

Rothschild Wealth Management (UK) Limited

(formerly Rothschild Private Management Limited)

Annual Report 2012



Rothschild Wealth Management (UK) Limited

Report of the Directors and Financial Statements
for the year ended 31 March 2012

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Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2012

Principal activities

The Rothschild Wealth Management Group ("RWMUK Group") provides a wealth management service for its private clients.

Business review

Performance

The business has continued to develop and has increased both the number of its clients and funds under management during the year. The business forms part of the wider Rothschild Wealth Management and Trust Group which operates in a number of jurisdictions the core services of which are as follows

- Asset structuring
- Strategic advice
- Consolidated reporting, manager oversight and performance analysis
- Investment management
- Banking services

The RWMUK Group made a loss before taxation during the year of £4.7 million (2011: £4.0 million). After relieving its taxable losses by selling them to a fellow subsidiary undertaking, a loss of £3.7 million (2010: £2.9 million) was transferred to reserves.

Principal Risks and Uncertainties

The RWMUK Group faces a number of risks, in common with its peers, such as investment, regulatory, operational and market risks. The Group seeks to mitigate these risks through a combination of insurance, segregation of duties, diversification of business, outsourcing and employing experienced staff. As set out in the Notes to the Accounts, the Company is reliant upon its shareholders continuing to fund it with periodic equity injections to ensure that it has sufficient capital to meet its regulatory and statutory needs. The shareholders have indicated their willingness to continue funding the Company for the foreseeable future. Note 16 sets out details of the financial risk management objectives and practices.

Key Performance Indicators ("KPIs")

There are a number of KPIs that management monitor, such as total client assets (at 31 March 2012: £3,298.0 million, at 31 March 2011: £2,703.7 million), investment performance, revenue and costs analysis as well as certain analysis from a regulatory perspective.

Regulatory Disclosures

As prescribed by the FSA, disclosures relating to the capital adequacy and remuneration policy for the Group are available on the website of the Rothschild Group.

Directors

The names of the directors who have served during the year are

Gary Powell (resigned 21 May 2012)

Alexander MacPhee

Matthias Montani

Mark Kary (appointed 15 May 2012)

According to the register kept by the Company, no director had any direct beneficial interest in the share capital of the Company at any time during the year. Furthermore, no director had any direct beneficial interest in the share capital of either Concordia BV or Rothschild's Continuation Holdings AG.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report 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.

Auditors

KPMG Audit Plc are the appointed auditors of the Company and in accordance with the elective regime adopted on 19 June 2005, the Company has dispensed with the obligation to appoint auditors annually.

By Order of the Board



N M Rothschild & Sons Limited
Secretary

New Court, St. Swithin's Lane
London EC4P 4DU

16 July 2012

Statement of Directors' Responsibilities in Respect of the Report of the Directors 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 Group and Parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the Parent company 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 Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments 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 Group and the Parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Rothschild Wealth Management (UK) Limited

We have audited the financial statements of Rothschild Wealth Management Limited for the year ended 31 March 2012 set out on pages 7 to 20. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditors' 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 5, 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 web-site 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 Groups and of the Parent company's affairs as at 31 March 2012 and of the Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the Parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

16 July 2012

Statement of Consolidated Comprehensive Income

For the year ended 31 March 2012

	Note	2012 £ 000	2011 £ 000
Revenue	2	18,014	14,899
Administrative expenses		(22,750)	(18,907)
Operating loss		(4,736)	(4,008)
Other interest receivable and similar income	6	40	30
Loss on ordinary activities before taxation	3	(4,696)	(3,978)
Tax credit on loss on ordinary activities	7	1,037	1,038
Loss on ordinary activities after taxation	8	(3,659)	(2,940)
Retained loss for the financial year transferred to reserves		(3,659)	(2,940)

The retained loss for the year is wholly attributable to the Company's equity holders

There were no other gains or losses other than those referred to above, which arose in continuing operations

Statement of Changes in Equity

	Share Capital Group £'000	Retained Earnings Group £'000	Total Group £'000	Share Capital Company £'000	Retained Earnings Company £'000	Total Company £'000
At 1 April 2010	50,000	(40,261)	9,739	50,000	(41,132)	8,868
Issue of shares	2,500	–	2,500	2,500	–	2,500
Loss for the period	–	(2,940)	(2,940)	–	(3,136)	(3,136)
At 31 March 2011	52,500	(43,201)	9,299	52,500	(44,268)	8,232
At 1 April 2011	52,500	(43,201)	9,299	52,500	(44,268)	8,232
Issue of shares	3,000	–	3,000	3,000	–	3,000
Loss for the period	–	(3,659)	(3,659)	–	(3,913)	(3,913)
At 31 March 2012	55,500	(46,860)	8,640	55,500	(48,181)	7,319


