, St. Swithin's Lane, London EC4N 8AL
Registered Number 4416252

Statement of Directors' Responsibilities in Respect of the Strategic Report, Report of the Directors and the Financial Statements


The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Alexander MacPhee
Director
Rothschild Wealth Management (UK) Limited
New Court, St. Swithin's Lane, London EC4N 8AL
6th June 2017

Independent Auditor's Report to the Members of Rothschild Wealth Management (UK) Limited

We have audited the financial statements of Rothschild Wealth Management (UK) Limited for the year ended 31 March 2017 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;



Ravi Lamba (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

6th June 2017

Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	2017 £ 000	2016 £ 000
Revenue	2	43,121	41,724
Administrative expenses		(41,441)	(35,679)
Depreciation		(65)	(54)
Operating profit		1,615	5,991
Other interest receivable and similar income	6	533	401
Profit on ordinary activities before taxation	3	2,148	6,392
Tax charge on profit on ordinary activities	7	(551)	(1,786)
Profit on ordinary activities after taxation		1,597	4,606
Other comprehensive income:			
- exchange differences on translation of foreign operations		320	(316)
Total comprehensive income		1,917	4,290

The notes on pages 10 to 22 form an integral part of these financial statements.

There were no other gains or losses other than those referred to above, which arose in continuing operations.

Statement of Change in Equity

	Share Capital	Currency translation reserve	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000
As at 1 April 2015	64,500	-	(52,480)	12,020
Capital reduction	(52,480)	-	52,480	-
Total comprehensive income	-	(316)	4,606	4,290
As at 31 March 2016	12,020	(316)	4,606	16,310
As at 1 April 2016	12,020	(316)	4,606	16,310
Total comprehensive income	-	320	1,597	1,917
As at 31 March 2017	12,020	4	6,203	18,227

The notes on pages 10 to 22 form an integral part of these financial statements

Statement of Financial Position

As of 31 March 2017

	Note	2017 £ 000	2016 £ 000
Non- current assets			
Deferred tax	8	779	536
Other receivables	9	1,630	2,272
Property, plant and equipment	10	134	180
Investments	11	348	245
		2,891	3,233
Current assets			
Trade and other receivables	12	9,211	3,845
Other financial assets	13	1,324	1,688
Cash and cash equivalents	14	26,556	27,488
		37,091	33,021
Current liabilities			
Trade and other payables	15	(17,516)	(14,726)
Corporation tax liability		(612)	(1,561)
Other financial liabilities	16	(1,275)	(1,648)
		(19,403)	(17,935)
Net current assets		17,688	15,086
Total assets less current liabilities		20,579	18,319
Long term liabilities			
Other liabilities falling due after more than one year	17	(2,352)	(2,009)
Net assets		18,227	16,310
Shareholder equity			
Called up share capital	18	12,020	12,020
Currency translation reserve		4	(316)
Retained earnings		6,203	4,606
Total shareholder equity		18,227	16,310

Approved by the Board of Directors on 6th June 2017 and signed on its behalf by:



Alexander MacPhee, Director

The notes on pages 10 to 22 form an integral part of the financial statements

Cash Flow Statement

For the year ended 31 March 2017

	2017 £ 000	2016 £ 000
Cash flow used in operating activities		
Profit for the year	1,597	4,606
Adjustments :		
Depreciation	65	54
Income tax provision	(906)	1,142
Foreign exchange losses/(gains)	263	(545)
Finance Income	(533)	(73)
Dividend income	(12)	(7)
Net (increase)/decrease in receivables	(5,366)	2,331
Net increase/(decrease) in accrued expenses and other payables	3,730	4,759
(Increase)/decrease in deferred taxes	(243)	586
Net cash flow used in operating activities	(1,405)	12,853
Cash flow from investing activities		
Purchase of investments	(127)	(78)
Disposal of investments	60	2
Interest received	533	73
Dividend income	12	7
Purchase of property, plant and equipment	(4)	(6)
Cash flow used in investing activities	474	(2)
Net (decrease)/increase in cash equivalents	(931)	12,851
Cash and cash equivalents at 1 April	27,488	14,637
Cash and cash equivalents as at 31 March	26,556	27,488

The notes on pages 10 to 22 form an integral part of the financial statements

Notes to the Accounts

For the year ended 31 March 2017

1. Accounting policies

Rothschild Wealth Management (UK) Limited (the "Company") is a private company limited by shares incorporated in England & Wales (number 04416252).

