

# Five Arrows Finance Limited

## Report of the Directors and Financial Statements for the year ended 31 March 2014

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# Strategic Report

## Principal Activities

During the year ended 31 March 2014 Five Arrows Finance Limited ("the Company") continued to be an investment holding company.

## Review of the Company's Business

The results for the year are set out in the statement of comprehensive income on page 7. The results of the Company show a profit before tax of £7,009,035 for the year (2013: £6,269,864). The reserves available for distribution at 31 March 2014 were £594,191.

The Directors consider the Company to be a going concern.

## Principal Risks and Uncertainties

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks, as required under Part 1 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, are set out in Note 2 on the financial statements.

The Company's exposures to credit, liquidity and market risks are limited due to the nature of its business, which is predominantly a holding company.

By Order of the Board  
Christopher Coleman, Director



New Court, St Swithin's Lane, London EC4N 8AL  
10 September 2014

# Report of the Directors

The Directors present their Directors' report and the financial statements for the year ended 31 March 2014.

## Dividends

During the year the Company paid a dividend of £7 million (2013: £6.25 million).

## Directors

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

Sam Geneen

Resigned 31 March 2014

Christopher Coleman

John King

## Auditor

Our auditor, KPMG Audit Plc has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditor.

## 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 EC4N 8AL

10 September 2014

# Statement of Directors' Responsibilities in Respect of the Strategic Report, Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (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 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 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.

By Order of the Board



Christopher Coleman, Director

10 September 2014

# Independent Auditor's Report to the Members of Five Arrows Finance Limited

We have audited the financial statements of Five Arrows Finance Limited for the year ended 31 March 2014 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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 Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report, 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

## 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.



Ravi Lamba (Senior Statutory Auditor)

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

15 Canada Square

London E14 5GL

10 September 2014

# Statement of Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 £	2013 £
Income from investments in subsidiary undertakings		7,000,000	6,250,000
Interest income		9,035	15,978
Reversal of impairment on investment in subsidiary		-	3,886
Profit before tax		7,009,035	6,269,864
Income tax charge	5	(2,078)	(3,835)
Profit for the financial year		7,006,957	6,266,029
Other comprehensive Income		-	-
Total comprehensive profit for the financial year		7,006,957	6,266,029

All amounts are in respect of continuing activities.

The notes on pages 11 to 15 form an integral part of these financial statements

# Balance Sheet

At 31 March 2014

	Notes	2014 £	2014 £	2013 £	2013 £
<b>Non-current assets</b>					
Investments in subsidiary undertakings	6		12,127,893		12,127,893
<b>Current assets</b>					
Cash and cash equivalents	7	3,218,376		3,213,176	
		3,218,376		3,213,176	
<b>Current liabilities</b>					
Current tax payable		2,078		3,835	
Net current assets			3,216,298		3,209,341
Net assets			15,344,191		15,337,234
<b>Shareholders' equity</b>					
Share capital	8		14,750,000		14,750,000
Retained earnings			594,191		587,234
Total shareholders' equity			15,334,191		15,337,234

Approved by the Board of Directors on 10 September 2014 and signed on its behalf by:



Christopher Coleman, Director

The notes on pages 11 to 15 form an integral part of these financial statements



# Statement of Changes in Equity

For the year ended 31 March 2014

	Share Capital £	Retained Earnings £	Total Equity £
At 1 April 2013	14,750,000	587,234	15,337,234
Total comprehensive profit for the financial year	-	7,006,957	7,006,957
Shareholders dividends	-	(7,000,000)	(7,000,000)
At 31 March 2014	14,750,000	594,191	15,334,191
At 1 April 2012	14,750,000	571,205	15,321,205
Total comprehensive profit for the financial year	-	6,266,029	6,266,029
Shareholders dividends	-	(6,250,000)	(6,250,000)
At 31 March 2013	14,750,000	587,234	15,337,234

The notes on pages 11 to 15 form an integral part of these financial statements

# Cash Flow Statement

For the year ended 31 March 2014

	Notes	2014 £	2013 £
Cash flow from operating activities			
Profit for the financial year		7,006,957	6,266,029
Dividends from subsidiary undertakings		(7,000,000)	(6,250,000)
Reversal of impairment losses on investment in subsidiary		-	(3,886)
Income tax charge		2,078	3,835
Operating profit before changes in working capital and provisions		9,035	15,978
Net decrease in other assets		-	87
Net decrease in accruals and deferred income		-	(50)
Cash flow from operations		9,035	16,015
Income taxes (paid)/received		(3,835)	141
Net cash flow from operating activities		5,200	16,156
Cash flow from investing activities			
Dividends from subsidiary undertakings		7,000,000	6,250,000
Net cash flow from investing activities		7,000,000	6,250,000
Cash flow from financing activities			
Dividends paid		(7,000,000)	(6,250,000)
Net cash flow used in financing activities		(7,000,000)	(6,250,000)
Net increase in cash and cash equivalents		5,200	16,156
Cash and cash equivalents at 1 April 2013		3,213,176	3,197,020
Cash and cash equivalents at 31 March 2014	7	3,218,376	3,213,176

Interest paid and received during the year were as follows:

	2014 £	2013 £
Interest paid to parent undertakings	-	50
Interest received from parent undertakings	9,035	16,065

The notes on pages 11 to 15 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 2014

## 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 and are presented in sterling, unless otherwise stated.

These financial statements have been prepared on a going concern basis.

