# Five Arrows Managers LLP

## Report of the Members and Financial Statements for the year ended 31 December 2024



Registered Number: OC302492

# Members' Report

The Members present their report and audited financial statements of Five Arrows Managers LLP ("the LLP" or "Partnership") for the year to 31 December 2024.

## Principal Activities

The Partnership provides investment management services to a range of private equity and private debt vehicles, as part of the Rothschild & Co Group's Merchant Banking division. The LLP will also, where required, invest in the CLO vehicles for which it acts as investment manager.

The LLP is ultimately owned by Rothschild & Co SCA, the French parent company. Further information on the Rothschild & Co Group can be found on the corporate website www.rothschildandco.com.

## Strategic developments

During the period, the LLP continued its role as delegated investment manager for its subsidiaries, Rothschild & Co Investment Managers (Luxembourg) and Five Arrows Managers SAS (France) funds. This included managing FAPI IV, a private equity fund that generated €24.4 million in revenues for the financial year. Additionally, the new fund FADP IV was launched at the end of the year.

The LLP also provided investment management and sub-advisory services to Luxembourg-registered funds (the Oberon and Elsinore funds), securitization vehicles, and European CLOs. In December 2023, the US CLO OT VII was liquidated.

## Future developments

The members  expect the nature of the LLP's activities will not change. It will continue to provides investment management services to a range of private equity and private debt vehicles.

## Principal Risks and Uncertainties

The Partnership follows the risk management policies of N M Rothschild & Sons Limited, a fellow subsidiary undertaking. The principal risks of the Partnership are credit risk, market risk and liquidity risk. Further information regarding financial risks is disclosed in note 2 to the financial statements.

## Members

The Majority Member, Rothschild & Co Credit Management Limited, owns a 99.92% share of the capital in the LLP. With the other 0.08% owned by Five Arrows Holding UK Ltd.

## Results and distributions

The LLP's balance sheet as detailed on page 10 shows a satisfactory position with Members' interests amounting to € 22,650,272 (2023 restated: € 24,373,488). The LLP retains sufficient levels of capital and liquidity.

The results for the year are shown in the Statement of Comprehensive Income on page 9.

The Partnership distributed €12,000,000 (2023: €11,603,263) to Rothschild & Co Credit Management Limited and Five Arrows UK Holdings Limited. No further distribution is proposed by the Members (2023: nil).

No loans were repaid to Rothschild & Co Continuation Limited (2023: €5,274,156) nor was any capital repaid to Rothschild & Co Credit Management Limited (2023: €10,031,680) during the year.

## Members’ Profit allocation

Profits are shared among the Members in accordance with the terms of the Partnership Agreement dated 1 November 2018 (and as amended from time to time).

## Members’ drawings

At the discretion of the Majority Member, each Member shall be entitled to take drawings from their distribution account in advance of profits being credited to this account.

## Energy & Carbon Report

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

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

*Scope 1 & 2 emissions: energy*

Related to direct and indirect energy consumption for offices, company cars and use of refrigerants and air conditioning units.

In 2021, R&Co Group set a 30% reduction target for operational GHG emissions by 2023. Since then, the business has seen a continued decrease in emissions post pandemic despite business growth. In 2024, R&Co Group decided to update the climate transition plan for its operations and related targets, with regards to scope (focusing on emission categories in or most direct control), timeframe (2023 as a new base year whilst maintaining 2030 ass target year) and nature of the target:

- Reduction of absolute Scope 1 & 2 energy-related emission 42% by 2023
- Reduction of business-travel related emission by 35% per FTE by 2030.

London Vintners Place consumed 112 MWh of energy in 2024, compared to 344 MWh in 2023.

*Scope 3 operational emissions: travel*

Travel-related GHG emissions constitute a material driver of the R&Co Group’s operational scope 3 emissions and have increased from 870 $tCO_2e$ in 2023 to 1,218 $tCO_2e$ (using UK BEIS 2023 GHG emission factors for London Vintners Place). In 2024 as business travel has resumed in a post-pandemic context, whilst remaining below levels observed in 2018 and 2019.

The R&Co Group aims to limit the post-pandemic travel rebound effect by capitalising on longer term changes to more hybrid working patterns and behaviours and opportunities for productivity gains of remote working. In addition, the R&Co Group complemented its reduction efforts for travel-related emissions with the purchase of a limited amount of Sustainable Aviation Fuel (SAF) certificates for emissions related to business flights in 2024 .

*Materials use*

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

## Going concern

The Partnership has adequate liquidity and capital. The members perform an annual going concern review that considers, under a stress test scenario, the Partnership's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the members have prepared the financial statements on the going concern basis.

## Auditor

Pursuant to Section 487 of the Companies Act 2006, as applied by limited liability partnerships, the auditor will be deemed to be reappointed and Forvis Mazars LLP will therefore continue in office.

## Financial Instruments

The Partnership has not entered into any arrangements giving rise to complex financial instruments. Financial instruments comprise of cash instruments and derivatives.

## Audit Information

The Members who held office at the date of approval of this Members' Report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditors are unaware, and each Member has taken all the steps that he ought to have taken as a Member to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

By Order of the Members

Aldo Edoardo Di Rienzo, for and on behalf of Rothschild & Co Credit Management Limited
Designated Member
New Court, St Swithin's Lane, London EC4N 8AL

23 April 2025

## Statement of Members' responsibilities in respect of the Members' Report and the financial statements

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance UK-adopted international accounting standards;
- assess the LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. 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 LLP and to prevent and detect fraud and other irregularities.

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

# Independent auditor’s report to the Members of Five Arrows Managers LLP

## Opinion

We have audited the financial statements of Five Arrows Managers LLP (the ‘LLP’) for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the LLP’s affairs as at 31 December 2024 and of its profit for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

## Other information

The members are responsible for the other information. The other information comprises the information included in the report of the members, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, as applied to limited liability partnerships, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Members**

As explained more fully in the members' responsibilities statement set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP'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 the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the LLP and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-bribery and corruption, market abuse and financial crime, anti-money laundering regulation and financial services legislation applicable to the regulated nature of the LLP's activities.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of the members as to whether the LLP is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the LLP which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006, as applied to limited liability partnerships.

In addition, we evaluated the members' incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off and completeness assertions) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the members on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of the audit report**

This report is made solely to the LLP's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body for our audit work, for this report, or for the opinions we have formed.