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 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 2006 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 financial statements. The 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 of which 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. Developments in reporting standards and interpretations

Standards affecting the financial statements

There were no new standards or amendments to standards that have been applied in the financial statements for the year ended 31 March 2017.

New Standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods ending after 31 March 2017 and therefore have not been applied in preparing these financial statements. The Company is currently reviewing these new standards to determine their effects on the Company's financial reporting. Those that may have a significant effect on the financial statements of the Company are:

Accounting standards first effective for accounting periods beginning on or after 1 January 2018

IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement and includes revised guidance in respect of the classification and measurement of financial assets and liabilities and introduces additional requirements for liabilities and hedge accounting as well as a new expected credit loss model for calculating impairment on financial assets. The most significant potential impact for the Company is to replace the current categorisation of financial assets (held-to-maturity, fair value through profit and loss, available-for-sale and loans and receivables) such that financial assets would only be measured at amortised cost or fair value depending on the assets' contractual terms. However, given the current classification of financial assets and liabilities it is unlikely that under the current structure there would be a material effect on the Company's financial statements.

Notes to the Accounts

b. Developments in reporting standards and interpretations (continued)

IFRS 15 Revenue from Contracts with Customers, which provides a principles-based framework for determining whether, how much and when revenue is recognised and replaces existing revenue standards. Whilst the full implications of the new standard have still to be assessed, it is currently not expected to have a material impact on future revenue recognition.

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 3-8 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 statement of consolidated comprehensive income.

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 Statement of Comprehensive Income in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

d. Foreign exchange

The financial statements are presented in sterling, which is the Company's functional currency. The functional currency is the currency of the primary economic environment in which the entity operates. The Milan branch's functional currency is euros, the figures of which are converted into sterling.

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 Statement of Comprehensive Income. In the future the Company may consider hedging its exposure to adverse movements in foreign currency exchange rates.

e. Pensions

The Company's post-retirement benefit arrangements are described in note 21. The Company participates in a number of pensions and other post-retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types. For defined contribution schemes the contributions payable in respect of the accounting period is recognised in the Statement of Comprehensive Income.

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 made to IAS 19 - Employee Benefits whereby actuarial gains and losses are recognised outside profit or loss and presented in the statement of recognized 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.

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, the sponsoring Company recognises the entire net defined benefit cost of the plan in its accounts. Therefore in accordance with IAS 19, the Company has accounted for its contribution to the scheme on a defined contributions basis.

Notes to the Accounts

Accounting policies (continued)

f. Long term employee benefits

The Company operates long term profit share schemes for the benefit of employees. The costs of such schemes are recognised in the income statement over the period in which the services are rendered that give rise to the obligation. Where the payment of profit share is deferred until the end of a specified vesting period, the deferred amount is recognised in the income statement over the period up to the date of vesting.

The Company has entered into cash-settled share-based payment transactions as part of the long term profit share schemes. The fair value of such awards is independently measured at the date the awards are made and remeasured at each reporting date. Such awards are recognised in the income statement over the vesting period.

Share options are treated as equity-settled share-based payments. They are valued at the date they are granted to employees and that value is recognised in staff costs over the vesting period, with a corresponding adjustment to shareholders' equity. The fair value is calculated on the basis of the overall plan value at the date of grant. In the absence of any market for stock options, models are used to value the share-based payments. The only assumptions revised after the initial measurement, and hence resulting in a revaluation of the expense, are those relating to the probability that employees will leave the Rothschild & Co Group.

g. Revenue

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

Revenue generated in relation to mortgages will be recognised in the period in which the service is provided. It should be noted that all mortgages are risk participated to other Group companies and as a result there is no balance sheet impact in relation to this activity.

h. Interest

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

i. Taxation

Tax payable on profits is recognised in the Statement of Comprehensive Income.

