Rothschild & Co Equity Markets Solutions Limited

for the year ended 31 December 2023

Strategic Report

Principal Activities

Rothschild & Co Equity Markets Solutions Limited ("the Company") began trading on 1st April 2022, and offers clients a global multi-product equity services platform, with a scope spanning independent advice on listed equity offerings, the raising of capital in the private markets and investor advisory services (including activist defence, ESG advice and investor engagement and marketing.

Business Review

Total operating income for the year to December 2023 was £30.9m, compared to £21m for the 9 month period to December 2022.

Operating expenses were £27.5m for the 12 months to December 2023, compared to £22.4m for the 9 months to December 2022, with compensation down compared to 2022 (on an annualised basis), offset by an increase in non-personnel costs.

As a result, profit before tax for the year to December 2023 was £3.5m (2022: loss of £1.4m).

The Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, as a result, the Directors continue to adopt the going concern basis in preparing the financial statements.

Principal Risks and Uncertainties

The key risks and uncertainties to which the Company is exposed are the macroeconomic conditions in the markets in which we operate and changes in the regulatory environment. Currently, these include the potential impact on revenues of a downturn in global equity markets activity caused by geopolitical and / or macro-economic events. The Company's principal risks are integrated with those of the R&Co Group and are managed on a Group wide basis. These arise in relation to regulatory, reputational, technology and other operational factors. For a business such as ours, loss of key personnel is a material risk which the Company seeks to mitigate through training, career development and remuneration policies.

The Company's processes are undertaken by another group undertaking. All critical systems continue to operate effectively. The Company continues to carefully monitor and mitigate risk on an ongoing basis in order to minimise exposure.

Section 172 Statement

The Board has a duty under s172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole and in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

During the year the Board has considered its duties under s172 and how it fulfils its obligations thereof in respect to the following key stakeholder groups:

Shareholders

The Board is appointed by the shareholders to oversee, govern and make decisions on their behalf and so is directly responsible for protecting and managing their interests in the Company. It does this by setting the strategies, policies and corporate governance structures described elsewhere in these financial statements.

As part of the wider R&Co Group, some of these responsibilities are managed at a group level and described in greater detail in the R&Co financial statements that are available on www.rothschildandco.com/en/investor-relations/.

Employees

The Company champions equal opportunities and inclusion throughout all aspects of the employee lifecycle, including but not limited to recruitment, annual appraisals and opportunities for promotion. The Company expects its employees to treat each other fairly and with respect, regardless of age, disability, gender identity, marital and civil partnership status, pregnancy and maternity, paternity, race, ethnicity, national, religion and belief and sexual orientation.

Both the Company and the wider R&Co Group comply with all laws regarding non-discrimination, harassment and victimisation and human rights in the jurisdictions in which it operates. The Company takes discrimination and harassment very seriously and will make every effort to provide a working environment free from harassment, intimidation, victimisation and discrimination, all of which it considers unacceptable behaviours.

The recruitment, training, career development and promotion of less abled persons are fully and fairly considered having regard to the aptitudes and abilities of each individual. Efforts are made to enable employees who become less able during employment to continue their career with the Company, and, if necessary, appropriate training is provided.

Further details of staff policies and practices are contained in the "Human resources and social information" section of the R&Co financial statements.

Clients

The Company's clients are vital to the success of the business, and it is important that we deliver with integrity the best possible advice. We are aligned with, and focused on, our clients' success, and care about their business. We know that long lasting relationships depend on this, and our market share is an important indicator of client satisfaction.

We also understand the impact that all clients can have on our business, for example from a reputational, corruption, tax-avoidance or money laundering perspective, and all new clients are subject to thorough due diligence before being accepted.

Suppliers

The wider R&Co Group has developed a responsible UK purchasing policy to include consideration of items such as environment, diversity, health and safety and the modern slave trade. Further details are contained in the "Corporate conduct" section of the R&Co financial statements.

