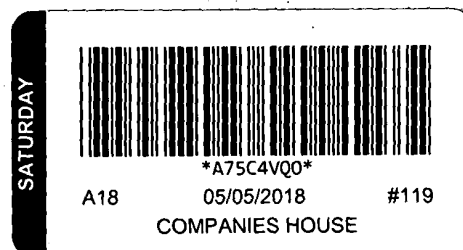


Rothschild Wealth Management (UK) Limited

Report of the Directors for the 9 months ended

31 December 2017



Rothschild Wealth Management (UK) Limited

Report of the Directors and Financial Statements for the 9 months ended 31 December 2017

Strategic Report	3
Report of the Directors	4
Statement of Directors' Responsibilities in Respect of the Report of the Directors and the Financial Statements	5
Independent Auditor's Report to the Members of Rothschild Wealth Management (UK) Limited	6
Statement of Comprehensive Income	8
Statement of Changes in Equity	8
Statement of Financial Position	9
Cash Flow Statement	10
Notes to the Accounts	11

Strategic Report

For the 9 months ended 31 December 2017

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 ultra-high net worth clients looking for a smooth journey to long term wealth preservation and exceptional client service.

Business update & key performance indicators

The Company considers its key performance indicators to be assets under management, revenue and profitability. The Company has had a strong period, with revenue for the 9 months of £40.0m which compares positively to the £43.6m that was generated for the 12 months to 31 March 2017. The revenue growth has been driven mainly by an increase in assets under management of £968m over the 9 month period, taking the total to £8,398m at the period end. It has been encouraging to see that the increase has come from a healthy mix of positive net new assets and also good investment performance.

This generated an operating profit for the 9 month period of £7.9m (2016/17 full year: £2.1m) which is as a result of effective cost control and the increasing benefits that the Company is seeing from economies of scale.

The above means that the Company has generated a profit after tax of £6.2m (2016/17: £1.6m), the fourth consecutive period in which a profit has been made. This enabled the Company to make its first ever interim dividend payment in October 2017 of £4m.

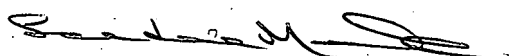
Principal risks and uncertainties

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.

The Company has been monitoring Brexit discussions and will be considering whether any strategic changes need to be made, in particular in relation to the Milan branch.

By order of the Board



Alexander MacPhee
Director
Rothschild Wealth Management (UK) Limited
New Court, St. Swithin's Lane, London EC4N 8AL
8 March 2018

Report of the Directors

The Directors present their report and the audited financial statements for the 9 months ended 31 December 2017.

Rothschild & Co SCA, the French listed ultimate group parent company, announced on 21 March 2017 that it would change its financial year end from 31 March to 31 December. RWMUK has changed its year end in line with this such that this set of financial statements is for the 9 month period ended 31 December 2017. The comparative figures for the Company's income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes are for the 12 months from 1 April 2016 to 31 March 2017.

Principal activities

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

Going concern

The Company's business activities, together with the principal risks and uncertainties, are set out in the strategic report. In addition, note 19 to the financial statements sets out the strategy and processes for managing the Company's capital and financial risks and provides details of its exposures to credit, market and liquidity risk. The Company and the Rothschild & Co SCA group of companies has considerable financial resources and continues to generate new profitable business. It is well placed to manage its business risk for the foreseeable future despite an uncertain economic outlook.

There is, therefore, a strong expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

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:

Christopher Coleman
Gareth Johnson
Alexander MacPhee
Gary Powell
Helen Watson
Jonathan Westcott

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 9 months to December 2017, the Company declared and paid an aggregate interim dividend of £4,000,000 (year to March 2017: £nil).

Political and charitable donations

The Company made £1,000 of charitable donations during the year (2016/17 £42,000).

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.

H.M. Horton
Helen Horton
For and on behalf of
NM Rothschild & Sons Limited
Secretary
8 March 2018

Registered office:
New Court, St. Swithin's Lane, London EC4N 8AL
Registered Number 04416252

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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Rothschild Wealth Management (UK) Limited ("the Company") for the 9 months ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, 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 2017 and of its profit for the period 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 described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

Strategic report and directors' report

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

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.

