N.M. Rothschild & Sons Limited

Annual Report & Accounts for the
year to 31 December 2020

Registered number: 00925279

Rothschild & Co

Contents

Strategic report

Principal activities

N.M. Rothschild & Sons Limited ("NMR" or "the Company") is the main UK operating subsidiary of Rothschild & Co SCA, the French listed parent company. The principal activity of the Company is Global Advisory ("GA"), which focuses on providing advice in the areas of Strategic Advisory and M&A, Financing Advisory encompassing Debt Advisory, Restructuring and Equity Advisory, and Investor Advisory advising on engaging with shareholders on a variety of topics including activism, sustainability and governance. Alongside our UK GA business, NMR owns 50.01% of Rothschild & Co Europe B.V. and 100% of Rothschild & Co Australia Limited, which are also GA businesses. The remaining 49.99% of Rothschild & Co Europe B.V. is owned by Rothschild Martin Maurel SCS.

Further information on the Rothschild & Co Group (the "R&Co Group") can be found on www.rothschildandco.com.

Strategic developments

NMR's strategy continues to be focused on developing its GA business, having materially reduced its legacy banking exposures since the 2008 financial crisis. NMR also provides functional support for the R&Co Group's other activities.

During the year, our GA business has remained resilient despite an uncertain and volatile market environment during the year. The GA business across the R&Co Group has maintained its leading market position and, once again, ranked 1st in Europe by number of completed transactions, as well as ranking 2nd globally based on the same measure.

Over the course of 2020, we saw lower M&A revenue compared to the prior year, with this decline mitigated by increased Financing Advisory activity, demonstrating our capabilities to advise clients on their most important strategic and financial needs across a wide range of situations and environments. With the onset of the pandemic and the associated economic shock from the end of the first quarter of the year, we saw several M&A situations put on hold, but we also supported a meaningful proportion of our clients' ingoing, well-advanced or announced transactions through to completion. During the third and fourth quarters, we experienced new M&A dialogues and activity returning, which in turn supported a strong second half performance.

Results overview

Total operating income for the year to December 2020 was £342.7m, down 12.1% compared to full year 2019, representing a strong performance in a particularly challenging market and operational environment.

Operating expenses were flat year on year, with increases in staff costs due to the timing of deferred compensation expenses, salary and pension cost increases, and other timing differences, offset by reductions in travel and certain other non-personnel costs as a result of pandemic related restrictions on activity. Part of compensation is paid by way of deferred bonuses which are paid up to 3 years after award on condition that the relevant staff remain in the employment of the R&Co Group. Accordingly, the cost of deferred bonuses are spread over the vesting period rather than in the year of award which can impact the compensation ratio.

	2020 £m	**2019 £m**	***Variance %***
Net GA fee income	313.7	367.9	*(14.7)*
Net fee income - other	(0.2)	0.7	*(128.6)*
Net interest (Expense)	(2.0)	(1.5)	*(33.3)*
Dividend income	30.7	24.1	*27.4*
Other income / (Expense)	0.5	(1.2)	*141.6*
Total operating income	**342.7**	**390.0**	***(12.1)***
Impairments	0.3	1.7	*176.5*
Gain on disposal of associate	-	8.1	*(100.0)*
Impairment of investment in subsidiary undertaking	(4.6)	-	*(100.0)*
Net operating income	**338.4**	**399.8**	***(15.4)***
Operating expenses (inc. depreciation)	(276.4)	(276.3)	*0.0*
Profit before tax	**62.0**	**123.5**	***(50.2)***
Tax	(8.2)	(16.0)	*48.8*
Profit after tax	**53.8**	**107.5**	***(50.0)***

Net interest income includes £7.2m of IFRS16 related interest expense on funding of property leases. Strong dividend income of £30.7m was driven by distributions from Rothschild & Co Europe B.V. During the year, there was a £4.6m loss from NMR's impairment of its investment in Scott Harris UK Limited, offset by a corresponding dividend income. This related to the final stage of integration of the Investor Advisory business which had been previously carried on by Scott Harris as a subsidiary of NMR, for a consideration equal to the net assets of the business, including goodwill.

As a result, profit before tax for the year to December 2020 was £62.0m, down from a record of £123.5m in 2019.

Balance sheet

The balance sheet at £1,039.5m was flat year on year. The Company's lending activities are now largely confined to supporting the wider R&Co Group through the use of surplus liquidity. At 31 December 2020 the balance sheet remained very liquid at £261.9m (down from £320.7m as at December 2019) which includes loans with banks (including £185.0m with R&Co Group banks), UK Government debt securities and AAA rated money market funds.

NMR has revalued an investment in the Group company which owns the New Court building and leases it to NMR. Since the last valuation in 2017, the value of the property has increased due to lower yields on central London properties and is supported by the length of the lease with NMR. This has resulted in a £44.4m increase in the value of NMR's investment.

Capital and dividends

Total equity decreased by £43.6m to £543.4m. Earnings are offset by actuarial losses and the payment of £80.0m of dividends, of which £35m related to prior year's earnings.

Governance and risk management

NMR is an integral part of the wider R&Co Group and, as such, the governance and risk management framework operates within the overall R&Co Group structure, whilst ensuring that the requirements of the Company are fully covered. The key governance committees to which the NMR Board has delegated authority are summarised on pages 10 and 11.

The Group Chief Risk Officer co-ordinates policy and promotes the development and maintenance of effective risk management procedures throughout the R&Co Group. Alongside this, the Group Internal Audit team reviews the internal control framework and reports its findings to the R&Co Group Audit Committee, as well as reporting NMR matters to the NMR Board.

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 significant downturn in global M&A activity, the potential impact of the ongoing Coronavirus (COVID-19) pandemic, and more locally, the potential impact of Brexit. Notwithstanding, we do not expect any material structural or regulatory issues from Brexit, and we do not expect any balance sheet impairments.

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 pension fund (Note 23 to the accounts), regulatory, reputational, technology and other operational factors. NMR's exposure to credit, liquidity and market risks continues to reduce and further information regarding financial risk management and use of financial instruments is disclosed in note 2 to the accounts. 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.

Outlook

Looking forward, we are cautiously optimistic that the activity improvements seen during the second half of 2020 will continue into 2021 and our visible pipeline of engagements remains healthy across the business. We remain alert, however, to respond to a range of market conditions in the year ahead and continue to manage our costs and resources with care.

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.

Strategic report

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/.

Additional board meetings were held during the year to consider the impact of the COVID crisis on both the business and employees' welfare.

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. NMR expects its employees to treat each other fairly and with respect, regardless of age, disability, gender identity, marital status and civil partnership status, pregnancy and maternity, paternity, race, ethnicity, national, religion and belief and sexual orientation.

Both NMR and the wider R&Co Group complies 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 been undertaken throughout the year in order to both engage with and support employees, including:

- Regular virtual seminars relating to family, mental, physical and financial wellbeing
- Initiatives to support Black History Month, including a webinar on talking to children about race
- Initiatives to support International LGBT Pride Month
- Events to support International Women's Day
- A fitness challenge open to all Group employees to encourage fitness during global lockdowns to aid mental health, as well as offering an opportunity to fundraise for a variety of charities
- The launch of a new mental wellbeing tool, Unmind, which provides support to employees to boost wellbeing by focusing on areas such as sleep, relaxation, focus and energy
- Resources available to support working from home, in order to help employees adjust and continue to work in healthy, efficient and collaborative ways
- Group-wide survey for all employees to gather an understanding of concerns regarding the return to office process during the current global pandemic
- An alumni network to connect former employees of the Group.

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's focus throughout the COVID-19 crisis has been and remains the safety and welfare of our colleagues, with a wide variety of information available on the intranet for all employees to access, covering off personal protection measures, on-going developments on secure office arrangements and location specific return to office risk assessments.

The Company also provides support to current and former members of staff who are members of the defined benefit pension plans by agreeing with the trustees of those plans a contribution plan aimed to eliminate the funding deficit by 2023. 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 23 to the accounts.

At a Group level, the Remuneration and Nomination Committee is responsible for, amongst other things, setting the principles and parameters of remuneration policy for the Group as a whole and periodically reviewing the policy's adequacy and effectiveness taking into account all factors which it deems necessary including the Group strategy from time to time. The policy has been updated in 2020 to reflect clawback becoming legally enforceable for Material Risk Takers and the Group Malus Policy has been updated to include clawback provisions.

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. Throughout the COVID-19 crisis, the Company's focus has remained aligned with the needs of our clients. The Company is monitoring the development of the virus in each of our locations and adopting appropriate measures to safeguard our colleagues and ensure continued high-quality client service, while respecting local government requirements.

During the year, our teams of experienced bankers have been working extensively with clients to support them on liquidity and financing matters, often in highly expedited situations. Alongside this, all our teams have been focused on maintaining active dialogues with existing and potential clients in order to offer our assistance and advice in supporting them through this difficult period.

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 Rothschild & Co Wealth Management UK Limited ("R&CoWMUK")) can be found on the R&Co website.

Equally, we expect suppliers to NMR 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.

During the year, the Company implemented the Senior Managers & Certification Regime, which is designed by the FCA to improve trust in financial services by making individuals accountable for their decisions. Employees were required to attend training on the FCA's Conduct Rules during the year and an attestation was included as part of the year-end review process.

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 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

The Group has a long heritage in recognising that the business's position in society carries with it a special responsibility towards the communities we are part of.

A focus has been given to helping overcome barriers to success in life for young people. That is why, for the last few years, the Group's community investment mission across all offices and businesses has been to make a meaningful difference to children and young people whose opportunities in life are restricted through disadvantage.

The group pursues this community investment mission via three priority engagement activities:

- Providing financial support to charities and social enterprises, as well as to individuals
- Offering professional expertise to charities and social enterprises, helping them to drive change for young people
- Encouraging employees to volunteer, using their skills to help young people to succeed in life

Community investment initiatives are driven by local offices, and governed by the Global Community Investment Committee, which reports directly to the Group Executive Committee.

Times of crisis highlight more than ever the responsibility for businesses to support local communities in need. In the extraordinary circumstances of 2020, the group took the decision to extend community investment support beyond the scope of the community investment mission in order to facilitate a rapid response to the crisis. Local community investment committees identified a range of causes where the group's support could make a meaningful difference and launched a targeted Covid-19 matched-giving campaign.

This global campaign mobilised employees to donate with company matching to charities and medical establishments operating on the frontline of the health crisis, as well as those working to mitigate many of the issues affecting vulnerable people during lock-down: from food poverty to mental health and supporting the needs of at-risk children. Overall, through a combination of employee and company contributions, the group contributed to the work of 138 charities in 16 countries.

Additionally in the UK funds were raised to equip 60 students with laptops to ensure they were able to access the benefits of home learning during lockdown, and volunteers have continued to tutor disadvantaged young people virtually, in partnership with The Access Project and Innovations for Learning, a web-based reading programme. This support has been even more important than usual during a time in which many young people have missed out on large periods of time learning at school.

At the heart of the group's community investment programme is its Pro-bono Advisory initiative, which aims to increase organisational resilience and support entrepreneurship in the social sector, leading to sustained and scaled social impact for individuals and communities. The group offers support to NGOs, charities and social enterprises over the long-term to increase their effectiveness, reach and revenues, and to reduce costs. Projects typically focus on one or more of:

- Financial modelling to provide financial clarity
- Navigating the process of mergers, de-mergers or re-structuring
- Support in preparing marketing materials to maximise impact and reach

While charities across the board experienced a significant shortfall in income due to a fall in donations and fundraising activities this year, demand on their services was greatly increased.

Rothschild & Co teams in the UK worked on Pro-bono Advisory project mandates addressing some of the most pressing challenges facing charities. Several projects helped to address the common challenge of needing to review long-term strategy and operational models and identify opportunities for potential consolidation, thereby improving efficiency of service delivery. In addition, UK volunteers were able to support 138 charities through pro-bono advisory webinars, including one focusing on the HR challenges posed by COVID-19; and another on the future of the UK retail landscape for those charities with a significant high street presence.

Environment

The R&Co Group has committed to contributing to a more environmentally sustainable economy by maximising our positive environmental impact. The Company's goal for environmental management is to add value to both our and our clients' businesses in a sustainable, environmentally responsible way, and to conserve and protect the world's natural resources through our operations, products and services.

