New Court Property Services

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

Report of the Directors

The Directors present their Directors' report and the financial statements for the year ended 31 March 2009.

Principal Activities and Business Review

The principal activity of the Company is that of investment in property and lettings. The results for the year are set out in the income statement on page 7.

Property provisions of £0.9 million (2008: £1.3 million) have been recognised in the income statement. Further explanation is provided in note 13.

The principal risks to which the Company is exposed are detailed in note 1.

The Company was re-registered from a private company limited by shares to an unlimited company on 26 March 2009.

Dividends

The Directors do not recommend the payment of a dividend (2008: £nil).

Directors

The Directors who held office during the year were as follows:

Sir Clive Whitmore	(Resigned 25 March 2009; re-appointed 6 April 2009)
Anthony Chapman	
Anthony Coghlan	(Appointed 19 March 2009)
Andrew Didham	(Resigned 19 March 2009)
Andrew Tovell	(Appointed 19 March 2009)
Jonathan Westcott	(Resigned 19 March 2009)

Auditors

KPMG Audit Plc are the appointed auditors of the Company and in accordance with the elective regime adopted on 11 May 2005 the Company has dispensed with the obligation to appoint auditors annually.

Report of the Directors

Audit Information

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board
N M Rothschild & Sons Limited
Secretary
New Court, St. Swithin's Lane, London EC4P 4DU

21 January 2010

Statement of Directors' Responsibilities in Relation to the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

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

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditors' Report to the Members of New Court Property Services

We have audited the financial statements of New Court Property Services for the year ended 31 March 2009 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Directors' Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") are set out in the Statement of Directors' Responsibilities on page 4.

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

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

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

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

Basis of Audit Opinion

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

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

Independent Auditors' Report to the Members of New Court Property Services

Opinion

In our opinion:

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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

21 January 2010

Income Statement

For the year ended 31 March 2009

	Note	2009 £	2008 £
Revenue			
Rent receivable		7,849,461	7,306,912
Rent payable		(5,479,275)	(5,184,353)
Gross profit		**2,370,186**	**2,122,559**
Provisions	13	(385,610)	(823,882)
Administration expenses		(812,365)	(826,538)
Operating profit		**1,172,211**	**472,139**
Interest receivable		1,800,577	18,920
Interest payable		(491,000)	(4,500,756)
Gain on disposal of fixed assets		–	33,386,161
Profit before tax	2	**2,481,788**	**29,376,464**
Taxation	4	(1,047,293)	2,502,195
Profit for the financial year	15	**1,434,495**	**31,878,659**

Statement of Recognised Income and Expense

There was no other recognised income or expense during the financial year apart from the profit shown in the income statement (2008: £nil).

The notes on pages 10 to 18 form an integral part of these financial statements

Balance Sheet

At 31 March 2009

	Note	2009 £	2009 £	2008 £	2008 £
Non-current assets					
Property	6		5,837,000		6,567,000
Undertaking to pay	7		–		36,666,000
Deferred tax asset	8		2,545,630		2,408,223
Current assets					
Debtors	9	1,703,201		5,726,765	
Loan to parent undertaking	10	4,700,000		–	
Cash and cash equivalents	11	8,891,377		587,785	
		15,294,578		**6,314,550**	
Current liabilities					
Other financial liabilities	12	(3,335,216)		(1,924,886)	
Net current assets/(liabilities)			**11,959,362**		**4,389,664**
Total assets less current liabilities			**20,341,992**		**50,030,887**
Non-current liabilities					
Provisions	13		(16,835,492)		(15,958,882)
Net assets/(liabilities)			**3,506,500**		**34,072,005**
Shareholders' equity					
Share capital	14		25,966,000		57,966,000
Retained losses			(22,459,500)		(23,893,995)
Total shareholders' equity	15		**3,506,500**		**34,072,005**

Approved by the Board of Directors on 21 January 2010 and signed on its behalf by:

Anthony Coghlan, Director

The notes on pages 10 to 18 form an integral part of these financial statements

Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 £	2008 £
Cash flow from operating activities			
Net profit/(loss) for the financial year		1,434,495	31,878,659
Non-cash items included in net profit/(loss)			
Taxation		1,047,293	(2,502,195)
Provisions	13	1,606,610	8,219,882
Profit on disposal of fixed assets		–	(33,386,161)
Operating profit/(loss) before changes in working capital and provisions		**4,088,398**	**4,210,185**
Net decrease/(increase) in other receivables		3,298,825	(3,717,209)
Net increase/(decrease) in other payables		383,322	(30,749,989)
Release/utilisation of provisions	13	–	(6,200,000)
Cash generated from operations		**7,770,545**	**(36,457,013)**
Group relief received		567,047	435,046
Net cash from operating activities		**8,337,592**	**(36,021,967)**
Cash flow (used in)/from investing activities			
Purchase of fixed assets		(15,095,238)	(1,613,839)
Disposal of fixed assets		15,095,238	50,000,000
Net cash flow (used in)/from investing activities		**–**	**48,386,161**
Cash flow from/(used in) financing activities			
Settlement of undertaking to pay		36,666,000	13,000,000
Share capital reduction		(32,000,000)	–
Deposit made		(4,700,000)	–
Loan repayment		–	(13,000,000)
Net cash flow from/(used in) financing activities		**(34,000)**	–
Net increase/(decrease) in cash and cash equivalents		8,303,592	12,364,194
Cash and cash equivalents at 1 April		587,785	(11,776,409)
Cash and cash equivalents at 31 March		**8,891,377**	**587,785**

Interest receipts and payments during the year were as follows:

	2009 £	2008 £
From intermediate parent undertakings	1,816,035	–
To fellow subsidiary undertakings	–	4,152,164
To intermediate parent undertakings	86,202	92,355

The notes on pages 10 to 18 form an integral part of these financial statements

Notes to the Financial Statements

(forming part of the Financial Statements)

For the year ended 31 March 2009

1. Accounting Policies

New Court Property Services ("the Company") is a company incorporated in the United Kingdom. The principal accounting policies which have been consistently adopted in the presentation of the financial statements are as follows:

a. Basis of preparation

The financial statements are prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, endorsed by the European Union ("EU") and with those requirements of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements are prepared under the historical cost accounting rules.

b. Property

Property is stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Land is not depreciated. Depreciation on leasehold improvements and freehold buildings is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

Leasehold improvements	5 - 15 years
Freehold buildings	50 years

c. Impairment of property

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property is assessed for indications of impairment. If such indications are present, these assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

d. Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

e. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and balances with banks.

Notes to the Financial Statements

(forming part of the Financial Statements)

1. Accounting Policies (continued)

f. Taxation

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

Deferred tax assets are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised.

g. Capital management

The capital of the Company is managed at the group level by a fellow subsidiary undertaking, N M Rothschild & Sons Limited.

h. Financial risk management

The Company follows the financial risk management policies of a fellow subsidiary undertaking, N M Rothschild & Sons Limited. The key risks arising from the Company's activities involving financial instruments, which are monitored at the group level, are as follows:

- Credit risk – the Company does not have exposure to the risk of loss arising from client or counterparty default as it does not have any client balances. The majority of the Company's asset balances are with group companies.
- Market risk – the Company does not have exposure to changes in market variables such as currency exchange rates or equity and debt prices. The Company is exposed to interest rate risk on a loan to Rothschilds Continuation Limited. An upward movement of 0.5 per cent in base interest rates would result in an increase in income of £23,500 per annum. A similar downward movement would result in a corresponding reduction.
- Liquidity risk – the risk that the Company is unable to meet its obligations as they fall due or that it is unable to fund its commitments is not considered significant. Payments due under property leases are matched by rents receivable from group companies.

2. Profit Before Tax

	2009 £	2008 £
Is stated after		
i. Income		
Income receivable from Group undertakings	7,750,601	7,208,052
Interest receivable from Group undertakings	1,800,577	18,920
ii. Charges		
Interest payable to Group undertakings	–	4,034,756

Notes to the Financial Statements

(forming part of the Financial Statements)

2. Profit Before Tax (continued)

The amount receivable by the auditors and their associates in respect of the audit of these financial statements is £4,700 (2008: £4,480). The audit fee is paid on a group basis by N M Rothschild & Sons Limited.

3. Directors' Emoluments

None of the Directors received any remuneration from the Company during the year (2008: £nil).