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



Paul McKechnie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E15 5GL
8 March 2018

Statement of Comprehensive Income

For the 9 months ended 31 December 2017

		9 months ended 31 December 2017	Year ended 31 March 2017
	Note	£ 000	£ 000
Revenue	2	40,013	43,589
Administrative expenses		(32,076)	(41,441)
Depreciation		(24)	(65)
Operating profit		7,913	2,083
Other interest receivable and similar income	6	26	65
Profit on ordinary activities before taxation		7,939	2,148
Tax credit / (charge) on loss on ordinary activities	7	(1,709)	(551)
Profit on ordinary activities after taxation		6,230	1,597
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
- exchange differences on translation of foreign operations		(312)	320
Total comprehensive income		5,918	1,917

The notes on pages 11 to 23 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

For the 9 months ended 31 December 2017

	Note	Share Capital £ 000	Currency translation reserve £ 000	Retained Earnings £ 000	Total £ 000
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
As at 1 April 2017		12,020	4	6,203	18,227
Dividends paid	22	-	-	(4,000)	(4,000)
Total comprehensive income		-	(312)	6,230	5,918
As at 31 December 2017		12,020	(308)	8,433	20,145

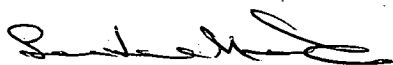
The notes on pages 11 to 23 form an integral part of these financial statements

Statement of Financial Position

As of 31 December 2017

	Note	31 December 2017 000's	31 March 2017 000's
Non- current assets			
Deferred tax	8	807	779
Other receivables	9	1,363	1,630
Property, plant and equipment	10	110	134
Investments	11	1,196	348
		3,476	2,891
Current assets			
Trade and other receivables	12	10,593	9,211
Other financial assets	13	270	1,324
Cash and cash equivalents	14	24,847	26,556
		35,710	37,091
Current liabilities			
Trade and other payables	15	(15,029)	(17,516)
Current tax liability		(1,599)	(612)
Other financial liabilities	16	(235)	(1,275)
		(16,863)	(19,403)
Net current assets		18,847	17,688
Total assets less current liabilities		22,323	20,579
Long term liabilities			
Other liabilities falling due after more than one year	17	(2,178)	(2,352)
Net assets		20,145	18,227
Shareholder equity			
Called up share capital	18	12,020	12,020
Currency translation reserve		(308)	4
Retained earnings		8,433	6,203
Total shareholder equity		20,145	18,227

Approved by the Board of Directors on 8 March 2018 and signed on its behalf by:



Alexander MacPhee, Director

The notes on pages 11 to 23 form an integral part of the financial statements

Cash Flow Statement

For the 9 months ended 31 December 2017

	9 months ended 31 December 2017 £ 000	Year ended 31 March 2017 £ 000
Cash flow used in operating activities		
Profit for the year	7,939	2,148
Adjustments :		
Depreciation charge	24	65
Finance income	(26)	(65)
Dividend income	(12)	(12)
Fair value adjustment of investments	(67)	(36)
Net (increase)/decrease in deferred tax	(28)	(243)
Net (increase)/decrease in other receivables	267	642
Net (increase)/decrease in trade and other receivables	(1,384)	(5,366)
Net (increase)/decrease in other financial assets	1,054	364
Net increase/(decrease) in trade and other payables	(2,487)	2,790
Net increase/(decrease) in deferred bonus	(174)	(373)
Net increase/(decrease) in currency translation reserve	(312)	305
Net increase/(decrease) in other financial liabilities	(1,040)	343
Cash generated from operations	3,754	562
Tax Paid	(720)	(1,500)
Net cash flow used in operating activities	3,034	(938)
Cash flow from investing activities		
Purchase of investments	(913)	(127)
Disposal of investments	132	60
Interest received	26	65
Dividend income	12	12
Purchase of property, plant and equipment	-	(4)
Cash flow used in investing activities	(743)	6
Cash flow from financing activities		
Dividend Paid	(4,000)	-
Cash flow used in financing activities	(4,000)	-
Net (decrease)/increase in cash equivalents	(1,709)	(932)
Cash and cash equivalents at 1 April	26,556	27,488
Cash and cash equivalents as at 31 December	24,847	26,556

The notes on pages 11 to 23 form an integral part of the financial statements

Notes to the Accounts

For the 9 months ended 31 December 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 on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale and liabilities for cash-settled share-based payments. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

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.

