

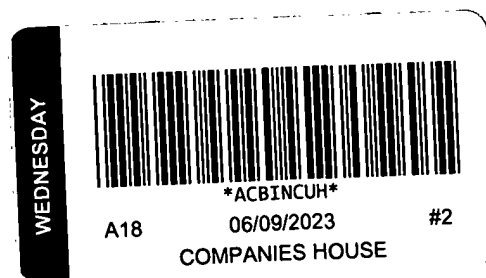
Company Number: 02201053

J ROTHSCHILD CAPITAL MANAGEMENT LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2022



J ROTHSCILD CAPITAL MANAGEMENT LIMITED

Contents

Company Information	1
Report of the Directors	2
Strategic Report	6
Independent Auditors' Report	7
Income Statement	11
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes to the Accounts	15

J ROTHSCHILD CAPITAL MANAGEMENT LIMITED

COMPANY INFORMATION

Registered Office

27 St James's Place
London
SW1A 1NR

Independent Auditor

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Solicitor

Linklaters LLP
1 Silk Street
London
EC2Y 8HQ

Banker

Lloyds Bank
City Office
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

The Directors present the Report and Accounts of J Rothschild Capital Management Limited (the “Company”) for the year ended 31 December 2022.

Principal Activity

The Company’s principal activity is the provision of investment management and administration services to RIT Capital Partners plc (“RIT”). It also acts as corporate secretary of RIT.

Financial Results and Dividends

The net assets of the Company amounted to £112.4 million at 31 December 2022 (2021: £102.5 million). The profit for the year was £13.3 million (2021: loss of £3.5 million). The Directors are satisfied with the performance of the business and do not recommend the payment of a dividend (2021: £nil). The performance of the business is measured most effectively by reference to the Net Asset Value (“NAV”) per share of its parent company and client, RIT, as this is the key driver of revenue and variable costs. RIT’s NAV per share total return for 2022 was -13.3% (2021: 23.6%). Despite this decline, in line with global equity markets, the Company was still profitable and the Directors remain of the opinion that analysis using further Key Performance Indicators is not necessary for an understanding of the development, performance, or position of the business. At the year end RIT’s diluted NAV per share was 2,388p (2021: 2,794p).

Future Developments

With COVID-19 restrictions easing in early 2022, the Company has continued to operate effectively using its hybrid working policy which began in 2021. Employees have been able to perform their roles to a high standard whether in the office or at home.

The significant reserves of the Company, degree of variable compensation costs together with the substantial reserves, liquidity and support of its parent, RIT, leave the Directors comfortable with the future prospects of the Company, its ability to access liquidity from RIT as required, its continued compliance with its regulatory capital requirements and its ability to continue as a going concern.

The Directors expect the current business composition to continue for the foreseeable future.

In light of the Ukraine and Russia conflict the Directors can confirm that this has not had a material direct impact on the Company’s operations.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Going Concern

Having assessed the future developments of the business, the current socio-economic climate and the cash flow forecasts that have been prepared for the period to 30 June 2024, the Directors have obtained a letter of support from the Company's parent undertaking, RIT Capital Partners plc. This letter of support is to provide any necessary financial support to the Company in order to discharge its liabilities as they fall due. As at the date of the financial statements, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing of the accounts were:

F J Goedhuis
A W Jones
R Y Tabbouche
J A Kestenbaum (resigned 4 March 2022)
T J S Hill (appointed 23 September 2022)

Statement of Directors' Responsibilities in respect of the accounts

The Directors are responsible for preparing the Report and Accounts in accordance with applicable law and regulation.

Company law requires the Directors to prepare accounts of the Company for each financial year. Under that law the Directors have prepared the accounts in accordance with UK adopted International Accounting Standards ("UK adopted IAS") in conformity with the Companies Act 2006. Under company law the Directors must not approve the accounts 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 the accounts, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether applicable UK adopted IAS have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

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 accounts comply with the Companies Act 2006.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and Report of the Directors' that comply with that law and those regulations.

Disclosure of Information to Auditors

In accordance with Section 418 of the Companies Act 2006, so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps necessary that they ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Independent Auditors

Ernst & Young LLP ("EY") have completed their fifth annual audit. The Directors anticipate EY being re-appointed for the 31 December 2023 year end.

Statement by the Directors in performance of their statutory duties in accordance with 172(1) CA 2006

The Directors consider, both individually and together, that they have acted in a way they consider, in good faith, is most likely to promote the success of the Company for the benefits of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2022. Details on Stakeholder engagement are disclosed at a Group level, this can be found in the Report and Accounts of RIT which is available on its website www.ritcap.co.uk.

Regulatory Disclosure

In accordance with the Investment Firms Prudential Regime ("IFPR") and corresponding Financial Conduct Authority rules, the Company is required to make a MIFIDPRU Regulatory Disclosure. The Company has in place an Internal Capital Risk and Assessment Process that informs the MIFIDPRU Regulatory Disclosure which may be viewed, together with a separate remuneration disclosure, on the RIT website at www.ritcap.com.

The Company's Country by Country Reporting under CRD IV can be viewed on the RIT website. The Company is registered as a limited company and is incorporated in England and Wales, (Company Registration Number 02201053).

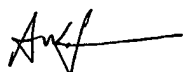
J ROTHSCILD CAPITAL MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

The Company policy on financial risk management is disclosed within note 18.

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force at the date of this report.

The accounts on pages 11 to 38 were approved by the Board of Directors on 24 April 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A W Jones', with a long horizontal stroke extending to the right.

A W Jones, Director
24 April 2023

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

STRATEGIC REPORT

Review of Business

The Company's principal activity is the provision of investment management and administration services to RIT. It is intended that this activity will continue for the foreseeable future. The services are provided under an Investment Management Agreement and the Company actively considers other revenue generating opportunities as they arise.

