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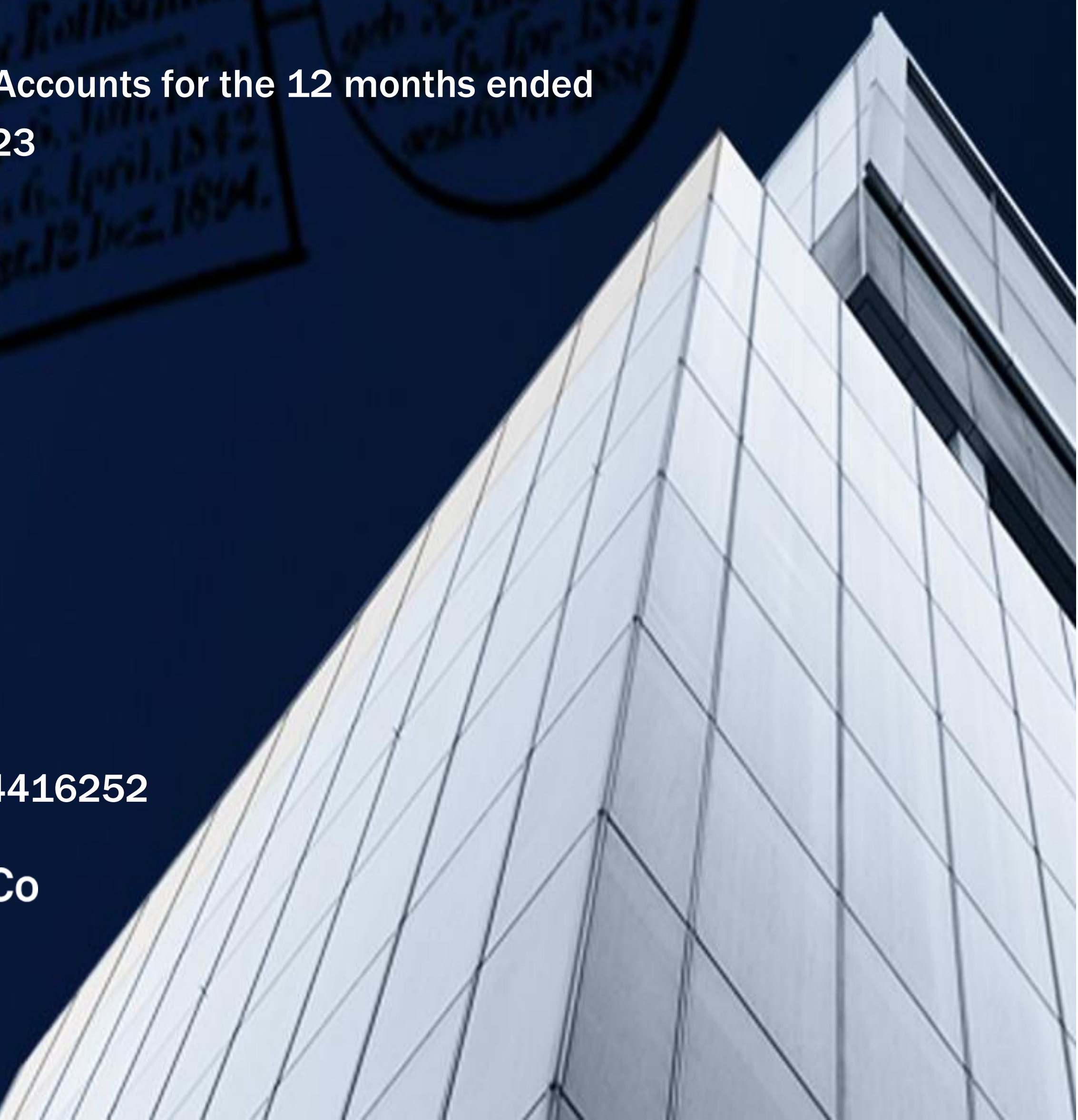
Rothschild & Co Wealth Management UK Limited

Annual Report & Accounts for the 12 months ended 31 December 2023



Registered No: 04416252

Rothschild & Co

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Strategic Report

Business model

Rothschild & Co Wealth Management UK Limited ("R&CoWMUK" or the "Company") continues to provide a comprehensive range of wealth management services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities. Our goal is to preserve and grow the real value of clients' wealth, with a focus on generating attractive investment returns and avoiding large losses along the way.

Strategic objectives

Our key objectives are to meet our clients' investment objectives, provide exceptional client service and continue to enhance our proposition to clients. By doing this, we will improve profitability by increasing revenue and assets under management ("AUM").

Business update & key performance indicators

The Company considers its key performance indicators to be revenue, profitability and AUM. The Company has had a strong period, with revenue for the 12 months to 31 December 2023 of £113.1m (compared to the £104.6m for the 12 months to 31 December 2022). The revenue growth has been driven by a number of factors including strong investment performance and positive net new assets, resulting in the average AUM for 2023 being ahead of 2022. Average AUM is based on the closing month end AUM for the period.

Profit before tax decreased to £27.4m (12 months to December 2022: £35.5m, which included a £3.7m gain on the sale of the Milan SIM), which enabled the Company to make total dividend payments of £24.5m. (This included £10m in March 2023, £7m in July 2023 and £7.5m in November 2023, which included an interim dividend from 2023 profit after tax ("PAT") of £6.0m). (2022: total dividend payments of £31.6m).

Principal risks and uncertainties

The principal risks of the Company are operational, credit, market, liquidity, business, regulatory and group risks.

The principal risks of the Company are as follows:

- Operational – material failure of business processes or IT infrastructure resulting in financial loss or reputational damage;
- Credit risk – the risk of loss arising from counterparty default;
- Market risk – exposure to changes in market variables such as interest rates, currency exchange rates, and equity prices impacting on revenue and AUM;
- Liquidity risk – the risk that the Company will encounter difficulty in meeting obligations as they fall due;
- Business risk – the risk that the business model and strategy do not adapt to changing market conditions and competition, thereby impacting on profitability
- Regulatory risk – the risk of non-compliance or breach of regulations governing the Company; and
- Group risk – failure to adhere to the policies and risk framework of the wider R&Co Group.

Risk management policies and procedures for the Company are set and managed by the Board of Directors in line with Rothschild & Co Group ("the Group") practices.