Equally, we expect suppliers to the Company to adhere to the same high standards of respect for the individual as we adhere to ourselves. If a supplier is considered a high risk from a modern slavery perspective, then we request their adherence to our Anti-Slavery Policy. In addition, we may also draft supplementary modern slavery protections into a contract with a supplier who operates in a sector which is assessed to be high risk.

Regulators and tax authorities

The Company insists on the highest standards of professionalism and integrity from our employees who are expected to refrain from any conduct or behaviours that could be perceived unfavourably. This extends to dealing honestly and openly with regulators and tax authorities and in compliance with all relevant laws and regulations.

In order to maintain these high standards of practice, the R&Co Group also publishes policies, procedures and guidance on the intranet for easy access by employees. This includes policies on financial crime compliance, whistleblowing, market abuse and inside information, and business line specific documents.

The Financial Conduct Authority's new prudential regime for MiFID investment firms (the Investment Firms Prudential Regime, or "IFPR") came into force on 1 January 2022. The Company is therefore subject to rules under IFPR which set out requirements for, amongst other things, regulatory capital, liquidity levels, regulatory reporting and supervision of investment firms. The Board is responsible for ensuring compliance with these new requirements.

The UK tax strategy is in line with the overall approach of the R&Co Group to taxation matters. The full strategy is published on the R&Co website.

The Company also ensures that employees undertake regular training through both mandatory online assessments and real-time training sessions and seminars, covering matters of professional competence, regulatory compliance and risk. These help to ensure that everyone has a common understanding of the legal and regulatory requirements of the R&Co Group.

The wider community

The Company's approach to business includes a deeply held sense of responsibility to the environment and the communities in which we operate.

Community Investment

R&Co4Generations is Rothschild & Co's dedicated philanthropic foundation with a mission to empower future generations and protect our world. We collaborate with social purpose organisations working to address the effects of social and economic inequalities and climate change. We drive change by supporting initiatives and projects in the following areas:

- Champion education, skills and talents to help young people reach their potential
- Cultivate entrepreneurial mindsets in young people to create agents of social change
- Empower organisations tackling global challenges with innovative solutions
- Promote environmental action to protect and enhance our communities for future generations

Further details of R&Co4Generations is contained in the "Human resources and social information" section of the R&Co financial statements.

Environment

Rothschild & Co has made its long-term ambition to support the sustainability transition of the global economy through its expertise and influence a core pillar in its strategy at R&Co Group level.

Recognising that climate-related physical and transition risks have the potential to destabilise the global economy, the R&Co Group is committed to supporting and contributing to the transition to a low-carbon economy. This commitment is one of the key priorities in the R&Co Group's ESG framework, which forms the basis for the integration of sustainability-related risks, opportunities and impacts at every relevant level of our organisation and into the existing risk management framework.

The R&Co Group's assessment of climate-related risks, which is now considered as part of a sustainability risk module in the R&Co Group's annual strategic risk assessment process currently concludes that due to the R&Co Group's business model, climate change-related physical risks are not likely to have a material impact on credit, liquidity and market risk relating to our balance sheet activities in the short term. The R&Co Group is likely to have more exposure in the short-to medium-term to climate-related transition risks, which have the potential to amplify existing strategic risks of the R&Co Group, primarily in the area of regulation, the need to adapt internal control frameworks in an uncertain environment and changing stakeholder and market expectations; all of these contribute to the overall risk that our firm's reputation would suffer if it was to be perceived as being slow or unwilling to address the issues raised by climate change. Rothschild & Co has defined objectives for its businesses and is own operations to manage material climate-related transition risks and seize opportunities resulting from the low-carbon-transition of the global economy, supported by policy frameworks for its different activities aimed at a comprehensive understanding and management of the potential impacts of climate change on our activities.

Operational environmental management

Rothschild & Co is committed to contributing to a more environmentally sustainable economy and to limiting the R&Co Group's environmental impact. The support of the transition to a low-carbon economy and the preservation and protection of biodiversity are two key sustainability priorities for the R&Co Group.

