

Five Arrows Finance Limited

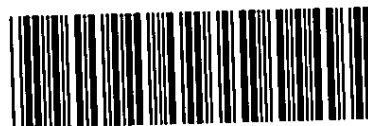
Report of the Directors and Financial Statements
for the year ended 31 March 2011



1

Report of the Directors	2
Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements	3
Independent Auditors' Report to the Members of Five Arrows Finance Limited	4
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-14

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Report of the Directors



The Directors present their Directors' report and the financial statements for the year ended 31 March 2011

2

Principal Activities and Business Review

The principal activity of the Company is that of an investment holding company. The results for the year are set out in the statement of comprehensive income on page 6.

Dividends

The Directors do not recommend the payment of a dividend (2010 £nil).

Directors

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

Sam Geneen
Christopher Coleman

Auditors

KPMG Audit Plc are the appointed auditors of the Company and pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

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 or she ought to have taken as a Director to make himself or herself 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

25 July 2011

Statement of Directors' Responsibilities in Respect of the Directors' report and the Financial Statements



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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Five Arrows Finance Limited



4

We have audited the financial statements of Five Arrows Finance Limited for the year ended 31 March 2011 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of Directors and Auditors

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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Members of Five Arrows Finance Limited



5

Matters on which we are required to report by exception

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

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

Karim K. Haji (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London E14 5GL

25 July 2011

Statement of Comprehensive Income

For the year ended 31 March 2011



6

	Notes	2011 £	2010 £
Interest receivable		163,670	151,085
Interest payable		(164,282)	(152,038)
Sundry income		-	15,999
Impairment losses on investment in subsidiary		-	(1,234,979)
Loss before tax	3	(612)	(1,219,933)
Income tax credit/(expense)	4	171	(4,212)
Loss for the financial year		(441)	(1,224,145)
Other comprehensive Income		-	-
Total comprehensive loss for the financial year		(441)	(1,224,145)

The notes on pages 10 to 14 form an integral part of these financial statements

Balance Sheet

At 31 March 2011



7

	Notes	2011 £	2011 £	2010 £	2010 £
Non-current assets					
Investments in subsidiary undertakings	5		11,578,007		11,578,007
Current assets					
Loans to subsidiary undertakings	6	-		5,390,298	
Current tax receivable		259		42,875	
Other assets	7	-		20,458	
		259		5,453,631	
Current liabilities					
Overdraft with parent undertaking	8	(102,522)		(144,668)	
Other financial liabilities	9	(51)		(5,410,836)	
Net current liabilities			(102,314)		(101,873)
Net assets			11,475,693		11,476,134
Shareholders' equity					
Share capital	10		14,750,000		14,750,000
Retained earnings			(3,274,307)		(3,273,866)
Total shareholders' equity			11,475,693		11,476,134

Approved by the Board of Directors on 25 July 2011 and signed on its behalf by

Christopher Coleman, Director

The notes on pages 10 to 14 form an integral part of these financial statements

Statement of Changes in Equity

For the year ended 31 March 2011



8

	Share Capital £	Retained Earnings £	Total Equity £
At 1 April 2010	14,750,000	(3,273,866)	11,476,134
Total comprehensive loss for the financial year	-	(441)	(441)
At 31 March 2011	14,750,000	(3,274,307)	11,475,693
At 1 April 2009	14,750,000	(2,049,721)	12,700,279
Total comprehensive loss for the financial year	-	(1,224,145)	(1,224,145)
At 31 March 2010	14,750,000	(3,273,866)	11,476,134

The notes on pages 10 to 14 form an integral part of these financial statements

Cash Flow Statement

For the year ended 31 March 2011



	Notes	2011 £	2010 £
Cash flow from operating activities			
Loss for the financial year		(441)	(1,224,145)
Impairment losses on investment in subsidiary		-	1,234,979
Income tax (credit)/expense		(171)	4,212
Operating (loss)/profit before changes in working capital and provisions		(612)	15,046
Net decrease in other assets		20,458	50,208
Net decrease in accruals and deferred income		(20,487)	(66,257)
Cash used in operations		(641)	(1,003)
Group relief received		42,787	11,277
Net cash flow from operating activities		42,146	10,274
Cash from financing activities			
Repayment of loan from parent undertaking		(5,390,298)	-
Repayment of loan to subsidiary undertaking		5,390,298	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		42,146	10,274
Cash and cash equivalents at 1 April		(144,668)	(154,942)
Cash and cash equivalents at 31 March	8	(102,522)	(144,668)

Interest paid and received during the year were as follows

	2011 £	2010 £
Interest paid to parent undertakings	184,769	202,295
Interest received from subsidiary undertakings	184,128	201,293

The notes on pages 10 to 14 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 2011



10

1 Accounting Policies

Five Arrows Finance Limited ("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 2006 applicable to companies reporting under IFRS. The financial statements are prepared under the historical cost accounting rules.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Standards affecting the financial statements