The notes on pages 10 to 20 form an integral part of these financial statements

Balance Sheets

As at 31 March 2012

	Note	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Non-current assets					
Deferred tax		766	766	176	176
Property plant and equipment	9	-	-	-	-
Investments in subsidiary undertakings	10	-	250	-	250
		766	1,016	176	426
Current assets					
Debtors	11	4,900	1,921	3,944	1,984
Cash and cash equivalent	12	15,644	14,393	10,334	9,238
		20,544	16,314	14,278	11,222
Current liabilities					
Accruals and deferred income	13	(12,655)	(9,996)	(5,102)	(3,363)
Net current assets		7,889	6,318	9,176	7,859
Total assets less current liabilities		8,655	7,334	9,352	8,285
Other liabilities falling due after more than one year	14	(15)	(15)	(53)	(53)
Net assets		8,640	7,319	9,299	8,232
Shareholders equity					
Called up share capital	15	55,500	55,500	52,500	52,500
Retained earnings		(46,860)	(48,181)	(43,201)	(44,268)
Total shareholders equity		8,640	7,319	9,299	8,232

Alexander MacPhee Director



Approved by the Board of Directors and signed as such on 16 July 2012

The notes on pages 10 to 20 form an integral part of these financial statements

Cash Flow Statements

For the year ended 31 March 2012

	Group 2012 £ 000	Company 2012 £ 000	Group 2011 £ 000	Company 2011 £ 000
Cash flow used in operating activities				
Loss on ordinary activities after taxation	(3 659)	(3 913)	(2 940)	(3 136)
Adjustments to reconcile net profit to cash flow from operating activities				
Net (increase)/decrease in operating assets				
– Debtors	(1 071)	(53)	235	5
– Current and deferred corporation taxes	(475)	(475)	257	257
Net increase/(decrease) in operating liabilities				
– Accrued expenses and other liabilities	7 515	6 596	1 776	2 103
Net cash flow used in operating activities	2,310	2,155	(672)	(771)
Cash flow from financing activities				
– Issuance of share capital	3 000	3 000	2 500	2,500
Cash flow from financing activities	3 000	3,000	2 500	2 500
Net increase in cash equivalents	5,310	5,155	1 828	1,729
Cash and cash equivalents at 1 April	10 334	9 238	8 506	7 509
Cash and cash equivalents at 31 March	15 644	14 393	10,334	9,238
Cash and cash equivalents comprise				
Cash	15 644	14 393	10 334	9 238

Notes to the Accounts

For the year ended 31 March 2012

I. Accounting policies

Rothschild Wealth Management (UK) Limited (the 'Company') is a company incorporated and domiciled in the UK. The Group financial statements consolidate those of the Company and its subsidiary (together referred to as the 'Group'). The parent company financial statements present information about the Company as a separate entity and not about its group.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

a Basis of preparation

The financial statements have been prepared on a going concern basis as the Company's parent, Rothschild Holdings AG, have indicated that for at least 12 months from the date of approval of these financial statements that it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amount currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The financial statements are prepared 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 convention.

The principal accounting policies set out below have been consistently applied in the presentation of the Group financial statements.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A number of new standards, amendments to standards and interpretations were effective for annual periods beginning after 1 January 2011. These include:

- revised IAS 24 'Related Party Disclosure' which is mandatory
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)
- amendments to IFRIC 14 (Prepayments of a Minimum Funding Requirement)
- amendments to IAS 32 (Financial Instruments) - Presentation Classification of Rights Issues

Certain new standards, revisions and interpretations of existing standards were published that must be applied in future financial periods. The Company chooses not to adopt these in advance. These changes are not expected to have any significant impact in the Company's results.

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company has not been presented separately.

b Basis of consolidation

The financial statements of the Group are made up to 31 March 2012 and consolidate the audited financial statements of the Company and its subsidiary undertaking.