K Racinska

Kamilla Racinska (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey, London, EC4M 7AU

23 April 2025

# Statement of comprehensive income

## For the year ended 31 December 2024

| | | 2024 | 2023 (restated) |
|---|---|---|---|
| | | € | € |
| Management fees | | 86,454,187 | 87,220,624 |
| Management fee rebates | | (11,318,895) | (6,527,255) |
| **Net fee income** | | **75,135,292** | **80,693,369** |
| Interest earned on investment securities measured at amortised cost | | 2,465,972 | 2,262,412 |
| Interest earned on investment securities measured at fair value through profit and loss | | 562,750 | 433,518 |
| Other interest income | | 1,649,516 | 1,660,378 |
| Interest expense | | (2,046,480) | (2,148,516) |
| **Net interest income** | | **2,631,758** | **2,207,792** |
| Dividend income | 3 | - | 475,198 |
| Administrative expenses * | 4 | (69,858,345) | (61,407,340) |
| Depreciation | 12,13 | (1,868,079) | (1,780,369) |
| Unrealised gains on investment securities measured at fair value through profit and loss | | 498,528 | 443,252 |
| Realised gains on investment securities measured at fair value through profit and loss | | 18,218 | 15,802 |
| Foreign exchange gains / (losses) | | 2,365,417 | (43,011) |
| **Profit for the period** | | **8,922,789** | **20,604,693** |
| **Other comprehensive Income** | | | |
| Movement in fair value of hedging derivatives | | 1,353,995 | 877,892 |
| **Total comprehensive income for the period** | | **10,276,784** | **21,482,585** |

*The results for each year relate to continuing activities. There were no discontinued operations in either the current year or the prior year.*

** The comparatives for the year ended 31 December 2023 relating to administrative expenses has been restated [note 18].*

The notes on pages 14 to 32 form an integral part of these financial statements

# Balance sheet

## At 31 December 2024

| | Note | 2024<br>€ | 2023 (restated)<br>€ |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Debt securities – fair value through profit and loss | 8 | 3,718,517 | 3,589,920 |
| Debt securities – measured at amortised cost | 8 | 26,637,196 | 44,410,246 |
| Equity securities – fair value through profit and loss | 9 | 22,000 | 22,000 |
| Property, plant and equipment | 12 | 5,402,662 | 6,156,399 |
| Right of use assets | 13 | 7,441,388 | 8,496,648 |
| Derivatives | 16 | 913,657 | 327,937 |
| **Total non-current assets** | | **44,135,420** | **63,003,150** |
| **Current Assets** | | | |
| Cash and cash equivalents | 7 | 41,402,908 | 22,033,713 |
| Debt securities – fair value through profit and loss | 8 | 118,519 | 99,156 |
| Debt securities – measured at amortised cost | 8 | 255,224 | 554,694 |
| Receivables | 10 | 20,499,163 | 30,984,769 |
| Other assets | 11 | 8,335,243 | 6,666,088 |
| Derivatives | 16 | 3,190,290 | 1,071,595 |
| **Total current assets** | | **73,801,347** | **61,410,015** |
| **Total assets** | | **117,936,767** | **124,413,165** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Loans from fellow subsidiaries * | 17 | (19,860,619) | (29,751,697) |
| Payables | 15 | (11,271,156) | (8,344,237) |
| Lease liabilities | 14 | (8,536,070) | (10,153,621) |
| **Total non-current liabilities** | | **(39,667,845)** | **(48,249,555)** |
| **Current Liabilities** | | | |
| Payables * | 15 | (42,581,452) | (51,463,167) |
| Loans from fellow subsidiaries * | 17 | (11,355,712) | (326,955) |
| Lease liabilities | 14 | (1,681,486) | - |
| **Total current liabilities** | | **(55,618,650)** | **(51,790,122)** |
| **Total liabilities** | | **(95,286,495)** | **(100,039,677)** |
| **Net assets** | | **22,650,272** | **24,373,488** |
| | | | |
| **Shareholders' equity** | | | |
| Members' capital | | 13,555,941 | 13,555,941 |
| Retained earnings | | 7,298,482 | 10,375,693 |
| Other reserves | | 55,554 | 55,554 |
| Cashflow hedge reserve | | 1,740,295 | 386,300 |
| **Total Members' other interests** | | **22,650,272** | **24,373,488** |

** The comparatives for the year ended 31 December 2023 relating payables has been restated [note 18].*

The financial statements on pages 9 to 32 were approved by the Members and were signed on their behalf by:

Aldo Edoardo Di Rienzo
For and on behalf of Rothschild & Co Credit Management Limited (Registered Number: 07638414)
Designated Member

23 April 2025

The notes on pages 14 to 32 form an integral part of these financial statements

# Statement of changes in equity

## For the year ended 31 December 2024

| | Members' capital | Retained earnings | Cashflow hedge reserve | Other reserves | Total |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| **At 31 December 2023 (restated)** | **13,555,941** | **10,375,693** | **386,300** | **55,554** | **24,373,488** |
| Profit for the year | - | 8,922,789 | - | - | **8,922,789** |
| Repayment of Share Capital | - | - | - | - | **-** |
| Distributions to members' | - | (12,000,000) | - | - | **(12,000,000)** |
| Other comprehensive income for the year – movement in fair value of cash-flow hedge derivatives | - | - | 1,353,995 | - | **1,353,995** |
| **At 31 December 2024** | **13,555,941** | **7,298,482** | **1,740,295** | **55,554** | **22,650,272** |
| | | | | | |
| **At 31 December 2022** | **23,587,621** | **1,374,263** | **(491,592)** | **55,554** | **24,525,846** |
| Profit for the year * | - | 20,604,693 | - | - | 20,604,693 |
| Repayment of Share Capital | (10,031,680) | - | - | - | (10,031,680) |
| Distributions to members' | - | (11,603,263) | - | - | (11,603,263) |
| Other comprehensive income for the year – movement in fair value of cash-flow hedge derivatives | - | - | 877,892 | - | 877,892 |
| **At 31 December 2023 (restated)** | **13,555,941** | **10,375,693** | **386,300** | **55,554** | **24,373,488** |