Under the UK Alternative Investment Fund Managers Directive ("AIFMD"), RIT is classed as an Alternative Investment Fund, and the Company is classified as an Alternative Investment Fund Manager, and is compliant with the requirements of AIFMD.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") and was approved as an Alternative Investment Fund Manager on 4 September 2014.

Business Development and Performance

The financial performance of the Company is disclosed in the Report of the Directors on page 2 and the Income Statement on page 11.

The Company has continued to provide investment management, administrative and advisory services to its parent company.

At the year end, the Company Board, who are considered to be senior management, consisted of 4 Directors all of whom were male. The overall employee base is split between 35 men and 14 women.

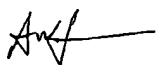
Principal Risks and Uncertainties

The principal risks and uncertainties facing the business are those arising from:

- the financial performance of RIT, the Company's principal client, and a key driver of the level of revenue and variable costs;
- any future funding requirements of the RITCP Pension and Life Assurance Scheme, albeit these risks have been significantly reduced as a result of a bulk annuity insurance policy 'buy-in'. The 'buy-in' secured an insurance asset that fully matches most of the remaining pension liabilities of the Scheme; and
- ongoing regulatory risk impacting the Company's operations.

As corporate secretary and provider of investment management and administrative services to its parent, RIT, financial instruments held by the Company do not have a significant impact on the Company's financial position and performance. Such financial instruments that are held and the related risk management policies employed are shown in note 18 of these accounts and are used to hedge the liability arising from share-based payment awards.

On Behalf of the Board



A W Jones, Director
24 April 2023

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

Independent auditor's report to the members of J Rothschild Capital Management Limited

Opinion

We have audited the financial statements of J Rothschild Capital Management Limited (the "Company") for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards ("UK adopted IAS").

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted IAS; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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 Company's ability to continue as a going concern for a period to 30 June 2024, at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

Independent auditor's report to the members of J Rothschild Capital Management Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors or Strategic Report.

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

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

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

Independent auditor's report to the members of J Rothschild Capital Management Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- ▶ We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework, being UK adopted IAS, the Companies Act 2006 and relevant tax compliance legislations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Financial Conduct Authority (FCA) rules and regulations.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

Independent auditor's report to the members of J Rothschild Capital Management Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- ▶ We understood how the Company is complying with those frameworks by making enquiries of management. We corroborated our understanding through our review of board minutes and relevant papers.
- ▶ We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We identified fraud and management override risks in relation to revenue recognition. Our audit procedures were performed to address the identified fraud risk.
- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



*Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 April 2023*

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

INCOME STATEMENT

Year ended 31 December	Note	2022 £'000	2021 £'000
Revenue	2	50,336	71,368
Gains/(losses) on investments held at fair value		(6,913)	4,042
Exchange gains/(losses)		8	3
Operating profit		43,431	75,413
Operating expenses		(30,175)	(76,155)
Profit/(loss) before tax	3	13,256	(742)
Tax credit/(charge)	6	-	(2,742)
Profit/(loss) for the year		13,256	(3,484)

All items in the above statement are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December	Note	2022 £'000	2021 £'000
Profit/(loss) for the year		13,256	(3,484)
<i>Other comprehensive income/(expense)</i>			
<i>Items that will not be reclassified subsequently to net income</i>			
Actuarial gain/(loss) in defined benefit pension plan	13	(4,462)	1,948
Deferred tax credit/(charge) allocated to actuarial gain/(loss)	10	1,144	(1,076)
Total other comprehensive income/(expense)		(3,318)	872
Total comprehensive income/(expense) for the year		9,938	(2,612)

The amounts included above are net of tax where applicable; the effect of tax balances are disclosed in note 6.

The notes on pages 15 to 38 form part of these accounts.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

BALANCE SHEET

At 31 December		2022	2021
	Note	£'000	£'000
Non-current assets			
Investments held at fair value	7	42,257	25,641
Property, plant and equipment	8	136	155
Retirement benefit asset	13	491	3,761
		<u>42,884</u>	<u>29,557</u>
Current assets			
Trade and other receivables	9	95,042	129,359
Cash and cash equivalents		24,180	11,982
		<u>119,222</u>	<u>141,341</u>
Current liabilities			
Share-based payment liability	14	(19,192)	(18,648)
Trade and other payables	11	(9,589)	(25,133)
		<u>(28,781)</u>	<u>(43,781)</u>
Net current assets		<u>90,441</u>	<u>97,560</u>
Non-current liabilities			
Share-based payment liability	14	(20,761)	(23,347)
Deferred tax liability	10	(172)	(1,316)
		<u>(20,933)</u>	<u>(24,663)</u>
Net assets		<u>112,392</u>	<u>102,454</u>
Equity			
Share capital	12	6,250	6,250
Retained earnings		106,142	96,204
Total equity		<u>112,392</u>	<u>102,454</u>

The accounts were approved by the Board of Directors and authorised for issue on 24 April 2023. They were signed on the Board's behalf by:



A W Jones, Director
Company number: 02201053

The notes on pages 15 to 38 form part of these accounts.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Retained earnings £'000	Total equity £'000
Year ended 31 December 2022			
Balance at 1 January 2022	6,250	96,204	102,454
Profit/(loss) for the year	-	13,256	13,256
Actuarial gain/(loss) in defined benefit pension plan	-	(4,462)	(4,462)
Deferred tax credit/(charge) allocated to actuarial gain/(loss)	-	1,144	1,144
Total comprehensive income for the year	-	9,938	9,938
Balance at 31 December 2022	6,250	106,142	112,392
	Share capital £'000	Retained Earnings £'000	Total equity £'000
Year ended 31 December 2021			
Balance at 1 January 2021	6,250	98,816	105,066
Profit/(loss) for the year	-	(3,484)	(3,484)
Actuarial gain/(loss) in defined benefit pension plan	-	1,948	1,948
Deferred tax credit/(charge) allocated to actuarial gain/(loss)	-	(1,076)	(1,076)
Total comprehensive income for the year	-	(2,612)	(2,612)
Balance at 31 December 2021	6,250	96,204	102,454