In the current year, there have been no new or revised Standards and Interpretations that have been adopted that have affected the amounts reported in these financial statements.

b Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provisions to take account, where appropriate, of permanent impairment in their value.

c Income from investments in subsidiary undertakings

Dividend income from investments is included in the financial statements when the right to receive payment is established.

d Interest receivable and payable

Interest is recognised in the statement of comprehensive income using the effective interest rate method.

e Taxation

Tax credits receivable on losses and tax charges on profits are recognised in the statement of comprehensive income.

f Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises an overdraft with the parent undertaking used in the cash management of the Company. In the balance sheet, this overdraft is included in current liabilities.

g Capital management

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

Notes to the Financial Statements

(forming part of the Financial Statements)



I Accounting Policies (continued)

h Financial risk management

The Company follows the financial risk management policies of the parent 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 risk of loss arising from client or counterparty default is not considered a significant risk to the Company as all asset balances are with other group companies as detailed in note 11 Related Party Transactions
- Market risk – exposure to changes in market variables such as interest rates, currency exchange rates, equity and debt prices is not considered significant as the terms of financial assets substantially match those of financial liabilities
- 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 as material cash inflows and outflows from financial assets and liabilities are substantially matched

2. Director's Emoluments

Total emoluments paid to the Directors' in respect of their services as directors of the Company were £nil (2010: £nil)

3 Loss Before Tax

	2011 £	2010 £
Is stated after		
I Income		
Interest receivable on loan to subsidiary undertaking	163,670	151,085
II Charges		
Interest payable on overdraft with parent undertaking	612	953
Interest payable on loan from parent undertaking	163,670	151,085

The amount receivable by the auditors and their associates in respect of the audit of these financial statements is £2,450 (2010: £2,450). The audit fee is paid on a group basis by N M Rothschild & Sons Limited.

Notes to the Financial Statements

(forming part of the Financial Statements)



12

4 Taxation

	2011 £	2010 £
United Kingdom corporation tax credit/(charge) at 28% (2010 28%)	171	(4,212)

The tax credit /(charge) may be explained as follows

	2011 £	2010 £
Loss before tax	(612)	(1,219,933)
United Kingdom corporation tax credit/(charge) at 28% (2010 28%)	171	341,582
Impairment losses not allowable for tax	-	(345,794)
Total tax credit /(charge) for the year	171	(4,212)

The UK corporation tax rate has been changed from 28 per cent to 26 per cent with an effective date of 1 April 2011. This rate has been substantively enacted at the balance sheet date but has not affected the amounts reported in these financial statements.

5 Investments in Subsidiary Undertakings

The company owns the whole of the issued ordinary share capital of Five Arrows Leasing Holdings Limited and NCCF Holdings Limited both of which are registered in England and Wales.

The investments in subsidiaries are held at their historical cost to the company of £15,028,508 (2010 £15,028,508) less impairment provisions of £3,450,501 (2010 £3,450,501).

6 Loans to Subsidiary Undertaking

	2011 £	2010 £
Loans to subsidiary undertaking	-	5,390,298

The interest rate charged on the loans to subsidiary undertaking in the prior year was 6-month LIBOR plus 2 per cent. The Loan was repaid during the year.

Notes to the Financial Statements

(forming part of the Financial Statements)



13

7 Other assets

	2011 £	2010 £
Amounts owed by subsidiary undertaking	-	20,458

8 Overdraft with Parent Undertaking

At the year end the Company had an overdraft with the parent undertaking of £102,522 (2010 £144,668) The Company pays interest at base rate The overdraft is repayable on demand

9 Other Financial Liabilities

	2011 £	2010 £
Loans from parent undertaking	-	5,390,298
Accruals and deferred income	51	20,538
	51	5,410,836

The interest rate charged on the loans from parent in the prior year was 6-month LIBOR plus 2 per cent The Loan was repaid during the year

10 Share Capital

	2011 £	2010 £
Authorised		
Ordinary shares of £1 each	14,750,000	14,750,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	14,750,000	14,750,000



Notes to the Financial Statements

(forming part of the Financial Statements)

14

11 Related Party Transactions

Parties are considered 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 receivable from and payable to related parties at the year end were as follows

	2011 £	2010 £
Loans to subsidiary undertaking	-	5,390,298
Amounts owed by subsidiary undertaking	-	20,458
Overdraft with parent undertaking	(102,522)	(144,668)
Loans from parent undertaking	-	(5,390,298)
Amounts owed to parent undertaking	(51)	(20,538)

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

	2011 £	2010 £
Interest receivable from subsidiary undertaking	163,670	151,085
Interest payable to parent undertaking	164,282	152,038

12 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 N M Rothschild & Sons Limited, registered in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

The Company's immediate parent company is N M Rothschild & Sons Limited.

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