** The comparatives for the year ended 31 December 2023 relating profit for the year has  been restated [note 18].*

The notes on pages 14 to 32 form an integral part of these financial statements

# Cash flow statement

## For the year ended 31 December 2024

| | Note | 2024<br>€ | 2023<br>(restated)<br>€ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net profit for the financial year * | | 8,922,789 | 20,604,693 |
| Dividend received | 3 | - | (475,198) |
| Depreciation | 12,13 | 1,868,079 | 1,780,369 |
| Interest charge on lease liability | | 452,917 | 423,944 |
| Lease liability revaluation due to foreign exchange | | 489,712 | 212,249 |
| Movement on accrued interest on debt securities | 8 | 75,654 | 18,546 |
| Net fair value movements on investment securities | 8 | (1,124,605) | 54,086 |
| Unrealised fair value movements on derivatives | 16 | (1,350,420) | (443,043) |
| Decrease / (increase) in receivables | 10 | 10,485,606 | (16,871,803) |
| (Increase) in other assets | 11 | (1,669,155) | (2,995,045) |
| (Decrease) / increase in payables * | 15 | (5,954,796) | 11,906,176 |
| **Net cash flow from operating activities** | | **12,195,781** | **14,214,974** |
| **Cash flow from financing activities** | | | |
| Payment of lease liabilities | 14 | (878,694) | - |
| Increase / (Decrease) in loan from fellow subsidiary* | 17 | 1,137,679 | (6,374,454) |
| Capital repayment | | - | (10,031,680) |
| Distributions to Members' | | (12,000,000) | (11,603,263) |
| **Net cash outflow from financing activities** | | **(11,741,015)** | **(28,009,397)** |
| **Cash flow from investing activities** | | | |
| Dividend received | 3 | - | 475,198 |
| Disposal of debt and equity securities | 8, 9 | 18,973,511 | 5,203,800 |
| Purchase of plant, property and equipment | 12 | (59,082) | (2,068,868) |
| **Net cash inflow from investing activities** | | **18,914,429** | **3,610,130** |
| **Net increase / (decrease) in cash and cash equivalents** | | 19,369,195 | (10,184,293) |
| **Cash and cash equivalents at beginning of year** | | 22,033,713 | 32,218,006 |
| **Cash and cash equivalents at end of year** | **7** | **41,402,908** | **22,033,713** |

** The comparatives for the year ended 31 December 2023 relating profit for the year and payables have been restated [note 18].*

The notes on pages 14 to 32 form an integral part of these financial statements

# Notes to the financial statements

*(forming part of the financial statements)*

## 1. Accounting Policies

Five Arrows Managers LLP (the "Partnership") is a limited liability partnership formed in the United Kingdom. Partnership number OC302492. The registered address is New Court, St. Swithin's Lane, London, EC4N 8AL. The principal accounting policies which have been consistently adopted in the presentation of the financial statements are as follows:

### a. Basis of preparation

The financial statements are prepared and approved by the Members in accordance with UK adopted International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those requirements of the Companies Act 2006 as adopted by limited liability partnerships applicable to companies reporting under IFRS.

**Standards affecting the financial statements**

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

**Taxation**

Partnership is a tax transparent entity and therefore not subject to Corporation tax which is paid by the Partnership's members in proportion with their share of the Partnership's taxable earnings. No corporation tax has therefore been recognised in these financial statements.

**Future accounting developments**

There are no new standards and interpretations issued that the Partnership reasonably expects to have a material impact on disclosures, financial position or performance when applied at a future date. The following new standards and amendments to standards and interpretations are effective for future periods:

IFRS 18 Presentation and Disclosure in Financial Statements (effective for periods beginning on or after 1 January 2027)

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective for periods beginning on or after 1 January 2026).

Lack of Exchangeability (Amendments to IAS 21) (effective for periods beginning on or after 1 January 2025).

The Partnership does not intend to adopt the new or amended standards early. It is not currently expected that these new and amended standards will have a material impact on the Partnership's financial statements, although IFRS 18 will change the structure of the Income Statement.

**Going Concern**

The Partnership's business activities, together with the factors likely to affect its future development, performance and position are set out in the Member's report on pages 2 to 5. In addition, the Partnership's objectives, policies and processes for managing its capital; its financial risk management objective and its exposures to credit and liquidity risk are set out in note 2 to the financial statements.

The Partnership has adequate liquidity and capital. The members perform an annual going concern review that considers, under a stress test scenario, the Partnership's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the members have prepared the financial statements on the going concern basis.

**b. Members' interest**

Any profits are shared among the Members per the Partnership Agreement dated 1 November 2018, as amended from time to time. Profits are shared according to the ownership percentage; 99.92% to Rothschild & Co Credit Management Limited & 0.08% to Five Arrows Holding UK Ltd. At the discretion of the Managing Member, each Member shall be entitled to take drawings from their distribution account in advance of profits being credited to this account. Loan contributions may also be made to the Partnership by any or all of the Members on such terms as to repayment, interest and otherwise as may be agreed between the managing Member and the Member making the loan contribution.

**c. Cash and cash equivalents**

Cash for the purpose of the statement of cash flows, comprises money deposited with financial institutions that can be withdrawn without notice.

**d. Functional and reporting currency**

The majority of the Partnership's balance sheet is denominated in Euros and so accordingly is the Statement of Comprehensive Income. The functional currency of the Partnership is therefore deemed to be the Euro, which is also adopted as the reporting currency.

**e. Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Euros at the rate of exchange ruling at the date of the transaction. Exchange differences are included in the Statement of Other Comprehensive Income.

**f. Derivatives**

Under IFRS 9 Financial Instruments, a hedged item can be a recognised asset or liability, an unrecognised firm commitment, a forecast transaction or a net investment in a foreign operation. The hedged item can be a single item or a group of items.

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 Partnership of replacing all transactions with a fair value in the Company's counterparties of replacing all their transactions with the Partnership with a fair value in the counterparties' favour if the Partnership 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.

The gains and losses associated with the contracts will be initially recognised in Other Comprehensive Income. Amounts are then recognised through the Income Statement within Foreign Exchange gains / losses in the same period as the costs to which the contracts relate.

**g. Income recognition**

Income represents management fees earned for the supply of services. These fees are accounted for on an accruals basis. Accordingly, management fees are only recognised by the partnership and settled when the various performance criteria are fulfilled. The timing of payments can therefore vary although, when not paid out, the fees continue to accrue to the fund. It will only be known for certain that the fees will be paid where the fulfilment of the criteria is confirmed at the determination date which is the date at which the amounts due under the management contracts are calculated. The date varies between each of the vehicles. Fees will only be recognised once the criteria have been confirmed and a payment to the Partnership is probable.