The Company has engaged in several initiatives to raise employee awareness of environmental issues, including, for example, recycling and reducing unnecessary single-use plastics. During the pandemic, awareness programmes have highlighted the potential environmental damage of reverting to SUP items, such as disposable food packaging and cutlery. In the early stages, the unknown effect of COVID-19 resulted in NMR reverting to disposable cutlery. However, to maintain an office free from unnecessary single-use plastic items, biodegradable cutlery packs and coffee cups were provided to the limited number of employees attending the office.

Moreover, the group procures renewable electricity. The London, Manchester, and Leeds offices procure renewable electricity, with the London office also procuring biogas as an alternative to natural gas. The group has a target to procure 100% renewable electricity for all its offices globally by 2025. As a further measure to take responsibility of the group operational greenhouse gas (GHG) emissions we have set an internal carbon price (ICP). The ICP places a monetary value on greenhouse gases and aims to influence employee behaviour to limit them. The financial support stream generated can be used to develop further small scale carbon-reduction opportunities and sustainability projects in line with our selected Sustainable Development Goals (SDGs).

During 2020, the UK business consumed 8,072 MWh of energy, comprising 4,075 MWh of electricity, 3,654 MWh of biogas and 343 MWh of natural gas, which led to 3,218 tCO_2e of greenhouse gas emissions or 8.52 tCO_2e per employee. The GHG assessment was carried out in accordance with the World Business Council for Sustainable Development and World Resources Institute's Greenhouse Gas Protocol. This protocol is considered current best practice for corporate or organisational greenhouse gas emissions reporting.

Some of these responsibilities are managed at R&Co Group level and described in greater detail in the Corporate Social Responsibility section of the R&Co Group financial statements.

By order of the Board

Robert Leitão
N.M. Rothschild & Sons Limited
Registered number: 00925279
New Court, St Swithin's Lane, London EC4N 8AL
5 March 2021

Report of Directors

The Directors present their Directors' report and financial statements for the year ended 31 December 2020. An overview of the business and its performance is included in the strategic report.

Branches and representative offices

The Company had a branch office during the period in Denmark and a representative office in Greece which closed with effect from 14 April 2020.

Dividends

During the year to December 2020, the Directors declared and paid dividends totalling £80,000,000 (2019: £85,000,000).

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

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

- Nicholas Wrigley (Non-executive Chairman)
- Anthony Alt (Deputy Chairman)
- Robert Leitão (Chief Executive Officer)
- Peter Barbour (resigned 5 March 2020)
- Christopher Coleman
- Andrew Didham (Non-executive)
- Sir Peter Estlin (Non-executive; appointed 1 June 2020)
- Paul O'Leary (appointed 15 May 2020)
- Peter Smith (resigned 31 May 2020)
- Jonathan Westcott

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.

Corporate and social responsibility

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.

Political donations

No political donations were made, or political expenditure incurred during the period.

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 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 himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

By order of the Board

Robert Leitão
N.M. Rothschild & Sons Limited
Registered number: 00925279
New Court, St Swithin’s Lane, London EC4N 8AL
5 March 2021

Committees

To facilitate the efficient and effective administration of the Company's affairs, certain functions and responsibilities have been delegated by the NMR Board to the following committees, a number of which cover the wider Rothschild & Co ("R&Co") Group. The terms of reference and membership of these committees are regularly reviewed.

R&Co Group Committees	
R&Co Group Executive Committee The purpose of the Group Executive Committee is to formulate strategy for the R&Co Group's businesses, to assess the delivery of that strategy, to ensure the proper and effective functioning of Group governance structures, operating policies and procedures, to define the Group's risk appetite and to be responsible for the management of risk	Robert Leitão (Co-Chair), François Pérol (Co-Chair), Paul Barry, Grégoire Chertok, Mark Crump, Laurent Gagnebin, Javed Khan, Marc-Olivier Laurent, Alain Massiera, Jimmy Neissa, Gary Powell, Martin Reitz, Emmanuelle Saudeau, Helen Watson, Jonathan Westcott
R&Co Group Operations Committee The purpose of the Group Operations Committee is to develop further and co-ordinate to best effect the cross-divisional operations of the various businesses and support functions	Mark Crump (Chair), Paul Barry, Pierre Baudard, Frédérique Bonnell, Philippe de Conchard, Victor Decrion, Ludovic de Grandpré, Adam Greenbury, Anne Imbach, Philippe Le Bourgeois, John Malik, Warner Mandel, Caroline Nico, Kate Orozco, Dani Webber, Jonathan Westcott
R&Co Group Assets and Liabilities Committee This committee is responsible for monitoring and managing all balance sheet risks within the Group, overseeing all Treasury operations within the Group and having oversight of the Group Credit Committee	**Membership** Mark Crump (Chair), Anthony Alt (Deputy Chairman), Peter Barbour, Christian Bouet, Christopher Coleman, Aldo di Rienzo, Adam Greenbury, David Oxburgh
R&Co Group Credit Committee - Corporate Credit Sub-Committee This committee is responsible for the management of corporate lending exposures (including credit risk and the pricing of loans) and provisions for bad and doubtful debts. Exposures exceeding certain limits are subject to ratification by the R&Co Group Assets and Liabilities Committee	**Membership** Christopher Coleman (Chair), Adam Greenbury, John King, Ian Walker, Nick Wood
New Client Acceptance Committee This committee approves, from a reputational, money laundering and due diligence perspective, all new NMR clients to be accepted by the Global Advisory business. Certain matters could be referred up to the UK GA Risk Committee or to the Global GA Risk Committee	**Membership** Jonathan Westcott (Chairman), Jessica Dale, Adam Greenbury, Nicholas Ivey, Luba Kotzeva de Diaz, Axel Stafflage, Albrecht Stewen, Stuart Vincent, William Wells, Adam Young

Committees

R&Co Supervisory Board Committees which have oversight responsibilities	
R&Co Audit Committee This committee supervises and reviews the Group's process of drawing up financial information, provides an appraisal of the relevance of accounting methods used to draw up individual and consolidated accounts, reviews internal audit arrangements, liaises with the R&Co Group's external auditors and monitors the overall system and standards of internal control	**Membership** Sir Peter Estlin (Chair), Gilles Denoyel, Suet-Fern Lee, Arielle Malard de Rothschild, Sipko Schat
R&Co Remuneration and Nomination Committee This committee sets the principles and parameters of the remuneration policy for the Group, including the nature and scale of the Group's short and long-term incentive performance arrangements, supervises and reviews the principles of the remuneration policy applicable to senior management and regulated persons, oversees the annual remuneration review and reviews proposals for remuneration, including the total bonus pool and short and long term incentive performance arrangements	**Membership** Sylvain Héfès (Chair), Sir Peter Estlin, Carole Piwnica, Luisa Todini
R&Co Risk Committee This committee advises on the overall current and future risk appetite and strategy, oversees the implementation of that strategy, reviews the material risks and total Group exposures to such risks, reviews the Group's broad guidelines relating to risk management and the effectiveness of the risk management policies, and examines incentives provided by the remuneration policies and practices to ensure that they are consistent in the light of the risk, capital and liquidity, and likelihood and timing of expected earnings for entities	**Membership** Sipko Schat (Chair), Gilles Denoyel, Sir Peter Estlin, Suet-Fern Lee, Arielle Malard de Rothschild
R&Co Corporate Responsibility Committee The Committee monitors issues, policies and objectives relating to corporate, social and environmental responsibility, in particular social, societal and environmental issues ("Corporate Responsibility" or "CR") so that R&Co can best anticipate the opportunities, challenges and risks associated therewith, and the work of the operating committees in charge of CR issues within the Group	**Membership** Lucie Maurel-Aubert (Chair), Carole Piwnica, Anthony de Rothschild

Independent Auditor's report to the members of N.M. Rothschild & Sons Limited

Opinion

We have audited the financial statements of N.M. Rothschild & Sons Limited ("the Company") for the year ended 31 December 2020 which comprise the income statement, balance sheet, statement of comprehensive income, 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 head 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

Independent Auditor's report to the members of N.M. Rothschild & Sons Limited

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 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 by senior finance management, those posted and approved by the same user, those posted to unusual accounts, and any unusual 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: anti-bribery, employment law, 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 reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report

Independent Auditor's report to the members of N.M. Rothschild & Sons Limited

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 pages 8 and 9, 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.

Richard Rawstron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

6 March 2021

Income statement
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Fee and commission income	**4**	358,304	423,072
Fee and commission expense	**4**	(44,806)	(54,427)
Net fee and commission income		**313,498**	**368,645**
Interest and similar income	**5**	5,735	7,944
Interest expense and similar charges	**5**	(7,769)	(9,460)
Net interest (expense) / income		**(2,034)**	**(1,516)**
Dividend income	**6**	30,747	24,116
Other operating (expense) / income	**7**	468	(1,228)
Total operating income		**342,679**	**390,017**
Impairment gains on financial instruments	**11**	291	1,730
Impairment of investment in subsidiary undertakings	**15**	(4,578)	-
Gains on disposal of associated undertaking	**16**	-	8,107
Net operating income		**338,392**	**399,854**
Operating expenses	**8**	(262,989)	(263,134)
Depreciation	**17,18**	(13,400)	(13,255)
Profit before tax		**62,003**	**123,465**
Tax	**10**	(8,215)	(15,965)
PROFIT AFTER TAX		**53,788**	**107,500**
Attributable to:			
Ordinary shareholders		47,046	98,723
Holders of perpetual instruments		6,742	8,777
		53,788	**107,500**

The notes on pages 20 to 63 form an integral part of these financial statements

Statement of comprehensive income
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Profit after tax		**53,788**	**107,500**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial (losses)/gains on defined benefit pension funds	**23**	(76,027)	(23,485)
Movement in fair value reserve: net change in fair value of equity investments at FVOCI		45,926	(6,087)
Income tax thereon	**10**	18,221	3,992
Other comprehensive income for the period, net of income tax		**(11,880)**	**(25,580)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**41,908**	**81,920**
Attributable to:			
Ordinary shareholders		35,166	73,143
Holders of perpetual instruments		6,742	8,777
		41,908	**81,920**

The notes on pages 20 to 63 form an integral part of these financial statements

Balance sheet
as at 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Cash		13	12
Loans and advances - banks	**11**	201,653	156,070
Loans and advances - other	**11**	271,336	256,117
Investment securities	**12**	224,853	281,298
Derivatives	**13**	5,120	6,301
Other assets	**14**	111,201	120,479
Investments in subsidiary undertakings	**15**	5,953	10,531
Investments in associates and joint ventures	**16**	3,000	3,000
Property, plant and equipment	**17**	21,964	24,766
Right of use assets	**18**	137,763	147,010
Defined benefit pension surplus	**23**	4,176	4,404
Current tax assets		11,291	431
Deferred tax assets	**22**	37,098	22,201
Goodwill	**20**	4,093	4,093
Total assets		**1,039,514**	**1,036,713**
Liabilities			
Due to banks		-	1
Due to group companies		48,754	47,155
Derivatives	**13**	-	811
Lease liabilities	**19**	172,604	178,155
Other liabilities	**21**	28,552	39,227
Defined benefit pension liability	**23**	64,178	4,177
Accruals and deferred income		182,032	180,203
Total liabilities		**496,120**	**449,729**
Equity			
Share capital	**30**	57,655	57,655
Share premium account		97,936	97,936
Retained earnings		149,122	238,638
Fair value reserve		114,346	68,420
		419,059	**462,649**
Perpetual instruments	**31**	124,335	124,335
Total equity		**543,394**	**586,984**
TOTAL EQUITY AND LIABILITIES		**1,039,514**	**1,036,713**

The accounts on pages 15 to 63 were approved by the Board of Directors on 2 March 2021 and were signed on its behalf by:

Robert Leitão, Chief Executive Officer
5 March 2021

Paul O'Leary, Director
5 March 2021

The notes on pages 20 to 63 form an integral part of these financial statements

Statement of changes in equity
for the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Retained earnings £'000	Fair value reserve £'000	Perpetual instruments £'000	Total equity £'000
At 1 January 2020	**57,655**	**97,936**	**238,638**	**68,420**	**124,335**	**586,984**
Profit after tax	-	-	47,046	-	6,742	53,788
Other comprehensive income (net of tax):						
Actuarial losses on defined benefit pension funds	-	-	(57,806)	-	-	(57,806)
Equity instruments at fair value through OCI – net change in fair value	-	-	-	45,926	-	45,926
Total comprehensive income	**-**	**-**	**(10,760)**	**45,926**	**6,742**	**41,908**
Dividends paid	-	-	(80,000)	-	-	(80,000)
Equity-settled share-based payments	-	-	581	-	-	581
Tax relief re equity-settled share-based payments	-	-	663	-	-	663
Interest on perpetual instruments	-	-	-	-	(8,323)	(8,323)
- tax thereon	-	-	-	-	1,581	1,581
At 31 December 2020	**57,655**	**97,936**	**149,122**	**114,346**	**124,335**	**543,394**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Fair value reserve £'000	Perpetual instruments £'000	Total equity £'000
At 31 December 2018	**57,655**	**97,936**	**269,346**	**74,507**	**124,335**	**623,779**
Transition to IFRS 16 (net of tax)	-	-	(24,385)	-	-	(24,385)
Restated balance at 1 January 2019	**57,655**	**97,936**	**244,961**	**74,507**	**124,335**	**599,394**
Profit after tax	-	-	98,723	-	8,777	107,500
Other comprehensive income (net of tax):						
Actuarial losses on defined benefit pension funds	-	-	(19,493)	-	-	(19,493)
Equity instruments at fair value through OCI – net change in fair value	-	-	-	(6,087)	-	(6,087)
Total comprehensive income	**-**	**-**	**79,230**	**(6,087)**	**8,777**	**81,920**
Dividends paid	-	-	(85,000)	-	-	(85,000)
Equity-settled share-based payments	-	-	366	-	-	366
Tax relief re equity-settled share-based payments	-	-	(919)	-	-	(919)
Interest on perpetual instruments	-	-	-	-	(9,931)	(9,931)
- tax thereon	-	-	-	-	1,154	1,154
At 31 December 2019	**57,655**	**97,936**	**238,638**	**68,420**	**124,335**	**586,984**

The notes on pages 20 to 63 form an integral part of these financial statements

Cash flow statement
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flow from operating activities			
Profit before tax		62,003	123,465
Adjustments to reconcile net profit to cash flow from operating activities			
Non-cash items included in net profit and other adjustments			
Depreciation	**17,18**	13,400	13,255
Interest charge on lease liabilities	**19**	7,186	7,337
Dividends received from subsidiaries, associates and joint ventures	**6**	(30,542)	(22,716)
Profit on disposal of associated undertaking	**16**	-	(8,107)
Impairment of financial assets (net of recovery)		4,287	(1,730)
Profit on disposal of fixed assets		(3)	(12)
Equity-settled share-based payments		581	366
		(5,091)	**(11,607)**
Net (increase)/decrease in operating assets and liabilities			
Derivatives		370	(6,775)
Debt and equity securities (excluding cash equivalents)	**12**	5,092	(15,817)
Loans and advances - other	**11**	(14,928)	(148,492)
Other assets		9,286	(5,839)
Net due to / from banks (excluding cash equivalents)		(64,875)	121,040
Due to group companies		1,599	(57,627)
Accrued expenses and other liabilities		(24,640)	(35,002)
Taxes (paid)/received (net)		(13,578)	(10,409)
		(101,674)	**(158,921)**
Net cash flow (used in)/from operating activities		**(44,762)**	**(47,063)**
Cash flow from/(used in) investing activities			
Acquisition of business		-	(4,239)
Dividends received from subsidiaries, associates and joint ventures	**6**	30,542	22,716
Proceeds from disposal of associate	**16**	-	35,387
Rent paid on right of use assets	**19**	(12,796)	(12,545)
Purchase of fixed assets	**17**	(1,234)	(1,871)
Proceeds from disposal of fixed assets		3	12
Net cash flow from investing activities		**16,515**	**39,460**
Cash flow used in financing activities			
Dividends paid	**26**	(80,000)	(85,000)
Interest paid on perpetual instruments	**26**	(8,322)	(9,931)
Net cash flow used in financing activities		**(88,322)**	**(94,931)**
Net increase/(decrease) in cash and cash equivalents		**(116,569)**	**(102,534)**
Cash and cash equivalents at beginning of period		225,461	327,995
Cash and cash equivalents at end of period	**27**	**108,892**	**225,461**

Interest receipts and payments during the period were as follows:

	2020 £'000	2019 £'000
Interest received	8,826	8,293
Interest paid	641	2,123

The notes on pages 20 to 63 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

N.M. Rothschild & Sons Limited (“the Company”) is a private company limited by shares and incorporated in England and Wales. The Company’s registered office 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 financial statements for the year ended 31 December 2020.

New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for accounting periods ending after 31 December 2020 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.

Basis of preparation

Measurement Convention

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (adopted “IFRS”). The financial statements are prepared under the historical cost convention, except that financial assets held for trading or designated as fair value through profit or loss and all derivative contracts are stated at their fair value.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

The principal accounting policies set out below have been consistently applied in the presentation of the financial statements. Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed later in note 1.

Going concern

As a result of the on-going global pandemic and subsequent uncertainty that this presents, the Directors have continued to monitor the appropriateness of the going concern basis for the Company, both throughout the year and beyond the balance sheet date, for a period of at least 12 months.

Management has performed an assessment to determine whether there are any material uncertainties that could cast significant doubt on the ability of the Company to continue as a going concern, specifically as a result of the impact of COVID-19; no significant issues have been noted. In reaching this conclusion, management considered:

- The financial impact of the uncertainty on the Company’s balance sheet;
- Severe but plausible downside scenarios as part of their assessment including scenarios with a significant reduction in revenues;
- The Company’s liquidity position based on current and projected cash resources; and
- The operational resilience with respect to the impact of the pandemic on existing IT and infrastructure.

Based on the above assessment of the Company’s financial position, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed), Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments in subsidiary undertakings

Subsidiary undertakings are all entities which are controlled by the Company. The Company 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary undertakings are carried at cost less any impairment losses.

Associates and joint arrangements

An associated undertaking is an entity in which the Company has significant influence, but not control, over the operating and financial management policy decisions. This is generally demonstrated by the Company holding in excess of 20 per cent, but no more than 50 per cent, of the voting rights.

Joint arrangements are where two or more parties, through a contractual arrangement, have joint control over the assets and liabilities of an arrangement. Depending on what those rights and obligations are, the joint arrangement will either be a joint operation (where the parties subject to the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement) or a joint venture (where the parties subject to the arrangement have rights to the net assets of the arrangement). During the period, the Company had an interest in a single joint venture.

Investments in associates and joint ventures are carried at cost less any impairment losses.

Foreign exchange

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 income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates when the fair value was determined.

Translation differences on equities classified as at fair value through profit or loss are reported as part of the fair value gain or loss in the income statement. Translation differences on equities classified as FVOCI are included in the fair value reserve in equity.

Derivative financial instruments

Derivatives are entered into for risk management purposes and are measured at fair value, with transaction costs recorded immediately in the income statement. Subsequent to initial recognition, changes in fair value 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, such as the completion of a transaction, which are recognised when the act is completed or the event occurs.

Fees and commissions that are an integral part of a loan, and loan commitment fees for loans that are likely to be drawn down, are deferred (together with related direct costs) and recognised over the life of the loan as an adjustment to the effective interest rate.

Notes to the financial statements (forming part of the financial statements)

Interest income and expense

Interest income and expense represents interest arising out of lending and borrowing activities, interest on related hedging transactions, interest on debt securities and finance charges on lease liabilities. Interest income and expense is recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cashflows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Company considers all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes any premiums or discounts, as well as all fees and transaction costs that are an integral part of the financial asset.

Financial assets

The Company initially recognises loans and advances and deposits on the date on which they start. All other financial assets and liabilities are recognised on trade date.

On initial recognition financial assets are classified as measured at: amortised cost or fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL").

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

For the purposes of this assessment "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amounts and timing of cash flows;
- prepayment and extension terms;
- leverage features;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Subsequent measurement of financial assets measured at amortised cost, including interest, impairment and foreign exchange gains or losses, are recognised in the income statement.

Financial assets measured at fair value through other comprehensive income ("FVOCI")

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets measured at fair value through profit and loss ("FVTPL")

All other financial assets are classified as measured at FVTPL. Any gains or losses arising on disposal of these assets are recognised within the P&L.

Business model assessment

The Company makes an assessment of the business model in which a financial asset is held based on the way in which the business is managed, and information provided to management. The information considered includes:

- how the performance of the asset is evaluated and reported to management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated; and
- the frequency and volume of historic and expected sales.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognises expected credit losses ("ECL") for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI. No impairment loss is recognised on equity investments.

ECLs are a probability-weighted estimate of credit losses and the Company measures it over a financial asset's lifetime except for financial assets that are not credit-impaired at the reporting date and on which credit loss has not increased significantly since initial recognition, for which they are measured at 12-month ECL. ECL is estimated at the present value of all expected cash shortfalls compared to those due under the contract. For financial assets that are credit-impaired at the reporting date, the ECL is calculated as the difference between the gross carrying amount of the asset and the estimate of the present value of future cash flows.

Debt/equity classification

Under IFRS the critical feature in differentiating a debt instrument from an equity instrument is the existence of a contractual obligation of the Company to deliver cash (or another financial asset) to another entity. Where there is no such contractual obligation, the Company will classify the financial instrument as equity, otherwise it will be classified as a liability and carried at amortised cost. The terms of the perpetual debt instruments issued by the Company permit interest payments to be waived unless the Company has paid a dividend in the previous six months and are therefore considered to be equity.

Notes to the financial statements
(forming part of the financial statements)

Property, plant and equipment

All property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including, in respect of leasehold improvements, costs incurred in preparing the property for occupation.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

Computer equipment	2-10 years
Cars	3-5 years
Fixtures and fittings	3-10 years
Leasehold improvements	4-24 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 amounts. These gains and losses are recognised in the income statement.

Impairment of property, plant and equipment

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment is assessed for indications of impairment. If such indications are present, those 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 income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

Right of use assets and lease liabilities

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and

- Penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

As a result of the coronavirus pandemic, rent concessions have been granted to lessees, which may take a variety of forms, including payment holidays and deferral of lease payments. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. No such rent concessions have been granted to the Company.

When leases are acquired in a business combination, their accounting treatment is reset as if they were brand new leases as at the acquisition date in the financial statements of the acquirer.

Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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 are not reversed.

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, including treasury bills and investments in money market funds.

Pensions

The Company’s post-retirement benefit arrangements are described in note 23. The Company operates pension and other post-retirement benefit schemes, both funded and unfunded, of the defined benefit and defined contribution types. For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the income statement.

Re-measurement gains and losses in the defined benefit schemes are recognised outside the income statement and presented in the statement of comprehensive income. The amount recognised in the balance sheet in respect of defined benefit schemes is the difference, if any, between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan’s assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The principal assumptions are set out in note 23. The present value of the obligation 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 liabilities.

Compensation schemes

The Company operates bonus schemes for the benefit of employees. The costs of such schemes are recognised in the income statement over the period in which the services are rendered that give rise to the obligation. Where the payment of a bonus is deferred until the end of a specified vesting period, the deferred amount is recognised in the income statement over the period up to the date of vesting.

The Company has entered into cash- and equity-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 re-measured at each reporting date. Such awards are recognised in the income statement over the vesting period.

Share options are treated as equity-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 based on 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 Rothschild & Co Group.

Taxation

Tax payable on profits and deferred tax are recognised in the income statement except to the extent that they relate to items that are recognised in equity, in which case the tax is also recognised in equity.

Deferred tax is provided in full, using the balance sheet 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 a deferred tax asset is realised, or when a deferred tax liability is settled.

Deferred tax assets, including the tax effects of income tax losses available for carry forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is not provided on temporary differences arising from investments in subsidiary undertakings and associated undertakings, unless the timing of the reversal of the temporary difference is controlled by a third party or it is probable that the difference will reverse in the foreseeable future.

Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared by the Company's Board of Directors.

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 within 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.

Accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

Valuation of financial assets and liabilities

Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as this is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Company. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date.

A description of the valuation techniques used, analysis of assets and liabilities carried at fair value by valuation hierarchy, and a sensitivity analysis of valuations not primarily based on observable market data, is provided in note 3 to the financial statements.

