

Edmond de Rothschild Private Merchant Banking LLP

Registered number: OC377099

Annual report

For the year ended 31 December 2020



EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

INFORMATION

Designated Members	Edmond de Rothschild (UK) Limited, ("Corporate Member") Edmond de Rothschild Asset Management (UK) Limited, ("Additional Corporate Member")
LLP registered number	OC377099
Registered office	4 Carlton Gardens London SW1Y 5AA
Independent auditor	PricewaterhouseCoopers LLP Chartered Accountants 7 More London Riverside London SE1 2RT
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HB
Regulator	Financial Conduct Authority FCA Firm Code: 587457

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

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EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Executive Committee presents its annual report together with the audited financial statements of Edmond de Rothschild Private Merchant Banking LLP (the "LLP") for the year ended 31 December 2020.

Executive Committee

The coordination of business development and the overall direction of the LLP are the responsibility of the Executive Committee. The Committee comprises the following members:

Mr. J.F. Dusch (representing the interests of Edmond de Rothschild (UK) Limited)

Mrs. E.A. Horner (representing the interest of Edmond de Rothschild Asset Management (UK) Limited)

Business review and principal activities

The principal activity of the LLP was that of discretionary investment management which delivered strong investment performance despite the unprecedented global impacts caused by COVID-19.

The results of the LLP are set out in the Statement of Comprehensive Income on page 8 and show a loss for the financial year of £2.2m (2019: profit of £1.2m). The revenues in the prior year included £4.7m relating to corporate finance activities which were discontinued in 2019 following a strategic decision to continue such activities within the Paris based corporate finance team. As a result of this change, administrative expenses reduced to £2.6m (2019: £4.3m). At 31 December 2020, Total Members' Interests decreased 69% to £1.0m (2019: £3.2m).

The year-end financial position was in-line with budget and the LLP continues to explore opportunities to expand the business base.

Members' capital and interests

Details of changes in members' capital in the year ended 31 December 2020 are set out in the Reconciliation of Members' Interests.

Business environment and strategy

The opportunity to deliver discretionary portfolio management and wider Private Banking services such as credit, remains the core strategy of the LLP. In the context of London's continued pre-eminence as a global financial centre and wealth management hub, the Executive Committee believes the strategy will attract both domestic and international UHNW clients. Principal sources of new clients are the networks of the individuals within the team, intermediaries such as legal and accountancy firms, and the Edmond de Rothschild network. Management are actively exploring opportunities to expand the LLP's business base.

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The key business risks of the LLP are regulatory and reputation in nature and the impact of the general business environment on the confidence of the LLP's client base. Risks are analysed by the Group Risk & Compliance Committee, which reports to the Executive Committee. Risks are formally reviewed by the Executive Committee and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect on the LLP would be compounded.

The LLP does not use any complex financial derivatives to manage risks. The LLP's overall financial risk management strategy and activities are coordinated with the risk management activities of the immediate parent company (see note 19), which are described in more detail in those consolidated financial statements. The members have undertaken a review of the LLP's business model, capital and liquidity and are satisfied that the ongoing support from the Corporate Member provides the LLP with sufficient financial resources to pursue its activities for the foreseeable future.

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which ended on 31 December 2020. The LLP has received assurance from its Affiliate (Edmond de Rothschild (Europe)) which provides dealing, custody and banking services that they are able to continue to be able to provide these services to the LLP and its clients following the end of the Transition Period at the LLP or Client's request.

During 2020, the LLP performed well despite the increased level of uncertainty in the financial markets resulting in volatility of equity markets, foreign exchange and interest rates. The Executive Committee and senior management have assessed the specific impact of market fluctuations on the LLP and are satisfied that any potential impact was successfully mitigated.

The UK Group's strategy has proved resilient to the challenging market conditions experienced of late, and the members are satisfied that, with the backing of Edmond de Rothschild (Suisse) S.A. which has a solid balance sheet and a consolidated solvency ratio significantly above the legal minimum (23% v 12%), that it is appropriate notwithstanding the potential impact of the current COVID-19 pandemic to prepare the consolidated financial statements on a going concern basis.

Transactions with members

The Membership Agreement reflects the current membership structure and prescribes the allocation of profits and losses between the two Corporate Members. No additional contributions were made throughout the year as required to satisfy regulatory and working capital requirements. These contributions constitute "equity" and there have been no transfers of members' interests from equity to debt and vice versa during the year.

No repayment shall be made by the LLP of a Member's Capital Contribution unless a Capital Contribution is made; or Capital Contributions of the same aggregate amount are made, by one or more members and/or one or more additional members in replacement; or where the LLP will, notwithstanding such repayment, remain in compliance with any applicable prudential requirements relating to LLP capital and the Corporate Member has approved such repayment (subject to any waiver required from the FCA).