FAM LLP earns delegation fee from R&Co entities for services provided in line with transfer pricing arrangements in place.

**h. Management fee rebates**

Management fee rebates, where applicable, are determined based on a negotiated rate between the Partnership and third-party investors. There are also specific agreements in place. Management fee rebates are recognised against revenue.

**i. Interest income and expenses**

Interest income and expense represents interest arising out of investment and borrowing activities, including debt securities. 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 a financial liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Partnership 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.

**j. Financial assets**

The Partnership initially recognises loans and advances 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 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;
- features that modify consideration of the time value of money; and

- the exposure to credit risk in the underlying pool of financial instruments held by each CLO.

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

**Impairment of financial assets**

Loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on initial recognition of the underlying assets.

Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

**k. Financial Liabilities**

All financial liabilities are held at amortised cost. The Partnership has not designated any liabilities as fair value through profit or loss.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost.

**l. Administrative Expenses**

Administrative expenses are comprised of amounts that relate to the provision of investment management services undertaken by the LLP. The expenses are either incurred directly by the partnership or are recharged by fellow subsidiaries.

**m. Property, plant and equipment**

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

Depreciation on 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 | 2-5 years |
| Fixtures and fittings | 3-10 years |
| Leasehold improvements | 4-10 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.

**n. Lessee accounting**

The Partnership is party to leases as a lessee in relation to property agreements for the use of office space. All leases are accounted for by recognising a right-of-use asset and a lease liability except for short-term leases and leases of low value assets.

The Partnership recognises the right-of-use asset and the lease liability at the lease commencement date. Lease liabilities are initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless this is not readily determinable, in which case the Partnership's incremental borrowing rate on commencement date of the lease is used.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and reduce for lease payments. Lease payments included in the measurement of the lease liability comprises the following items, where applicable:

- the amount expected to be payable by the lessee under residual value guarantees.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in substance in the fixed lease payments or a change in the assessment to purchase the underlying asset. On remeasurement of the lease liability, the corresponding adjustment is reflected in the right-of-use asset.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the Partnership is required to dismantle, remove or restore the asset. Additionally, they may be re-measured to reflect reassessment due to lease modifications.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Additionally, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

For lease agreements relating to properties, non-lease components are excluded from the projection of future lease payments and recorded separately within operating costs on a straight-line basis.

**o. Judgements in applying accounting policies and key sources of estimation uncertainty**

Statements require management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management usually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

**p. Critical judgements**

The Partnership makes assessment which require judgement in preparing the accounts and can have a significant effect upon the financial statements. Management have carried an assessment on the fair value of CLO investments held by the Partnership, detailed in Note 8.

## 2. Financial Risk Management

The Partnership follows the financial risk management policies of a fellow subsidiary, N.M. Rothschild & Sons Limited.

### a. Credit risk

Credit risk arises from exposures to clients and counterparties relating to the Partnership's investment activities. Limits on credit risk are set by the Rothschild & Co Group Executive Committee and by the Credit Committee. The Credit Committee reviews concentrations and makes recommendations on credit decisions to the Rothschild & 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 client and counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest. The Credit Committee reviews credit exposures on debt securities periodically. Financial assets subject to significant exposure to credit risk at the financial reporting date are all classified as Category 1, meaning exposures where the payment of interest or principal is not in doubt.

**Credit risk concentrations**

The Partnership 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 of debt securities is determined by reference to the location of the issuer of the security.

| Credit risk by location | UK and Channel Islands € | Other Europe € | US and Canada € | Other € | Total € |
|---|---|---|---|---|---|
| **At 31 December 2024** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 41,402,908 | - | - | - | 41,402,908 |
| Debt securities | - | 30,652,419 | 77,037 | - | 30,729,456 |
| Derivatives | 4,103,947 | - | - | - | 4,103,947 |
| Receivables | 9,104 | 20,304,241 | 52,470 | 133,348 | 20,499,163 |
| **Total** | **45,515,959** | **50,956,660** | **129,507** | **133,348** | **96,735,474** |
| **At 31 December 2023** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 22,033,713 | - | - | - | 22,033,713 |
| Debt securities | - | 34,372,112 | 14,281,904 | - | 48,654,016 |
| Derivatives | 1,399,532 | - | - | - | 1,399,532 |
| Receivables | 29,165 | 29,490,772 | 1,170,655 | 294,177 | 30,984,769 |
| **Total** | **23,462,410** | **63,862,884** | **15,452,559** | **294,177** | **103,072,030** |

All financial assets shown above were held with / receivable from financial institutions / counterparties in the finance sector.

### b. Market risk

Market risk comprises interest rate, foreign exchange and price risk.

**Price risk**

The Partnership has exposure to price risk through its holdings of equity and debt investments held at fair value. Each position is approved by Senior Management at acquisition and is monitored on an individual basis. The equity positions relate to B shares held in investment vehicles for which the Partnership provides Investment Management services. B shares are held for purposes of the payment of performance fees, should they fall due. If the price was to fall by 5 per cent, then there would be a charge to the income statement of €192,952 (2023: €185,902). Similarly, if the prices were to rise by 5 per cent, then there would be a credit to the income statement of €192,952 (2023: €185,902).

**Currency risk**

The Partnership is exposed to foreign currency fluctuations as a result of mismatches between the denomination of its principal cost base (sterling) and the majority of revenues (euro) it receives from its asset management activity. The risk arises from the fluctuation in future spot rates, which would cause volatility in the income statement. The risk may have a significant impact on the financial statements.

The Partnership has entered into derivative financial instruments in order to hedge underlying foreign currency exposures and not as speculative investments. The risk management objective is to reduce the impact of future forecasted foreign currency transactions. The hedged risk being that a strengthening of sterling exchange rates against the euro would result in a reduction in profit. Because the policy is to hedge only a portion of the cost base, any ineffectiveness is expected to be immaterial.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature and timing of the item being hedged.

At inception of the hedge relationship, the Partnership documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changed in the cash flows of the hedged items.