The notes on pages 15 to 38 form part of these accounts.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

CASH FLOW STATEMENT

Year ended 31 December	2022 £'000	2021 £'000
Cash flows from operating activities		
Profit/(loss) before tax	13,256	(742)
Decrease/(increase) in receivables	34,317	(46,729)
(Decrease)/increase in payables	(17,586)	33,350
Depreciation	19	19
Unrealised (gain)/loss on investments	6,734	(1,353)
Decrease/(increase) in retirement benefit asset	3,270	(3,076)
Actuarial gain/(loss) in defined benefit pension plan	(4,462)	1,948
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	35,548	(16,583)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of investments	(40,409)	(21,038)
Sale of investments	17,059	13,457
	<hr/>	<hr/>
Net cash from/(used in) investing activities	(23,350)	(7,581)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	12,198	(24,164)
Cash and cash equivalents at beginning of year	11,982	36,146
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	24,180	11,982

The notes on pages 15 to 38 form part of these accounts.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

1. Accounting Policies

The principal accounting policies applied in the preparation of these accounts are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Accounting

The accounts of the Company have been prepared the accounts in accordance with UK adopted International Accounting Standards (UK adopted IAS) in conformity with the Companies Act 2006. The Company is a private limited company and is incorporated in England and Wales under the Companies Act. The registered office is shared with its parent and is shown in note 16.

These accounts include the aggregated results and net assets of The J Rothschild Capital Management Limited Employee Benefit Trust, which the Company funds and is considered to control under International Financial Reporting Standards ("IFRS") 10, Consolidated Financial Statements.

Accounting policies have been consistently applied.

The accounts have been prepared on a going concern basis and under the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

Having performed financial analysis, management believes regulatory capital requirements continue to be met and have sufficient liquidity to meet its liabilities for the period to 30 June 2024 and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

In 2022, RIT Capital Partners plc ("RIT") (JRCM's parent company) had a NAV per share total return of -13.3%. The net asset value performance of RIT has the most significant financial impact in respect of the Company's future management fee income as this is calculated based on a percentage of assets under management of RIT.

The Company is considered to operate as a single segment. As the Company does not have debt or equity instruments that are traded on the public market and does not file accounts with a Securities Commission it does not fall within the scope of IFRS 8, Operating Segments.

In preparing the financial statements, the Directors have considered the impact of climate change insofar as they are reasonably able. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year, nor were they expected to have a significant impact on the Company's going concern or viability.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

All of the Company's investments are defined by IFRS as investments classified at fair value through profit and loss but are also described in these accounts as investments held at fair value.

All investments are measured initially and, at subsequent reporting dates, at fair value. Fair value for quoted investments, is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Where there are securities classified upon initial recognition as fair value through profit or loss, gains and losses arising from changes in fair value are included in net profit or loss for the year.

Foreign exchange gains and losses arising on investments held at fair value are included within the changes in their fair values.

Foreign Currencies

Items included in the accounts are measured in sterling, the currency of the primary economic environment in which the entity operates ("the functional currency"). The accounts are presented in sterling, which is the Company's functional and presentational currency.

Transactions in currencies other than sterling are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. All foreign exchange gains and losses are recognised in the income statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not subject to tax or are not deductible for tax purposes. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

J ROTHSCILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Cash and Cash Equivalents

Cash and cash equivalents on the balance sheet comprises cash balances and deposits held at call and short notice with banks, and cash equivalents with an original maturity of three months or less. Bank overdrafts where applicable are included as a component of cash and cash equivalents for the purposes of the cash flow statement.

Property, Plant and Equipment

Property, plant and equipment is shown at cost less accumulated depreciation. It is calculated by the Company on a straight-line basis by reference to the original cost, estimated useful life and residual value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The period of estimated useful life for this purpose is three years for computer equipment and between three and 18 years for furniture and fittings.

Work in progress comprises assets under construction or pending installation which are stated at cost and are not depreciated until ready for their intended use.

Pensions

J Rothschild Capital Management Limited is a participating employer in the RITCP non-contributory funded, defined benefit retirement scheme (RITCP Pension and Life Assurance Scheme), which is closed to new members and the assets of which are held in a trustee-administered fund. There are no longer any active members of this scheme.

The Company accounts for its defined benefit retirement scheme by reference to International Accounting Standards ("IAS") 19, Employee Benefits. For the defined benefit retirement scheme, the cost of benefits accruing during the year in respect of current and past services is charged to the income statement. The expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time are also recognised in the income statement.

Actuarial gains and losses are recognised in the statement of comprehensive income. An actuarial valuation of the defined benefit retirement scheme is undertaken every three years as at 1 January and is updated as at each principal reporting date.

The valuation is carried out using the projected unit credit method of funding basis. The income statement also includes cost incurred in respect of defined contribution schemes and these costs comprise the contributions payable in the year.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Trade and Other Receivables/ Trade and Other Payables

Trade and other receivables/payables do not carry any interest and are short-term in nature; they are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Share-based Payments

In accordance with IFRS 2, Share-Based Payment, the Company is required to reflect in its Income Statement and Balance Sheet the effects of share-based payment transactions. The Company's share incentive schemes include part of the Annual Incentive Scheme ("AIS"), namely deferred shares, as well as share appreciation rights ("SARs") and restricted share units ("RSUs").

AIS awards made in respect of the current and future financial years are structured such that 60% of individual amounts in excess of £250,000 (£150,000 for Directors who are members of the Executive Committee) are paid in deferred shares of RIT which vest equally over the three years following the award. The expense is recognised over the year the award relates to and the following three years. At each reporting date any changes to the fair value of existing awards are recognised in the profit or loss for the period to ensure that the cost recognised in profit or loss to date represents appropriately both the fair value and time apportionment of existing awards.