The Board is ultimately responsible for the Company's risk management and internal control systems. It determines the nature and extent of the significant risks considered appropriate in pursuit of the Company's strategic objectives.

Accountability for identifying and managing business risks lies with line management, subject to Board oversight. The risks are mitigated through a combination of segregation of duties, diversification of business, employing experienced staff and a robust internal control system.

The nature of the company's activities leave them exposed to possible regulatory penalties, which would have a negative impact in an industry where reputation is key. The Board monitor this risk with thorough risk assessment and compliance procedures.

The Board continues to monitor the wider macro-economic environment and the potential impact on net new assets and investment performance. The Board is satisfied that there is a reasonable expectation that the Company has adequate resources for the foreseeable future.

S172 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:

a) the likely consequences of any decision in the long term,
b) the interests of the Company's employees,
c) the need to foster the Company's business relationships with suppliers, clients and others,
d) the impact of the Company's operations on the community and the environment,
e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
f) 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, such as approving the payment of dividends by 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 and pension funds

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. R&CoWMUK 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 R&CoWMUK 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 behaviour.

In order to help create and maintain a balanced, inclusive and supportive environment, which enables all employees to achieve their personal and professional aspirations and also to provide long-term opportunities for growth, the Company has established a number of networks as part of a Balance & Inclusion initiative, including a Women's Network, LGBT Network, BAME Network and Family Network.

Numerous activities have again been undertaken throughout the year in order to both engage with and support employees, including:

- Regular seminars relating to family, mental, physical and financial wellbeing.
- Initiatives to support Black History Month.
- Initiatives to support International LGBT Pride Month.
- Events to support International Women's Day.
- The mental wellbeing tool, Unmind, which provides support to employees to boost wellbeing by focusing on areas such as sleep, relaxation, focus and energy.
- An alumni network to connect former employees of the Group.
- Agile working charter which outlines a company-wide approach to help employees work in the most appropriate and effective way through a combination of office and home working.

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.

The Company offers training and development opportunities, including technical training, personal development and eLearning, to help employees reach their full potential and equip them to deliver the best possible solutions for our clients. The Learning & Development team builds and develops learning programmes in-house, as well as organising external courses for employees at all levels within the organisation.

The R&Co Group Health & Safety Policy, which is published on the R&Co Group's intranet, guides the Company's direction and approach to responsible health and safety management. To ensure a consistent approach to maintaining the health, safety and well-being of all persons who might be affected by the activities within an office, all locations commit to implementing the conformance standard by setting procedures listed within the Group Health & Safety requirements (HSRs) prescribed in the Policy.

The Company provides support to current and former members of staff who are members of the defined benefit pension plans. The Company also offers a defined contribution scheme for those who are not members of the defined benefit scheme. These pension schemes are explained further in note 21 to the accounts.

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 wealth preservation and growth. 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 Company 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.

We are committed to countering modern slavery in all its forms and we are taking proportionate measures to ensure that slavery and human trafficking are not taking place in our business or in our supply chains. This includes the formation of a Modern Slavery Working Group in the UK, which meets on an ad hoc basis and works throughout the year to consider any modern slavery risks and the ways in which we can seek to mitigate them on a pragmatic, risk-assessed basis. The Company publishes an annual statement describing the steps taken to combat modern slavery within their businesses. This joint statement (with N.M Rothschild & Sons Limited ("NMR")) can be found on the R&Co website.

Equally, we expect suppliers to R&CoWMUK 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.

It is the Company's intention to agree appropriate terms of payment with suppliers and to abide by those terms based on the timely submission of valid invoices. In the absence of agreed terms, the Company's policy is to pay within 30 days from receipt of a valid invoice. The Company is required to report to HMRC twice a year on its payment practices and performance, including the average time taken to pay supplier invoices.

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.

The Company adheres to the Senior Managers & Certification Regime, which is designed by the FCA to improve trust in financial services by making individuals accountable for their decisions.

In order to maintain these high standards of practice, the 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 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

R&Co4Generations' primary focus lies on supporting local charities that are operating in the geographies in which Rothschild & Co has a presence. In addition, each year R&Co4Generations will support a number of global flagship projects, providing an increased level of support to selected initiatives working across geographies on issues of global significance.

In supporting such initiatives R&Co4Generations aims to make full use of the tools Rothschild & Co has at its disposal, including:

- grant funding for innovative charities and social enterprises working in the chosen fields;
- targeted fundraising campaigns with company matching to support the projects;
- social impact investing and to support changemakers who are developing cutting-edge solutions to some of the most pressing social and environmental challenges the world faces;
- pro-bono advisory support where the Group can share its professional knowledge and skills to strengthen resilience and sustainability of high impact and promising organisations; and
- targeted, purposeful volunteering programmes which allow colleagues to contribute directly and tangibly to causes which share the Group's objectives.

The R&Co4Generations fund is managed under the umbrella of the King Baudouin Foundation (KBF), a public utility foundation registered in Belgium. Rothschild & Co entities contribute to the fund either directly or via KBF's global network of subsidiaries and partner foundations.

The fund is governed by a Management Committee comprised of Rothschild & Co executives and independent subject matter experts. The Management Committee selects projects for support on the basis of objective criteria and tools specially designed to assist with this process. Selection criteria include: alignment with the R&Co4Generations mission; likelihood of contributing to long term, sustainable change; scalability or replicability; employee engagement opportunities including fundraising, volunteering and pro-bono advisory.

Engaging employees is central to the R&Co4Generations' mission. All Rothschild & Co colleagues are encouraged to put forward their proposals for causes to support, and to get involved in selected projects through volunteering or by joining a pro-bono advisory team. Regular updates on project selection, activities and progress are shared with employees on the group's intranet or via email.

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 Group level.

Recognising that climate-related physical and transition risks have the potential to destabilise the global economy, the 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 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 Group's assessment of climate-related risks, which is now considered as part of a sustainability risk module in the

Group's annual strategic risk assessment process currently concludes that due to the 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 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 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 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 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".

The Group's operational GHG emissions reduction target (-30% 2018-2030) is aligned with the trajectory of the Paris Agreement. This commitment requires the Group to make changes to the way it operates and to reduce its absolute scope 1 and scope 2 emissions by more than 80%, and its reported operational scope 3 emissions by 24% per FTE by 2030. To support the reduction efforts, the Group has set an Internal Carbon Price (ICP), which is charged to all business units annually based on actual emissions at €72 per ton of CO2e (2022). This mechanism places a monetary value on operational GHG emissions and is a way to responsibly influence emissions within all business lines, including those related to travel.