Changes in fair-value of derivatives that are designated as cash flow hedges are recognised in other comprehensive income. When the forecasted transactions are recognised in profit and loss, any cumulative gain or loss existing in the reserves are recognised in the income statement. From this point, the derivative is no longer classified as a hedging derivative and all future fair-value movements are recognised directly in the income statement.

The following table sets out the maturity profile and average exchange rate on the forward foreign exchange contracts with maturity of April 2025 onwards that will be used in the Partnership's cash flow hedging strategy as at 31 December 2024.

| **2024** | **3m – 1yr** | **1 yr – 5 yr** | **5 yr >** | **Total** |
|---|---|---|---|---|
| **Cash flow hedges – currency forward** | | | | |
| Notional | 36,333,621 | 25,002,842 | - | 61,336,463 |
| Average EUR-GBP exchange rate | 0.8766 | 0.8823 | - | 0.8776 |

| **2023** | **3m – 1yr** | **1 yr – 5 yr** | **5 yr >** | **Total** |
|---|---|---|---|---|
| **Cash flow hedges – currency forward** | | | | |
| Notional | 20,191,369 | 21,982,848 | - | 42,174,217 |
| Average EUR-GBP exchange rate | 0.8933 | 0.8977 | - | 0.8941 |

The following table contains details of the cash flow hedges as at 31 December:

| | **2024** | **2023** |
|---|---|---|
| | € | € |
| Increase in value of the hedged sterling cost base during the period for effectiveness | (2,131,806) | (543,401) |
| Loss in cash flow hedge reserve transferred to P&L | (2,131,806) | (543,401) |

Where other foreign currency exposures arise, the Partnership's strategy is to mitigate this by match-funding with borrowings in the underlying currencies. The following tables summarise the exposures as at 31 December:

| | 2024 | 2023 |
|---|---|---|
| USD | € | € |
| Cash and cash equivalents | 10,992,258 | 1,375,321 |
| Debt securities | 118,861 | 14,281,904 |
| Receivables, other assets & payables | 1,007,055 | (7,032,846) |
| Intra-group borrowing | (12,320,732) | (11,425,717) |
| **Short** | **(202,558)** | **(2,801,338)** |

| GBP | € | € |
|---|---|---|
| Cash and cash equivalents | 4,300,190 | 3,844,073 |
| Receivables, other assets & payables | (4,291,860) | 9,128,156 |
| **Long** | **8,330** | **12,972,229** |

If the value of the USD increased by 1 per cent against Euro, then there would be an loss to the income statement of €2,026 (2023: €28,013). If the value of the GBP increased by 1 per cent against Euro, there would be a gain to the income statement of €83 (2023 restated: €129,722).

The Partnership holds small amounts receivables, other assets and payables denominated in AUD, CHF, DKK, SEK, JPY, NZD and CAD.

**Interest rate risk**

Based on amounts outstanding at the period, an increase in interest rates of 1.5% would result in an increase in the net interest income of €23,389; a decrease in interest rates of 1.5% would result in a decrease in net interest income of €23,389.

### c. Liquidity risk

Liquidity risk is the risk that the Partnership is unable to meet its obligations as they fall due or that it is unable to fund its commitments. The Partnership's policy is to ensure that is has sufficient resources to meet its financial commitments as they are expected to fall due. The table below analyses the Partnership's financial assets and liabilities based on contractual maturity at the balance sheet date.

| | Demand/ next day | 2 days – 3m | 3m-1yr | > 1 yr | Total |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| **At 31 December 2024** | | | | | |
| Cash and cash equivalents | 41,402,908 | - | - | - | 41,402,908 |
| Debt securities | - | 373,743 | - | 30,355,713 | 30,729,456 |
| Equity securities | - | - | - | 22,000 | 22,000 |
| Property, Plant and equipment | - | - | - | 5,402,662 | 5,402,662 |
| Right of use assets | - | - | - | 7,441,388 | 7,441,388 |
| Receivables | - | 20,499,163 | - | - | 20,499,163 |
| Other assets | - | 8,335,243 | - | - | 8,335,243 |
| Derivatives | - | 2,136,610 | 1,053,680 | 913,657 | 4,103,947 |
| **Total Financial Assets** | **41,402,908** | **31,344,759** | **1,053,680** | **44,135,420** | **117,936,767** |
| Current Payables | - | (42,136,675) | (444,777) | - | (42,581,452) |
| Non-Current Payables | - | - | - | (11,271,156) | (11,271,156) |
| Loan from fellow subsidiary | - | (747,928) | (10,607,784) | (19,860,619) | (31,216,331) |
| Lease liabilities | - | - | (1,681,486) | (8,536,070) | (10,217,556) |
| **Total Financial Liabilities** | **-** | **(42,884,603)** | **(12,734,047)** | **(39,667,845)** | **(95,286,495)** |
| **At 31 December 2023 (restated)** | | | | | |
| Cash and cash equivalents | 22,033,713 | - | - | - | 22,033,713 |
| Debt securities | - | 653,850 | - | 48,000,166 | 48,654,016 |
| Equity securities | - | - | - | 22,000 | 22,000 |
| Property, Plant and equipment | - | - | - | 6,156,399 | 6,156,399 |
| Right of use assets | - | - | - | 8,496,648 | 8,496,648 |
| Receivables | - | 30,984,769 | - | - | 30,984,769 |
| Other assets | - | 6,666,088 | - | - | 6,666,088 |
| Derivatives | - | 685,687 | 385,908 | 327,937 | 1,399,532 |
| **Total Financial Assets** | **22,033,713** | **38,990,394** | **385,908** | **63,003,150** | **124,413,165** |
| Current Payables * | - | (50,628,222) | (834,945) | - | (51,463,167) |
| Non-Current Payables * | - | - | - | (8,344,237) | (8,344,237) |
| Loan from fellow subsidiary * | - | (326,955) | - | (29,751,697) | (30,078,652) |
| Lease liabilities | - | - | - | (10,153,621) | (10,153,621) |
| **Total Financial Liabilities** | **-** | **(50,955,177)** | **(834,945)** | **(48,249,555)** | **(100,039,677)** |

** The comparatives for the year ended 31 December 2023 relating payables has been restated [note 18].*

### d. 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 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 assets and liabilities held. Where no active market price of rate is available, fair values are determined using discounted cashflows. The values derived from this form of modelling 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 fair value of each type of financial asset or liabilities are summarised below:

- **Cash and cash equivalents.** The fair value is materially the same as the carrying value due to their short term nature.
- **Receivables and payables.** Fair value is considered to be the same as carrying value for these due to their short term nature.
- **Debt and equity securities.** These are carried in the balance sheet at fair value, usually determined using market data. Debt securities or unlisted equity securities for which no price is available are valued by discounting expected cashflows at market interest rates adjusted for appropriate credit spreads or using other valuation techniques.
- **Derivatives.** These are carried in the balance sheet at fair value, usually determined using market data. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature and timing of the item being hedged. Changes in fair-value of derivatives that are designated as cash flow hedges are recognised in other comprehensive income. When the forecasted transactions are recognised in profit and loss, any cumulative gain or loss existing in the reserves are recognised in the income statement. From this point, the derivative is no longer classified as a hedging derivative and all future fair-value movements are recognised directly in the income statement.
- **Loans to/from parent companies.** For non-interest bearing facilities these are valued on a discounted cash-flow basis.