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

**MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, as applied to limited liability partnerships, members 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 partnership and of the profit or loss of the partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The members are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006.

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP


**MEMBERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Provision of information to auditors

Each of the persons who are Executive Committee Members at the time when this Members' Report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Approved by the members and signed on their behalf by:



Mr. J.F. Dusch
Representing Edmond de Rothschild (UK) Limited

Date: 20th April 2021



Independent auditors' report to the members of Edmond de Rothschild Private Merchant Banking LLP

Report on the audit of the financial statements

Opinion

In our opinion, Edmond de Rothschild Private Merchant Banking LLP's financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position and the reconciliation of members' interests as at 31 December 2020; the statement of comprehensive income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the partnership's ability to continue as a going concern.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also 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.

In preparing the financial statements, the members are responsible for assessing the partnership'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 the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to the firm's activity as a regulated entity, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. We evaluated

management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to certain accounting estimates (including accrued revenue) and manual journal entries. Audit procedures performed included:

- Review of correspondence with HMRC and discussions with management's compliance function
- Testing journal entries and other adjustments for appropriateness
- Testing of accrued revenue to underlying revenue agreements and cash settlements
- Reviewing minutes of those charged with governance

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

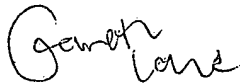
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the partnership, 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.

We have no exceptions to report arising from this responsibility.



Gareth Lane (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 April 2021

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		Continuing operations 2020 £000	Discontinued operations 2020 £000	Total 2020 £000	Continuing operations 2019 £000	Discontinued operations 2019 £000	Total 2019 £000
	Note						
Turnover	3	396	-	396	851	4,682	5,533
Administrative expenses	4	(2,573)	-	(2,573)	(2,878)	(1,400)	(4,278)
Other operating losses	5	(19)	-	(19)	(18)	-	(18)
Operating (loss)/profit	6	(2,196)	-	(2,196)	(2,045)	3,282	1,237
Interest payable and similar expenses	9	(11)	-	(11)	(4)	-	(4)
(Loss)/profit for the financial year available for division among members		<u>(2,207)</u>	<u>-</u>	<u>(2,207)</u>	<u>(2,049)</u>	<u>3,282</u>	<u>1,233</u>

The current year Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income for 2020 (2019: £nil).

The current and prior year operating profit of the LLP is derived from continuing operations, except for discontinued corporate finance activities in the prior year. Of the results for 2019 shown above, £4.7m of turnover and £1.4m of administrative expenses relate to these discontinued operations. This results in a profit before tax for 2019 of £3.3m relating to discontinued operations.

The notes on pages 11 to 21 form part of these financial statements.

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP
REGISTERED NUMBER: OC377099

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

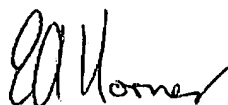
	Note	2020 £000	2019 £000
Current assets			
Debtors	10	1,309	2,969
Cash at bank and in hand	11	148	536
		<u>1,457</u>	<u>3,505</u>
Creditors	12	(456)	(297)
Total assets less current liabilities		1,001	3,208
Net assets		<u>1,001</u>	<u>3,208</u>
Represented by:			
Members' other interests			
Members' capital	14	29,388	29,388
Retained earnings		(28,387)	(26,180)
		<u>1,001</u>	<u>3,208</u>
		<u>1,001</u>	<u>3,208</u>
Total members' interests			
Members' other interests		<u>1,001</u>	<u>3,208</u>
Total equity		<u>1,001</u>	<u>3,208</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf by:



Mr. J.F. Dusch
Designated member

Date: 20th April 2021



Mrs. E.A. Horner
Designated member

Date: 20th April 2021

The notes on pages 11 to 21 form part of these financial statements.

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

**RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Members' capital (Classified as equity) £000	Retained earnings £000	Total £000
Balance at 1 January 2019	29,188	(27,413)	1,775
Profit for the year available for division among members	-	1,233	1,233
Members' interests after loss for the year	29,188	(26,180)	3,008
Capital introduced by members during the year	200	-	200
Balance at 31 December 2019	29,388	(26,180)	3,208
Loss for the year available for division among members	-	(2,207)	(2,207)
Members' interests after profit for the year	29,388	(28,387)	1,001
Capital introduced by members during the year	-	-	-
Balance at 31 December 2020	29,388	(28,387)	1,001

The notes on pages 11 to 21 form part of these financial statements.

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Edmond de Rothschild Private Merchant Banking LLP (the "LLP") is a Limited Liability Partnership and is incorporated in England and Wales. The address of its registered office is 4 Carlton Gardens, London, England, SW1Y 5AA.