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

The principal temporary differences arise from long term incentive payments, see note 8. 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.

j. Cash and cash equivalents

Cash and cash equivalents comprise balances with original maturities of less than three months.

k. Derivative financial instruments

The Company has entered into forward foreign exchange contracts with Rothschild Bank AG to hedge foreign currency exposures that it assumes by selling forward foreign exchange contracts to its clients. The derivatives are measured at fair value, with transaction costs recorded immediately in the income statement. Subsequent to initial recognition, changes in the derivatives' fair value are recognised in the income statement.

l. Provisions and contingencies

Provisions are recognised only when the Company 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.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Company'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.

Notes to the Accounts

Accounting policies (continued)

m. Financial Assets at fair value through profit or loss

Shares held via the equity participation scheme are initially recognised at fair value, with transaction costs recorded immediately in the income statement and subsequently measured at fair value. Gains and losses arising from changes in fair value or on realisation are recognised in the income statement as net trading income. Dividend income from financial assets at fair value through profit or loss is recognised separately as dividend income.

n. Deferred tax

Deferred tax assets, including those in relation to tax losses carried forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. As part of the assessment of recoverability of deferred tax as at the balance sheet date, and using medium-term profit forecasts, the Company has considered the period over which sufficient taxable profits would arise to utilise the deferred tax assets. The Company considers that there will be sufficient profits to utilise deferred tax assets that remain recognised on the balance sheet within a reasonable time frame.

o. Fair Value of Financial Assets and Liabilities

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from market data to a certain extent)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value of financial instruments			Total
	Level 1	Level 2	Level 3	
31-Mar-17	£ '000	£ '000	£ '000	£ '000
Financial assets				
Derivative financial instruments		1,324		1,324
Cash and cash equivalents		26,556		26,556
Trade and other receivables		9,211		9,211
Investments	347			347
Fair value of financial assets	347	37,091		37,438
Financial liabilities				
Derivative financial instruments		(1,275)		(1,275)
Trade and other payables		(18,128)		(18,128)
Fair value of financial liabilities		(19,403)		(19,403)

	Fair value of financial instruments			Total
	Level 1	Level 2	Level 3	
31-Mar-16	£ '000	£ '000	£ '000	£ '000
Financial assets				
Derivative financial instruments		1,688		1,688
Cash and cash equivalents		27,488		27,488
Trade and other receivables		3,845		3,845
Investments	245			245
Fair value of financial assets	245	33,021		33,266
Financial liabilities				
Derivative financial instruments		(1,648)		(1,648)
Trade and other payables		(16,287)		(16,287)
Fair value of financial liabilities		(17,935)		(17,935)

Notes to the Accounts

2. Analysis of revenue

	2017 £ 000	2016 £ 000
Revenue:		
Management and brokerage fees	40,734	39,335
Commission receivable and other income	2,375	2,382
Dividend income	12	7
	43,121	41,724

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2017 £ 000	2016 £ 000
Service charges from fellow subsidiary undertakings	(11,331)	(8,708)
Auditors remuneration for the audit of the annual accounts		
Audit fees relating to the Company	(33)	(36)
Fees relating to non audit services	(30)	(20)

4. Remuneration of Directors

	2017 £ 000	2016 £ 000
Directors emoluments (excluding LTIP)	2,141	2,273
Long term incentive plan	28	26
Deferred bonus	1,175	603
Total remuneration	3,344	2,902

	2017 Number	2016 Number
Pensions		
Defined contribution pension schemes	1	1
Defined benefit pension schemes	1	1

	2017 £ 000	2016 £ 000
Highest paid Director		
Directors emoluments (excluding LTIP)	2,014	1,882

Notes to the Accounts

5. Staff numbers and costs

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

	2017	2016
Wealth Management	118	101
	2017	2016
	£ 000	£ 000
Wages and Salaries	21,283	18,657
Social Security costs	2,837	2,336
Other pension costs	1,226	1,255
	25,346	22,248