Historically, long-term incentive plan ("LTIP") awards were made via SARs and performance shares. As settlement of awards is in the shares of the Company's parent, the SARs and performance shares are required under IFRS 2 to be treated in the accounts of the Company as cash-settled schemes. The Company measured awards at fair value using a trinomial option valuation model (SARs) and a monte carlo model (performance shares). At each reporting date any changes to the fair value of existing awards are recognised in the profit or loss for the period to ensure that the cost recognised in profit or loss to date represents appropriately both the fair value and time apportionment of existing awards. The expense is recognised from award date.

Following a review by the parent company's Remuneration Committee, it was decided that from 2021, LTIP awards would be made using RSUs, with the first such award in March 2021. As part of the transition to RSUs, on 31 March 2021, staff members were given the option to convert their existing SARs and performance shares at fair value into RSUs, with the vast majority subsequently converted. This conversion was accounted for in accordance with IFRS 2.

RSUs are cash-settled awards accounted for in accordance with IFRS 2 and are measured at fair value using the share price at the grant date, adjusted for a two-year post-vesting sale restriction (and are subject to market standard clawback provisions). The expense is recognised over the three-year vesting period of the award. At each reporting date any changes to the fair value of existing awards are recognised in the profit or loss for the period to ensure that the cost recognised in profit or loss to date represents appropriately both the fair value and time apportionment of existing awards.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Shares required to settle the estimated future liabilities from grants or exercises under all schemes are purchased by an Employee Benefit Trust, which the Company considers itself to control under IFRS 10.

Further details of both incentive schemes can also be found in the Report and Accounts of RIT which is available on its website www.ritcap.co.uk or in note 14 of these accounts.

Revenue and Expenses

All revenue and expenses are accounted for on an accruals basis.

Critical Accounting Assumptions and Judgements

The preparation of accounts in conformity with UK-adopted IAS requires the use of certain critical accounting assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated accounts are discussed below.

Retirement benefit obligation

The determination of the pension cost and the defined benefit obligation of the Company's defined pension scheme depend on the selection of certain assumptions, which include the discount rate, inflation rate, salary growth, longevity and the expected return on the scheme assets. Any changes in these assumptions will impact the carrying amount of the pension obligation. The expected return on scheme assets is determined on a uniform basis, taking into consideration long-term historical returns, asset allocation and future estimates of long-term investment returns. The Company determines the appropriate discount rate at the end of each period; this is the interest rate that is used to calculate the present value of the estimated future cash outflows expected to be required to settle the pension obligation. Differences arising from the actual experience or future changes in assumptions will be reflected in the subsequent accounting periods.

Share-based payments

The determination of the fair value of RSUs granted is calculated using the share price at grant date, adjusted for the two-year post vest sale restriction. The adjustment is calculated using the Finnerty Model, which is an option-based model used to estimate the difference in value between a freely-traded share and one subject to a lock-up.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Consolidation Exemption

The Company is a wholly-owned subsidiary of RIT and is included in its consolidated accounts which are publicly available on its website www.ritcap.co.uk. Consequently, the Company has taken advantage of the exemption from preparing consolidated accounts under the terms of section 400 of the Companies Act 2006.

Capital

The Company seeks to maintain sufficient capital and reserves so as to be able to comply with its regulatory requirements.

2. Revenue

Revenue from parent undertaking represents the fees receivable for the provision of investment management and administrative services.

	2022	2021
	£'000	£'000
Revenue from parent undertaking	50,330	71,264
Other income	-	104
Interest receivable	6	-
	<u>50,336</u>	<u>71,368</u>

3. Profit or Loss Before Tax

Profit before taxation (2021: loss before taxation) is stated after charging £19,016 (2021: £19,016) in respect of depreciation.

Auditors' Remuneration

Fees borne by the parent were:

	2022	2021
	£	£
Statutory audit fee	57,845	51,384
Audit related assurance services	9,000	9,000
Other assurance services	3,000	2,500

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

4. Employee Remuneration, Benefits and Expenses

	2022	2021
	£'000	£'000
Wages and salaries	13,542	27,478
Social security costs	1,748	3,766
Other pension costs:		
Defined benefit scheme	(82)	(18)
Defined contribution plans	423	383
Share-based payments	9,960	36,318
Share-based payments social security costs	1,424	5,194
Total	<u>27,015</u>	<u>73,121</u>

The average monthly number of employees during the year was 47 (2021: 43) all of whom were engaged in investment management and related supporting activities for both the current and prior year.

5. Directors' Emoluments

Emoluments attributable to Directors' services to J Rothschild Capital Management Limited, in their role as Directors for the current and prior year comprise:

Directors' Emoluments	2022	2021
	£'000	£'000
Wages and salaries	3,053	12,257
Social security costs	436	1,752
Defined contribution pension expense	8	14
	<u>3,497</u>	<u>14,023</u>

No retirement benefits accrued to Directors in office in either year under a defined benefit pension scheme. Defined contribution payments were made on behalf of three Directors in both years. All Directors are entitled to share-based payment awards which are included in Note 14. In addition to the above cash awards the Directors received deferred remuneration, payable in shares vesting annually over the next three years of £969,600 (2021: £11,068,000). The highest paid Director's cash emoluments and deferred award was £989,720 and £432,000 (2021: £4,178,000 and £5,162,000). No Director received compensation for loss of office or exercised SARs in 2022 or 2021.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

6. Taxation

	2022	2021
	£'000	£'000
Deferred tax charge/(credit)	-	2,742
Effect of changes in tax rate	-	-
Total tax charge/(credit)	<u>-</u>	<u>2,742</u>

The deferred tax charge in 2021 relates to derecognition of timing differences as it is considered unlikely that the unrecognised asset will be utilised in the foreseeable future, due to availability of group relief for nil charge in future years from RIT.