The tables below analyse the fair value of assets and liabilities according to 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).

**Level 3:** Inputs for the asset or liability that are not based primarily on observable market data (unobservable inputs).

### Financial assets and liabilities carried at fair value

| | | Measured using | | |
|---|---|---|---|---|
| | **Fair value** | **Level 1** | **Level 2** | **Level 3** |
| | € | € | € | € |
| **At 31 December 2024** | | | | |
| **Financial assets** | | | | |
| Equity securities | 22,000 | - | - | 22,000 |
| Derivatives | 4,103,947 | - | 4,103,947 | - |
| Debt securities – fair value through profit and loss | 3,837,036 | - | 3,837,036 | - |
| **Total** | **7,962,983** | **-** | **7,940,983** | **22,000** |
| **At 31 December 2023** | | | | |
| **Financial assets** | | | | |
| Equity securities | 22,000 | - | - | 22,000 |
| Derivatives | 1,399,532 | - | 1,399,532 | - |
| Debt securities – fair value through profit and loss | 3,689,076 | - | 3,689,076 | - |
| **Total** | **5,110,608** | **-** | **5,088,608** | **22,000** |

### Financial assets carried and liabilities at amortised cost

| | Carrying value | Fair value | Measured using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| **At 31 December 2024** | | | | | |
| **Financial assets** | | | | | |
| Debt securities – measured at amortised cost | 26,892,420 | 26,875,349 | - | 26,875,349 | - |
| **Total** | **26,892,420** | **26,875,349** | **-** | **26,875,349** | **-** |
| **Financial liabilities** | | | | | |
| Loans from fellow subsidiary | (503,808) | (503,808) | - | (503,808) | - |
| **Total** | **(503,808)** | **(503,808)** | **-** | **(503,808)** | **-** |
| **At 31 December 2023 (restated)** | | | | | |
| **Financial assets** | | | | | |
| Debt securities – measured at amortised cost | 44,964,940 | 43,996,136 | - | 43,996,136 | - |
| **Total** | **44,964,940** | **43,996,136** | **-** | **43,996,136** | **-** |
| **Financial liabilities** | | | | | |
| Loans from fellow subsidiary | (326,955) | 326,955) | - | (326,955) | - |
| **Total** | **(326,955)** | **(326,955)** | **-** | **(326,955)** | **-** |

### 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 year. The movements in assets valued using Level 3 valuation are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| | € | € |
| **Equity Securities** | **22,000** | **22,000** |

The amount recognised in the income statement for this period is nil (period to 31 December 2023: nil) in respect of assets held at the end of the reporting period.

| | Fair Value | Valuation technique | Unobservable input | Fair value measurement sensitivity |
|---|---|---|---|---|
| Investment securities | € 22,000 | Valuation based on various inputs, some of which are unobservable. | Various unobservable inputs are used in the valuation, including yield, recovery rates, default rates and other relevant market information. | 10% decrease in value would result in a loss to the income statement of €2,200. |

### e. Capital management

The Partnership's capital management policy is to ensure that it is strongly capitalised and compliant with regulatory requirements. Furthermore, the Partnership's risk management processes are designed to ensure that all risks are identified and are covered by capital or other appropriate matters. Under IFPR, FAM LLP meets the balance sheet and revenue thresholds that make it a MiFIDPRU (non-SNI) firm. The new prudential regime includes – inter alia – requirements for maintaining minimum levels of regulatory capital which are reported to the Financial Conduct Authority quarterly. The firm’s financial and capital position is presented and discussed at each quarterly meeting and signed off/approved by the governing body:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **Tier 1 capital** | | |
| Members' capital | 13,555,941 | 13,555,941 |
| Other (deductions) / Eligible capital | 1,795,849 | 441,854 |
| | 15,351,790 | 13,997,795 |
| Profit for the year | - | - |
| Less: foreseeable distributions | - | - |
| **Total tier 1 capital** | **15,351,790** | **13,997,795** |

During the year €12,000,000 in distributions have been made (2023: €11,603,263) to Rothschild & Co Credit Management Limited.

No capital repaid to Rothschild & Co Credit Management Limited (2023: €10,031,680).

## 3. Dividend income

| | 2024 | 2023 |
|---|---|---|
| | **€** | **€** |
| Dividend income from group companies | - | 475,198 |
| | **-** | **475,198** |

## 4. Administrative Expenses

| | | 2024 | 2023 (restated) |
|---|---|---|---|
| | | **€** | **€** |
| Administrative expenses | | (14,884,091) | (14,219,021) |
| Staff costs | 5 | (54,974,254) | (47,188,319) |
| | | **(69,858,345)** | **(61,407,340)** |

Administrative expenses are comprised of amounts that relate to the provision of investment management services undertaken by the Partnership.

## 5. Staff costs

| | 2024 | 2023 (restated) |
|---|---|---|
| | **€** | **€** |
| Fixed and variable remuneration | (45,415,472) | (38,909,008) |
| Social security costs | (6,289,546) | (5,494,172) |
| Staff benefits and other staff costs | (1,891,405) | (1,609,195) |
| Post-retirement benefits | (1,377,831) | (1,175,944) |
| | **(54,974,254)** | **(47,188,319)** |

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

| | 2024 | 2023 |
|---|---|---|
| Merchant Banking | 111 | 104 |
| | **111** | **104** |

The average number of persons employed was as follows:

| | 2024 | 2023 |
|---|---|---|
| Merchant Banking | 103 | 100 |
| | **103** | **100** |

Rothschild & Co share-based payments:

| | 2024 | 2023 |
|---|---|---|
| Rothschild & Co share-based payments | - | (17,416) |
| | **-** | **(17,416)** |

**Compensation schemes**

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

**Cash bonuses**

The Partnership 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.