Impairment of financial assets

The Company recognises expected credit losses ("ECL") for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI.

The accuracy of any ECL allowance subsequently made depends on how accurately the Company estimates future cashflows for specific counterparties, particularly the fair value of any collateral, and the model assumptions and parameters used in determining provisions. While this necessarily involves judgement, the Company believes that its allowances and provisions are reasonable and supportable.

Pensions

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method and the principal assumptions used are set out in note 23. The assumptions that have the greatest impact on the measurement of the pension fund liability, along with their sensitivities, are also set out in note 23.

Deferred tax

Deferred tax assets, including those in relation to tax losses carried forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. As part of the assessment of recoverability of deferred tax as at the balance sheet date, and using medium-term profit forecasts, the Company expects sufficient taxable profits to arise to utilise the deferred tax assets. During the year to December 2019, the Company utilised all brought forward UK tax losses.

IFRS 16

All contracts are reviewed for evidence that they contain a lease. The calculation of the right of use asset and reciprocal liability includes management assumptions on the Group's incremental borrowing rate and any lease terms which include optional lease periods. A reduction of 0.1% on the assumption of the incremental borrowing rate would have increased the right of use asset and the associated lease liability recognised by approximately £1,700,000. Further information is set out in notes 18 and 19.

2 Financial risk management

2.1 Key risks in using financial instruments

The key risks arising from the Company's activities involving financial instruments 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, currency exchange rates, equity and debt prices; 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 arises from all exposures to clients and counterparties relating to the Company's lending and investment activities. Limits on credit risk are set by the R&Co Group Executive Committee and overseen by the R&Co Group Credit Committee. The Credit Committee reviews concentrations and makes recommendations on credit decisions to the R&Co Group Assets and Liabilities Committee. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties, to industry sectors and to countries.

Exposure to credit risk is managed by detailed analysis of counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Company's non-group lending exposures is secured on property or other assets and the Company monitors the value of this collateral. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest. Credit exposure on derivatives is measured as the current replacement value plus an allowance for the potential change in replacement value.

The Company recognises expected credit losses ("ECL") for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI. No impairment loss is recognised on equity investments.

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired at the reporting date and on which credit loss has not increased significantly since initial recognition is classified as Stage 1 and its ECL is measured at expected credit losses over the next 12 months.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired and its ECL is measured based on expected credit losses on a lifetime basis.
- A financial instrument that is deemed to be credit-impaired is moved to Stage 3 ECL is measured based on expected credit losses on a lifetime basis.

The Credit Committee reviews credit exposures on loans and debt securities on a quarterly basis using the following categories:

Category	**Definition**	**ECL basis of measurement**
Category 1	Exposures where the payment of interest or principal is not in doubt and which are not designated categories 2 to 5.	Stage 1 (except for trade receivables – Stage 2)
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.	Stage 2
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.	Stage 2
Past due but not impaired	Exposures that have failed to make a scheduled interest or principal repayment although full recovery is expected.	Stage 2
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan. Some recovery is expected to be made.	Stage 3
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.	Stage 3

Notes to the financial statements
(forming part of the financial statements)

A Credit risk exposure

The tables below disclose the maximum exposure to credit risk at the reporting date for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation. Accounts receivable are treated as past due when more than 90 days has elapsed since the invoice was issued.

	Stage 1	Stage 2			Stage 3		
	Category 1	Category 2	Category 3	Past due but not impaired	Categories 4 and 5	Expected credit loss	Total (net)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2020							
Cash	13	-	-	-	-	-	13
Derivatives	5,120	-	-	-	-	-	5,120
Loans and advances - banks	201,653	-	-	-	-	-	201,653
Loans and advances - other	261,892	747	-	-	22,203	(13,506)	271,336
Debt securities	38,098	-	1,209	-	-	-	39,307
Commitments and guarantees	165,320	-	-	-	-	-	165,320
Other financial assets	80,035	-	-	17,351	2,859	(2,826)	97,419
TOTAL	**752,131**	**747**	**1,209**	**17,351**	**25,062**	**(16,332)**	**780,168**
	Category 1	Category 2	Category 3	Past due but not impaired	Categories 4 and 5	Expected credit loss	Total (net)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2019							
Cash	12	-	-	-	-	-	12
Derivatives	6,301	-	-	-	-	-	6,301
Loans and advances - banks	156,070	-	-	-	-	-	156,070
Loans and advances - other	243,074	2,448	-	-	25,550	(14,955)	256,117
Debt securities	70,285	-	1,457	-	-	-	71,742
Commitments and guarantees	147,176	-	-	-	-	-	147,176
Other financial assets	91,232	-	-	14,544	7,054	(5,095)	107,735
TOTAL	**714,150**	**2,448**	**1,457**	**14,544**	**32,604**	**(20,050)**	**745,153**

The table below analyses amounts past due but not impaired:

	Past due by < 6 months	Past due by > 6 months	Total
	£'000	£'000	£'000
At 31 December 2020			
Other financial assets	16,851	500	17,351
TOTAL	**16,851**	**500**	**17,351**
At 31 December 2019			
Other financial assets	4,792	9,752	14,544
TOTAL	**4,792**	**9,752**	**14,544**

B Collateral

All third party commercial lending is secured. This collateral is split by type, as either specific or general.

Specific collateral is readily identifiable, the majority of which will be charges over property. If necessary, there is a realistic possibility of both taking possession of and realising the collateral.

General collateral will be more difficult to both identify and realise. It will usually be a general floating charge over the assets of a business and is typically attached to leveraged finance assets. It is not practicable to ascribe a specific value to this collateral.

Unimpaired loans (categories 1 to 3) are covered by both specific and general collateral. Unimpaired amounts covered by specific collateral include property lending of £0.7m. Where a loan is deemed to be impaired (category 4 and 5 assets), the level of the impairment charge is primarily driven by any expected shortfall in the collateral value, although it is also influenced by the ability of the borrower to service the debt.

Collateral is valued independently at the time the loan is made and periodically thereafter depending on the specific circumstances. Management are able to roll forward a valuation for reporting purposes via a combination of specific knowledge of the collateral, the market and the application of general indices.

The table below gives an estimate of the fair value of collateral, all of which is property related, that could be realised by the Company as security against exposures to customers that are individually impaired and past due but not impaired. There is no collateral recognised for other asset classes.

	Individually impaired 2020	Individually impaired 2019 £'000
Property	17,390	17,091
Amount of loans collateralised	22,203	25,550

C Forbearance

As refinancing and sale options continue to be limited, it is generally in the lender's and borrower's interest to extend certain facilities at maturity and not to foreclose on the security. This assumes there are no underlying issues regarding the borrower's ability to continue to service the loan and the level of collateral is expected to be of sufficient quality to secure the principal.

Unimpaired loans extended in this manner are not categorised as either past due or as forborne. As at 31 December 2020, loans with a carrying value of £0.7m had been extended (2019: £2.4m), all of which were property loans.

There were no loans which were overdue as at 31 December 2020 (2019: £Nil).

D 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 and by sector. The location for loans and advances is determined by reference to the location of the borrower, and debt securities are recorded based on the location of the issuer of the security.

Credit risk by location	UK and Channel Islands £'000	Other Europe £'000	US and Canada £'000	Other £'000	Total £'000
At 31 December 2020					
Cash and balances at central banks	13	-	-	-	13
Derivatives	5,120	-	-	-	5,120
Loans and advances - banks	6,684	190,920	4,049	-	201,653
Loans and advances - other	178,427	92,067	-	842	271,336
Debt securities	37,999	1,209	99	-	39,307
Commitments and guarantees	162,218	-	-	3,102	165,320
Other financial assets	28,143	55,073	10,306	3,897	97,419
TOTAL	**418,604**	**339,269**	**14,454**	**7,841**	**780,168**
At 31 December 2019					
Cash and balances at central banks	12	-	-	-	12
Derivatives	6,301	-	-	-	6,301
Loans and advances - banks	21,418	131,608	3,044	-	156,070
Loans and advances - other	153,376	100,560	-	2,181	256,117
Debt securities	70,138	1,457	147	-	71,742
Commitments and guarantees	143,309	-	-	3,867	147,176
Other financial assets	53,460	41,643	5,115	7,517	107,735
TOTAL	**448,014**	**275,268**	**8,306**	**13,565**	**745,153**

Credit risk by industry sector	2020 £'000	2019 £'000
Financial (see below)	16,650	30,902
Real estate (see below)	12,072	16,050
Governments and Central Banks	37,999	70,139
Private persons	865	704
Related party loans, commitments and guarantees	615,163	519,623
TOTAL	**682,749**	**637,418**

Financial and real estate sector exposures are analysed as follows:

Financial sector	2020	2019 £'000
Short term interbank exposures	16,199	29,823
Other	451	1,079
TOTAL	**16,650**	**30,902**

Short term interbank lending is held for liquidity management purposes.

Real estate sector	2020 £'000	2019 £'000
Senior loans	11,110	14,963
Subordinated/mezzanine	962	1,087
TOTAL	**12,072**	**16,050**

E Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

	2020			2019		
	Gross amount of financial asset £'000	Gross amount of financial liability offset £'000	Net amount £'000	Gross amount of financial asset £'000	Gross amount of financial liability offset £'000	Net amount £'000
Financial assets offset						
Loans and advances - banks	7,178	(6,727)	451	12,535	(11,456)	1,079
Loans and advances - others	148,437	(17,424)	131,013	141,921	(19,627)	122,294

2.3 Market risk

Market risk arises as a result of the Company's activities in interest rate, currency, equity and debt markets and comprises interest rate, foreign exchange and equity and debt price risk. Exposure to market risk continues to be small in relation to capital.

Limits on market risk exposure are set by the R&Co Group Assets and Liabilities Committee and are independently monitored.

Market risks associated with treasury and equity positions are set out below with a description of risk management and the levels of risk.

Equities

The Company has exposure to equity price risk through holdings of equity investments. Each position is approved by senior management and is monitored on an individual basis. The table below shows the Company's equity price risk by location, excluding investments in money market funds which can be redeemed on demand (see note 12).

	UK	Other Europe	Total
Equity price risk by location	**£'000**	**£'000**	**£'000**
At 31 December 2020			
Equity investments	129,931	33,387	163,318
At 31 December 2019			
Equity investments	85,561	29,471	115,032

The equity exposure to "Other Europe" consists principally of minority investments held in Rothschild & Co SCA.

If the price of these equities were to fall by 5 per cent, then there would be a post-tax charge to the income statement of £357,000 and a post-tax charge to equity of £7,725,000 (2019: £261,000 and £5,429,000 respectively). Similarly, if the price of the remaining equities were to rise by 5 per cent, then there would be a post-tax credit to the income statement of £357,000 and a post-tax credit to equity of £7,725,000 (2019: £261,000 and £5,429,000 respectively).

Currency risk

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.

	Long/(short)	Long/(short)
	2020	**2019**
	£'000	**£'000**
US$	364	1,517
Euro	1,578	(205)
Other	645	2,072

If the value of these currencies fell by 5 per cent against sterling, then there would be a post-tax charge to the income statement of £105,000 (2019: charge of £137,000). 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 income statement of £105,000 (2019: credit of £137,000). There would be no material impact on equity.

Interest rate risk

The following table summarises exposure to interest rate risk by showing the impact on the fair value of interest-bearing assets and liabilities, and of interest rate derivatives, if base interest rates in each currency shown moved up or down by 1 per cent. This table includes all interest rate risk within the businesses, and the structural interest rate exposure that arises from the reinvestment of shareholders' funds.

	Sterling £'000	Euro £'000
At 31 December 2020		
+ 1%	(2,389)	891
- 1%	2,389	(891)
At 31 December 2019		
+ 1%	(356)	(478)
- 1%	356	478

The replacement of IBORs (Interbank Offered Rates), including LIBOR, with alternative risk-free rates is expected to happen after 2021. The Company, via the Group ALCO which has oversight of the IBOR transition for the R&Co Group, continues to evaluate the impact of this on its lending, borrowings and processes as a common approach by the industry evolves. Given the nature of our business, there are not expected to be any significant financial or operational effects resulting from IBOR transition.