Subsidiary undertakings

The Company's subsidiary undertaking is an entity over which it has the power to govern the financial and operating policies as a result of its shareholding affording it all of the voting rights. The subsidiary undertaking is fully consolidated from the date on which the Company acquired control, and will cease to be consolidated from the date that control ceases.

The Group used the purchase method of accounting for the acquisition of its subsidiary undertaking. The cost of the acquisition was measured as the fair value of the shares issued at the date of acquisition. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated on consolidation. The accounting policies used by the subsidiary are consistent with the policies adopted by the Group.

Notes to the Accounts

I. Accounting policies (continued)

b Basis of consolidation (continued)

The financial statements of the Group's subsidiary are made up to the same date as that of the Company and are adjusted where necessary, to conform with the accounting policies of the Group

c Property plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on other assets 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

Office equipment fixtures and fittings	3-5 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are recognised in the statement of consolidated comprehensive income

Impairment of property, plant and equipment

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment are 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 Statement of Consolidated Comprehensive Income 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 Foreign exchange

The consolidated financial statements are presented in sterling, which is the Company's functional currency and the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using their functional currency. The functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the Statement of Consolidated Comprehensive Income.

e Pensions

The Group's post-retirement benefit arrangements are described in note 18. The Group participates in a number of pension and other post-retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types. For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the Statement of Consolidated Comprehensive Income.

The defined benefit scheme in which the Group participates is accounted for by the sponsoring Company (N M Rothschild & Sons Limited) using the option permitted by the amendment made to IAS 19 – Employee Benefits whereby actuarial gains and losses are recognised outside profit or loss and presented in the statement of recognised income and expense. The amount recognised in the sponsoring Company's balance sheet in respect of the defined benefit scheme is the difference between the present value of the defined benefit obligation at the balance sheet date, and the fair value of the plan's assets, if any. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The obligations' present value is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

However, as there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to the Group, the sponsoring company recognises the entire net defined benefit cost of the plan in its accounts. Therefore in accordance with IAS 19, the Company has accounted for its contribution to the scheme on a defined contributions basis.

Notes to the Accounts

1. Accounting policies (continued)

f Revenue

Revenue comprises management fees, transaction charges and commissions which are earned over a period of time and are recognised over the period in which the service is provided

g Interest

Interest receivable and payable is dealt with on an accruals basis

h Taxation

Tax payable on profits is recognised in the statement of consolidated comprehensive income, except to the extent that it relates to items that are recognised in equity

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

The principal temporary differences arise from long term incentive payments, see note 11 and accruals

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

i Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months

j Provisions and contingencies

Provisions are recognised only when the Group has a present obligation (legal or constructive) as a result of past events. In addition, it must be probable that a transfer of economic benefits will be required to settle the obligation and it must also be possible to make a reliable estimate of the amount of the obligation

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Group's control, or present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote

2. Analysis of revenue

	2012 £'000	2011 £'000
Turnover		
Management fees	16,865	13,466
Commission receivable and other income	1,149	1,433
	18,014	14,899

Notes to the Accounts

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2012 £'000	2011 £'000
Service charges from fellow subsidiary undertaking	(4,022)	(3,267)
Auditors' remuneration for audit services		
– Audit fees relating to the Company	(31)	(28)
– Audit fees relating to subsidiary undertaking	(12)	(12)
Auditors' remuneration for regulatory review		
– Audit fees relating to the Company	(12)	(12)
– Audit fees relating to subsidiary undertaking	(5)	(5)

4. Remuneration of directors

	2012 £ 000	2011 £ 000
Directors' emoluments (excluding LTIP)	764	756
LTIP	7	7
Deferred bonus	123	146
Total remuneration	894	909

The numbers of directors belonging to money purchase pension schemes and defined benefit pension schemes at the year end are as follows

Pensions	2012 £'000	2011 Number
Money purchase pension schemes	–	–
Defined benefit pension schemes	2	2

0 directors (2011: 0) are members of both the money purchase pension schemes and defined benefit pension schemes

Highest paid director	2012 £ 000	2011 £'000
Aggregate emoluments (excluding LTIP)	547	658
LTIP	5	5
Accrued pension	41	38

Notes to the Accounts

5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, was as follows

	Number of employees	
	2012	2011
Wealth management	62	53

The aggregate payroll costs of these persons were as follows

	Note	2012 £'000	2011 £'000
Wages and salaries		9,269	9,635
Social security costs		1,146	1,162
Other pension costs	18	1,128	786
		11,543	11,583