Scope 1 & 2 emissions: energy

To ensure sustainable sourcing of energy, and further limit related operational GHG emissions, the Group has committed to procuring 100% of electricity from renewable sources by 2025. In 2023, energy consumption increased due to increasing FTE and new office sites, resulting in an overall decrease of the share of electricity procurement from renewable sources (91% in 2023 compared to 92% in 2022).

However, energy consumption per FTE was reduced by 10% compared to 2022, which reflects our efforts to reduce energy consumption and increase energy efficiency across offices. Guidance and support are provided to offices to bridge the remaining gap via the Group Renewable Electricity Procurement Standard under the Group Environmental Management Policy.

Offices within the UK consumed 10,202 MWh of energy in 2023, which represents 43% of total Group energy consumption (23,594 MWh). Electricity accounted for 55% of MWh consumption (5,609 MWh) whilst bioenergy accounted for 34% (3,495 MWh). The remaining energy consumption was from Natural gas. 97% (5,488 MWh) of electricity consumed by UK offices was purchased from 100% Renewable sources.

Scope 3 operational emissions: travel

Travel-related GHG emissions constitute a material driver of the Group's operational scope 3 emissions and have increased from 11,833 tCO2e in 2022 to 14,068 tCO2e (18,587 tCO2e) in 2023 as business travel has resumed in a post-pandemic context, whilst remaining below levels observed in 2018 and 2019.

The Group aims to limit the post-pandemic travel rebound effect by capitalising on longer term changes to more hybrid working patterns and behaviours and opportunities for productivity gains of remote working. In addition, the Group complemented its reduction efforts for travel-related emissions with the purchase of a limited amount of Sustainable Aviation Fuel (SAF) certificates for emissions related to business flights in 2023 (leading to reduction of 1,012t CO2e).

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 R&Co Group Annual Report 2023 for further detail.

By order of the Board

Helen Watson
Director
Rothschild & Co Wealth Management UK Limited
New Court, St. Swithin's Lane, London EC4N 8AL
5 March 2024

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

Principal activities

The Company provides wealth management services for its private clients.

Going concern

The Company's business activities, together with the principal risks and uncertainties, are set out in the strategic report. In addition, note 19 to the financial statements sets out the strategy and processes for managing the Company's capital and financial risks and provides details of its exposures to financial, credit, interest rate, liquidity and currency risk.

The Board of Directors has considered the resilience of the Company, considering its current financial position, and the principal and emerging risks facing the business including the impact of current macro-economic conditions and potential implications for the Group's financial performance. The Board reviewed liquidity forecasts for a period of 12 months from the date of signing the accounts which indicate that, taking into account downsides which could be reasonably anticipated, the Company will have enough funds to meet its liabilities as they fall due for that period. The Board considered the impact of an economic downturn by applying a stressed scenario, including severe but plausible downside assumptions, and the impact on assets under management, profitability of the Company and known commitments. The stressed scenario, (which assumes a significant reduction in revenue) for the entire forecast period, show that the Company will continue to operate profitably and meet their liabilities as they fall due for a period of a least 12 months from the date of signing the accounts.

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.

Regulatory disclosures

As prescribed by the Financial Conduct Authority ("FCA"), disclosures relating to the capital adequacy and remuneration policy for the Group are available on the website of the Group.

Directors

The names of the Directors who have served during the year are:

Christian Bouet
Christopher Coleman
Susan Hudson (appointed 21 July 2023)
John King
Alexander MacPhee
John Malik (resigned 26 April 2023)
Warwick Newbury (resigned 21 November 2023)
Gary Powell
Helen Watson
Jonathan Westcott

Directors' Indemnity

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

Dividends

During the year to December 2023, the Company made total dividend payments of £24.5m. (This included £10m in March 2023, £7m in July 2023 and £7.5m in November 2023, which included an advance payment from 2023 profit after tax ("PAT") of £6.0m) (2022: total dividend payments of £31.6m).

Political and charitable donations

The Company made £130,710 of charitable donations during the year (2022: £211,736).

Corporate and social responsibilities

The Company's employment, corporate and social responsibility policies are included in the strategic report with further information provided in the Group financial statements.

Disclosure of information to auditor

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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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.

Helen Horton
For and on behalf of
NM. Rothschild & Sons Limited
Secretary
5 March 2024

Registered office:
New Court, St. Swithin's Lane, London EC4N 8AL
Registered Number 04416252

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 Wealth Management UK Limited

Opinion

We have audited the financial statements of Rothschild & Co Wealth Management UK Limited ("the Company") for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, 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 and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, 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 for management.
- Using analytical procedures to identify any usual 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, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of bias in accounting estimates and judgements such as impairment of intangibles. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

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 material post year end closing journals.

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 or the loss of the Company's license to operate. 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 those 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 is 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.

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
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London
E14 5GL
6 March 2024

Statement of profit and loss and other comprehensive income

For the year ended 31 December 2023

	Note	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Revenue	2	113,117	104,561
Administrative expenses		(87,248)	(73,030)
Operating profit		**25,869**	**31,531**
Other income	3	-	3,670
Other interest receivable and similar income	7	1,534	285
Profit on ordinary activities before taxation		**27,403**	**35,486**
Tax charge on profit on ordinary activities	8	(6,279)	(6,154)
Profit on ordinary activities after taxation		**21,124**	**29,332**
Other comprehensive income:			
Foreign currency translation reserve		-	(854)
Total comprehensive income		**21,124**	**28,478**

The notes on pages 15 to 30 are an integral part of these financial statements. All activities related to continuing activities.