The Company has amended its financial year end from 31 March to 31 December to align with its Parent. These financial statements have therefore been prepared for the 9 month period from 1 April 2017 to 31 December 2017. The comparative period is a 12 month period from 1 April 2016 to 31 March 2017.

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 9 months ended 31 December 2017.

New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for accounting periods ending after 31 December 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 or 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, we do not anticipate this having an 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.

Accounting standards first effective for accounting periods beginning on or after 1 January 2019

IFRS 16 Leases, which introduces a single lessee accounting model whereby the classification of leases as either operating or financial leases is no longer relevant. Instead the standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. The full implications of the new standard have still to be assessed.

c. Property, plant and equipment

All property, plant and equipment are 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.

e. Pensions

The Company's post-retirement benefit arrangements are described in note 20. 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). 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 as an expense and on an accruals 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.

RWMUK arranges for certain clients to enter into mortgage relationships, which it has fully risk participated to other Rothschild group entities. The Company earns a commission on the interest generated on the loan for its role as introducer. This income is recognised on an accruals commission basis. 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

From time to time the Company enters into forward foreign exchange contracts in order to mitigate the foreign exchange risk for clients holding assets in non-local currencies. The Company executes forward foreign exchange contracts with its clients which are then hedged by entering into forward foreign exchange contracts with Rothschild Bank AG. 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 with 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 other 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				
	Level 1	Level 2	Level 3	Total
31-Dec-17	£ '000	£ '000	£ '000	£ '000
Financial assets				
Other financial assets	-	270	-	270
Cash and cash equivalents	-	24,847	-	24,847
Trade and other receivables	-	10,593	-	10,593
Investments	1,196	-	-	1,196
Fair value of financial assets	1,196	35,710	-	36,906
Financial liabilities				
Other financial liabilities	-	(235)	-	(235)
Deferred bonus	-	(2,178)	-	(2,178)
Trade and other payables	-	(7,094)	-	(7,094)
Fair value of financial liabilities	-	(9,507)	-	(9,507)

Fair value of financial instruments				
	Level 1	Level 2	Level 3	Total
31-Mar-17	£ '000	£ '000	£ '000	£ '000
Financial assets				
Other financial assets	-	1,324	-	1,324
Cash and cash equivalents	-	26,556	-	26,556
Trade and other receivables	-	9,211	-	9,211
Investments	348	-	-	348
Fair value of financial assets	348	37,091	-	37,439
Financial liabilities				
Other financial liabilities	-	(1,275)	-	(1,275)
Deferred bonus	-	(2,352)	-	(2,352)
Trade and other payables	-	(8,175)	-	(8,175)
Fair value of financial liabilities	-	(11,802)	-	(11,802)

The trade and other payables balance as at 31 December 2017 is £15,029k (2016/17: £17,516k). However, £7,935k (2016/17: 9,341k) relates to accrued bonus for the period. Accrued bonuses are not treated as a financial liability as there is not a contractual obligation to deliver cash or another financial asset to another entity as per IAS 32. Therefore, only the net balance of £7,094k (2016/17: £8,175) is included within level 2 liabilities.

Notes to the Accounts

2. Analysis of revenue

	9 months ended 31 December 2017 £ 000	Year ended 31 March 2017 £ 000
Revenue:		
Management and brokerage fees	37,510	40,734
Commission receivable and other income	2,491	2,843
Dividend income	12	12
	40,013	43,589

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	9 months ended 31 December 2017 £ 000	Year ended 31 March 2017 £ 000
Service charges from fellow subsidiary undertakings	(8,019)	(11,331)
Auditors remuneration for the audit of the annual accounts		
Audit fees relating to the Company	(39)	(33)
Fees relating to other assurance services	(36)	(30)

4. Remuneration of Directors

	9 months ended 31 December 2017 £ 000	Year ended 31 March 2017 £ 000
Directors emoluments (excluding LTIP)	1,860	2,141
Pensions	5	28
Deferred bonus	1,371	1,175
Total remuneration	3,236	3,344