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, 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 daily basis. This is overseen by the NMR Balance Sheet and Treasury Committee which, along with approving the types of liquid assets held by the Company, monitors projected cash positions over the next 18 months.

The tables below analyse the Company's financial assets and liabilities based on contractual maturity, apart from the equity investments in the money market funds which can be called upon for settlement on demand. Loan commitments and guarantees are included at the earliest date they can be drawn down or called upon.

	Demand/ next day £'000	2 days - 3m £'000	3m - 1 yr £'000	> 1 year £'000	No fixed maturity £'000	Total £'000
At 31 December 2020						
Cash	13	-	--	-	-	13
Loans and advances - banks	16,653	155,000	30,000	-	-	201,653
Derivatives	-	5,120	-	-	-	5,120
Loans and advances - other	-	58,775	60,293	158,374	(6,106)	271,336
Investment securities	37,999	22,228	-	1,308	163,318	224,853
Other financial assets	-	97,419	-	-	-	97,419
TOTAL	**54,665**	**338,542**	**90,293**	**159,682**	**157,212**	**800,394**
Due to group companies	48,754	-	-	-	-	48,754
Commitments and guarantees	-	165,320	-	-	-	165,320
Lease liabilities	-	1,449	4,507	166,648	-	172,604
Other financial liabilities	-	22,498	-	-	-	22,498
TOTAL	**48,754**	**189,267**	**4,507**	**166,648**	**-**	**409,176**

	Demand/ next day £'000	2 days - 3m £'000	3m - 1 yr £'000	> 1 year £'000	No fixed maturity £'000	Total £'000
At 31 December 2019						
Cash	12	-	-	-	-	12
Loans and advances - banks	21,070	135,000	-	-	-	156,070
Derivatives	-	6,301	-	-	-	6,301
Loans and advances - other	14,240	23,751	71,535	152,092	(5,501)	256,117
Investment securities	94,523	51,221	18,917	1,604	115,033	281,298
Other financial assets	-	107,735	-	-	-	107,735
TOTAL	**129,845**	**324,008**	**90,452**	**153,696**	**109,532**	**807,533**
Due to banks	1	-	-	-	-	1
Due to group companies	47,155	-	-	-	-	47,155
Derivatives	-	811	-	-	-	811
Commitments and guarantees	-	147,176	-	-	-	147,176
Lease liabilities	-	1,364	4,222	172,569	-	178,155
Other financial liabilities	-	27,861	-	-	-	27,861
TOTAL	**47,156**	**177,212**	**4,222**	**172,569**	**-**	**401,159**

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. Loan commitments and guarantees are included at the earliest date they can be drawn down or called upon. This table does not reflect the liquidity position of the Company.

	Demand/ next day £'000	2 days - 3m £'000	3m - 1 yr £'000	> 1 year £'000	No fixed maturity £'000	Total £'000
At 31 December 2020						
Due to group companies	48,754	-	-	-	-	48,754
Lease liabilities	-	1,449	4,507	166,648	-	172,604
Other financial liabilities	-	22,498	-	-	-	22,498
TOTAL	**48,754**	**23,947**	**4,507**	**166,648**	**-**	**243,856**
Commitments and guarantees	**-**	**165,320**	**-**	**-**	**-**	**165,320**
At 31 December 2019						
Due to banks	1	-	-	-	-	1
Due to group companies	47,155	-	-	-	-	47,155
Lease liabilities	-	1,364	4,222	172,569	-	178,155
Other financial liabilities	-	27,861	-	-	-	27,861
TOTAL	**47,156**	**29,225**	**4,222**	**172,569**	**-**	**253,172**
Commitments and guarantees	**-**	**147,176**	**-**	**-**	**-**	**147,176**

2.6 Capital management

The Company is designated as an “exempt CAD” firm by the Financial Conduct Authority. The Company’s capital management policy is to ensure that it is strongly 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.

3 Fair value of financial assets and liabilities

Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants. For financial instruments carried at fair value, market prices or rates are used to determine that fair value where an active market exists (such as a recognised exchange), as this is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Company. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The valuation may be derived from quotations received from various sources. Where the market is illiquid, the quotations may not be supported by prices from actual market transactions.

Valuation techniques are generally applied to over the counter derivative transactions and unlisted debt and equity securities. The most frequently applied pricing models and valuation techniques use discounted cashflows. The values derived from modelling discounted cashflows are significantly affected by judgements and assumptions made concerning factors such as the amounts and timing of future cashflows, discount rates and credit quality.

The methods adopted to determine the fair value of each type of financial asset or liability are summarised below:

- **Cash and balances at central banks, loans and advances - banks and due to banks.** The fair values of these instruments are materially the same as their carrying values due to their short-term nature.
- **Loans and advances - other.** The fair values of loans and advances to customers are based on observable market transactions, obtained from market data providers where available. Where observable market transaction data is not available, fair value is estimated using valuation models that incorporate a range of input assumptions. These assumptions include estimates of current market pricing and valuations of collateral held, adjusted by appropriate indices.
- **Due to group companies.** The fair values of these instruments are determined by discounting the future cashflows at current market interest rates for instruments of similar remaining maturities, adjusted for the appropriate credit spread.
- **Other financial assets and liabilities.** Fair value is considered to be the same as carrying value for these assets.
- **Derivatives and debt and equity securities.** These are carried in the balance sheet at fair value, usually determined using quoted market prices or other observable inputs. Debt securities or unlisted equity securities for which no price is available are valued by discounting expected future cashflows at market interest rates adjusted for appropriate credit spreads or using other valuation techniques.

Notes to the financial statements
(forming part of the financial statements)

The fair values of financial assets and liabilities have been classified into a three level valuation hierarchy, whereby the valuation level is determined using the following criteria:

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 significant extent). This category includes instruments that are valued based on quoted prices for similar instruments and for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Level 3: Inputs for the asset or liability that are not based primarily on observable market data (unobservable inputs). Typically, this will be used for instruments with uncertain cashflows and the valuation will therefore depend upon the expected cashflows, estimated maturity and the discount factor used.

Financial assets and liabilities carried at amortised cost

			Measured using		
	Carrying value £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
At 31 December 2020					
Financial assets					
Loans and advances - banks	201,653	201,653	-	201,653	-
Loans and advances - other	271,336	265,653	-	263,563	2,090
Debt securities	37,999	38,001	38,001	-	-
Other financial assets	97,419	97,419	-	97,419	-
TOTAL	**608,407**	**602,726**	**38,001**	**562,635**	**2,090**
Financial liabilities					
Due to group companies	48,754	48,754	-	48,754	-
Other financial liabilities	22,498	22,498	-	22,498	-
TOTAL	**71,252**	**71,252**	**-**	**71,252**	**-**
At 31 December 2019					
Financial assets					
Loans and advances - banks	156,070	156,070	-	156,070	-
Loans and advances - other	256,117	250,528	-	247,354	3,174
Debt securities	70,138	70,130	70,130	-	-
Other financial assets	107,735	107,735	-	107,735	-
TOTAL	**590,060**	**584,463**	**70,130**	**511,159**	**3,174**
Financial liabilities					
Due to banks	1	1	-	1	-
Due to group companies	47,155	47,155	-	47,155	-
Other financial liabilities	27,861	27,861	-	27,861	-
TOTAL	**75,017**	**75,017**	**-**	**75,017**	**-**

Notes to the financial statements
(forming part of the financial statements)

Financial assets and liabilities carried at fair value

	Carrying value equal to fair value	Measured using		
		Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
At 31 December 2020				
Financial assets				
Derivatives	5,120	-	5,120	-
Debt securities	1,309	-	1,309	-
Equity securities	185,545	55,612	44	129,889
TOTAL	**191,974**	**55,612**	**6,473**	**129,889**

	Carrying value equal to fair value	Measured using		
		Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000
At 31 December 2019				
Financial assets				
Derivatives	6,301	-	6,301	-
Debt securities	1,604	-	1,604	-
Equity securities	209,556	123,993	44	85,519
TOTAL	**217,461**	**123,993**	**7,949**	**85,519**
Financial liabilities				
Derivatives	811	-	811	-
TOTAL	**811**	**-**	**811**	**-**

Assets measured at fair value based on Level 3

There were no significant transfers between assets valued at Level 1 and at Level 2 in the period. The movements in assets valued using Level 3 valuation are as follows:

	2020	2019
Equity securities		**£'000**
Opening balance	85,519	85,519
Total gains and (losses):		
- through other comprehensive income	44,370	-
CLOSING BALANCE	**129,889**	**85,519**

The table below sets out information about significant unobservable inputs used at 31 December 2019 and 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Description	Fair value £'000	Valuation technique	Unobservable input	Fair value measurement sensitivity to unobservable inputs
Equity securities – fair value through OCI	129,889	External valuation based on asset value	Value of underlying property based on market yields	Increase in market yield of 0.1% would give rise to an increase in fair value of £8m

4 Net fee and commission income

	2020 £'000	2019 £'000
Fee and commission income		
Global Advisory fees received	358,231	422,010
Banking and credit related fees and commissions	73	62
Other fees	-	1,000
TOTAL	**358,304**	**423,072**
Fee and commission expense		
Global Advisory fees payable	44,491	54,059
Other fees paid	315	368
TOTAL	**44,806**	**54,427**

Global advisory fees payable represent fees paid to other members of the R&Co Group where the Company has worked in collaboration with another group company on a transaction.

5 Net interest income

	2020 £'000	2019 £'000
Interest income		
Interest earned on loans and advances	3,575	4,656
Interest earned on investment securities measured at amortised cost	262	711
Interest earned on investment securities measured at fair value through profit and loss	2	3
Interest earned on other financial assets measured at fair value through profit and loss	1,896	2,574
TOTAL	**5,735**	**7,944**
Interest expense		
Interest on amounts due to banks and customers	583	2,123
Interest on lease liabilities	7,186	7,337
TOTAL	**7,769**	**9,460**

Included within interest income is £335,000 (2019: £319,000) in respect of interest income accrued on impaired financial assets.

Notes to the financial statements
(forming part of the financial statements)

6 Dividend income

	2020 £'000	2019 £'000
Dividends from subsidiary undertakings	29,291	15,000
Dividends from associated undertakings	-	1,853
Dividends from joint ventures	1,251	5,863
Dividends from other group companies	-	930
Dividends from investments measured at fair value through profit and loss	205	470
TOTAL	**30,747**	**24,116**

7 Other operating income / (expense)

	2020 £'000	2019 £'000
Other operating income		
Rental income	71	99
Equities designated as fair value through profit and loss – net change in fair value	(30)	(2,082)
Foreign exchange gains/(losses)	421	667
Other	6	88
TOTAL	**468**	**(1,228)**

8 Operating expenses

	Note	2020 £'000	2019 £'000
Staff costs	9	262,586	247,080
Administrative expenses		30,326	43,512
Less: recharges to other group companies		(29,923)	(27,458)
TOTAL		**262,989**	**263,134**

The auditor's remuneration was as follows:

	2020 £'000	2019 £'000
Audit fees relating to the Company	167	137
Audit fees relating to subsidiary undertakings and other affiliates	156	84
TOTAL	**323**	**221**

Remuneration payable to the auditor and its associates for non-audit work was as follows:

	2020 £'000	2019 £'000
Audit-related assurance services	48	46
Other services	-	27
TOTAL	**48**	**73**

9 Staff costs

	Note	2020 £'000	2019 £'000
Fixed and variable remuneration		209,593	196,138
Social security costs		29,882	27,922
Staff benefits and other staff costs		12,066	13,485
Pension costs			
- defined benefit plans	23	4,498	3,444
- defined contribution plans	23	5,686	5,090
Post-retirement benefits		861	1,001
TOTAL STAFF COSTS		**262,586**	**247,080**

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

	2020	2019
Global Advisory	478	474
Support	274	254
TOTAL	**752**	**728**

The average number of persons employed was as follows:

	2020	2019
Global Advisory	469	446
Support	267	249
TOTAL	**736**	**695**

Deferred remuneration and share-based payments

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 cash awards are paid one, two and three years after the year of the award, and the expense is recognised over the two, three and four 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 R&Co Group.

A commitment to employees exists in connection with deferred remuneration. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is £40,273,000 (2019: £41,139,000).