Balance Sheet

As at 31 December 2023

	Note	31 December 2023 £'000	31 December 2022 *Restated £'000	31 December 2021 *Restated £'000
Assets				
Non-current assets				
Deferred tax	9	1,594	1,353	911
Other receivables	10	2,097	1,444	545
Intangibles	11	379	711	404
Investments	12	-	2,072	2,502
Investments in subsidiary	13	-	-	7,232
		4,070	**5,580**	**11,594**
Current assets				
Trade and other receivables	14	26,157	25,129	47,006
Cash and cash equivalents	15	43,505	38,407	12,834
		69,662	**63,536**	**59,840**
Total assets		**73,732**	**69,116**	**71,434**
Liabilities				
Current liabilities				
Trade and other payables	16	(33,942)	(24,372)	(23,712)
Current tax liability		(5,640)	(6,263)	(6,581)
		(39,582)	**(30,635)**	**(30,293)**
Non-current liabilities				
Other liabilities falling due after more than one year	17	(3,036)	(4,310)	(3,883)
Total assets less current liabilities		**34,150**	**38,481**	**41,141**
Net assets		**31,114**	**34,171**	**37,258**
Equity				
Called up share capital	18	12,020	12,020	12,020
Currency translation reserve		-	-	854
Retained earnings		19,094	22,151	24,384
Total shareholders' equity		**31,114**	**34,171**	**37,258**

*See Restatement note 26.

Approved by the Board of Directors on 5 March 2024 and signed on its behalf by:

Gary Powell, Director

The notes on pages 15 to 30 are an integral part of these financial statements. All activities related to continuing activities.

Registered number: 04416252

Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share Capital	Currency translation reserve	Retained earnings	Total
		£ '000	£ '000	£ '000	£ '000
As at 1 January 2022		12,020	854	24,384	**37,258**
Dividends paid	23	-	-	(31,600)	**(31,600)**
Issue of Share Options		-	-	35	**35**
Foreign Currency Translation Reserve		-	(854)	-	**(854)**
Total comprehensive income		-	-	29,332	**29,332**
As at 31 December 2022		**12,020**	**-**	**22,151**	**34,171**
As at 1 January 2023		12,020	-	22,151	**34,171**
Dividends paid	23	-	-	(24,500)	**(24,500)**
Issue of Share Options		-	-	15	**15**
Tax Relief re Equity-settled Share-based Payments		-	-	304	**304**
Foreign Currency Translation Reserve		-	-	-	**-**
Total comprehensive income		-	-	21,124	**21,124**
As at 31 December 2023		**12,020**	**-**	**19,094**	**31,114**

The notes on pages 15 to 30 are an integral part of these financial statements. All activities related to continuing activities.

Cash Flow Statement

As at 31 December 2023

	31 December 2023 £'000	31 December 2022 *Restated £'000
Cash flow from operating activities		
Profit for the year	**27,403**	**35,486**
Adjustments:		
Profit from the Sale of Milan SIM	**-**	**(2,816)**
Profit for the year	**27,403**	**32,670**
Adjustments:		
Amortisation charge	332	302
Finance income	(1,534)	(285)
Dividend income	(107)	(181)
Fair value adjustment of investments	(7)	63
Net (increase) in deferred tax	(241)	(442)
Net (increase)/decrease in other receivables	(653)	(900)
Net decrease/(increase) in trade and other receivables	(1,028)	21,877
Net increase/(decrease) in trade and other payables	9,570	660
Net increase/(decrease) in deferred bonus	(1,274)	426
Net (decrease)/increase in currency translation reserve	-	(854)
Cash generated from operations	**32,461**	**53,336**
Tax paid and other tax movements	(6,583)	(6,435)
Net cash flow from operating activities	**25,878**	**46,901**
Cash flow used in investing activities		
Purchase of intangibles	-	(609)
Purchase of investments	-	(808)
Proceeds from the sale of investments	2,079	1,175
Proceeds from sale of investments in subsidiaries	-	10,048
Interest received	1,534	285
Dividend income	107	181
Net cash flow used in investing activities	**3,720**	**10,272**
Cash flow from financing activities		
Dividend paid	(24,500)	(31,600)
Net cash flow used in financing activities	**(24,500)**	**(31,600)**
Net increase/(decrease) in cash equivalents	**5,098**	**25,573**
Cash and Cash equivalents at 31 December 2022	**38,407**	**12,834**
Cash and Cash equivalents at 31 December 2023	**43,505**	**38,407**

*See Restatement note 26.

The notes on pages 15 to 30 are an integral part of these financial statements. All activities related to continuing activities.

For the period ended 31 December 2023

1. Accounting Policies

Rothschild & Co Wealth Management UK Limited (the "Company") is a private company limited by shares incorporated in England & Wales (number 04416252). The Company's registered office is New Court, St. Swithin's Lane, London EC4N 8AL.

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 of the financial statements

The Company financial statements have been prepared and approved by the directors in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss and liabilities for cash-settled share-based payments. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

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

Going concern

The Board of Directors has considered the resilience of the Company, considering its current financial position, and the principal and emerging risks facing the business and potential implications for the Group's financial performance. The Board reviewed liquidity forecasts and cash flow forecasts for a period of 12 months from the signing date of the account which indicate that, taking into account downsides which could be reasonably anticipated, the Company will have enough funds to meet its liabilities as they fall due for that period. The financial statements have therefore been prepared on a going concern basis.

The Board considered this by applying a stressed scenario, including a 20% reduction in management fee revenue. The stressed scenario, for the entire forecast period, show that the Company will continue to operate profitably and meet its liabilities as they fall due for a period of a least 12 months from the date of signing the accounts.

Furthermore, the Board has considered:

- The historical trading and operational resilience of the Company, which has been profitable for the last 9 years;
- The type of business of the Company. A material portion of revenue is recurring, it is not reliant on one-off fees or transactions;
- 2024 budgets do not give rise to any areas of concern for the future profitability of the Company;
- The 2023 ICARA and a review of the regulatory capital results which do not give rise to concern about the future capital requirements of the Company;
- The Company has no external debt; and
- As of the date of signing the accounts, there are no legal proceedings against the Company that would give rise to an obligation.

b. Developments in reporting standards and interpretations

New standards and interpretations

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. The Company has reviewed these new standards to determine their effects on the Company's financial reporting. None of these are expected to have a significant effect on the Company's financial statements.

c. Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue

(ii) Classification and subsequent measurement

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial liabilities are classified as measured at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

d. Intangible assets

Intangible assets include software and intellectual property rights related to Client Relationship Management ("CRM").

CRM is a web-based digital workflow and collaboration solution, intended for internal use. R&CoWMUK has incurred significant expenditure to develop CRM. A portion of these costs have been capitalised as permitted under IAS 38. An asset will be carried at historical cost less amortisation, if any, and less any accumulated impairment losses.