6. Other interest receivable on ordinary activities

	2011 £'000	2010 £'000
Receivable from a fellow subsidiary undertaking	40	30

7. Tax credit on loss on ordinary activities

	2012 £'000	2011 £'000
Current tax		
Current period	750	935
Deferred tax		
Origination and reversal of timing differences	287	103
Tax credit on loss on ordinary activities	1,037	1,038

The current tax credit for the year may be explained as follows

	2012 £'000	2011 £'000
Tax credit at UK standard corporation tax rate of 26% (2011: 28%)	591	901
Tax credit at future UK standard corporation tax rate of 24%	287	103
Permanently disallowed expenses	(65)	(68)
Adjustments to prior years tax credit	(63)	(1)
Current tax credit for year	750	935

Tax losses were sold to a member of the N M Rothschild Group

Notes to the Accounts

8. Group loss on ordinary activities after tax

Of the Group loss for the financial year attributable to ordinary shareholders, a loss of £3,659,000 (2011: a loss of £2,940,000) has been dealt with in the financial statements of the Company.

9. Property, plant and equipment

All property and equipment has been fully depreciated and there were no additions or disposals in the year.

10. Investments in subsidiary undertakings

The Company's investments in subsidiary undertakings at 31 March 2012 comprise:

	£'000
At cost at beginning of year	250
Acquired in year	–
At cost at end of year	250

The Company's sole subsidiary undertaking at 31 March 2012 is Rothschild Private Fund Management Limited, which is registered in England and Wales. Rothschild Private Fund Management Limited is the Authorised Corporate Director of an Open Ended Investment Company and Manager of Authorised Unit Trusts.

11. Debtors

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Due within one year				
Amounts owed by fellow subsidiary undertaking	23	22	2	2
Amounts owed by subsidiary undertaking	–	–	–	23
Corporation taxation recoverable (group relief receivable)	889	889	1,005	1,005
Other debtors, prepayments and accrued income	3,988	1,010	2,937	954
	4,900	1,921	3,944	1,984
Due after more than one year				
Deferred tax asset	766	766	176	176
	766	766	176	176
	5,666	2,687	4,120	2,159

The deferred tax asset at 31 March 2012 represented the future tax allowances from timing differences relating to deferred long term incentive payments.

Notes to the Accounts

12. Cash and cash equivalents

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Cash held at a fellow subsidiary undertaking	8,461	7,438	3,191	2,312
Cash held with third party	7,183	6,955	7,143	6,926
	15,644	14,393	10,334	9,238

13. Accruals and deferred income

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Amounts owed to fellow subsidiary undertakings	2,026	2,026	565	565
Amounts owed to subsidiary undertaking	–	22	–	–
Accruals and deferred income	10,644	7,963	4,537	2,798
	12,670	10,011	5,102	3,363

14. Other liabilities falling due after more than one year

	Group 2012 £'000	Company 2012 £'000	Group 2011 £'000	Company 2011 £'000
Amounts due under long term incentive plan	15	15	53	53
	15	15	53	53

15. Called up share capital

The authorised share capital of the Company comprised 55,500,000 £1 ordinary shares at 31 March 2012 (2011: 52,500,000 £1 ordinary shares)

	£'000
Allotted called up and fully paid	
Ordinary shares of £1 each	52,500
Issued during the year at par value for cash	3,000
At 31 March 2012	55,500

As an investment firm regulated by the FSA the firm is required to meet externally imposed capital adequacy requirements as set out in the FSA handbook. The firm's compliance with those external FSA capital constraints is evidenced by the quarterly reports submitted to the FSA.

In order to meet these requirements, internal monitoring of the capital against FSA requirements is performed quarterly.

Notes to the Accounts

16. Management of financial risk

a Financial risk

Exposure to credit, interest rate and liquidity risk arises in the normal course of the Company's business. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the

beginning of the year ended 31 March 2012.

b Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's only credit exposure is to debtors, which are frequently monitored for size and age. Balances with other companies within the Rothschild group are short term and considered as having low credit risk.