A continuous approach to operational environmental management is anchored in the Group Environmental Management Policy, which promotes compliance and the strengthening of environmental performance and awareness across the Group, based on a philosophy of "Reduce, Replace and Compensate".

Materials use

The Group aims to manage its resource use responsibly and as far as practicable. The most used material is paper, and the Group maintained its commitment to reduce consumables and track their use.

Responsible management of materials use is embedded in the Group's working practices and the Group will continue to work to reduce non-sustainable purchasing. Guidance issued via the Group Responsible Materials Use Standard under the Group Environmental Management Policy highlights the offices' obligations to ensure the procurement and use of sustainable materials and consumables such as paper.

Please refer to the Sustainability section of the Annual Report 2023 for further detail.

By Order of the Board

DocuSigned by:
Steven Frost
8100D999AB6240C...

Steven Frost, Director
New Court, St Swithin's Lane, London EC4N 8AL

11 April 2024

Report of the Directors

The Directors present their Directors' report and financial statements for the year ended 31 December 2023. An overview of the business and its performance is included in the Strategic Report.

Dividends

The Directors do not recommend the payment of a dividend during the year (2022: £nil).

Going concern

The Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, as a result, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

Adam Greenbury
Aisling Meany
Richard Wyatt
Nicholas Tassell (appointed 27 September 2023)
Steven Frost (appointed 11 January 2024)
Paul O'Leary (resigned 4 August 2023)
Jonathan Westcott (resigned 24 November 2023)

Directors' Indemnity

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the period and remain in force at the date of this report.

Employee information and employment policy

Details of the Company's employment and corporate and social responsibility policies are included in the Strategic Report with further information provided in the R&Co Group's annual report which can be found at www.rothschildandco.com

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office for the next financial year.

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 auditor is 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 auditor is aware of that information.

By Order of the Board

DocuSigned by:
Steven Frost
8100D999AB6240C...

Steven Frost, Director
New Court, St Swithin's Lane, London EC4N 8AL

11 April 2024

Statement of Directors' responsibilities in respect of the strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the strategic report, 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 UK-adopted international accounting standards 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, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Rothschild & Co Equity Markets Solutions Limited

Opinion

We have audited the financial statements of Rothschild & Co. Equity Market Solutions Limited ("the Company") for the year ended 31 December 2023 which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the Directors' assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, internal audit and other heads of departments and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Considering remuneration incentive schemes and performance targets for management; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that fee income is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted and approved by the same user, any unusual debit-credit pairings identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection, anti-money laundering, market abuse regulations, financial services regulations including Client Assets, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year are consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

C. Berry

Christopher Berry (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

12 April 2024

Income Statement

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Fee and commission income		38,962	26,303
Fee and commission expense		(8,078)	(5,325)
Net fee and commission income		**30,884**	**20,978**
Other operating income		50	14
Total operating income		**30,934**	**20,992**
Operating expenses	4	(27,458)	(22,398)
Profit/(loss) before tax		**3,476**	**(1,406)**
Tax (charge)/credit	10	(826)	294
Profit/(loss) after tax		**2,650**	**(1,112)**

All amounts are in respect of continuing activities.

The notes on pages 13 to 21 form an integral part of these financial statements

Balance Sheet

At 31 December 2023

	Note	2023 £'000	2022 £'000
Assets			
Cash and cash equivalents	**6**	9,500	6,500
Loans and advances to Group entities	**7**	2,702	8,603
Other assets	**8**	19,767	9,513
Goodwill	**9**	4,093	4,093
Current tax assets	**10**	-	130
Deferred tax assets	**11**	264	164
Total assets		**36,326**	**29,003**
Liabilities			
Loans and advances from Group entities	**12**	3,592	2,930
Other liabilities		16,676	16,592
Current tax liabilities		927	-
Total liabilities		**21,195**	**19,522**
Equity			
Share capital	**14**	9,500	6,500
Contribution reserve	**15**	4,093	4,093
Retained earnings		1,538	(1,112)
Total equity		**15,131**	**9,481**
Total equity and liabilities		**36,326**	**29,003**

The accounts on pages 9 to 21 were approved by the Board of Directors on 10 April 2024, and were signed on its behalf by:

DocuSigned by:
Steven Frost
8100D999AB6240C...