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:

Rothschild & Co equity scheme

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:

	2020		2019	
	Number	Weighted average exercise price €	Number	Weighted average exercise price €
At beginning of period	**1,800,000**	**23.29**	**1,400,000**	**21.99**
Issued	-	-	410,000	27,66
Forfeited	-	-	-	-
Expired	-	-	-	-
Cancelled	-	-	-	-
Exercised	(80,000)	17.56	(10,000)	20.00
AT END OF PERIOD	**1,720,000**	**23.56**	**1,800,000**	**23.29**
Exercisable at the end of the period	1,000,000	17.46	1,050,000	20.37

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

Exercise price range €	2020		2019	
	Number of options outstanding	Weighted average contractual life (years)	Number of options outstanding	Weighted average contractual life (years)
17.50	177,500	2.75	197,500	3.75
18.00	207,500	2.75	227,500	3.75
19.00	240,000	2.75	260,000	3.75
20.00	295,000	2.75	315,000	3.75
23.62	20,000	4.95	20,000	5.95
24.12	30,000	4.95	30,000	5.95
25.12	30,000	4.95	30,000	5.95
26.12	30,000	4.95	30,000	5.95
31.56	70,000	7.00	70,000	8.00
32.06	70,000	7.00	70,000	8.00
33.06	70,000	7.00	70,000	8.00
34.06	70,000	7.00	70,000	8.00
26.10	77,500	2.75	77,500	3.75
27.10	77,500	2.75	77,500	3.75
29.10	77,500	2.75	77,500	3.75
31.10	77,500	2.75	77,500	3.75
26.10	25,000	8.75	25,000	9.75
26.60	25,000	8.75	25,000	9.75
27.60	25,000	8.75	25,000	9.75
28.60	25,000	8.75	25,000	9.75
TOTAL	**1,720,000**	**4.20**	**1,800,000**	**5.30**

The options were valued by an independent valuer using a Black-Scholes option valuation model. The key inputs into this model were the price of the underlying Rothschild & Co shares, the expected volatility of the share price (for which the historic volatility has been the primary consideration), and the estimated exercise date of the options (which is the mid-point between the dates of vesting and expiry). The valuation was based on the assumption that all recipients will remain with the Group.

The fair value of the share-based payments made in the period was £nil (2019: £0.1m). This amount is charged to the income statement over the period of employee service required under the vesting conditions. As the options are equity-settled, there is no liability booked in the balance sheet in respect of these options, and there is no periodic charge or credit in the income statement as the options change in value.

Rothschild & Co share-based payments

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.

The charge for the period arising from share-based payment schemes was as follows:

	2020 £'000	2019 £'000
Rothschild & Co equity scheme	545	215
Rothschild & Co share-based payments	3,215	712
TOTAL	**3,760**	**927**

10 Tax

Tax charged to the income statement:

	2020 £'000	2019 £'000
Current tax:		
- Current year	5,309	10,042
- Prior year adjustments	(839)	237
Total current tax	**4,470**	**10,279**
Deferred tax:		
- Origination and reversal of timing differences	3,458	8,918
- Prior year adjustments	287	18
- Recognition of previously derecognised deferred tax	-	(3,250)
Total deferred tax	**3,745**	**5,686**
TOTAL TAX CHARGED TO INCOME STATEMENT	**8,215**	**15,965**

Tax on items credited to other comprehensive income:

	2020 £'000	2019 £'000
Deferred tax on securities measured at fair value through OCI	(13)	(12)
Current tax on securities measured at fair value through OCI	13	12
Deferred tax on actuarial gains and losses on defined benefit pension schemes	(18,221)	(3,992)
TOTAL TAX CREDITED TO OTHER COMPREHENSIVE INCOME	**(18,221)**	**(3,992)**

Notes to the financial statements
(forming part of the financial statements)

Tax on items credited to equity:

	2020 £'000	2019 £'000
Current tax on distributions to holders of perpetual instruments	(1,581)	(1,154)
Current tax on IFRS 9 transition	(5)	(5)
Deferred tax on IFRS 9 transition	1	5
Current tax on right of use assets	(259)	(259)
Deferred tax on right of use assets	(295)	259
Deferred tax on IFRS 16 transition	-	(5,035)
Deferred tax on valuation of share options	(108)	919
Deferred tax on acquisition of a business	(8)	-
	(2,255)	**(5,270)**

As a result of changes in UK corporation tax rules, the deductibility of interest for UK groups is now restricted. For the purposes of these financial statements, it has been assumed that not all of the interest borne by the Company is tax deductible.

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

	2020 £'000	2019 £'000
Profit before tax	62,003	123,465
Tax calculated at the UK corporation tax rate of 19%	11,781	23,458
Adjustment to tax charge in respect of prior years	(552)	255
Impact on deferred tax of corporation tax rate change	2,244	-
Non tax deductible expenses	565	643
Group dividends not subject to tax	(5,565)	(3,379)
Other income not subject to tax	-	(1,540)
Irrecoverable dividend withholding tax	(926)	688
Non tax deductible impairment provisions	870	-
Recognition of previously derecognised deferred tax	-	(3,250)
Other	(202)	(910)
TOTAL TAX CHARGED TO INCOME STATEMENT	**8,215**	**15,965**

Further information about deferred tax is presented in note 22.

Notes to the financial statements
(forming part of the financial statements)

11 Loans and advances

	2020 £'000	2019 £'000
Loans and advances - banks:		
Included in cash and cash equivalents - group	70,456	86,122
Included in cash and cash equivalents – other	16,195	19,820
Other – group lending	115,002	40,128
Other – third party lending	-	10,000
TOTAL	**201,653**	**156,070**

	2020 £'000	2019 £'000
Loans and advances - other:		
Loans and advances to group companies	258,391	239,365
Loans and advances – other customers	26,451	31,707
Allowance for credit losses - other	(13,506)	(14,955)
TOTAL	**271,336**	**256,117**

All loans and advances are measured at amortised cost less allowances for credit losses.

Loans and advances to and amounts due to certain group companies are subject to legally binding netting agreements and are thus reported net. The amount netted at 31 December 2020 was £24,151,000 (2019: £31,083,000).

The movement in the allowance for credit losses on loans and advances to customers is as follows:

	Stage 1 12 month ECL £'000	Stage 2 Lifetime ECL £'000	Stage 3 Lifetime ECL (impaired assets) £'000	Total £'000
At 1 January 2020	**16**	**5,486**	**9,453**	**14,955**
Charge/(credit) to income statement	31	654	(976)	(291)
Amounts written off	-	-	(2,153)	(2,153)
Recoveries	-	-	1,058	1,058
Exchange movements	-	(81)	18	(63)
AT 31 DECEMBER 2020	**47**	**6,059**	**7,400**	**13,506**
At 1 January 2019	**16**	**4,750**	**16,654**	**21,420**
Charge/(credit) to income statement	-	534	(2,264)	(1,730)
Amounts written off	-	-	(9,330)	(9,330)
Recoveries	-	217	4,393	4,610
Exchange movements	-	(15)	-	(15)
AT 31 DECEMBER 2019	**16**	**5,486**	**9,453**	**14,955**

12 Investment securities

	2020 £'000	2019 £'000
Debt securities – amortised cost	37,995	70,057
Debt securities - fair value through profit and loss	1,308	1,604
Accrued interest	4	81
TOTAL DEBT SECURITIES	**39,307**	**71,742**
Equity securities - fair value through profit and loss (excluding money market funds)	8,809	6,450
Equity securities – fair value through OCI	154,509	108,582
	163,318	**115,032**
Equity securities – fair value through profit and loss (money market funds)	22,228	94,524
TOTAL EQUITY SECURITIES	**185,546**	**209,556**
TOTAL INVESTMENT SECURITIES	**224,853**	**281,298**

Debt and equity securities may be analysed as follows:

	2020 £'000	2019 £'000
Debt securities		
- Listed	39,307	71,742
Total debt securities	**39,307**	**71,742**
Equity securities		
- Listed	33,383	29,468
- Unlisted	152,163	180,088
Total equity securities	**185,546**	**209,556**
TOTAL DEBT AND EQUITY SECURITIES	**224,853**	**281,298**

Equity securities include shares in Rothschild & Co SCA and Third New Court Limited.

The movement in debt and equity securities is as follows:

	2020 £'000	2019 £'000
At beginning of year	**281,298**	**357,671**
Additions	282,673	419,544
Disposals (sale and redemption)	(387,276)	(487,573)
Gains / (Losses) from changes in fair value	48,235	(8,244)
Movement in accrued interest	(77)	(100)
AT END OF YEAR	**224,853**	**281,298**

Notes to the financial statements
(forming part of the financial statements)

13 Derivatives

The Company's use of financial instruments, including derivatives, is set out in note 2. A derivative is a financial instrument, the value of which is derived from the value of another financial instrument, an index or some other variable ("the underlying"). Typically, the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive fair values (assets) and negative fair values (liabilities). Positive fair values represent the cost to the Company of replacing all transactions with a fair value in the Company's favour if the counterparties default. Negative fair values represent the cost to the Company's counterparties of replacing all their transactions with the Company with a fair value in the counterparties' favour if the Company were to default. Positive and negative fair values on different transactions are only netted if there is a legal right of set-off, the transactions are with the same counterparty and the cashflows will be settled on a net basis. Changes in fair values of derivative instruments are recognised in other income.

During the year, the Company has only entered into forward foreign exchange contracts.

	Notional principal		Positive fair value		Negative fair value	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	378,265	312,516	5,480	6,301	(360)	(811)
TOTAL	**338,245**	**312,516**	**5,480**	**6,301**	**(360)**	**(811)**

14 Other assets

	2020	2019
	£'000	£'000
Accounts receivable and prepayments	46,028	44,643
Accrued income	7,336	26,460
Intra-group receivables	56,493	47,467
Stock	19	10
Other	1,325	1,899
TOTAL	**111,201**	**120,479**

Accounts receivable are net of allowances of £3,135,000 (2019: £5,095,000).

15 Investments in subsidiary undertakings

	2020	2019
	£'000	£'000
Net book value at beginning of year	**10,531**	**10,531**
Impairment provisions	(4,578)	-
NET BOOK VALUE AT END OF YEAR	**5,953**	**10,531**

The subsidiary companies are held at cost of £45,766,000 less impairment provisions of £39,813,000. The impairment provision followed the transfer of the business of Scott Harris UK Limited to the Company

The subsidiary undertakings of the Company as at 31 December 2020 are detailed in note 33.

Notes to the financial statements
(forming part of the financial statements)

16 Investments in associates and joint ventures

	2020	2019
	£'000	£'000
Cost at beginning of year	3,000	30,280
Disposals	-	(27,280)
COST AT END OF YEAR	**3,000**	**3,000**

The Company's remaining interest in associates and joint ventures is as follows:

	Country of residence	Ownership interest	Description of business
Rothschild & Co Europe Partnership	England and Wales, with registered office at New Court, St. Swithin's Lane, London EC4N 8AL.	50%	Financial advisory

17 Property, plant and equipment

	Leasehold improvements	Cars, fixtures and fittings	Computer equipment	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost at 1 January 2020	**48,602**	**3,037**	**10,518**	**62,157**
Additions	20	224	990	1,234
Disposals	-	(11)	-	(11)
At 31 December 2020	**48,622**	**3,250**	**11,508**	**63,380**
Accumulated depreciation at 1 January 2020	**26,423**	**2,377**	**8,591**	**37,391**
Depreciation charge	2,800	359	877	4,036
Disposals	-	(11)	-	(11)
At 31 December 2020	**29,223**	**2,725**	**9,468**	**41,416**
NET BOOK VALUE AT 31 DECEMBER 2020	**19,399**	**525**	**2,040**	**21,964**
Cost at 1 January 2019	**48,602**	**3,109**	**8,716**	**60,427**
Additions	-	69	1,802	1,871
Disposals	-	(141)	-	(141)
At 31 December 2019	**48,602**	**3,037**	**10,518**	**62,157**
Accumulated depreciation at 1 January 2019	**23,532**	**2,178**	**8,033**	**33,743**
Depreciation charge	2,891	340	558	3,789
Disposals	-	(141)	-	(141)
At 31 December 2019	**26,423**	**2,377**	**8,591**	**37,391**
NET BOOK VALUE AT 31 DECEMBER 2019	**22,179**	**660**	**1,927**	**24,766**