**Deferred cash bonuses**

The deferred cash awards are paid one, two, three and four years after the year of the award, and the expense is recognised over the two, three, four and five 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 € 4,429,260 (2023: €4,792,155).

**Share based awards**

The Partnership has entered into cash-settled share-based payment transactions as part of the long-term profit share schemes. The fair value of such awards is independently measured at the date the awards are made and re-measured at each reporting date. Such awards are recognised in the income statement over the vesting period.

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 share based awards are paid one, two, three and four years after the year of the award, and the expense is recognised over the two, three, four and five year periods from the start of the year of the award to the date of payment.

## 6. Audit Fee

The auditor’s remuneration was as follows:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Audit fees relating to the Partnership | 89,984 | 81,000 |
| Audit-related assurance services | 25,710 | 23,000 |
| | **115,694** | **104,000** |

## 7. Cash and cash equivalents

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Cash held at a fellow subsidiary Bank – Rothschild & Co Bank International | 37,481,963 | 18,573,423 |
| Cash held at HSBC | 3,920,945 | 3,460,290 |
| | **41,402,908** | **22,033,713** |

Cash is held on deposit at Rothschild & Co Bank International. Interest is earned at the prevailing rate of each respective currency. Cash is also held on deposit at HSBC, in a non-interest bearing account.

## 8. Debt securities

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Debt securities – amortised cost | 26,637,196 | 44,607,734 |
| Accrued Interest on debt securities - amortised cost | 255,224 | 357,205 |
| Debt securities – fair value through profit and loss | 3,718,517 | 3,596,881 |
| Accrued Interest on debt securities - fair value through profit and loss | 118,519 | 92,196 |
| | **30,729,456** | **48,654,016** |

The movement can be analysed as follows:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **At beginning of period:** | **48,654,016** | **52,042,335** |
| Disposals | (18,973,511) | (3,333,103) |
| Net changes in fair value recognised through profit and loss | 1,124,605 | (36,670) |
| Changes in accrued interest | (75,654) | (18,546) |
| **At end of period:** | **30,729,456** | **48,654,016** |

Debt securities measured as fair value through profit and loss are fair valued annually based on the mark to model analysis. A mark to model approach is used because of the absence of active markets on the notes and the obligation to hold these notes to maturity. This approach requires management to apply valuation technique based on assumptions about expected cash flows, discount rates, credit risk, and prepayment behaviour of the underlying loan portfolios. These inputs are inherently subjective and can vary significantly depending on market conditions.

## 9. Equity securities

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Equity securities | 22,000 | 22,000 |

Equity securities can be analysed as follows:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Unlisted | 22,000 | 22,000 |
| **At end of period:** | **22,000** | **22,000** |

The movement can be analysed as follows:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **At beginning of period:** | 22,000 | 1,910,113 |
| Disposals | - | (1,870,698) |
| Net changes in fair value recognised through profit and loss | - | (17,415) |
| **At end of period:** | **22,000** | **22,000** |

## 10. Receivables

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Amounts due from fellow subsidiaries | 11,075,639 | 22,824,529 |
| Unsettled distribution of management fees from 3rd parties | 9,423,524 | 8,160,240 |
| | **20,499,163** | **30,984,769** |

## 11. Other assets

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Rechargeable expenses | 6,414,754 | 5,411,203 |
| Prepayments | 534,229 | 522,241 |
| Sundry assets | 1,386,260 | 732,644 |
| | **8,335,243** | **6,666,088** |

*Sundry assets include employee clearing accounts such as salaries clearing, taxi charges & corporate credit card accounts.*

## 12. Property, plant and equipment

| | Leasehold Improvements | Fixtures & Fittings | Computer Equipment | Total |
|---|---|---|---|---|
| | € | € | € | € |
| **Cost at 1 January 2023** | **5,160,469** | **1,334,882** | **364,544** | **6,859,895** |
| Additions | - | 47,521 | 11,562 | 59,083 |
| **At 31 December 2024** | **5,160,469** | **1,382,403** | **376,106** | **6,918,978** |
| **Accumulated depreciation at 1 January 2024** | **521,214** | **133,704** | **48,579** | **703,497** |
| Depreciation charge | 582,040 | 154,427 | 76,352 | 812,819 |
| **At 31 December 2024** | **1,103,254** | **288,131** | **124,931** | **1,516,316** |
| **Net Book Value at 31 December 2024** | **4,057,215** | **1,094,272** | **251,175** | **5,402,662** |

## 13. Right of use asset

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **At beginning of period:** | **8,496,648** | **8,759,902** |
| Depreciation charge | (1,055,260) | (1,075,782) |
| Additions | - | 812,528 |
| **At end of period:** | **7,441,388** | **8,496,648** |

*Lease agreement for Part 6th Floor, Vintners Place, 68 Upper Thames Street, London, EC4., commenced 18th May 2022.*

## 14. Lease liability

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| **At beginning of period:** | **10,153,621** | **9,517,428** |
| Additions | - | - |
| Revaluation | 489,712 | 212,249 |
| Rental payments | (878,694) | |
| Interest expense | 452,917 | 423,944 |
| **At end of period:** | **10,217,556** | **10,153,621** |

| | 2024 | 2023 |
|---|---|---|
| **Maturity Analysis – contractual undiscounted cash flows** | € | € |
| Less than one year | 1,681,486 | 458,846 |
| One to five years | 6,305,574 | 8,018,674 |
| More than five years | 4,002,872 | 3,817,780 |
| **Total undiscounted cash flows** | **11,991,956** | **12,295,300** |
| **Total lease liabilities** | **11,991,956** | **12,295,300** |

## 15. Payables

| | 2024 | 2023 (restated) |
|---|---|---|
| Current Payables | € | € |
| Trade creditors and accruals | 30,460,697 | 25,272,647 |
| Amounts due to other group companies | 12,120,755 | 26,190,520 |
| | **42,581,452** | **51,463,167** |

*Amounts owed to group undertakings are unsecured, interest free and repayable on demand.*

| | 2024 | 2023 |
|---|---|---|
| Non-current Payables | € | € |
| Accruals | 11,271,156 | 8,344,237 |
| | **11,271,156** | **8,344,237** |

*The cash & deferred bonuses and carry interest have been split out between current & non-current payables.*

## 16. Derivatives

The Partnership's use of financial instruments, including derivatives, is set out in note 2.