CRM has been recognised as an intangible asset during development with amortisation commenced in June 2020 (date it became operational).

Amortisation will be calculated using the straight-line method to write down the cost of the asset to their residual value over their estimated useful lives, as follows:

Software development costs	3 years

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 profit and loss and other comprehensive income.

Impairment of intangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, intangible assets 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 profit and loss and other comprehensive income in the period in which it occurs. A previously recognised impairment loss relating to an intangible asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the intangible asset's recoverable amount. The carrying amount of the intangible asset is only increased up to the amount that it would have been had the original impairment not been recognised.

As at the end of 2023, CRM is not obsolete, is in continual use and is continuing to provide economic gains for R&CoWMUK.

e. Foreign exchange

The financial statements are presented in sterling, which is the Company's 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 profit and loss and other comprehensive income.

f. Pensions

The Company's post-retirement benefit arrangements are described in note 21. The Company participates in a number of pensions and other post-retirement benefit schemes, both funded and unfunded, and of the defined benefit and defined contribution types. For defined contribution schemes the contributions payable in respect of the accounting period is recognised in the Statement of profit and loss and other comprehensive income.

The defined benefit scheme in which the Company participates is accounted for by the sponsoring company (NM Rothschild & Sons Limited). 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.

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 as an expense and on an accruals basis.

g. Long term employee benefits

As part of its variable pay strategy, the Company operates various incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff, various deferred share-based payment awards. The costs of such schemes are recognised in the Statement of profit and loss and other comprehensive income over the period in which the services are rendered that give rise to the obligation. Where the payment of profit share is deferred until the end of a specified vesting period, the deferred amount is recognised in the Statement of profit and loss and other comprehensive income over the period up to the date of vesting.

The Company has entered into cash-settled share-based payment transactions as part of the long-term profit share schemes. The fair value of such awards is independently measured at the date the awards are made and remeasured at each reporting date. Such awards are recognised as an expense in the Statement of profit and loss and other comprehensive income over the vesting period, with a corresponding increase in liabilities. Changes in fair value are also recognised in the statement of profit and loss and other comprehensive income.

Share options are treated as cash-settled share-based payments. They are valued at the date they are granted to employees and that value is recognised in staff costs over the vesting period, with a corresponding adjustment to shareholders' equity. The fair value is calculated on the basis of the overall plan value at the date of grant. In the absence of any market for stock options, models are used to value the share-based payments. The only assumptions revised after the initial measurement, and hence resulting in a revaluation of the expense, are those relating to the probability that employees will leave the Group.

There are no outstanding share options as of 31 December 2023.

h. Revenue, including revenue from contracts with customers

The Company earns revenue from contracts with its customers. For the majority of these contracts the Company has concluded that the investor/client is the customer. The Company also earns revenue from contracts with other Group companies, in these situations the Group company is determined to be the customer. Depending on the nature of the contract and the services required by the customer, the Company may have one, or a number of performance obligations, within each contract. Revenue is recognised in accordance with IFRS 15 as the relevant performance obligations are satisfied. Further details of the Company's performance obligations are provided below.

Wealth Management:

The Company provides investment management services to clients on an ongoing basis. These services are deemed to be a single performance obligation that is satisfied over time once one of the following occurs:

i) The customer consumes the benefits provided by the Group and another entity would not need to substantially re-perform the work that the Group has completed to date; or
ii) The Company has an enforceable right to payment for performance completed to date.

Commissions:

The Company provides certain trading and execution services to clients which constitutes a series of discrete services, each of which satisfied at the point in time that the trade is executed or completed. The amount of fee and commission income is based on consideration specified in a legally enforceable contract. The revenue recognised for each mandated service represents a market price, and consideration received is allocated to the separately identifiable performance obligations in the contract.

Fee income from Group entities:

The Company arranges for certain clients to enter into lending relationships which it has fully risk participated to other Group entities. The Company earns a commission on the interest generated on the loan for its role as introducer. This revenue is allocated to the entity which holds the entrepreneurial relationship with the underlying client.

Performance fees:

For certain clients, the business will receive a performance fee in addition to other fund servicing fee structures. Under IFRS 15, performance fees are recognised as revenue on the basis that the revenue is measurable and that at the time of sale or the rendering of the service it would not be unreasonable to expect complete collection.

i. Interest

Interest receivable and payable is recognised on an accruals basis.

j. Taxation and deferred taxation

Tax payable on profits is recognised in the Statement of profit and loss and other comprehensive income.

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.

As part of the assessment of recoverability of deferred tax as at the balance sheet date, and using medium-term profit forecasts, the Company has considered the period over which sufficient taxable profits would arise to utilise the deferred tax assets. The Company considers that there will be sufficient profits to utilise deferred tax assets that remain recognised on the balance sheet within a reasonable time frame.

The principal temporary differences arise from long term incentive payments, see note 9. 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.

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.

k. Cash and cash equivalents

Cash and cash equivalents comprise balances with original maturities of less than three months.

l. Provisions and contingencies

Provisions are recognised only when the Company 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 with the Company'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.

As at the date of signing the accounts, the Board of Directors do not believe there to be any current contingencies.

m. Investment in subsidiaries

Investments in subsidiaries are carried at cost less impairment. Nil balance as at 31 December 2023.

n. Fair Value of Financial Assets and Liabilities

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from market data to a certain extent)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the purposes of an assessment of fair value, this includes cash and balances at bank, trade and other receivables, investments and trade and other payables.

2. Analysis of revenue

	12 months ended 31 December 2023 £ '000	12 months ended 31 December 2022 £ '000
Revenue:		
Management and brokerage fees	95,826	87,009
Commission receivables and other income	17,061	17,376
Performance fee income	116	58
Dividend income	107	181
Net gains on financial instruments designated as FVTPL	7	(63)
	113,117	**104,561**

The majority of the revenues are generated within the UK.