4. Taxation

Tax is based on the results for the year and comprises:

	2009 £	2008 £
United Kingdom corporation tax (charge)/credit at 28% (2008: 30%)	(1,027,008)	724,739
Prior year adjustment	(157,692)	–
Total current tax (charge)/credit	**(1,184,700)**	**724,739**
Deferred taxation		
– current year	(9,772)	1,777,456
– prior year	147,179	–
Total deferred taxation	**137,407**	**1,777,456**
Total tax (charge)/credit	**(1,047,293)**	**2,502,195**

The tax charge for the year may be explained as follows:

	2009 £	2008 £
Profit before tax	2,481,788	29,376,464
Tax (charge)/credit at UK corporation tax rate of 28% (2008: 30%)	(694,901)	(8,812,939)
Non-taxable property gains	–	10,015,848
Non-deductible expenses	(341,880)	(388,698)
Release/utilisation of previously unrecognised deferred tax asset	–	1,860,000
Impact on deferred tax of corporation tax rate change	(10,512)	(172,016)
Tax (charge)/credit for the year	**(1,047,293)**	**2,502,195**

Notes to the Financial Statements

(forming part of the Financial Statements)

5. Shares in Subsidiary Undertaking

On 30 March 2009 the Company acquired from Rothschilds Continuation Holdings AG ("RCH") the whole of the issued ordinary share capital of Rothschild Australia Holdings Limited ("RAH"), this transaction being settled by a reduction of £15,095,238 in the Undertaking to Pay previously given to the Company by RCH.

Subsequently on the same date the shares in RAH were transferred to Rothschilds Continuation Limited ("RCL"), the immediate parent company, this transaction being settled by a repayment of share capital of £15,095,238. This repayment of share capital formed part of a total capital reduction of £32,000,000, the balance of £16,904,762 being settled in cash.

6. Property

	Owner Occupied Property £	Leasehold Improvements £	Total £
Cost			
At 1 April 2008	–	8,027,000	8,027,000
Additions	–	–	–
At 31 March 2009	**–**	**8,027,000**	**8,027,000**
Depreciation			
At 1 April 2008	–	1,460,000	1,460,000
Charge for the year	–	730,000	730,000
At 31 March 2009	**–**	**2,190,000**	**2,190,000**
Net book value at 31 March 2009	**–**	**5,837,000**	**5,837,000**
Cost			
At 1 April 2007	15,000,000	8,027,000	23,027,000
Additions	1,613,839	–	1,613,839
Disposals	(16,613,839)	–	(16,613,839)
At 31 March 2008	**–**	**8,027,000**	**8,027,000**
Depreciation			
At 1 April 2007	–	730,000	730,000
Charge for the year	–	730,000	730,000
At 31 March 2008	**–**	**1,460,000**	**1,460,000**
Net book value at 31 March 2008	**–**	**6,567,000**	**6,567,000**

Notes to the Financial Statements

(forming part of the Financial Statements)

7. Undertaking to Pay

	2009 £	2008 £
Undertaking to pay	–	36,666,000

The balance outstanding at 31 March 2008 was settled on 30 March 2009.

8. Deferred Tax Asset

The deferred tax asset at 31 March 2009 is attributable to accelerated tax depreciation and is calculated on all temporary differences under the liability method using an effective tax rate of 28% (2008: 28%). The movements during the year were as follows:

	2009 £	2008 £
Deferred tax asset at 1 April	2,408,223	630,767
Income statement credit	137,407	1,777,456
Deferred tax asset at 31 March	**2,545,630**	**2,408,223**

9. Debtors

	2009 £	2008 £
Interest receivable	3,462	18,920
Amounts recoverable from intermediate parent undertaking	–	3,638,289
Other debtors	3,729	3,729
Group relief receivable	–	724,739
Prepayments and accrued income	1,696,010	1,341,088
	1,703,201	5,726,765

10. Loan to Parent Undertaking

	2009 £	2008 £
Loan to parent undertaking	4,700,000	–

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On 30 March 2009 the Company made a loan of £4,700,000 to Rothschilds Continuation Limited. The loan is repayable on demand. Interest is receivable at base rate plus one per cent per annum.

Notes to the Financial Statements

(forming part of the Financial Statements)

11. Cash and Cash Equivalents

At the year end the Company held cash of £8,891,377 at a fellow subsidiary undertaking (2008: £587,785 at an intermediate parent undertaking). The effective interest rate received on this balance at 31 March 2009 was 0.50 per cent per annum. The rate re-prices within one month.

12. Current Liabilities: Other Financial Liabilities

	2009 £	2008 £
Amounts owed to group undertakings	–	293,094
Other creditors	434,573	419,665
Corporation tax	1,027,008	–
Accruals and deferred income	1,873,635	1,212,127
	3,335,216	**1,924,886**
The amounts owed to group undertakings comprise		
Intermediate parent undertaking	–	293,094

13. Provision for Onerous Lease Contracts

In prior years the Company entered into certain non-cancellable leases which run to year 2018. It is anticipated that one of these leased properties will become vacant in 2011. The Company has provided for all rental costs after this date, less those costs covered by projected subleases, in respect of this property. Provisions of £0.4 million (2008: £0.8 million) were made during the year based on the directors' best estimates of anticipated costs relating to vacant rent periods. An additional provision of £0.5 million (2008: £0.5 million) has also been made in respect of dilapidation and reinstatement costs for which the Company will be liable on expiry of the leases. Provisions are discounted to net present value using a discount rate of 5.5 per cent per annum.