Included in the debtors as at 31 March 2012 are balances of £444,884 (2011: £355,907) which are past due at the reporting date but not impaired because the Company expects to recover these balances in full and has historical analysis to support the recovery profile. The aged analysis of the debtors is as follows:

	2012 £	2011 £
Up to 30 days	238,757	306,165
30-90 days	88,130	49,742
Over 90 days	117,994	—
	444,881	355,907

Notes to the Accounts

16. Management of financial risk (continued)

c Interest rate risk

Bank interest on deposits held is the only source of interest exposure. The effective interest during 2012 was 0.35 per cent and all balances mature within 1 year.

d Liquidity risk

The Company's policy throughout the year has been to maintain sufficient liquidity in line with FSA regulations. The parent companies continue to support the business.

e Currency Risk

The Company has a currency risk to income based on assets denominated in currencies other than sterling. In addition, the Company has a proportion of its costs denominated in Swiss Francs; however, to mitigate risk, the Company arranges payment of these costs on a quarterly basis.

17. Contingent Liabilities

The Company did not have any disclosable contingent liabilities as at 31 March 2012 (2011: Nil).

18. Pension Scheme

The Company participates in a group scheme, the NMR Pension Fund, which is operated by N M Rothschild & Sons Limited for the benefit of employees of certain Rothschild group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in April 2003, and a defined contribution section established with effect from April 2003. The assets of the Fund are held separately from those of the Group and are administered by trustees.

As at 31 March 2012, there was a deficit of £95.1 million in the Fund under IAS 19. As there is no contractual agreement or stated policy for charging the net defined benefit cost to participating Rothschild Group companies, the Company recognises in its accounts the contributions it makes during any given financial period.

The Company's total pension charge in the period amounted to £1,128,000 (2011: £786,000) of which £794,000 (2011: £485,000) related to the above defined benefit section, £334,000 (2011: £301,000) related to the defined contribution section.

A funding valuation of the Fund is carried out every three years, the latest of which had an effective date of 31 March 2010, and is used to assess the level of contributions payable to the Fund. In addition to contributions in respect of future service, the Group as a whole is currently committed to paying an additional £10m per annum, increasing by 3.9% each year, until 30 September 2019. These additional contributions are designed to eliminate a funding deficit of £113m assessed as at 31 March 2010.

Notes to the Accounts

19. Transactions with related parties

a Key management personnel

Details of transactions with key management personnel (and their connected persons) of the Group are as follows

- Key management personnel are the directors of the Company and of parent companies
- The remuneration of the directors of the Company is disclosed in note 4 The remuneration of directors of the parent companies is disclosed within the relevant company accounts

b Other related party transactions

Amounts recognised in the Income Statement of the Company in respect of related party transaction are as follows.

	Group 2012 £ 000	Company 2012 £ 000	Group 2011 £'000	Company 2011 £ 000
Interest receivable	40	35	30	27
Fees and commissions receivable	3 554	6 645	3 205	5 661
Operating expenses	(4 022)	(4 022)	(3,267)	(3 267)
Current tax credit received from fellow subsidiary undertaking	750	839	935	935
Current tax credit received from subsidiary undertaking	–	(89)	–	76

Administrative expenses represent a management charge and the recharge of services provided by a fellow subsidiary company and in the case of the company, also its subsidiary company The Company's subsidiary, Rothschild Private Fund Management Limited in its role as the Associate Corporate Director of the OEICs and Manager of the Unit Trusts is a related party to these Funds The subsidiary provides services to the funds in accordance with its agreement prospectus and instruments of incorporation/trust deeds In accordance with these documents the Subsidiary will receive fees for the services it has performed The fees are calculated with reference to the assets under management and are paid in arrears of the services provided The amounts concerned from part of the consolidated numbers disclosed in notes 2 and 11

The management fees recognised in the statement of comprehensive income is £3,417,000 with £2,979,000 being receivable at the year end

c Other related party balance

	Group 2012 £ 000	Company 2012 £'000	Group 2011 £ 000	Company 2011 £ 000
Cash	9 216	8 193	3 218	2,338
Debtors	21	21	2	2
Creditors	(2,026)	(2 047)	(565)	(565)

Notes to the Accounts

20. Segmental reporting

The Company's business is that of wealth management primarily located in the United Kingdom

21. Parent company 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 Rothschild Holding AG, registered in Zurich, Switzerland. The consolidated financial statements of this group may be obtained from Zollikerstrasse 181 8034 Zurich Switzerland.

Throughout the year, the Company's ultimate parent company (Rothschild Concordia SAS, which is incorporated in France) 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 EC4N 8AL.