3. Analysis of other income

	12 months ended 31 December 2023 £ '000	12 months ended 31 December 2022 £ '000
Revenue:		
Gain on the Sale of Investment	-	2,816
Gain on recycling of Translation Reserve	-	854
	-	**3,670**

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	12 months ended 31 December 2023 £'000	12 months ended 31 December 2022 £ '000
Service charges from fellow subsidiary undertakings	(24,468)	(20,406)
Auditors remuneration for the audit of the annual accounts		
Audit fees relating to the Company	(130)	(65)
Fees relating to other assurance services	(60)	(49)

5. Remuneration of Directors

	12 months ended 31 December 2023 £'000	12 months ended 31 December 2022 £'000
Directors emoluments (excluding LTIP)	3,452	3,281
Pensions	44	130
Deferred bonus	770	1,493
Total remuneration	**4,266**	**4,904**
Pensions		
Defined contributions pension scheme (number of Directors)	1	1
Defined benefit pension scheme (number of Directors)	1	2
Highest paid Director		
Total remuneration (Inc. emoluments, pension & deferred bonus)	2,136	2,348

During the year, the highest paid director exercised share options and received shares under a long-term incentive scheme.

6. Staff numbers and costs

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

	12 months ended 31 December 2023	12 months ended 31 December 2022
Wealth Management	235	194

	Note	12 months ended 31 December 2023 £'000	12 months ended 31 December 2022 £'000
Wages and Salaries		42,405	35,727
Social Security Costs		5,547	4,671
Other pension costs	21	2,215	2,086
Total		**50,167**	**42,484**

7. Other interest receivables on ordinary activities

	12 months ended 31 December 2023 £ '000	12 months ended 31 December 2022 £ '000
Receivable from a fellow subsidiary undertakings	1,058	215
Receivable from a third party financial institution	476	70
Total	**1,534**	**285**

8. Income Taxes

	12 months ended 31 December 2023 £ '000	12 months ended 31 December 2022 £ '000
Current tax expense		
Current year	6,020	6,298
Adjustments for prior years	500	298
Total current tax	**6,520**	**6,596**
Deferred Tax Expense		
Origination and reversal of temporary differences	553	30
Adjustments for prior years	(779)	(253)
Change in rates	(15)	(219)
Total deferred tax	**(241)**	**(442)**
Total tax charge	**6,279**	**6,154**
Reconciliation of effective tax rate	**27,403**	**35,486**
Tax charge/(credit) using the UK corporation tax of 23.5% (2022: 19%)	6,440	6,751
Adjustments for prior years	(279)	36
Non- deductible expenses	177	120
Non-taxable income	-	(536)
Changes in rates	(15)	(219)
Dividends not subject to tax	(120)	(34)
Irrecoverable dividend withholding tax	76	36
Total tax charge	**6,279**	**6,154**

9. Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using tax rates that have been substantively enacted at the balance sheet date and that are expected to apply when the temporary difference is realised. The current UK corporation tax rate is 25.0 per cent (from April 2023, following an increase from 19% in 2022) and is reflected in the carrying value of deferred tax. (12 months to December 2022: 19 per cent).

The movement on the deferred tax account is as follows:

	31 December 2023 £ '000	31 December 2022 £ '000
At 1 January	1,353	911
Origination and reversal of temporary differences	(553)	(30)
Prior year	779	253
Changes in rates	15	219
At 31 December	**1,594**	**1,353**

Deferred tax assets less liabilities are attributable to the following items:

	31 December 2023 £ '000	31 December 2022 £ '000
Deferred profit share arrangements	**1,594**	**1,353**

10. Other receivables

	31 December 2023 £ '000	31 December 2022 £ '000
Other receivables	**2,097**	**1,444**

Other receivables relate to the pre-funded element of the bonus scheme. As part of its variable pay strategy, the Group operates long term incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff, various deferred share-based payment awards.

11. Intangible assets

Computer software development costs	31 December 2023 £ '000	31 December 2022 £ '000
Cost		
At the beginning of period	711	404
Additions	-	610
At the end of period	**711**	**1,014**
Amortisation		
At the beginning of period	-	-
Additions	-	-
Charged in the period	(332)	(303)
At the end of period	**(332)**	**(302)**
Net book value		
At the beginning of period	711	404
At the end of period	**379**	**711**

Client Relationship Management (CRM) is a web-based digital workflow and collaboration solution, intended for internal use. R&CoWMUK has incurred significant expenditure to develop CRM. A portion of these costs have been capitalised as permitted under IAS 38. An asset will be carried at historical cost less amortisation, if any, and less any accumulated impairment losses.

CRM has been recognised as an intangible asset during development with amortisation commenced in June 2020 (date it became operational).

12. Investments

	31 December 2023 £ '000	31 December 2022 £ '000
Fair value of Rothschild & Co shares as at 1 January	2,072	2,502
Rothschild & Co share disposals during the year	(2,079)	(1,175)
Rothschild & Co share acquisitions during the year	-	808
Fair value adjustments	7	(63)
Fair value of Rothschild & Co shares as at 31 December	**-**	**2,072**

Nil shares as at 31 December 2023 (31 December 2022: 62,620). The Company has disposed all of the Rothschild & Co shares as part of the wider R&Co group privatisation in 2023.

13. Investment in Subsidiary

	31 December 2023 £ '000	31 December 2022 £ '000
Opening balance as at 1 January	-	7,232
Additions during the year	-	-
Disposals during the year	-	(7,232)
Closing balance as at 31 December	**-**	**-**

On 18 December 2018 the Company invested in a newly incorporated company, Rothschild & Co Wealth Management Italy Societa' Di Intermediazio ne mobilares ("Milan SIM").

On 10 March 2022, the Milan SIM was sold to another Group entity, Rothschild & Co Wealth & Asset Management SAS, for €12,000,000 as part of a Group reorganisation.

14. Trade and Other receivables

	31 December 2023	31 December 2022 *Restated
	£ '000	£ '000
Amounts owed by fellow subsidiary undertaking	11,024	16,511
Other receivables, prepayments and accrued income	15,133	8,618
Total	**26,157**	**25,129**

*See Restatement note 26.

15. Cash and cash equivalents

	31 December 2023	31 December 2022 *Restated
	£ '000	£ '000
Cash held with a fellow subsidiary undertakings	26,828	20,749
Cash held with third parties	16,677	17,658
Total	**43,505**	**38,407**

*See Restatement note 26.

16. Trade and other payables

	31 December 2023	31 December 2022
	£ '000	£ '000
Trade payables	389	304
Amounts owed to fellow subsidiary undertakings	13,196	4,885
Accruals and deferred income	20,357	19,183
Total	**33,942**	**24,372**

17. Other liabilities falling due after more than one year

	31 December 2023	31 December 2022
	£ '000	£ '000
Amounts due under long term incentive plan	3,036	4,310

As part of its variable pay strategy, the Group operates long term incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff; various deferred share-based payment awards.