During the period, the Partnership has only entered into forward foreign exchange contracts.

| | Fair value | | Notional principal | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Forward foreign exchange contracts - designated as cash flow hedges | 264,850 | 532,463 | 5,676,409 | 20,093,965 |
| Forward foreign exchange contracts - other | 3,839,097 | 867,069 | 75,165,027 | 48,932,818 |
| | **4,103,947** | **1,399,532** | **80,841,436** | **69,026,783** |

As at 31 December 2024 the amount recognised as a profit in other comprehensive income was €1,353,995 (2023: €877,892) in respect of the forward foreign exchange contracts designated as cash-flow hedges.

## 17. Loans from fellow subsidiaries

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Loan from Rothschild & Co Continuation Limited | 19,356,811 | 29,424,742 |
| Loan from Rothschild & Co Credit Management Limited | 503,808 | 326,955 |
| **Non-current loans** | **19,860,619** | **29,751,697** |

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Loan from Rothschild & Co Continuation Limited | 11,355,712 | 326,955 |
| **Current loans** | **11,355,712** | **326,955** |

The following table shows the contractual cash flows payable on the loan. Interest cash-flows are estimated and shown up to 5 years only.

| | Demand-3m | 3m – 1yr | 1 yr – 5 yr | 5 yr > | Total |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| Loan from Rothschild & Co Continuation Limited | 747,928 | 10,607,784 | 3,678,496 | 20,704,999 | 35,739,207 |
| Loan from Rothschild & Co Credit Management Limited | - | 503,807 | - | - | 503,807 |

## 18. Restatement

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

Upon review of the accounts, the Partnership reversed the Deferred NCI bonus that was overstated in the previous year. The net impact on the Profit and Loss (P&L) statement is €1,514,239.

| | 2023 (As Reported) | Adjustment | 2023 (Restated) |
|---|---|---|---|
| Administrative expenses | (62,921,579) | 1,514,239 | (61,407,340) |
| Net profit for the year | 19,090,454 | 1,514,239 | 20,604,693 |

Additionally, €1,963,278.00 was reclassified from loans from fellow subsidiaries to payables for R&CO CM, and €3,685 was reclassified from loans from fellow subsidiaries to payables for Five Arrows UK Holdings.

The comparative accounts and related disclosures have been restated accordingly. The impact on the Cash Flow is shown in the table below.

| | 2023 (As Reported) | 2022 (As Reported) | Increase / (Decrease) in Payables (As Reported) | 2023 (As Restated) | 2022 (As Reported) | Increase / (Decrease) in Payables (As Restated) |
|---|---|---|---|---|---|---|
| Payables | (59,354,679) | (47,901,228) | 11,453,451 | (59,807,404) | (47,901,228) | 11,906,176 |

| | 2023 (As Reported) | 2022 (As Reported) | Increase / (Decrease) in Loans to fellow subsidiaries (As Reported) | 2023 (As Restated) | 2022 (As Reported) | Increase / (Decrease) in Payables (As Restated) |
|---|---|---|---|---|---|---|
| Loans from fellow subsidiaries | (32,045,616) | (36,453,106) | (4,407,490) | (30,078,652) | (36,453,106) | (6,374,454) |

The restatement affected the Profit and Loss (P&L) statement, the Statement of Changes in Equity (SOCE), and the overall net asset position.

## 19. Related Party Transactions

Parties are considered to be related if one party controls, is controlled by or has the ability to exercise significant influence over the other party. This includes key management personnel, the parent companies, subsidiaries and fellow subsidiaries. The Members did not receive any remuneration in respect of their services to the Partnership. Amounts receivable and payable from the parent companies were as follows:

| | 2024 | 2023 (restated) |
|---|---|---|
| | € | € |
| Payable to Rothschild & Co Concordia SAS | (26,470) | (55,611) |
| Payable to Rothschild & Co Credit Management Limited | (4,799,460) | (1,963,278) |
| Payable to Five Arrows UK Holdings Ltd | (13,423) | (3,685) |
| Loan from Rothschild & Co Credit Management Limited | (503,807) | (326,955) |

Amounts receivable and payable from other related subsidiaries at the year-end were as follows:

| | 2024 | 2023 (restated) |
|---|---|---|
| | € | € |
| Payable to other subsidiaries | (7,468,417) | (23,996,578 |
| Loan from Rothschild & Co Continuation Limited | (30,712,524) | (29,751,697) |
| Receivable from other subsidiaries | 11,611,203 | 22,824,529 |
| Prepayments from other subsidiaries | 95,202 | 193,185 |

The partnership held cash balances with the following other related subsidiaries:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Cash on deposit with Rothschild & Co Bank International | 37,481,964 | 18,573,423 |

Amounts recognised in the statement of comprehensive income in respect of the parent companies were as follows:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Administrative expenses to Rothschild & Co Concordia SAS | 112,017 | 100,555 |
| Unrealised (loss) / gain on equity securities measured at FVTPL for Rothschild & Co Concordia SAS | - | (17,416) |
| Dividend income from Rothschild & Co Concordia SAS | - | 475,198 |

Amounts recognised in the statement of comprehensive income in respect of fellow subsidiaries were as follows:

| | 2024 | 2023 |
|---|---|---|
| | € | € |
| Management fee income from other subsidiaries | 54,577,903 | 60,796,803 |
| Administrative expenses from other subsidiaries | 6,304,829 | 6,226,108 |
| Interest expense to other subsidiaries | 1,593,562 | 1,724,572 |
| Other interest income from other subsidiaries | 645,922 | 538,819 |

# Notes to the financial statements

*(forming part of the financial statements)*

## 20. Parent Undertaking and Ultimate Holding Company

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

The Partnership's immediate parent company is Rothschild & Co Credit Management 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.

The Partnership's registered office is located at New Court, St Swithin's Lane, London, EC4N 8AL. The registered number of the Partnership is OC302492.

## 21. Subsequent Events

The Partnership has evaluated subsequent events and determined that there have been no events that have occurred that would require adjustments to our disclosures in the financial statements.