Notes to the Financial Statements
(forming part of the Financial Statements)

13. Provision for Onerous Lease Contracts (continued)

The movements in provisions during the year were as follows:

	Vacant Property £	Dilapidation/ Reinstatement £	Total £
At 1 April 2008	7,023,882	8,935,000	15,958,882
Provisions made during the year	385,610	491,000	876,610
At 31 March 2009	**7,409,492**	**9,426,000**	**16,835,492**
At 1 April 2007	6,200,000	8,469,000	14,669,000
Release/utilisation of provisions during the year	(6,200,000)	–	(6,200,000)
Provisions made during the year	7,023,882	466,000	7,489,882
At 31 March 2008	**7,023,882**	**8,935,000**	**15,958,882**

14. Share Capital

	2009 £	2008 £
Authorised	60,000,000	60,000,000
Allotted, called up and fully paid ordinary shares of £1 each	25,966,000	57,966,000

15. Reconciliation of Movements in Total Shareholders' Equity

	Share Capital £	Retained Earnings £	Total £
At 1 April 2008	57,966,000	(23,893,995)	34,072,005
Share capital reduction	(32,000,000)	–	(32,000,000)
Profit for the financial year	–	1,434,495	1,434,495
At 31 March 2009	**25,966,000**	**(22,459,500)**	**3,506,500**
At 1 April 2007	8,300,000	(55,772,654)	(47,472,654)
Ordinary share capital issued	49,666,000	–	49,666,000
Profit for the financial year	–	31,878,659	31,878,659
At 31 March 2008	**57,966,000**	**(23,893,995)**	**34,072,005**

Notes to the Financial Statements

(forming part of the Financial Statements)

16. Operating Lease Commitments

The Company has the following minimum commitments under non-cancellable operating leases on:

	Property 2009 £	Property 2008 £
Up to 1 year	5,480,000	5,125,000
Between 1 and 5 years	18,470,000	18,530,000
More than 5 years	15,333,000	17,617,000
	39,283,000	**41,272,000**

17. Related Party Transactions

Parties are considered to be related if one party controls, is controlled by or has the ability to exercise significant influence over the other party. This includes the parent company, subsidiaries and fellow subsidiaries.

Amounts payable to related parties at the year end were as follows:

	2009 £	2008 £
Amounts owed to intermediate parent undertaking	–	293,094

Amounts receivable from related parties at the year end were as follows:

	2009 £	2008 £
Undertaking to pay from intermediate parent undertaking	–	36,666,000
Cash balance with intermediate parent undertaking	–	587,785
Cash balance with fellow subsidiary undertaking	8,891,377	–
Amounts owed by intermediate parent undertakings	–	4,441,948
Amounts owed by fellow subsidiary undertaking	418,384	–
Deposit with immediate parent undertaking	4,700,000	–

Notes to the Financial Statements

(forming part of the Financial Statements)

17. Related Party Transactions (continued)

Amounts recognised in the income statement in respect of related party transactions were as follows:

	2009 £	2008 £
Interest receivable from intermediate parent undertakings	1,800,004	–
Interest receivable from fellow subsidiary undertaking	573	–
Interest payable to intermediate parent undertakings	–	24,364
Interest payable to fellow subsidiary undertakings	–	4,010,392
Administration expenses payable to intermediate parent undertaking	–	1,000
Administration expenses payable to fellow subsidiary undertaking	–	66,000
Rent receivable from intermediate parent undertaking	7,067,636	59,000
Rent receivable from fellow subsidiary undertakings	682,965	7,149,052
Gain on disposal of fixed assets to intermediate parent undertaking	–	33,386,161

18. Parent Undertaking and Ultimate Holding Company

The largest group in which the results of the Company are consolidated is that headed by Rothschild Concordia SAS, incorporated in France. The smallest group in which they are consolidated is that headed by Rothschilds Continuation Holdings AG, incorporated in Switzerland.

Up to 26 March 2009, the Company's immediate parent company was Shield Trust Limited. On 26 March 2009 Rothschilds Continuation Limited, a company registered in England and Wales, became the Company's immediate parent company.

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

The Company's registered office is located at New Court, St. Swithin's Lane, London, EC4P 4DU.