The Finance Act 2021 included an increase in the main corporation tax rate from the current 19% to 25% with effect from 1 April 2023. The tax charge for the current and prior year differs from the effective rate of corporation tax in the UK for 2022 of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit before tax	13,256	(742)
Profit before tax at the standard rate of 19% (2021: 19%)	<u>2,519</u>	<u>(141)</u>
Effect of:		
Income not taxable	-	(768)
Defined benefit pension adjustment	(226)	(215)
Disallowable expenses	1,320	2
Non-recognition of deferred tax assets	8	8,154
Share-based payments	(1,362)	(903)
Group relief	(2,259)	(3,389)
Adjustments in respect of prior years	-	2
Total tax charge	<u>-</u>	<u>2,742</u>

7. Investments held at fair value

	2022	2021
	£'000	£'000
Investments held at Fair Value		
Shares held in RIT Capital Partners plc	42,257	25,641

During the year the Employee Benefit Trust purchased 1,732,174 shares and disposed of 675,997 shares in RIT Capital Partners plc (2021: 794,532 shares and 671,173 shares respectively). At 31 December 2022 the Employee Benefit Trust owned 1,988,580 shares in RIT (2021: 932,403 shares) with a share price at the year end of £21.25 (2021: £27.50).

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

8. Property, Plant and Equipment

	Furniture & fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2022	870	730	1,600
Additions	-	-	-
At 31 December 2022	870	730	1,600
Accumulated Depreciation			
At 1 January 2022	719	726	1,445
Charge for the year	16	3	19
At 31 December 2022	735	729	1,464
Net Book Value			
At 31 December 2022	135	1	136
At 31 December 2021	151	4	155

	Furniture & fittings £'000	Computer equipment £'000	Total £'000
At 1 January 2021	870	730	1,600
Additions	-	-	-
At 31 December 2021	870	730	1,600
Accumulated Depreciation			
At 1 January 2021	703	723	1,426
Charge for the year	16	3	19
At 31 December 2021	719	726	1,445
Net Book Value			
At 31 December 2021	151	4	155
At 31 December 2020	167	7	174

J ROTHSCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

9. Trade and Other Receivables

	2022	2021
	£'000	£'000
Trade receivables	3	3
Amounts due from parent undertaking	94,602	128,941
Prepayments and accrued income	396	398
Other receivables	41	17
	<u>95,042</u>	<u>129,359</u>

Amounts due from parent undertaking and related parties are interest free and receivable on demand.

10. Deferred Tax

	2022	2021
	£'000	£'000
Balance at 1 January	(1,316)	2,502
(Charge)/credit to Income Statement	-	(2,742)
Credit/(charge) to Statement of Comprehensive Income	1,144	(1,076)
Balance at 31 December	<u>(172)</u>	<u>(1,316)</u>
Analysis of deferred tax liability:		
Deferred tax on retirement benefit asset	<u>(172)</u>	<u>(1,316)</u>
Balance at 31 December	<u>(172)</u>	<u>(1,316)</u>
	2022	2021
	£'000	£'000
Deferred tax liability	<u>(172)</u>	<u>(1,316)</u>
Balance at 31 December	<u>(172)</u>	<u>(1,316)</u>

No deferred tax assets have been offset against deferred tax liabilities. Deferred tax assets are recognised for tax timing differences to the extent that the realisation of future taxable profits is probable. No asset has been recognised on the timing differences, due to expectation of availability of group relief for nil charge in future years from RIT. At the main corporation tax rate of 25% in force from 1 April 2023 the unrecognised deferred tax assets on share-based payments is £9,988,313, and on capital allowances is £241,343 (2021: £10,498,911 and £230,319).

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

11. Current and Non-Current Liabilities

	2022	2021
	£'000	£'000
Current liabilities		
Trade payables	207	67
Accruals	9,259	24,849
Share-based payment liability	19,192	18,648
Other payables	123	217
Total current liabilities	<u>28,781</u>	<u>43,781</u>
Non-current liabilities	£'000	£'000
Share-based payment liability	20,761	23,347
Deferred tax liability	172	1,316
Total non-current liabilities	<u>20,933</u>	<u>24,663</u>

12. Share Capital

	2022	2021
	£'000	£'000
Allotted, issued and fully paid:		
Equity interests		
6,250,000 (2021: 6,250,000) Ordinary shares of £1	6,250	6,250
Non-equity interests		
1 Special Rights Redeemable Preference Share (2021: 1)	-	-
Total share capital	<u>6,250</u>	<u>6,250</u>

The Company has issued 1 (2021: 1) Special Rights Redeemable Preference Share of £1 (2021: £1) which provides rights over the use of the “J Rothschild” name.

13. Pension Commitments

The Company has pension commitments in respect of its participation in the RITCP Pension and Life Assurance Scheme (“the Scheme”). The Scheme consists of a defined benefit plan which is closed to new members. The Scheme is administered under a Trust Deed and Rules and a corporate trustee, Law Debenture Pension Trust Corporation plc, who is independent of the Company, and was appointed in May 2019.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

13. Pension Commitments (continued)

In December 2022, the Company de-risked its retirement benefit obligations by supporting the trustees of the Scheme in completing a £20 million bulk annuity insurance policy 'buy-in'. The 'buy-in' secured an insurance asset that fully matches almost all the remaining pension liabilities of the Scheme, with the result that the Company no longer bears material investment, longevity, interest rate or inflation risk. The annuity policy is held in the name of the Trustees.

As the Scheme was in surplus on an accounting basis at 31 December 2022, in accordance with the relevant accounting standard the impact of this transaction was to record a remeasurement loss of £4.5 million before tax to other comprehensive income. There was no impact on profit before tax and no incremental funding was required.