	9 months ended 31 December 2017	Year ended 31 March 2017 Number
Pensions		
Defined contribution pension schemes	1	1
Defined benefit pension schemes	1	1

	9 months ended 31 December 2017	Year ended 31 March 2017 £ 000
Highest paid Director		
Total remuneration (excluding LTIP)	1,892	2,014

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:

	9 months ended 31 December 2017	Year ended 31 March 2017
Wealth Management	127	118
	9 months ended 31 December 2017 £ 000	Year ended 31 March 2017 £ 000
Wages and Salaries	17,542	21,283
Social Security costs	2,370	2,837
Other pension costs	878	1,226
	20,790	25,346

6. Other interest receivable on ordinary activities

	9 months ended 31 December 2017 £ 000	Year ended 31 March 2017 £ 000
Receivable from a fellow subsidiary undertaking	26	65

7. Taxation

	9 months ended 31 December 2017 £ 000	Year ended 31 March 2017 £ 000
Current tax charge		
Current year	(1,592)	(888)
Adjustments for prior years	(164)	(15)
Origination and reversal of temporary differences	47	365
Reduction in tax rate	-	(13)
Total tax charge	(1,709)	(551)
Profit on ordinary activities before taxation	7,939	2,148
Tax credit using the UK corporation tax of 19% (16/17 : 20%)	(1,509)	(430)
Adjustments for prior years	(164)	(15)
Non-deductible expenses	(36)	(93)
Reduction in tax rate on deferred tax balance	-	(13)
Total tax charge	(1,709)	(551)

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 19 per cent (2016/17: 20 per cent) although reductions in the rate to 17 per cent from April 2020 had been substantially enacted at the balance sheet date.

The movement on the deferred tax account is as follows:

	31 December 2017	31 March 2017
	£ 000	£ 000
At 31 March	779	536
Origination and reversal of temporary differences	47	365
Prior year	(19)	(109)
Change in rates		(13)
At 31 December	807	779

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

	31 December 2017	31 March 2017
	£ 000	£ 000
Accelerated tax depreciation	26	22
Deferred profit share arrangements	781	757
	807	779

9. Other receivables

	31 December 2017	31 March 2017
	£ 000	£ 000
Other receivables	1,363	1,630

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

	31 December 2017	31 March 2017
	Office Equipment, fixtures and fittings £ 000	Office Equipment, fixtures and fittings £ 000
Cost		
At the beginning of period	354	324
Additions	-	4
Foreign exchange movement	-	26
At end of period	354	354
Depreciation		
At the beginning of period	(220)	(144)
Additions	(24)	(65)
Charged in the period	-	(11)
At end of period	(244)	(220)
Net book value		
At the beginning of period	134	180
At end of period	110	134

11. Investments

	31 December 2017	31 March 2017
	£ 000	£ 000
At fair value at beginning of the year	348	245
Disposals during the year	(132)	(60)
Acquired during the year	913	127
Fair value adjustments	67	36
	1,196	348

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 designated at fair value through profit and loss taking the market value at year end.

Notes to the Accounts

12. Trade and other receivables

	31 December 2017	31 March 2017
	£ 000	£ 000
Due within one year		
Amounts owed by fellow subsidiary undertaking	8,857	8,697
Other receivables, prepayments and accrued income	1,736	514
	10,593	9,211

13. Other financial assets

	31 December 2017	31 March 2017
	£ 000	£ 000
Other financial assets	270	1,324

From time to time the Company enters into forward foreign exchange contracts in order to mitigate the foreign exchange risk for clients holding assets in non-local currencies. The Company executes forward foreign exchange contracts with its clients which are then hedged by entering into forward foreign exchange contracts with Rothschild Bank AG. 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.

The nominal value of these contracts as at the 31 December 2017 was £85,749,751 (2016/17: £120,253,024).