Steven Frost, Director
New Court, St Swithin's Lane, London EC4N 8AL

The notes on pages 13 to 21 form an integral part of these financial statements

Statement of changes in equity

For the year ended 31 December 2023

	Share capital	Contribution Reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 31 December 2022	**6,500**	**4,093**	**(1,112)**	**9,481**
Profit after tax	-	-	2,650	2,650
Total comprehensive income	**-**	**-**	**2,650**	**2,650**
Issuance of share capital	3,000	-	-	3,000
At 31 December 2023	**9,500**	**4,093**	**1,538**	**15,131**

	Share capital	Contribution Reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 31 December 2021	**-**	**-**	**-**	**-**
Profit after tax	-	-	(1,112)	(1,112)
Total comprehensive income	**-**	**-**	**(1,112)**	**(1,112)**
Issuance of share capital	6,500	-	-	6,500
Dividends paid	-	4,093	-	4,093
At 31 December 2022	**6,500**	**4,093**	**(1,112)**	**9,481**

The notes on pages 13 to 21 form an integral part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flow from operating activities			
Profit/(loss) after tax		**2,650**	**(1,112)**
Income tax charge/(credit)	**10**	826	(294)
		3,476	**(1,406)**
Net change in operating assets and liabilities			
Loans and advances to customers (excluding cash equivalents)		5,901	(8,603)
Income taxes received		130	-
Accrued income, prepaid expenses and other assets		(10,254)	(9,513)
Due to group companies		662	2,930
Accrued expenses and other liabilities		85	16,592
		(3,476)	**1,406**
Net cash flow from operating activities		**(3,476)**	**1,406**
Cash flow from financing activities			
Issuance of share capital		3,000	6,500
Net cash flow from financing activities		**3,000**	**6,500**
Net increase in cash and cash equivalents		**3,000**	**6,500**
Cash and cash equivalents at 1 January		6,500	-
Cash and cash equivalents at 31 December	**6**	**9,500**	**6,500**

The notes on pages 13 to 21 form an integral part of these financial statements

Notes to the financial statements

(forming part of the financial statements)

1. Summary of significant accounting policies

Rothschild & Co Equity Markets Solutions Limited ("the Company") is a private company limited by shares and incorporated in England and Wales on 7th April 2021. The Company's registered address is at New Court, St Swithin's Lane, London EC4N 8AL.

Developments in reporting standards and interpretations

Standards affecting the financial statements

There were no new standards or amendments to standards that have been applied in the preparation of these financial statements.

Future accounting developments

A number of new standards, amendments to standards and interpretations are effective for accounting periods ending after 31 December 2023 and therefore have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards (adopted "IFRS").

Functional and presentation currency

These financial statements are presented in sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate. The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

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

Foreign exchange

Foreign exchange 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 income statement.

Fee and commission income

The Company earns fee and commission income from services provided to clients. Fee income from advisory and other services can be divided into two broad categories: fees earned from services that are provided over a period of time, which are recognised over the period in which the service is provided; and fees that are earned on completion of a significant act or on the occurrence of an event, which as the completion of a transaction, which are recognised when the act is completed or the event occurs.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and advances are initially recorded at fair value, including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Gains or losses arising on derecognition of loans and receivables are recognised in other operating income.

Other assets

Other assets are held at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but is tested annually for impairment, or more frequently when circumstances indicate that its carrying amount is too high. Impairment losses on goodwill are recognised in the income statement and not reversed.

Financial liabilities

All financial liabilities are carried at amortised cost using the effective interest rate method.