6. Other interest receivable on ordinary activities

	2017	2016
	£ 000	£ 000
Receivable from a fellow subsidiary undertaking	533	401

7. Taxation

	2017	2016
	£ 000	£ 000
Current tax (charge) / credit		
Current year	(888)	(1,517)
Adjustments for prior years	(15)	(415)
Origination and reversal of temporary differences	365	170
Reduction in tax rate	(13)	(24)
Total tax (charge) / credit for year	(551)	(1,786)
Profit / (loss) on ordinary activities before taxation	2,148	6,392
Tax credit using the UK corporation tax of 20% (2016 : 20%)	(430)	(1,278)
Adjustments for prior years	(15)	(415)
Non- deductible expenses	(93)	(69)
Reduction in tax rate on deferred tax balance	(13)	(24)
Total tax (charge) / credit for year	(551)	(1,786)

Notes to the Accounts

8. Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using tax rates that have been substantively enacted at the balance sheet date and that are expected to apply when the temporary difference is realised. The current UK corporation tax rate is 20 per cent (2016: 20 per cent) although reductions in the rate to 19 per cent from April 2017 and to 17 per cent from April 2020 had been substantively enacted at the balance sheet date and are reflected in the carrying value of deferred tax.

The movement on the deferred tax account is as follows:

	2017 £ 000	2016 £ 000
At 1 April	536	1,123
Origination and reversal of temporary differences	365	170
Prior year	(109)	(733)
Change in rates	(13)	(24)
At 31 March	779	536

Deferred tax assets less liabilities are attributable to the following items:

	2017 £ 000	2016 £ 000
Accelerated tax depreciation	22	13
Deferred profit share arrangements	757	523
	779	536

9. Other receivables

	2017 £ 000	2016 £ 000
Other receivables	1,630	2,272

Other receivables relate to the pre-funded element of the bonus scheme. As part of its variable pay strategy, the Rothschild & Co Group operates long term incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff, various deferred share-based payment awards.

Notes to the Accounts

10. Property, plant and equipment

	Office Equipment, fixtures and fittings £ 000	Office Equipment, fixtures and fittings £ 000
Cost		
At beginning of period	324	291
Additions	4	6
Foreign exchange movement	26	27
At end of period	354	324
Depreciation		
At beginning of period	(144)	(78)
Charged during the year	(65)	(54)
Foreign exchange movement	(11)	(12)
At end of period	(220)	(144)
Net book value		
At beginning of period	180	213
At end of period	134	180

11. Investments

	2017 £ 000	2016 £ 000
At cost at beginning of the year	245	169
Disposals during the year	(60)	(2)
Acquired during the year	127	78
Other adjustments	36	-
	348	245

During the year the Company acquired and disposed of shares in Rothschild & Co SCA to hedge the liability deriving from an equity participation scheme for senior staff. The participation is valued at full value through profit and loss.

Notes to the Accounts

12. Trade and other receivables

	2017 £ 000	2016 £ 000
Due within one year		
Amounts owed by fellow subsidiary undertaking	1,352	2,298
Other receivables, prepayments and accrued income	7,859	1,547
	9,211	3,845

13. Other financial assets

	2017 £ 000	2016 £ 000
Other financial assets	1,324	1,688

Other financial assets represent forward foreign exchange contracts with Rothschild Bank AG to hedge foreign currency exposures that the Company assumes by executing forward foreign exchange contracts for its clients.

14. Cash and cash equivalents

	2017 £ 000	2016 £ 000
Cash held with a fellow subsidiary undertaking	26,487	27,226
Cash held with third parties	69	262
	26,556	27,488

Notes to the Accounts

15. Trade and other payables

	2017 £ 000	2016 £ 000
Amounts owed to fellow subsidiary undertakings	285	3,723
Accruals and deferred income	17,232	11,003
	17,516	14,726

16. Other financial liabilities

	2017 £ 000	2016 £ 000
Other financial liabilities	1,275	1,648

Other financial liabilities represent forward foreign exchange contracts with Rothschild Bank AG to hedge foreign currency exposures that the Company assumes by executing forward foreign exchange contracts for its clients.