The cash awards are paid one to six years after the year of the award, and the expense is recognised over the two-to-seven-year periods from the start of the year of the award to the date of payment. These awards are paid on the condition that the recipient is still an employee of the Group.

The objective of the deferred share-based payment awards is to link the reward of certain key staff with the performance of the Company. In addition to the requirement to remain employed by the R&Co Group, these awards may also be cancelled under specific circumstances.

The terms of the different share-based payment awards are as follows:

Other liabilities falling due after more than one year (cont).

Rothschild & Co equity scheme & share based payments

Rothschild & Co has granted options in Rothschild & Co shares to a number of key staff. Under the equity scheme rules, the equity scheme participants have been required to invest in Rothschild & Co shares and, for each share owned, Rothschild & Co has granted four share options. Shares invested in are subject to a four year lock-up period and the share options granted are subject to a vesting period before exercise. A quarter of the share options vest on each of the third, fourth, fifth and sixth anniversaries of the equity scheme and the share options are exercisable on the vesting dates, but not later than the tenth anniversary of the award, at various prices according to when the options were issued.

Movements in the number of share options outstanding are as follows:

	2023		2022	
	Number	Weighted average exercise price €	Number	Weighted average exercise price €
At beginning of period	**125,000**	**32.82**	**130,000**	**32.72**
Issued	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Cancelled	-	-	-	-
Exercised	(125,000)	38.60	(5,000)	30.10
AT END OF PERIOD	**-**	**-**	**125,000**	**32.82**
Exercisable at the end of the period	-	-	90,000	32.34

Share-options outstanding at the period end were as follows:

Exercise price range €	2023		2022	
	Number of options outstanding	Weighted average contractual life (years)	Number of options outstanding	Weighted average contractual life (years)
31.56	-	-	20,000	5.00
32.06	-	-	35,000	5.00
33.06	-	-	35,000	5.00
34.06	-	-	35,000	5.00
29.10	-	-	-	0.75
31.10	-	-	-	0.75
TOTAL	**-**	**-**	**125,000**	**5.00**

The Company has committed to pay a number of staff deferred awards in the form of Rothschild & Co shares. The shares will be delivered to employees as long as the recipients are still employed by the Rothschild & Co Group at the time of vesting. The value of the shares at the date of award is expensed over the service period, until vesting. The liability is treated as either a cash or equity-settled share-based payment and revalued at each reporting period, with the changes in value recognised in the income statement.

In February 2023, as a result of the proposed offer for the Rothschild & Co shares, the R&Co Group decided it could no longer operate in an effective share-based payment award scheme, so it informed affected employees that existing share based payments would be exercised. In accounting terms, these changes make these instruments, including the liability, cash-settled.

All non-cash instrument awards made in 2023 and in future years are being made in the form of notional shares (both deferred and non-deferred), which track the value of Rothschild & Co shares and will be settled in cash.

There are no outstanding share options as of 31 December 2023.

18. Called up share capital

	31 December 2023	31 December 2022
	£ '000	£ '000
Allotted, called up and fully paid Ordinary shares of £1 each	12,020	12,020

The issued share capital of the Company comprised 12,019,774 £1 ordinary shares at 31 December 2023 (2022: 12,019,774 £1 ordinary shares).

19. 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 period.

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 Group are short term and considered as having low credit risk.

Included in the debtors are amounts 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:

		31 December 2023	31 December 2022 *Restated
		£ '000	£ '000
Not overdue		26,127	25,066
Past due by up to:	30 days	-	-
	30- 90 days	30	63
	Over 90 days	-	-
		26,157	**25,129**

*See Restatement note 26.

c. Interest rate risk

Bank interest on deposits held is the only source of interest exposure. The effective interest during the year to 31 December 2023 was 4.01% (12 months to December 2022: 1.30%) and all balances mature within 1 year.

If average interest rates were 2.00% lower against sterling, then there would be an impact on the Statement of Profit and Loss of £834,000 (2022: impact of £285,000)

If average interest rates were 2.00% higher against sterling, then there would be a positive impact on the Statement of Profit and Loss of £834,000 (2022: positive impact of £564,000).

Cash and balances with banks are actively managed in order to mitigate interest rate risk.

d. 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, including contingent liabilities. 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 regular basis. The Company ensures it maintains sufficient liquidity in line with FCA regulations. This is overseen by the finance team with formal oversight from the Board where required. As at the period end date the Company had cash balances, all maturing in less than 3 months, which were in excess of the current liabilities balance. The Company also has the support of the wider Group of

Companies if liquidity issues were to arise.

e. Currency risk

The Company has a currency risk to income based on assets denominated in currencies other than sterling. 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 regular basis.

The table below summarises net exposure to foreign currency exchange rate risk measured by reference to the foreign currency exposures of monetary assets and liabilities after taking account of positions in derivatives. The net exposure reflects timing differences between the recognition of foreign currency revenues and subsequent hedging transactions.

	31 December 2023	**31 December 2022**
	£ '000	£ '000
US	911	2,653
Euro	(3,952)	(134)
Other	(779)	(2,626)

If the value of these currencies fell by 5 per cent against sterling, then there would be a post-tax charge to the Statement of profit and loss and other comprehensive income of £172,000 (2022: charge of £14,000). There would be no material impact on equity.

If the value of these currencies rose by 5 per cent against sterling, then there would be a post-tax credit to the Statement of profit and loss and other comprehensive income of £172,000 (2022: credit of £14,000). There would be no material impact on equity.

f. Concentration risk

The Company monitors the concentrations of credit risk by geographic location. The following table shows an analysis of credit risk by location.

As at 31 December 2023

	GBP United Kingdom	**EUR Other Europe**	**USD Americas**
	£ '000	£ '000	£ '000
Loans and advances to banks	16,677	-	-
Other financial assets	11,188	-	2,340
	27,885	-	**2,340**

As at 31 December 2022 *Restated

	GBP United Kingdom	**EUR Other Europe**	**USD Americas**
	£ '000	£ '000	£ '000
Loans and advances to banks	17,658	-	-
Other financial assets	5,871	137	1,365
	23,529	**137**	**1,365**

*See Restatement note 26.