18 Right of use assets

	2020 £'000	2019 £'000
Balance at beginning of year	**147,010**	**151,796**
Depreciation charge	(9,364)	(9,466)
Additions	1,761	1,536
Disposals	(1,763)	-
Revaluations	119	3,144
RIGHT OF USE ASSETS AT END OF YEAR	**137,763**	**147,010**

19 Lease liabilities

	2020 £'000	2019 £'000
Balance at beginning of year	**178,155**	**178,450**
Additions	1,761	1,769
Disposals	(1,732)	(48)
Revaluations	30	3,192
Rental payments	(12,796)	(12,545)
Interest expense	7,186	7,337
LEASE LIABILITIES AT END OF YEAR	**172,604**	**178,155**

20 Goodwill

	2020 £'000	2019 £'000
At beginning of year	4,093	-
Additions	-	4,093
At end of year	**4,093**	**4,093**

21 Other liabilities

	2020 £'000	2019 £'000
Accounts payable	1,828	1,759
Intra-group payables	21,052	30,891
Other liabilities	5,672	6,577
TOTAL	**28,552**	**39,227**

Notes to the financial statements
(forming part of the financial statements)

22 Deferred income taxes

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 19 per cent. The movement on the deferred tax account is as follows:

	2020 £'000	2019 £'000
At beginning of year	**22,201**	**20,030**
Transition to IFRS 16	-	**5,035**
	22,201	**25,065**
Recognised in income		
Income statement charge	(3,745)	(5,686)
Recognised in equity		
Defined benefit pension arrangements	18,221	3,992
Debt and equity securities		
- fair value measurement	13	12
Valuation of share options	108	(919)
Acquisition of business	8	1
IFRS 9 & 16 transition	292	(264)
AT END OF YEAR	**37,098**	**22,201**

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

	2020 £'000	2019 £'000
Accelerated tax depreciation	1,200	1,543
Deferred profit share arrangements	19,557	15,905
Pension and other post-retirement benefits	11,400	21
Debt and equity securities	(164)	(177)
Tax losses	-	96
Right of use asset	5,071	4,776
Other temporary differences	34	37
TOTAL	**37,098**	**22,201**

The deferred tax charge in the income statement comprises the following temporary differences:

	2020 £'000	2019 £'000
Accelerated tax depreciation	(351)	(619)
Deferred profit share arrangements	3,544	249
Pensions and other post-retirement benefits	(6,842)	(2,998)
Tax losses	(96)	(2,318)
TOTAL	**(3,745)**	**(5,686)**

23 Defined benefit pension plans and other post-retirement benefits

The Company operates a pension scheme, the NMR Pension Fund ("the UK Fund"), for the benefit of employees of the Company as well as certain other R&Co 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 R&Co Group also operates a separate pension arrangement, The NMR Overseas Pension Fund ("the Overseas Fund" – which together with the UK Fund are referred to below as "the Funds") that shares risks between entities within the group. The Overseas Fund comprises a defined benefit section and defined contribution section, both of which were closed to accrual in April 2017. The R&Co Group policy for allocating to individual entities in the Overseas Fund is based on the share of liabilities relating to employees/former employees of each participating group company.

The Company also has £1,311,000 (2019: £1,309,000) of unfunded obligations in respect of pensions and other post-retirement benefits.

Amounts recognised in respect of the various post-retirement schemes at the balance sheet date were as follows (N.B. For the Overseas Fund, all amounts shown relate to the share of obligations and assets allocated to the Company):

	UK Fund £'000	Overseas Fund £'000	Unfunded obligations £'000	Total £'000
At 31 December 2020				
Present value of obligations	(1,026,947)	(35,161)	(1,311)	(1,063,419)
Fair value of plan assets	964,080	39,337	-	1,003,417
Net defined benefit asset/(liability)	**(62,867)**	**4,176**	**(1,311)**	**(60,002)**

	UK Fund £'000	Overseas Fund £'000	Unfunded obligations £'000	Total £'000
At 31 December 2019				
Present value of obligations	(907,712)	(31,844)	(1,309)	(940,865)
Fair value of plan assets	904,844	36,248	-	941,092
Net defined benefit asset/(liability)	**(2,868)**	**4,404**	**(1,309)**	**227**

For the Funds, benefits are based on actual service and final pensionable salary. The weighted average duration of the expected benefit payments from the UK Fund is 19.5 years and 19.1 years for the Overseas

Fund. The Funds are approved by HMRC for tax purposes (the UK Fund is a Registered Scheme and the Overseas Fund is a Section 615 Scheme) and are operated separately from the Company and managed by independent trustees. The trustees are responsible for payment of the benefits and management of the Funds' assets. The Funds are subject to UK funding regulations, which require the Company and trustees to agree a funding strategy and contribution schedule for the Funds.

As with most defined benefit schemes, the Funds expose the Company to a number of risks including longevity, inflation, interest rate and investment performance. These risks are mitigated by an investment strategy which aims to minimise the long-term costs. This is achieved by investing in a diversified selection of asset classes, which aims to reduce the volatility of returns and also achieves a level of matching with the underlying liabilities. Overall, the objective for the Funds is to select assets which will generate income and capital growth to meet, together with new contributions (as necessary), the cost of current and, in the case of the UK Fund, future benefits payable by the Funds.

The matching assets that the Funds invest in include corporate bonds, government securities and a specific liability driven investment ("LDI") mandate. Overall, the matching portfolio for the UK Fund targets a 90% hedge of the UK Fund's interest rate and inflation exposure. In each case the hedging is relative to the UK Fund's agreed long-term funding measure. The LDI manager invests in a combination of bonds and swaps, depending on the relative attractiveness of each instrument.

The Overseas Fund has a higher level of matching, targeting 100% for inflation and interest rate, recognising the funding position of this scheme. Again, this is set relative to the long-term funding measure.

The latest formal actuarial valuations of the Funds were carried out as at 31 March 2019 and have been updated for IAS 19 (Revised) purposes to 31 December 2020 by qualified independent actuaries. As required by IAS 19 (Revised), the values of the defined benefit obligation and current service cost have been measured using the projected unit credit method. The net charge to the income statement comprises current and past service costs, the net interest charge on the net defined benefit liability and administration expenses relating to the management of the pension funds. Remeasurement gains and losses are recognised in full, in the period in which they occur, outside the income statement and presented in other comprehensive income.

The principal actuarial assumptions used in respect of all post-retirement schemes as at the balance sheet date were as follows:

	2020	**2019**	**2018**
Discount rate	1.40%	2.20%	2.90%
Retail price inflation	2.80%	2.90%	3.20%
Consumer price inflation	2.00%	2.00%	2.10%
Expected rate of uncapped salary increases	2.00%	2.00%	2.00%
Expected rate of increase in pensions in payments:			
Capped at 5.0% per annum	2.80%	2.80%	3.10%
Capped at 2.5% per annum	2.00%	2.00%	2.10%
Life expectancy of a pensioner aged 60:			
Male	29.0	29.0	28.7
Female	30.4	30.3	29.7
Life expectancy of a future pensioner aged 60 in 20 years' time:			
Male	30.4	30.3	30.2
Female	31.8	31.7	31.3

The CPI inflation assumption is set by assuming it is a fixed amount lower than RPI. Following the Government announcement on 25 November 2020 regarding the future of the Retail Prices Index, the CPI assumption for 31 December 2020 has been set using a different fixed amount before and after 2030. The gap between RPI and CPI is assumed to be 1.1% pa up to 2030 and 0.1% pa thereafter. The figure of 2% pa shown in the table is a weighted average.

The defined benefit plan net liability calculation is sensitive to the actuarial assumptions used above. Those that have the most significant impact on the measurement of the liability are as follows, along with an illustration of the sensitivity of the net liability of the UK Fund to those assumptions:

	2020 £'000	2019 £'000
0.5% increase in discount rate	(93,300)	(79,400)
0.5% increase in price inflation	77,800	63,400
1 year increase in life expectancy	45,600	36,900

The sensitivities shown above reflect only the change in the assessed defined obligation for the UK Fund. In practice, any movement leading to a change in the discount rate or price inflation is likely to be partially offset by a change in asset values, and the corresponding overall impact on the net liability is therefore likely to be lower than the amounts above.

The movement in the net defined benefit obligation is as follows:

	Plan assets £'000	Defined benefit obligations £'000	Net defined benefit liability £'000
At 1 January 2020	**941,092**	**(940,865)**	**227**
Current service cost (net of contributions paid by other plan participants)	-	(2,686)	**(2,686)**
Current service cost relating to other plan participants	-	(1,150)	**(1,150)**
Past service costs	-	(600)	**(600)**
Interest income/(cost)	20,407	(20,193)	**214**
Re-measurements due to:			
- actual return less interest on plan assets	59,819	-	**59,819**
- changes in financial assumptions	-	(139,508)	**(139,508)**
- changes in demographic assumptions	-	(3,198)	**(3,198)**
- experience gains/(losses)	-	6,860	**6,860**
Benefits paid	(37,921)	37,921	**-**
Contributions by the Group	20,296	-	**20,296**
Contributions by other plan participants	1,150	-	**1,150**
Administration expenses	(1,426)	-	**(1,426)**
AT 31 DECEMBER 2020	**1,003,417**	**(1,063,419)**	**(60,002)**

Notes to the financial statements
(forming part of the financial statements)

	Plan assets £'000	Defined benefit obligations £'000	Net defined benefit liability £'000
At 1 January 2019	**833,270**	**(825,782)**	**7,488**
Current service cost (net of contributions paid by other plan participants)	-	(2,496)	**(2,496)**
Current service cost relating to other plan participants	-	(1,001)	**(1,001)**
Transfer from other entities	32,374	(28,121)	**4,253**
Interest income/(cost)	25,002	(24,361)	**641**
Re-measurements due to:			
- actual return less interest on plan assets	60,112	-	**60,112**
- changes in financial assumptions	-	(95,339)	**(95,339)**
- changes in demographic assumptions	-	500	**500**
- experience gains/(losses)	-	6,989	**6,989**
Benefits paid	(28,746)	28,746	**-**
Contributions by the Group	19,668	-	**19,668**
Contributions by other plan participants	1,001	-	**1,001**
Administration expenses	(1,589)	-	**(1,589)**
AT 31 DECEMBER 2019	**941,092**	**(940,865)**	**227**

At 31 December 2020, the fair value of plan assets comprised:

	UK Fund 2020 £'000	Overseas Fund 2020 £'000	Total 2020 £'000
Quoted			
Equities	209,925	845	210,770
Structured Credit	53,947	2,438	56,385
Property / Infrastructure	23,985	1,249	25,234
Reinsurance	35,684	1,732	37,416
Emerging Market debt	66,206	1,032	67,238
Illiquid credit	69,413	-	69,413
Traditional credit	114,697	15,176	278,418
Gilts & LDI	263,242	15,302	129,999
Money market / cash	27,857	1,466	29,323
Unquoted			
Private equity and hedge funds	79,937	28	79,965
Property / Infrastructure	19,187	69	19,256
TOTAL	**964,080**	**39,337**	**1,003,417**

Notes to the financial statements
(forming part of the financial statements)

At 31 December 2019, the fair value of plan assets comprised:

	UK Fund 2019 £'000	Overseas Fund 2019 £'000	Total 2019 £'000
Quoted			
Equities	204,757	6,390	211,147
Structured Credit	56,787	2,581	59,368
Property / Infrastructure	27,710	1,633	29,343
Reinsurance	33,283	1,618	34,901
Emerging Market debt	62,620	3,294	65,914
Illiquid credit	25,146	-	25,146
Traditional credit	99,440	7,357	106,797
Gilts & LDI	228,886	12,286	241,172
Money market / cash	68,464	976	69,440
Unquoted			
Private equity and hedge funds	73,269	44	73,313
Property / Infrastructure	24,482	69	24,551
TOTAL	**904,844**	**36,248**	**941,092**

Equities includes £nil (2019: £nil) of shares in companies that are related parties of the Company.