Taxation

Tax payable on profits is recognised in the statement of comprehensive income.

Accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions about future conditions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2. Financial risk management

2.1 Key risks in using financial instruments

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 risk of loss arising from client or counterparty default;
- Market risk – exposure to changes in market variables such as interest rates and currency exchange rates, and
- Liquidity and funding risk – the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

2.2 Credit risk

Credit risk, the risk of loss arising from client or counterparty default, arises from all exposures to clients and counterparties relating to the Company's activities. Exposure to credit risk is managed by detailed analysis of counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. The Company recognises expected credit losses for all financial assets recognised at amortised cost.

Within the other assets balance, an IFRS 9 provision has been booked of £20,588 (2022: £5,925) in relation to outstanding trade receivable balances. All other financial assets are considered by management to be stage 1.

Notes to the financial statements

(forming part of the financial statements)

Credit risk concentrations

The Company monitors concentrations of credit risk by geographic location and by industry sector. The following tables show an analysis of credit risk by location. The location for loans and advances is determined by reference to the location of the borrower.

	UK and Channel Islands	Other Europe	US and Canada	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2023					
Cash and cash equivalents	9,500	-	-	-	9,500
Loans and advances to Group entities	2,702	-	-	-	2,702
Other assets	8,307	10,677	336	447	19,767
Total	**20,509**	**10,677**	**336**	**447**	**31,969**

	UK and Channel Islands	Other Europe	US and Canada	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2022					
Cash and cash equivalents	6,500	-	-	-	6,500
Loans and advances to Group entities	8,603	-	-	-	8,603
Other assets	7,848	1,652	13	-	9,513
Total	**22,951**	**1,652**	**13**	**-**	**24,616**

The majority of financial assets shown above were either held with financial institutions or counterparties in the finance sector.

2.3 Market risk

The Company's exposure to market risk is limited to interest and foreign exchange risk and during the year exposure to market risk has continued to be small and therefore any movement of currency and interest rates should not have any significant impact on the Company.

	Long/(Short)	
	2023	2022
	£'000	£'000
Euro	1,456	1,821
USD	379	1,537

If the value of these currencies fell by 5 per cent against sterling, then there would be a post-tax loss to the income statement of £68,791 (2022: £125,907).

2.4 Liquidity risk

Liquidity risk is defined as the risk that an entity cannot meet its cash obligations as they fall due. Liquidity risk arises principally from the mismatch of contractual maturities of assets and liabilities inherent in the business. The Company's policy is to ensure that it has sufficient resources to meet its financial commitments as they are expected to fall due, and this is monitored on a daily basis.

The tables below analyse the Company's financial assets and liabilities based on contractual maturity.

Notes to the financial statements

(forming part of the financial statements)

	Carrying Value	Demand/ next day	2 days - 3m	3m - 1 yr	> 1 year	No fixed maturity	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2023							
Cash and cash equivalents	9,500	9,500	-	-	-	-	9,500
Loans and advances to Group entities	2,702	2,702	-	-	-	-	2,702
Other assets	19,767	3,433	14,946	1,388	-	-	19,767
Total	**31,969**	**15,635**	**14,946**	**1,388**	**-**	**-**	**31,969**
Loans and advances from Group entities	3,592	3,592	-	-	-	-	3,592
Other liabilities	8,613	-	8,613	-	-	-	8,613
Total	**12,205**	**3,592**	**8,613**	**-**	**-**	**-**	**12,205**

	Carrying Value	Demand/ next day	2 days - 3m	3m - 1 yr	> 1 year	No fixed maturity	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2022							
Cash and cash equivalents	6,500	6,500	-	-	-	-	6,500
Loans and advances to Group entities	8,603	8,603	-	-	-	-	8,603
Other assets	9,513	-	9,513	-	-	-	9,513
Total	**24,616**	**15,103**	**9,513**	**-**	**-**	**-**	**24,616**
Loans and advances from Group entities	2,930	2,930	-	-	-	-	2,930
Other liabilities	5,571	-	5,571	-	-	-	5,571
Total	**8,501**	**2,930**	**5,571**	**-**	**-**	**-**	**8,501**

2.5 Maturity of financial liabilities

The following table shows undiscounted contractual cash flows, including interest, payable by the Company on financial liabilities, analysed by remaining contractual maturity at the balance sheet date. This table does not reflect the liquidity position of the Company.