As a result of the 'buy-in', current cash contributions into the Scheme will cease, with the possibility of minimal further contributions. In addition, the Company will no longer record non-cash interest income on the accounting surplus.

Within the next 18 months it is expected that a full 'buy-out' of the scheme will occur, during which individual insurance policies will be purchased for the beneficiaries of the scheme. After the 'buy-out' has completed, the Company will no longer have any liabilities against the Scheme.

The costs associated with the Scheme, their recognition in the financial statements, the assumptions underlying the calculation of those costs and their disclosure in the income statement or Statement of Comprehensive Income ("SOCI") are set out below.

Recognised in the income statement	2022 £'000	2021 £'000
Defined contribution schemes	423	383
Defined contribution cost recognised in the income statement	423	383
Defined benefit scheme:		
Current service cost	-	-
Net interest on net defined benefit (asset)/liability	(82)	(18)
Defined benefit cost recognised in the income statement	(82)	(18)

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

13. Pension Commitments (continued)

Recognised in the Statement of Comprehensive Income	2022 £'000	2021 £'000
Defined benefit scheme:		
Actuarial (gain)/loss due to liability experience	363	821
Actuarial (gain)/loss due to demographic assumption changes	(45)	(63)
Actuarial (gain)/loss due to liability assumption changes	(9,647)	(1,743)
Actuarial (gain)/loss arising during year	(9,329)	(985)
Return on Scheme assets greater than discount rate	13,791	(963)
Remeasurement effects recognised in the Statement of Comprehensive Income	4,462	(1,948)
Defined Benefit Cost	2022 £'000	2021 £'000
Net interest on net defined benefit (asset)/liability	(82)	(18)
Remeasurement effects recognised in the Statement of Comprehensive Income	4,462	(1,948)
Total cost/(benefit)	4,380	(1,966)
Total pension cost/(benefit)	4,803	(1,583)
The assumptions used to determine the defined benefit cost over the reporting periods were per annum	2022	2021
Discount rate	1.90%	1.45%
Price inflation (RPI)	3.70%	3.25%
Rate of salary increase	n/a	n/a
Pension increases for pre 6 April 1997 pension	4.00%	4.00%
Pension increases for post 6 April 1997 pension	4.30%	4.20%
Pension increases for deferred benefits	3.70%	3.25%

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

13. Pension Commitments (continued)

Similarly to the calculation of the costs shown above, the Scheme's assets and liabilities are shown below together with the actuarial assumptions used.

Changes in the DBO	2022 £'000	2021 £'000
DBO at end of prior year	26,696	27,957
Interest cost on the DBO	500	400
Actuarial (gain)/loss - experience	363	821
Actuarial (gain)/loss - demographic assumptions	(45)	(63)
Actuarial (gain)/loss - financial assumptions	(9,647)	(1,743)
Benefits paid from scheme assets	(777)	(676)
Total DBO	17,090	26,696

Changes in the scheme assets	2022 £'000	2021 £'000
Opening fair value of the scheme assets	30,457	28,642
Interest income on scheme assets	582	418
Return on scheme assets greater than discount rate	(13,791)	963
Employer contributions	1,110	1,110
Benefits paid	(777)	(676)
Total Scheme assets	17,581	30,457

The Company has an unrestricted right to any surplus in the Scheme upon wind-up. As such there is no irrecoverable surplus for either the current or prior year.

Development of the Net Balance Sheet Position	2022 £'000	2021 £'000
Net defined benefit (liability)/asset at end of prior year	3,761	685
Service cost		
Net interest on defined benefit (liability)/asset at end of prior year	82	18
Remeasurement effects recognised in the Statement of Comprehensive Income	(4,462)	1,948
Employer contributions	1,110	1,110
Net defined benefit asset/(liability)	491	3,761

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

13. Pension Commitments (continued)

The assumptions used to determine the measurements at the reporting dates are shown below:

	2022	2021
Discount rate	4.95%	1.90%
Price inflation (RPI)	3.35%	3.70%
Rate of salary increase	n/a	n/a
Pension increases for pre 6 April 1997 pension	4.00%	4.00%
Pension increases for post 6 April 1997 pension	4.25%	4.30%
Pension increases for deferred benefits (non GMP)	3.35%	3.70%
Scheme participation census date	31 December 2022	31 December 2021
Post retirement mortality assumption	SAPS ¹	SAPS ¹

¹ Self-administered Pension Scheme light series year of birth tables allowing for Continuous Mortality Investigation projections and a 1.5% per annum long-term trend.

Sensitivity analysis

In accordance with IAS 19 the sensitivity of the defined benefit obligation to the relevant actuarial assumptions is shown as follows. In each case the changed assumption has been considered in isolation i.e. all other factors remaining constant.

			2022
			£'000
Defined benefit obligation			17,090
Significant Actuarial Assumptions at 31 December	Assumption used for sensitivity	Sensitivity analysis	Revised DBO for each sensitivity £'000
Discount rate	4.45% p.a.	0.5% p.a. decrease	18,253
Price inflation (RPI)	3.85% p.a.	0.5% p.a. increase	17,249
Life expectancy	-	Increases by 1 year	17,667

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

13. Pension Commitments (continued)

			2021
			£'000
Defined benefit obligation			26,696
Significant Actuarial Assumptions at 31 December	Assumption used for sensitivity	Sensitivity analysis	Revised DBO for each sensitivity £'000
Discount rate	1.40% p.a.	0.5% p.a. decrease	29,044
Price inflation (RPI)	4.20% p.a.	0.5% p.a. increase	27,036
Life expectancy	-	Increases by 1 year	27,930

The weighted average duration of the DBO is 13 years (2021: 17 years). Further Scheme analysis is shown below:

Analysis of DBO participant category	2022	2021
	£'000	£'000
Deferred participants	2,165	4,533
Pensioners	14,925	22,163
Defined benefit obligation	17,090	26,696
Fair value of Scheme assets	17,581	30,457

Scheme asset breakdown	Quoted securities ¹	Other	2022
			Total
Fixed income and credit	-	-	-
Bulk insurance policy	-	96%	96%
Cash and liquidity/other	-	4%	4%
	-	100%	100%

Scheme asset breakdown	Quoted securities ¹	Other	2021
			Total
Fixed income and credit	99%	-	99%
Bulk insurance policy	-	-	-
Cash and liquidity/other	-	1%	1%
	99%	1%	100%

¹Classed as Level 2 assets under IFRS 13, Fair Value Measurement.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

14. Share-based Payments

The Company accounts for its share-based payment schemes as a cash settled share-based payment arrangement.