Amounts recognised in the income statement are as follows:

	Note	2020 £'000	2019 £'000
Employers' part of current service cost		2,686	2,496
Past service costs		600	-
Net interest cost		(214)	(641)
Administration expenses		1,426	1,589
TOTAL (INCLUDED IN STAFF COSTS)	**9**	**4,498**	**3,444**

On 26 October 2018, the High Court handed down a judgment concluding that the Lloyds Bank defined benefit schemes should remove the effect on pension benefits of inequalities between men and women in relation to guaranteed minimum pension (GMP), and concluded on certain methods that were appropriate to do this. In line with UK practice for companies sponsoring schemes with GMP liabilities relating to member service between May 1990 and April 1997, the Company assumed that this ruling will apply more widely. The estimated impact on liabilities at the date of the judgment was an increase of £5m which was recognised in the income statement in 2018 as a past service cost.

On 20 November 2020, the High Court handed down a further judgment, stating that pension schemes should pay uplifts in respect of members who had transferred benefits out in the past (back to 17 May 1990), where those benefits were not equalised in line with the 2018 judgment. The estimated impact on liabilities at the date of the judgement is an increase of £0.6m which has been recognised in the income statement as a past service cost.

Amounts recognised in the statement of comprehensive income:

	2020 £'000	2019 £'000
Actuarial (losses)/gains recognised in the period	(76,027)	(23,485)
Cumulative actuarial losses recognised in the statement of comprehensive income	(264,809)	(188,782)

Following the March 2019 triennial actuarial valuation of the UK Fund, the Company agreed a contribution plan with the trustees to reduce the resulting deficit in accordance with pensions regulation. The aim is to eliminate the funding deficit by March 2023 with annual contributions of £15.0m although, from March 2021, the contributions will be reviewed and are dependent on the funding position of the UK Fund. In addition, participating employers in the UK Fund have agreed to pay 55.2% of in-service members' pensionable salaries in respect of future accruals.

The Overseas Fund is in surplus on the agreed funding assumptions. Following its March 2019 triennial actuarial valuation, the Company agreed with the trustees that no contributions need to be made other than to cover the non-investment manager expenses of the Overseas Fund.

It is estimated that total contributions of £21.4 million will be paid to the defined benefit pension schemes in the year ending 31 December 2020, of which it is estimated that the Company will pay £20.2 million.

The Company has assessed that no further liability arises under IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This conclusion was reached because the trustees of the Funds do not have a unilateral power to wind up the Funds and the Funds' rules allow the Company an unconditional right to a refund assuming the gradual settlement of plan liabilities over time until all members have left the Funds.

Defined contribution schemes

	Note	2020 £'000	2019 £'000
Contributions paid	9	5,686	5,090

These amounts represent contributions to the defined contribution section of the UK Fund and other defined contribution pension arrangements.

24 Contingent liabilities and commitments

	2020 £'000	2019 £'000
Guarantees		
Guarantees and irrevocable letters of credit	136,095	129,046
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend	29,225	18,130

From time to time the Company is involved in judicial proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required, and the amount can be reasonably estimated.

25 Operating lease receivables

Minimum commitments receivable for non-cancellable leases of premises and equipment are as follows:

	2020 £'000	2019 £'000
Up to 1 year	71	71
Between 1 and 5 years	142	212
TOTAL	**213**	**283**

26 Distributions

	2020 £'000	2019 £'000
Other equity Interests		
Perpetual Floating Rate Subordinated Loan (US$100 million)	1,224	2,350
Perpetual Fixed Rate Subordinated Loan (£75 million)	6,780	6,762
Perpetual Floating Rate Subordinated Loan (€150 million)	319	818
	8,323	**9,930**
Tax credit thereon	(1,581)	(1,153)
	6,742	**8,777**
Ordinary shares		
Dividends paid	80,000	85,000
TOTAL	**86,742**	**93,777**

The dividends per ordinary share were £1.39 (2019: £1.47).

27 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with an original maturity of less than three months or are readily convertible into cash.

	2020 £'000	2019 £'000
Cash	13	12
Loans and advances - banks	86,651	105,942
Equity securities – money market funds	22,228	94,524
Debt securities	-	24,983
TOTAL	**108,892**	**225,461**

Debt securities consist of UK Treasury bills with an original maturity of less than three months.

28 Transactions with related parties

Key management personnel are the directors of the Company and of parent companies.

	2020 £'000	2019 £'000
Key management personnel compensation:		
Short-term employee benefits	9,415	9,429
Post-retirement benefits	3	15
Other deferred benefits	4,475	3,487

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

	2020		2019	
	Loans and advances £'000	Other assets £'000	Loans and advances £'000	Other assets £'000
Amounts due from parent companies	162,619	168	152,178	306
Amounts due from subsidiary undertakings	1,806	10,124	1,490	11,707
Amounts due from associates and joint ventures	-	746	-	44
Amounts due from other related parties	279,419	45,454	211,940	35,409

Amounts receivable include loans to related parties and amounts recoverable from related parties in respect of expenses incurred on their behalf and services provided. Loans are made in the ordinary course of business and on substantially the same terms as comparable transactions with third parties.

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

	2020			2019		
	Due to banks and customers £'000	Perpetual instruments £'000	Other liabilities £'000	Due to banks and customers £'000	Perpetual instruments £'000	Other liabilities £'000
Amounts due to parent companies	-	-	-	9	-	-
Amounts due to subsidiary undertakings						
- subordinated	-	51,725	-	-	51,725	-
- other	5,068	-	7,086	4,695	-	12,168
Amounts due to associates and joint ventures	-	-	4,817	-	-	7,386
Amounts due to other related parties						
- subordinated	-	72,610	-	-	72,610	-
- other	43,686	-	12,348	41,617	-	16,160

Amounts payable include intra group borrowings and bank account balances held in the ordinary course of business.

Notes to the financial statements
(forming part of the financial statements)

Guarantees made on behalf of and received from related parties of the Company are as follows:

	2020 £'000	2019 £'000
Guarantees made on behalf of subsidiary undertakings	135,095	128,046
Guarantees made on behalf of other related parties	1,000	1,000

Included in the above is a guarantee of £135,095,000 (2019: £128,046,000) of perpetual floating rate subordinated notes issued by Rothschild & Co Continuation Finance PLC. The issue proceeds have been placed on deposit with the Company on terms similar to those of the notes issued.

The Company has received guarantees from a fellow subsidiary of Rothschild & Co Concordia SAS in respect of certain customer loans.

Commitments provided to related parties of the Company are as follows:

	2020 £'000	2019 £'000
Undrawn credit commitments	29,041	18,005

The Company has entered into a lease agreement with a fellow subsidiary of Rothschild & Co Concordia SAS for the rental of office space. The lease agreement expires in 2040 and is on normal commercial terms.

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

	Parent companies £'000	Subsidiary undertakings £'000	Associates and joint ventures £'000	Other related parties £'000	Total £'000
Year to 31 December 2020					
Interest income	2,098	-	-	2,824	4,922
Interest expense	(286)	-	-	(7,090)	(7,376)
Fees and commissions income	63	13,856	-	25,835	39,754
Fees and commissions expense	-	(16,889)	(6,203)	(19,759)	(42,851)
Dividend income	-	29,291	1,251	-	30,542
Depreciation on right of use asset	-	-	-	(8,354)	(8,354)
Recoverable expenses	9,024	2,274	-	21,269	32,567
Year to 31 December 2019					
Interest receivable	2,094	-	-	4,155	6,249
Interest payable	(1,412)	-	-	(7,792)	(9,204)
Fees and commissions receivable	1,057	16,046	-	12,451	29,554
Fees and commissions payable	-	(20,882)	(9,264)	(21,513)	(51,659)
Dividend income	-	15,000	5,863	2,783	23,646
Rent payable	-	-	-	(8,355)	(8,355)
Recoverable expenses	6,986	2,183	2,055	18,711	29,935

Fees and commissions receivable/payable relate to transactions where the Company has worked in collaboration with other group companies.

Notes to the financial statements
(forming part of the financial statements)

29 Remuneration of Directors

	2020 £'000	2019 £'000
Directors' emoluments	3,293	3,353
Amounts receivable under deferred bonus schemes	392	376
	3,685	**3,729**
Pension contributions to money purchase schemes	1	12
	3,686	**3,741**

The emoluments of the highest paid director were £1,000,000 (2019: £1,000,000).

	2020	2019
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	2	2
Defined benefit schemes	-	1

30 Share capital

	2020	2019
Allotted, called up and fully paid ordinary shares of £1 each	57,654,551	57,654,551

31 Perpetual instruments

	2020 £'000	2019 £'000
Perpetual fixed rate subordinated notes 9% (£75 million)	48,750	48,750
Perpetual floating rate subordinated notes (€150 million)	51,725	51,725
Perpetual floating rate subordinated notes (US$100 million)	23,860	23,860
TOTAL	**124,335**	**124,335**

32 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 public limited partnership whose registered office is also at 23bis, Avenue de Messine, 75008 Paris. The accounts are available on the Rothschild & Co website at www.rothschildandco.com.

The Company's immediate parent company is Rothschild & Co Continuation Limited, a private company limited by shares and incorporated in England and Wales whose registered office is at New Court, St Swithin's Lane, London, EC4N 8AL.

Notes to the financial statements
(forming part of the financial statements)

33 Subsidiary undertakings

The subsidiary undertakings of the Company as at 31 December 2020 are detailed below. All subsidiary undertakings are registered in England and Wales except where otherwise indicated.

	Percentage ownership %
The following companies are incorporated in England and Wales and have their registered offices at New Court, St Swithin's Lane, London EC4N 8AL:	
Five Arrows Finance Limited	100
Five Arrows Leasing Holdings Limited	100
Lanebridge Holdings Limited	100
Lanebridge Investment Management Limited	100
Marplace (Number 480) Limited	100
O.C. Investments Limited	100
RJVTMCO UK Limited	99
Rothschild & Co Australia Holdings Limited	100
Rothschild & Co Gold Limited	100
Rothschild Limited	100
Rothschild & Co Reserve Limited	100
Rothschild & Co Continuation Finance PLC	100
Shield Trust Limited	100
Scott Harris UK Limited (in liquidation)	100
Shield MBCA Limited	100
The following companies are incorporated overseas:	
Rothschild & Co Australia Limited *(incorporated in Australia with registered office at Level 34, 88 Phillip Street, Sydney, NSW 2000)*	100
Elsinore Part. e Serv. Ltda. *(incorporated in Brazil with registered office at Av. Brigadeiro Faria Lima 2055/18o. Andar, Jardim Paulistano - São Paulo, SP - 01451-000)*	100
Arena Plaza Jersey GP Limited (in liquidation) *(incorporated in Jersey, C.I. with registered office at Whiteley Chambers, Don Street, St. Helier JE4 9WG)*	100

Notes to the financial statements
(forming part of the financial statements)

	Percentage ownership	
	%	%
Rothschild & Co Europe B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam), which owns the following subsidiaries:		50.01
Rothschild & Co Deutschland GmbH (incorporated in Germany with registered office at Börsenstrasse 2-4, 60313 Frankfurt)	100	
Rothschild & Co Italia S.p.A. (incorporated in Italy with registered office at Via Santa Radegonda 8, 20123 - Milan)	90.45	
RothschildCo España S.A. (incorporated in Spain with registered office at Paseo de la Castellana 35, 3 planta, 28046 Madrid)	98	
Rothschild & Co Portugal Lda (incorporated in Portugal with registered office at Calçada Marquês de Abrantes, 40 - 1 Esq., 1200 - 719 Lisboa)	99.66	
Rothschild and Co Kurumsal Finansman Hizetleri Limited Sirketi (incorporated in Turkey with registered office at Akmerkez Rezidans Apart Otel No. 14D2, Akmerkez IS Mekezi Yani, Nispetiye Caddesi, 34340 Etiler, Istanbul)	99	
Rothschild & Co Polska Sp. z o.o. (incorporated in Poland with registered office at Rzymowskiego 34, 02-697 Warsaw)	100	
Rothschild & Co CIS B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam)	100	
Rothschild & Co Middle East Limited (incorporated in Dubai with registered office at Office 203, Level 2, Burj Daman, DIFC, PO Box 506570, Dubai)	100	
Rothschild & Co Doha LLC (incorporated in Qatar with registered office at PO Box 31316, Al Fardan Office Tower, West Bay 8th - 9th Floor, Doha)	100	
Rothschild & Co Israel B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam)	100	
Rothschild & Co Nordic AB (incorporated in Sweden with registered office at Strandvägen 7 A, 114 56 Stockholm)	100	