The LLP manages discretionary portfolios for a diverse client base both in terms of entity status (individual, joint, company, trust), mandate size and geographic residence of the client. Mandates vary in terms of investment objectives and sector and asset class focus, dependent upon the particular client objectives, risk profile and investment restrictions or guidelines specified.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the LLP operates and is rounded to the nearest thousand pounds.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The LLP is a qualifying entity as its results are consolidated into the financial statements of Edmond de Rothschild (UK) Limited which are publicly available.

As a qualifying entity, the LLP has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- (iii) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102; and
- (iv) from the requirement to present certain share based payment disclosures, as required by section 26 of FRS102.

2.3 Going concern

On the basis on their assessment of the LLP's financial position and resources, the members believe that the LLP is well placed to manage its business risks. The members continue to provide support to the LLP if required and therefore have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Turnover

Turnover represents the value of services provided and is recognised in the accounting period in which the services are rendered. The revenue shown in the statement of comprehensive income represents amounts invoiced and accrued during the year, exclusive of Value Added Tax.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the LLP will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The LLP has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 Financial instruments (continued)

(i) Financial assets (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The LLP does not hold or issue derivative financial instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

2.7 Foreign currency translation

(i) Functional and presentation currency

The LLP's functional and presentational currency is Pounds Sterling.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Foreign currency translation (continued)

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating losses'.

2.8 Taxation

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the LLP operates and generates income.

Income tax payable on the LLP's losses/profits is solely the liability of the corporate members and consequently is not dealt with in these financial statements.

3. Turnover

An analysis of turnover by country of destination is as follows:

	2020 £000	2019 £000
United Kingdom	-	4,711
Europe	396	822
	<u>396</u>	<u>5,533</u>

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Turnover (continued)

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Corporate Finance Advice	-	4,682
Wealth Management	396	851
	<u>396</u>	<u>5,533</u>

4. Administrative expenses

Administrative expenses are mainly incurred through a recharge from Edmond de Rothschild (UK) Limited, the LLP's immediate parent company, since most supplier contracts, and all employment contracts are with this company. Included within the charges from Edmond de Rothschild (UK) Limited are staff cost recharges and fees in relation to the audit of the statutory financial statements.

5. Other operating losses

	2020 £000	2019 £000
Foreign exchange losses	(19)	(18)
	<u>(19)</u>	<u>(18)</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020 £000	2019 £000
Fees payable to the LLP's auditors for the audit and assurance related services of the LLP's annual financial statements	33	34
	<u>33</u>	<u>34</u>

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Employees

No staff are employed by the LLP (2019: nil). Staff are employed by Edmond de Rothschild (UK) Limited and their cost is recharged to the LLP. The average number of employees recharged to the LLP during the year was 8 (2019: 10).

The recharged staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	841	1,842
Social security costs	99	129
Cost of defined contribution scheme	53	66
	<u>993</u>	<u>2,037</u>

During the year 439 management shares in Edmond de Rothschild Holding SA were exercised (2019: 654).

8. Members' share of losses/profits

	2020 £000	2019 £000
The average number of members during the year was	<u>2</u>	<u>2</u>

In accordance with the LLP deed, 100% of the LLP's losses/profits are attributable to the Corporate members.

9. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	<u>11</u>	<u>4</u>

10. Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	1,124	2,526
Prepayments and accrued income	185	443
	<u>1,309</u>	<u>2,969</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Cash at bank and in hand

	2020	2019
	£000	£000
Cash at bank and in hand	148	536

12. Creditors

	2020	2019
	£000	£000
Amounts owed to group undertakings	435	222
Other taxation and social security	21	50
Accruals and deferred income	-	25
	456	297

There is no security for non-trading amounts owed to group undertakings. Amounts owed to group undertakings are interest free and repayable on demand.

13. Analysis of Net Debt

	At 1 January 2020 £000	Arising from cash flows £000	At 31 December 2020 £000
Cash at bank and in hand	536	(388)	148
	536	(388)	148

14. Members' capital

	2020	2019
	£000	£000
29,387,637 (2019: 29,387,637) 'A' corporate members' interest of £1 (2019: £1) each	29,388	29,388
	29,388	29,388

EDMOND DE ROTHSCHILD PRIVATE MERCHANT BANKING LLP

**NOTES TO THE FINANCIAL STATEMENTS
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15. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,272</u>	<u>3,062</u>
	2020	2019
	£000	£000
Financial liabilities		
Financial liabilities measured at amortised cost	<u>435</u>	<u>247</u>
	<u>435</u>	<u>247</u>

Financial assets that are debt instruments measured at amortised cost comprise cash and cash equivalents and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings and accruals.

Impairment

There were no impaired debtors in either the current or prior financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. Risk management

The Board of the LLP is responsible for overseeing and directing the management of risks arising from that LLP's business. The Board of the LLP maintains oversight of the risk management including the regulatory risk capital, as the LLP is FCA-regulated.