During the year RSUs were awarded to employees. RSUs are commonly used long-term incentive awards that comprise awards of shares made to employees that will vest after a three-year service period and then are subject to a further two-year holding period. There are also a small number of legacy SARs remaining which vest based on market-based performance conditions and subject to continued service. These are no longer awarded to employees since the conversion to RSUs was made in 2021.

The Company has used a trinomial option valuation model to estimate the fair value of the SARs. The inputs to the model included the following: expected volatility of 23.2% (2021: 19.8%), dividend yield of 1.7% (2021: 1.3%) per annum, estimated holding period of four and a half years, and a risk-free interest rate based on the Sterling Benchmark Swap Curve. Expected volatility has been estimated based on relevant historical data in respect of RIT's share price.

Following the expiry of a three-year vesting period, participants in the SARs plan are entitled to exercise their SARs. This is ordinarily subject to the participant's continued service over the vesting period and whether the performance condition applying to the SAR is satisfied. Currently the performance condition requires that the total shareholder return of RIT exceeds the growth in the Retail Price Index plus three percentage points per annum over the three-year performance period.

To allow for the effects of early exercise and staff turnover, it was assumed that the majority of the SARs, in terms of value, would be exercised four and a half years after the relevant grant dates.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

14. Share-based Payments (continued)

The movement in share-based awards outstanding is as follows:

Number (thousands)	2022	2021
Outstanding at the start of the year:		
SARs/performance shares	342	4,217
RSUs	1,397	-
Deferred Shares	841	488
Total	2,580	4,705
Granted during the year:		
RSUs	352	493
Deferred Shares	553	554
Total	905	1,047
Conversion during the year		
SARs/performance shares (surrendered)	-	(3,505)
RSUs (replacement)	-	1,151
	-	(2,354)
Exercised/vested during the year:		
SARs/performance shares	(3)	(263)
RSUs	(256)	(246)
Deferred Shares	(406)	(201)
Total	(665)	(710)
Lapsed/forfeited during the year:		
SARs/performance shares	(24)	(107)
RSUs	(10)	(1)
Total	(34)	(108)
Outstanding at the end of the year:		
SARs	315	342
RSUs	1,483	1,397
Deferred Shares	988	841
Total	2,786	2,580
SARs exercisable at year end	122	53

The outstanding SARs at 31 December 2022 had exercise prices ranging between 1,579 pence and 2,065 pence (2021: 1,579 pence and 1,965 pence) with a weighted average of 1,751 pence (2021: 1,718 pence). The weighted average remaining contractual life of these SARs was 6.7 years (2021: 7.7 years). Included in the outstanding amount at year end were SARs of 121,500 (2021: 53,000), which had vested and were capable of being exercised. These had exercise prices ranging between 1,958 pence and 2,065 pence (2021: exercise price of 1,958 pence) with a weighted average of 2,021 pence (2021: 1,958 pence).

J ROTHSCILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

14. Share-based Payments (continued)

During the year ended 31 December 2022 the Company granted 351,608 RSUs (2021: 493,397). During the year the Company recognised a credit of £1.7 million (2021: expense £3.4 million (includes performance share cost in 2021)) relating to SARs, £8.5 million (2021: expense £27.1 million) relating to RSUs, and an expense of £4.6 million (2021: expense £11.0 million) relating to deferred share awards. The provision reflected in the balance sheet is as follows:

	2022	2021
	£'000	£'000
Amounts falling due within one year	19,192	18,648
Amounts falling due in greater than one year	<u>20,761</u>	<u>23,347</u>
	<u>39,953</u>	<u>41,995</u>

15. Contingencies, Guarantees and Financial Commitments

As at 31 December 2022 the Company has one contingency or guarantee (2021: £nil). During the year unclaimed balances relating to a RIT ISA and savings scheme that was closed in 2015 were donated to charity. Despite unsuccessful attempts to locate the owners of these balances, claims for these monies may still be made against the Company. The sum of all potential future claims are immaterial.

The only material financial commitment is the requirement to fund the RITCP Pension and Life Assurance Scheme referred to in note 13 in these accounts.

16. Ultimate Parent Undertaking

The Company's ultimate parent undertaking and controlling party is RIT Capital Partners plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these accounts. Copies of the group accounts of RIT Capital Partners plc may be obtained from the Company Secretary, RIT Capital Partners plc, 27 St. James's Place, London SW1A 1NR.

17. Related Party Transactions

For the year ended 31 December 2022 the Company received no Director's fees from investee companies for the services of senior management (2021: £nil).

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

17. Related Party Transactions (continued)

Transactions with RIT Capital Partners plc

The Company provides investment management and administrative services to RIT and is also its corporate secretary. During the year ended 31 December 2022 the charge for these services amounted to £50.3 million (2021: £71.3 million). Similarly, the Company paid rent to RIT of £580,000 (2021: £580,000). Amounts paid to a fellow subsidiary of RIT, Spencer House Limited, for office management and related services were £98,827 (2021: £74,961).