14. Cash and cash equivalents

	31 December 2017	31 March 2017
	£ 000	£ 000
Cash held with a fellow subsidiary undertaking	24,607	26,487
Cash held with third parties	240	69
	24,847	26,556

Notes to the Accounts

15. Trade and other payables

	31 December 2017	31 March 2017
	£ 000	£ 000
Trade payables	65	314
Amounts owed to fellow subsidiary undertakings	2,896	6,273
Accruals and deferred income	12,068	10,929
	15,029	17,516

16. Other financial liabilities

	31 December 2017	31 March 2017
	£ 000	£ 000
Other financial liabilities	235	1,275

From time to time the Company enters into forward foreign exchange contracts in order to mitigate the foreign exchange risk for clients holding assets in non-local currencies. The Company executes forward foreign exchange contracts with its clients which are then hedged by entering into forward foreign exchange contracts with Rothschild Bank AG. 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.

The nominal value of these contracts as at the 31 December 2017 was £85,749,751 (2016/17: £120,253,024).

17. Other liabilities falling due after more than one year

	31 December 2017	31 March 2017
	£ 000	£ 000
Amounts due under long term incentive plan	2,178	2,352

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

	31 December 2017	31 March 2017
	£ 000	£ 000
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 December 2017 (2016/17: 12,019,774 £1 ordinary shares).

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 period.

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 December 2017, are balances of £46,000 (2016/17: £48,000) 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:

	31 December 2017	31 March 2017
	£ 000	£ 000
Not overdue	10,547	9,162
Past due by up to: 30 days	2	48
30-90 days	44	-
Over 90 days	-	-
	10,593	9,211

c. Interest rate risk

Bank interest on deposits held is the only source of interest exposure. The effective interest during the 9 months to December 2017 was 0.22% (2016/17: 0.32%) and all balances mature within 1 year.

d. Liquidity risk

Liquidity risk is defined as the risk that an entity cannot meet its cash obligations as they fall due. Liquidity risk arises principally from the mismatch of contractual maturities of assets and liabilities inherent in the business, including contingent liabilities. The Company's policy is to ensure that it has sufficient resources to meet its financial commitments as they are expected to fall due and this is monitored on a regular basis. The Company ensures it maintains sufficient liquidity in line with FCA regulations. This is overseen by the finance team with formal oversight from the Board where required. As at the period end date the Company had cash balances, all maturing in less than 3 months, which were in excess of the total liabilities balance. The Company also has the support of the wider Rothschild & Co Group of Companies if liquidity issues were to arise.

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 table below summarises net exposure to foreign currency exchange rate risk measured by reference to the foreign currency exposures of monetary assets and liabilities after taking account of positions in derivatives. The net exposure reflects timing differences between the recognition of foreign currency revenues and subsequent hedging transactions.

	31 December 2017	31 March 2017
	£ 000	£ 000
US\$	1,409	419
Euro	(2,143)	(1,012)
Other	2,500	(4,855)

Fall in value of these currencies by 5 per cent against sterling: there would be a post-tax charge to the income statement of £72,000 (31 March 2017: credit of £221,000). There would be no material impact on equity.

Increase in value of these currencies by 5 per cent against sterling: there would be a post-tax credit to the income statement of £72,000 (31 March 2017: charge of £221,000). There would be no material impact on equity.

Notes to the Accounts

20. 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 December 2017, there was a deficit of £19m 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 £877,839 (16/17: £1,226,000) of which £158,069 (16/17: £331,000) related to the above defined benefit section and £719,770 (16/17: £895,000) 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.

21. 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:

	31 December 2017	31 March 2017
	£ 000	£ 000
Net fees and commissions receivable/ (payable)	1,380	1,324
Dividend income	12	12
Operating expenses	(8,019)	(10,793)
	(6,627)	(9,457)

c. Other related party balances

All related party balances relate to balances with fellow subsidiary undertakings. The operating expenses represent the management charge and the recharge of services provided by a fellow subsidiary.

	31 December 2017	31 March 2017
	£ 000	£ 000
Cash and cash equivalents	24,607	26,487
Receivables	8,857	8,697
Payables	2,896	6,273

All related party balances relate to balances with fellow subsidiary undertakings.

Notes to the Accounts

22. Dividend

	9 months ended 31 December 2017	Year ended 31 March 2017
Amounts recognised as distributions to equity holders in the year:	£'000	£ 000
Interim dividend for the 9 months ended 31 December 2017 of 33.2785p (12 months to 31 Mar 17: Nil) per share	4,000	-

23. 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.