17. Other liabilities falling due after more than one year

	2017 £ 000	2016 £ 000
Amounts due under long term incentive plan	2,352	2,009

As part of its variable pay strategy, the Rothschild & Co Group operates long term incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff, various deferred share-based payment awards.

The awards are paid one, two and three years after the year of the award, and the expense is recognised over the two, three and four year periods from the start of the year of the award to the date of payment. These awards are paid on the condition that the recipient is still an employee of the Rothschild & Co Group.

18. Called up share capital

	2017 £ 000	2016 £ 000
As at beginning of year	12,020	64,500
Capital reduction	-	(52,480)
Allotted, called up and fully paid Ordinary shares of £1 each	12,020	12,020

The issued share capital of the Company comprised 12,019,774 £1 ordinary shares at 31 March 2017 (2016: 12,019,774 £1 ordinary shares).

The Company reduced its share capital on 21 March 2016 to £12,019,774. The reduction in share capital was offset against the losses brought forward from prior years. The impact was to reduce the retained losses brought forward to zero, allowing the Company to pay dividends out of future profits.

Notes to the Accounts

19. 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 2017.

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.

Included in the debtors as at 31 March 2017, are balances of £48,000 (2016: £66,000) which are past due at the reporting date but not impaired because the Company expects to recover these balances in full and has historical analysis to support the recovery profile. The aged analysis of the debtors is as follows:

	2017 £ 000	2016 £ 000
Up to 30 days	48	66
30-90 days	-	-
Over 90 days	-	-
	48	66

c. Interest rate risk

Bank interest on deposits held is the only source of interest exposure. The effective interest during 2017 was 0.32% (2016: 0.27%) 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 FCA regulations.

e. Currency Risk

The Company has a currency risk to income based on assets denominated in currencies other than sterling, in particular in relation to its Milan branch. The Company has a proportion of its costs denominated in Swiss Francs, however to mitigate risk the Company arranges payment of these costs on a regular basis. The Company may consider in the future hedging its exposure to adverse movements in foreign currency exchange rates.

Notes to the Accounts

20. Contingent Liabilities

The Company did not have any disclosable contingent liabilities as at 31 March 2017 (2016: Nil).

21. Pension Scheme

The Company participates in a group scheme, the NMR Pension Fund ('NMRP'), which is operated by NM 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 the trustee.

As at 31 March 2017, there was a deficit of £29m in the Fund under IAS 19. As there is no contractual agreement or stated policy for charging the net defined benefit cost to participating Rothschild Group companies, the Company recognises in its accounts the contributions it makes during any given financial period.

The Company's total pension charge in the period amounted to £1,226,000 (2016: £1,255,000) of which £331,000 (2016: £456,000) related to the above defined benefit section and £895,000 (2016: £799,000) related to the defined contribution section. Following the March 2016 triennial actuarial valuation of the NMRP, the trustee of the defined pension benefit fund has agreed a contribution plan with the Group to reduce the deficit in accordance with pension's regulation. The aim is to eliminate the pension deficit by 2023 with. In addition, participating employers in the Fund have agreed to pay 46.6% of in-service members' pensionable salaries in respect of future accruals.

22. 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.

b. Other related party transactions

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

	2017	2016
	£ 000	£ 000
Interest Receivable	533	401
Fees and commissions receivable/ (payable)	18,711	8,702
Dividend income	12	7
Operating expenses	(10,793)	(8,372)
	8,463	738

All related party transactions relate to transactions with associated companies.

c. Other related party balances

	2017	2016
	£ 000	£ 000
Cash and cash equivalents	26,487	27,226
Receivables	1,352	2,298
Payables	285	3,723

All related party balances relate to balances with associated companies.

Notes to the Accounts

23. Segmental reporting

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

24. Parent company and ultimate holding company

The largest group in which the results of the Company are consolidated is that headed by Rothschild Concordia SAS, incorporated in France with registered office address 23Bis Avenue de Messine Paris 75008.

The immediate parent company is Rothschild Holding AG registered in Zurich, Switzerland. The consolidated financial statements of this group may be obtained from Zollikerstrasse 181, 8034 Zurich, Switzerland.

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