RITCP Pension and Life Assurance Scheme

The Company's pension scheme is deemed to be a related party of the Company pursuant to IAS 24, Related Party Disclosures. Details of the pension contributions made during the year are disclosed in note 13. There were no amounts owing to or by the pension scheme to the Company, or any Subsidiary, at 31 December 2022 (2021: £nil).

Key management personnel

Details of the remuneration and benefits attributable to key management personnel are set out below.

Key management personnel's emoluments	2022	2021
	£'000	£'000
Short-term benefits	3,497	14,023
Share-based payment	11,556	31,425
Total	<u>15,053</u>	<u>45,448</u>

Related undertakings

At 31 December 2022 the Company has one wholly-owned subsidiary (2021: one), RIT Investments GP Limited (RIT GP), which is stated at cost. The Company has used the exemption from consolidation under Companies Act section 400 and IAS 27, Separate Financial Statements, and has not prepared consolidated accounts. RIT GP acts as general partner to an investment partnership and has share capital of £1 (2021: £1). RIT GP is registered in Scotland and its registered address is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

J ROTHSCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

18. Financial Instruments and Risk Management

As the corporate secretary and provider of investment management and administrative services to its parent, RIT, financial instruments do not have a significant direct impact on the Company's financial position and performance. The nature and extent of the financial instruments outstanding at the balance sheet date are set out below. All investments are held at fair value through the profit and loss account ("FVPL").

Other receivables mainly comprise balances due from parent company, which is considered to have very limited credit risk.

Financial Assets as at 31 December 2022	Amortised Cost	FVPL	Non-financial Assets	Total
	£'000	£'000	£'000	£'000
Investments held at fair value	-	42,257	-	42,257
Property, plant and equipment	-	-	136	136
Cash and cash equivalents	24,180	-	-	24,180
Retirement benefit asset	-	-	491	491
Other receivables	94,646	-	-	94,646
	<u>118,826</u>	<u>42,257</u>	<u>627</u>	<u>161,710</u>

Financial Assets as at 31 December 2021	Amortised Cost	FVPL	Non-financial Assets	Total
	£'000	£'000	£'000	£'000
Investments held at fair value	-	25,641	-	25,641
Property, plant and equipment	-	-	155	155
Cash and cash equivalents	11,982	-	-	11,982
Retirement benefit asset	-	-	3,761	3,761
Other receivables	128,961	-	-	128,961
	<u>140,943</u>	<u>25,641</u>	<u>3,916</u>	<u>170,500</u>

None of the above are considered to be impaired.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

18. Financial Instruments and Risk Management (continued)

Categories of financial assets and financial liabilities

Financial liabilities as at 31 December 2022	Amortised Cost	FVPL	Non- financial Liabilities	Total
	£'000	£'000	£'000	£'000
Share-based payment liability	-	39,953	-	39,953
Deferred tax liability	-	-	172	172
Trade and other payables	9,589	-	-	9,589
	9,589	39,953	172	49,714

Financial liabilities as at 31 December 2021	Amortised Cost	FVPL	Non- financial Liabilities	Total
	£'000	£'000	£'000	£'000
Share-based payment liability	-	41,995	-	41,995
Deferred tax liability	-	-	1,316	1,316
Trade and other payables	25,133	-	-	25,133
	25,133	41,995	1,316	68,444

The Company's assets and liabilities include the following financial instruments:

- investments in quoted equities; and
- cash, overdrafts and trade and other receivables and trade and other payables that arise directly from the Company's activities

The vast majority of the trade and other receivables are due from RIT and are therefore not viewed as subject to significant credit risk. The Company benefits from RIT's liquidity management procedures and seeks to hold cash balances necessary only for short-term working capital on its own account.

Further to the annuity insurance policy 'buy-in' taking place in December 2022, the value of the pension scheme is asset is no longer exposed to market risk.

The fair value of investments at 31 December 2022 of £42,257,425 (2021: £25,641,083) is exposed to price risk. A 10% decrease in the fair value of the investments would result in a £4,225,743 reduction in profits and net assets (2021: £2,564,108). A 10% rise in fair value would have exactly the opposite effect. In each case the impact of fair value changes is considered only for the financial instruments balance.

J ROTHSCILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

18. Financial Instruments and Risk Management (continued)

The fair value or future cash flows of a financial instrument held by the Company may fluctuate as a result of changes in market prices. The financial instruments subject to market risk are the RIT shares held in the EBT asset. However, any gain or loss due to market changes will be offset by an opposing movement in the share-based payment liability. The Company has a strategy in place to ensure sufficient shares are held to match predicted vesting.

Capital management is considered at a group wide basis. The primary objectives in relation to the management of the Company's capital are:

- the ability to continue as a going concern; and
- the ability to meet all regulatory capital requirements

The Company is subject to externally imposed capital requirements imposed by the FCA and must ensure that it has sufficient capital to meet these requirements. J Rothschild Capital Management was in compliance with the FCA's capital requirements throughout the year.

The Company's capital at 31 December comprised:

£'000	2022	2021
Equity share capital	6,250	6,250
Retained earnings and other reserves	106,142	96,204
Total capital	112,392	102,454

Further information regarding policies of the group for risk management can be found in note 13 of the RIT Report and Accounts.

In accordance with IFRS 13 the Company is required to classify its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making those measurements. These are as follows:

- 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 (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

J ROTHSCCHILD CAPITAL MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

18. Financial Instruments and Risk Management (continued)

All of the investments held by the Company at a value of £42,257,425 (2021: £25,641,083) met the definition of a level 1 asset under the revision to IFRS 13.

Movements in Level 3 Investments:

The Company does not hold any material investments which meet the definition of a level 3 asset. There have been no reclassifications of investments during the year (2021: none).

There is no material foreign currency exposure related to any of the Company's assets.

19. Subsequent Events

There are no significant events subsequent to the reporting date and prior to the date of signing of this report to be disclosed.