The Board is assisted in fulfilling their risk management responsibilities by the Risk and Compliance Committee, which provides oversight, analysis and advice regarding the management of risks and the adequacy and effectiveness of the internal control environment. The LLP participates in the UK Group Audit Committee which provides senior, independent oversight.

The LLP adopts a 'three lines of defence' risk governance model. Business managers are accountable for ensuring that risks associated with the business processes within their areas of responsibility are identified and that appropriate controls are implemented and maintained to mitigate the threat of adverse outcomes to within acceptable tolerances.

A combined Legal, Risk and Compliance department, independent of line management, provides oversight and challenge to the effective management of risk. It monitors and reports on residual risk exposures, reporting to the Risk and Compliance Committee and the LLP's board. It also ensures that appropriate risk management policies and processes are in place, with reference to parent Group policies where necessary.

The ultimate parent company maintains a central Internal Audit function which undertakes independent reviews of the UK Group's activities, reporting its findings to the LLP's board and the Audit Committee as well as to the parent Group.

a) Credit Risk

The LLP does not issue credit. Counterparties are formally reviewed by the Legal, Risk and Compliance department to assess their credit worthiness prior to trading. The LLP is exposed to debtor default risk regarding the potential non-payment of fees due or to default by a bank with which cash balances are held.

As at 31 December 2020, the maximum exposure to credit was £1,124,000 (2019: £2,526,000) in relation to the LLP, none of which was deemed to be impaired or doubtful (2019: £nil).

b) Market Risk

The LLP is subject to foreign exchange risk where revenues are earned, or cash balances are held in non-Sterling currencies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

c) Liquidity Risk

The overall liquidity adequacy needs of the LLP are considered, together with its regulatory capital requirements, by the Risk and Compliance Committee and the LLP Board.

This table shows the liquidity analysis of financial liabilities analysed based on their contractual maturity date. The figures are shown on an undiscounted basis, there is no significant difference between the contractual amounts of financial liabilities and their carrying amount.

	Less than 3 months £000	Between 3 & 12 months £000	Less than 12 months £000	Carrying amount £000
2020				
List of financial liabilities				
-Short term loan - intragroup	1	435	-	435
	<u>1</u>	<u>435</u>	<u>-</u>	<u>435</u>
	<u><u>1</u></u>	<u><u>435</u></u>	<u><u>-</u></u>	<u><u>435</u></u>
	Less than 3 months £000	Between 3 & 12 months £000	Less than 12 months £000	Carrying amount £000
2019				
List of financial liabilities				
-Short term loan - intragroup	1	222	-	222
	<u>1</u>	<u>222</u>	<u>-</u>	<u>222</u>
	<u><u>1</u></u>	<u><u>222</u></u>	<u><u>-</u></u>	<u><u>222</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Risk management (continued)

Capital management

Capital is defined as the total of members' capital and retained earnings. Total capital at 31 December 2020 was £1,001,000 (2019: £3,208,000).

The LLP's Internal Capital Adequacy Assessment Process (ICAAP) is the mechanism by which management and the boards of the UK Group companies oversee and regularly assess:

- the risk exposures of the LLP, including those risks which may arise based on a forward-looking assessment of the companies' business plans;
- the results of scenario analysis of these risks to determine the potential impacts of "severe but plausible" scenarios;
- potential scenarios and their impacts for the orderly wind down of the LLP; and
- the amounts and types of current and future capital and liquidity resources and whether they are assessed as adequate to cover the risk exposures and wind down scenarios considered.

The LLP's ICAAP is reviewed and approved by the Board of the LLP on an annual basis. The assessments included in the ICAAP are considered more frequently by the Risk and Compliance Committee to ensure capital and liquidity adequacy assessments continue to reflect any material developments in the LLP's financial position and risk exposures.

The ICAAP methodology is based on the quarterly risk assessments for the LLP and uses scenario analysis, involving input from business area experts and challenge by the risk management function, to derive the capital requirements associated with severe but plausible scenario outcomes. Each of the key risk types affecting the LLP are considered.

17. Related party transactions

The LLP has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same group that are wholly owned.

18. Post balance sheet events

There have been no significant events affecting the LLP since the year end.

19. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Edmond de Rothschild (UK) Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Edmond de Rothschild Holding S.A., a company incorporated in Switzerland.

Edmond de Rothschild (UK) Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Edmond de Rothschild (UK) Limited can be obtained from Edmond de Rothschild (UK) Limited, 4 Carlton Gardens, London, SW1Y 5AA.

Edmond de Rothschild Holding S.A. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Edmond de Rothschild Holding S.A. can be obtained upon request from Edmond de Rothschild Holding S.A., Case Postale 5254, 1211 Genève 11, Switzerland.