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.

### Future accounting developments

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2013 and therefore have not been applied in preparing these financial statements. None of these are expected to have a significant effect on future 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.

# Notes to the Financial Statements

*(forming part of the Financial Statements)*

## 1. Accounting Policies (continued)

### f. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises cash at bank and an overdraft with the parent undertaking used in the cash management of the Company.

### g. Capital management

The Company is not subject to any externally imposed capital requirements. It is dependent on N M Rothschild & Sons Limited (the parent undertaking) to provide capital resources which are therefore managed on a group basis.

## 2. 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 credit risk, market risk and liquidity risk.

As the Company's only financial asset is cash held at bank at a parent undertaking, it is exposed to fluctuations in interest rates. The Company has sufficient cash to cover all expected liabilities.

## 3. Director's Emoluments

Total emoluments paid to the Directors' in respect of their services as Directors of the Company were £nil (2013: £nil).

## 4. Audit Fee

The amount receivable by the auditors and their associates in respect of the audit of these financial statements is £3,750 (2013: £2,500). 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)*

## 5. Taxation

	2014	2013
	£	£
Total tax charged to the income statement	(2,078)	(3,835)

The tax charge may be explained as follows:

	2014	2013
	£	£
Profit before tax	7,009,035	6,269,864
United Kingdom corporation tax charge at 23% (2013: 24%)	(1,612,078)	(1,504,767)
Income not subject to tax	1,610,000	1,500,932
Total tax charge for the year	(2,078)	(3,835)

The UK corporation tax rate has been changed from 23 per cent to 21 per cent with an effective date of 1 April 2014. The rate will reduce further to 20 per cent by 2015. This has no effect on the current tax balances.

# Notes to the Financial Statements

*(forming part of the Financial Statements)*

## 6. Investments in Subsidiary Undertakings

The principal subsidiary undertakings of the Company are detailed below. All the principal subsidiary undertakings are registered in England and Wales.

	Percentage held %
Five Arrows Leasing Holdings Limited (Holding company)	100
NCCF Holdings Limited (Holding company)	100
Five Arrows Leasing Group Limited (Lease portfolio management)*	100
Five Arrows Leasing Limited (Asset finance)*	100
City Business Finance Limited (Asset finance)*	100
State Security Limited (Non-trading)*	100
Specialist Fleet Services Limited (Contract hire and maintenance)*	100
State Securities Holdings Limited (Holding company)*	100
State Securities plc (Asset finance)*	100
City Business Finance Limited (Asset finance)*	100
Print Finance Limited (Non trading) (formerly Plusrare Limited )*	100
Five Arrows Management Limited (Non-trading)*	100
Lease Portfolio Management Limited (Non-trading)*	100
Capital Professions Finance Limited (Non-trading)*	100
Fineline Holdings Limited (Non-trading)*	100
Fineline Media Finance Limited (Non-trading)*	100
Collett Transport Services Limited (Non-trading)*	100

\* held by Five Arrows Leasing Holdings Limited a subsidiary undertaking

The investments in subsidiaries are held at their historical cost to the Company of £15,028,508 (2013: £15,028,508) less cumulative impairment provisions of £2,900,615 (2013: £2,900,615).

## 7. Cash and Cash Equivalents

At the year end the Company held cash of £3,218,376 at a parent undertaking (2013: £3,213,176). The Company receives interest at 0.25% on the cash at parent undertaking.

# Notes to the Financial Statements

*(forming part of the Financial Statements)*

## 8. Share Capital

	2014 £	2013 £
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

## 9. 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 key management personnel, the parent company, subsidiaries and fellow subsidiaries.

Amounts recognised in the balance sheet in respect of related party transactions were as follows

	2014 £	2013 £
Investment in subsidiaries	15,028,508	15,028,508
Cash at parent undertaking	3,218,376	3,213,176

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

	2014 £	2013 £
Dividend income from subsidiary undertaking	7,000,000	6,250,000
Interest income from parent undertaking	9,035	15,978

There were no loans made to Directors during the year (2013: none) and no balances outstanding at year-end (2013: £nil). The directors did not receive any remuneration in respect of their services to the company. There were no employees of the Company during the year (2013: none).

## 10. 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 EC4N 8AL.