20. Fair Value of Financial Assets and Liabilities

31 Dec 23	Level 1 £ '000	Level 2 £ '000	Level 3 £ '000	Total £ '000
Financial assets	-	-	-	-
Other financial assets	-	-	-	-
Cash and cash equivalents	-	43,505	-	43,505
Trade and other receivables	-	26,157	-	26,157
Investments	-	-	-	-
Fair value of financial assets	**-**	**69,662**	**-**	**69,662**
Financial liabilities	-	-	-	-
Other financial liabilities	-	-	-	-
Trade and other payables	-	(17,722)	-	(17,722)
Fair value of financial liabilities	-	**(17,722)**	**-**	**(17,722)**

31 Dec 22 *Restated	Level 1 £ '000	Level 2 £ '000	Level 3 £ '000	Total £ '000
Financial assets	-	-	-	-
Other financial assets	-	-	-	-
Cash and cash equivalents	-	38,407	-	38,407
Trade and other receivables	-	25,129	-	25,129
Investments	2,074	- -	-	2,074
Fair value of financial assets	**2,074**	**63,536**	**-**	**65,610**
Financial liabilities	-	-	-	-
Other financial liabilities	-	-	-	-
Trade and other payables	-	(12,149)	-	(12,149)
Fair value of financial liabilities	-	**(12,149)**	**-**	**(12,149)**

*See Restatement note 26.

The trade and other payables balance as at 31 December 2023 is £33,941k (2022: £24,372k). However, £16,219k (2022: £12,223k) relates to accrued bonus for the period. Accrued bonuses are not treated as a financial liability as there is not a contractual obligation to deliver cash or another financial asset to another entity as per IFRS 9. Therefore, only the net balance of £17,722k (2022: £12,149k) is included within level 2 liabilities.

21. Pension Scheme

The Company participates in a group scheme, the NMR Pension Fund ('NMRP'), which is operated by NM Rothschild & Sons Limited for the benefit of employees of certain 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 the trustee.

As at 31 December 2023, there was a surplus of £160.5m (31 December 2022: surplus of £196.5m) in the Fund under IAS 19. As there is no contractual agreement or stated policy for charging the net defined benefit cost to participating 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 £2,214,794 (31 December 2022: £2,085,609) of which £140,970 (31 December 2022: £490,131) related to the above defined benefit section and £2,073,825 (31 December 2022: £1,595,478) related to the defined contribution section. Participating employers in the Fund have agreed to pay 55.2% (31 December 2022: 55.2%) of in-service members' pensionable salaries in respect of future accruals.

22. 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 5. The remuneration of directors of the parent companies is disclosed within the relevant company accounts.

Amounts recognised in the Statement of profit and loss and other comprehensive income of the Company in respect of key management personnel are as follows:

	31 December 2023	31 December 2022
	£ '000	£ '000
Short term employee benefits	3,762	3,568
Post-employment benefits	44	130
Other long-term benefits	915	820
Termination benefits	184	-
Share based payment	776	717
Total	**5,681**	**5,235**

b. Other related party transactions

Amounts recognised in the Statement of profit and loss and other comprehensive income of the Company in respect of related party transactions are as follows:

	31 December 2023	31 December 2022
	£ '000	£ '000
Net fees and commissions receivable	10,784	10,413
Profit from sale of Milan SIM	-	2,816
Dividend	107	181
Operating expenses	(24,468)	(20,406)
Total	**(13,577)**	**(6,996)**

c. Other related party balances

All related party balances relate to balances with fellow subsidiary undertakings. The operating expenses represent the management charge and the recharge of services provided by a fellow subsidiary.

	31 December 2023	31 December 2022 *Restated
	£ '000	£ '000
Cash and cash equivalents	26,828	20,749
Receivables	13,121	17,955
Payables	13,196	4,885

*See Restatement note 26.

All related party balances relate to balances with fellow subsidiary undertakings, of which the most material is NM. Rothschild & Sons Limited, Rothschild & Co Bank International Limited and Rothschild & Co Bank AG.

23. Dividend

	31 December 2023	31 December 2022
Amounts recognised as distributions to equity holders in the year:	£ '000	£ '000
Dividends for the 12 months ended 31 December 2023 of £2.0383p per share (12 months to 31 December 2022: £2.6290p per share)	24,500	31,600

24. Parent company 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 with registered office address 23Bis Avenue de Messine Paris 75008.

The immediate parent company is Rothschild & Co Wealth and Asset Management registered in Paris, France. The financial statements of this group may be obtained from 23Bis Avenue de Messine Paris 75008.

The Company's registered office is located at New Court, St Swithin's Lane, London, EC4N 8AL.

25. Subsequent Events

Management have evaluated subsequent events through to March 5, 2024, which is the date the financial statements were signed. As of that date, there was one subsequent event that requires disclosure in the financial statements. It is proposed that an interim dividend of £7.5m is paid on 6th March 2024 out of the 2023 profits.

26. Prior Year Adjustment

In preparing these financial statements the following restatement has been reflected:

Upon review of the accounts, the Company identified that balances which were due from its related party, NMR, had been classified as cash and cash equivalents, rather than as an intercompany receivable. The comparative accounts and related disclosures have been restated and the impact on the Balance Sheet and Statement of Cash Flow is shown in the table below.

Balance Sheet

As at 31 December 2022 Restated

	31 December 2022 (As Reported)	Adjustment	31 December 2022 (As Restated)
	£ '000	£ '000	£ '000
Trade and other receivables	19,473	5,656	25,129
Cash and cash equivalents	44,063	(5,656)	38,407
	63,536	-	63,536

As at 31 December 2021 Restated

	31 December 2021 (As Reported)	Adjustment	31 December 2021 (As Restated)
	£ '000	£ '000	£ '000
Trade and other receivables	20,121	26,855	47,006
Cash and cash equivalents	39,719	(26,855)	12,834
	59,840	-	59,840

Statement of Cash Flow

	31 December 2022 (As Reported)	31 December 2021 (As Reported)	31 December 2022 (Increase)/ Decrease in Trade & Other receivables (As Reported)	31 December 2022 (As Restated))	31 December 2021 (As Restated)	31 December 2022 (Increase)/ Decrease in Trade & Other receivables (As Restated)
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Trade and other receivables	19,473	20,121	648	25,129	47,006	21,877

This had no impact on the profit or loss for the periods, the Statement of Changes in Equity, nor the overall net asset position.