	Carrying Value	Demand/ next day	2 days - 3m	3m - 1 yr	> 1 year	No fixed maturity	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2023							
Loans and advances from Group entities	3,592	3,592	-	-	-	-	3,592
Other liabilities	8,613	-	8,613	-	-	-	8,613
Total	**12,205**	**3,592**	**8,613**	**-**	**-**	**-**	**12,205**

	Carrying Value	Demand/ next day	2 days - 3m	3m - 1 yr	> 1 year	No fixed maturity	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2022							
Loans and advances from Group entities	2,930	2,930	-	-	-	-	2,930
Other liabilities	5,571	-	5,571	-	-	-	5,571
Total	**8,501**	**2,930**	**5,571**	**-**	**-**	**-**	**8,501**

Notes to the financial statements

(forming part of the financial statements)

3. Capital management

The Company's capital management policy is to ensure that it is well capitalised and compliant with regulatory requirements. Furthermore, the Company's risk management processes are designed to ensure that all risks are identified and are covered by capital or other appropriate matters.

The FCA introduced a new set of regulatory rules for UK Investment firms with effect from 1st January 2022, named the Investment Firms Prudential Regime ('IFPR'). Under IFPR, the company is required to maintain minimum levels of regulatory capital which is reported to the Financial Conduct Authority quarterly.

4. Operating expenses

	Note	2023 £'000	2022 £'000
Staff costs	5	21,459	19,624
Administrative expenses		5,999	2,774
Total operating expenses		**27,458**	**22,398**

The auditor's remuneration was as follows:

	2023 £'000	2022 £'000
Audit fees relating to the Company	65	61
Audit-related assurance services	21	17
Total auditor's remuneration	**86**	**78**

5. Staff costs

	2023 £'000	2022 £'000
Fixed and variable remuneration	17,346	16,347
Social security costs	2,767	2,332
Staff benefits and other staff costs	506	452
Pension costs	840	493
Total staff costs	**21,459**	**19,624**

The number of persons employed as at the period end was as follows:

	2023 £'000	2022 £'000
Global Advisory	67	70
Total	**67**	**70**

The average number of persons employed was as follows:

	2023 £'000	2022 £'000
Global Advisory	70	60
Total	**70**	**60**

Notes to the financial statements

(forming part of the financial statements)

6. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash held at third party banks	9,500	6,500
Total	**9,500**	**6,500**

7. Loans and advances

	2023 £'000	2022 £'000
Loans and advances to Group companies	2,702	8,603
Total	**2,702**	**8,603**

8. Other assets

	2023 £'000	2022 £'000
Accounts receivable	10,488	1,087
Accrued income	8,783	8,375
Other	496	51
Total	**19,767**	**9,513**

Accounts receivable are net of allowances of £21,000 (2022: £6,000).

9. Goodwill

	2023 £'000	2022 £'000
At beginning of the period	4,093	-
Acquired during the year	-	4,093
At end of the period	**4,093**	**4,093**

The goodwill, which relates entirely to the investor advisory business, was transferred at cost from a fellow subsidiary, N M Rothschild & Sons Limited, as a transaction under common control. This goodwill is assessed annually for impairment in accordance with IAS 36, using the existing Equity Marketing business along with other smaller Investor Advisory units. The value in use is calculated based on a discounted cash flow model.

The key assumptions other than expected cashflows for the next 5 years used in the estimation of the value in use were as follows:

	2023	2022
Discount rate	12.0%	10.5%
Revenue growth rate in perpetuity	2%	2%

Based on the model, as well as review of business performance by the Directors, there is no indication that any impairment is required.

Notes to the financial statements

(forming part of the financial statements)

10. Tax

Tax (charged)/credited to the income statement:

	2023 £'000	2022 £'000
Current tax:		
- Current period	(926)	130
Total current tax	**(926)**	**130**
Deferred tax:		
- Origination and reversal of timing differences	106	124
- Changes in tax rates	(6)	40
Total deferred tax	**100**	**164**
Total tax charged/(credited) to income statement	**(826)**	**294**

The tax charged on income differs from the theoretical amount that would arise using the standard tax rate as follows:

	2023 £'000	2022 £'000
Profit/(loss) before tax	3,476	(1,406)
Tax calculated at the UK corporation tax rate of 25% (2022: 19%)	(869)	267
Impact on deferred tax of corporation tax rate change	(6)	40
Non allowable expenses	(10)	(13)
Impact of changes in tax rates	59	-
Total tax (charged)/credited to income statement	**(826)**	**294**

Pillar Two income taxes legislation have been enacted in France, where the group's parent company, Rothschild & Co SCA, is incorporated. The legislation is effective from 1 January 2024. Under the legislation, the parent company will be required to pay, in France, top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent. It is not expected that there will be any top-up tax due in the group's UK entities.

11. Deferred income tax

The movement on the deferred tax account is as follows:

	2023 £'000	2022 £'000
At beginning of period	**164**	**-**
Recognised in income		
Income statement charge	106	124
Changes in tax rates	(6)	40
At end of period	**264**	**164**

Deferred tax assets are attributable to the following items:

	2023 £'000	2022 £'000
Deferred profit share arrangements	264	164
	264	**164**

12. Loans and advances from Group entities

	2023 £'000	2022 £'000
Loans and advances from Group companies	3,592	2,930
Total	**3,592**	**2,930**

13. Transactions with related parties

Amounts receivable from related parties of the Company are as follows:

	2023 £'000	2022 £'000
Amounts due from other group companies	9,449	17,415

Amounts payable to related parties of the Company are as follows:

	2023 £'000	2022 £'000
Amounts due to other group companies	12,299	7,318

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

	2023 £'000	2022 £'000
Amounts received from subsidiary undertakings	19,030	13,568
Amounts paid to other group companies	11,474	6,801

14. Share capital

Allotted, called up and fully paid	2023 £'000	2022 £'000
Equity interests		
9,500,000 ordinary shares of £1 each (2022: 6,500,000 ordinary shares at £1 each)	9,500	6,500
	9,500	**6,500**

During the year, the Company issued 3,000,000 shares at par. The Company issued 6,499,999 shares at par in the prior year.

15. Capital contribution reserve

	2023 £'000	2022 £'000
At beginning of the period	4,093	-
Acquired during the year	-	4,093
At end of the period	**4,093**	**4,093**

In order to fund the purchase of goodwill, a capital contribution reserve was created in the Company of £4,093,000 in the prior year.

16. Remuneration of Directors

The amount receivable by the Directors in respect of their services to the Company during the year was £3,161,000 (2022: £384,000). The emoluments of the highest paid director were £2,627,000 (2022: £227,000).

17. Parent undertaking and ultimate holding company

The largest group in which the results of the Company are consolidated is that headed by Rothschild & Co Concordia SAS, incorporated in France, and whose registered office is at 23bis, avenue de Messine, 75008 Paris. The smallest group in which they are consolidated is that headed by Rothschild & Co SCA, a French private limited partnership whose registered office is also at 23bis, avenue de Messine, 75008 Paris. The accounts are available on Rothschild & Co website at www.rothschildandco.com.

The Company's immediate parent company is Rothschild & Co Continuation Holdings AG, incorporated in Switzerland and whose registered office is at Baarerstrasse 95, 6301 Zug.