

Annual Report & Financial Statements

LCF Edmond de Rothschild Asset Management Limited

31 December 2012

WEDNESDAY



A28Y52TF

A35

22/05/2013

#169

COMPANIES HOUSE



EDMOND DE ROTHSCHILD

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

Contents

	<u>Pages</u>
Officers and Professional Advisers	1
Directors' Report	2-4
Independent Auditors' Report	5-6
Profit and Loss Account	7
Statement of Retained Profits	7
Balance Sheet	8
Notes to the Financial Statements	9-14

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Mr R H. Briance Mr. R M Sopher Mr P J R Maddison Mr D. van Duijn
Company Secretary	Mr P J R Maddison
Registered Office	Orion House 5 Upper St Martin's Lane London WC2H 9EA
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HB Lloyds TSB Bank Plc 25 Gresham Street London EC2V 7HN
Regulator	Financial Services Authority FSA Firm Code 144038

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of LCF Edmond de Rothschild Asset Management Limited, Company Number 01831706, ("the Company") for the year ended 31 December 2012

1. BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company advises several multi-manager investment funds. During the year, in July 2012, as a result of a group restructuring, ownership of the Company changed – the Company became a wholly-owned subsidiary of EDRRIT Limited, itself an intermediate holding company within the UK group of Edmond de Rothschild companies. EDRRIT is owned 51% by companies in the Edmond de Rothschild Group, and 49% owned by RIT Capital Partners plc, an investment trust company listed on The London Stock Exchange.

The results for the Company are set out in the profit and loss account on page 7, which shows a profit on ordinary activities before tax for the year of £4,888,965 (2011 £4,817,767), on turnover of £10,103,940 (2011 £10,571,648). Ownership of the Company changed in July 2012, when the Company became a wholly-owned subsidiary of EDRRIT Limited, which itself is owned by companies in the Edmond de Rothschild Group (51%) and RIT Capital Partners plc (49%). Management considers the financial position as at the balance sheet date to be satisfactory.

2. BUSINESS ENVIRONMENT AND STRATEGY

The Company has operated in a difficult business environment during the year, reflecting the current prevailing macro-economic conditions. Notwithstanding this, the business has reported robust results, emphasising the underlying performance of the investment funds, and the conservative approach taken to investment policy and decisions during the year. The Company will continue to develop its strategy of seeking out opportunities to offer its expertise in the selection of investment managers and other investment opportunities.

3. PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks of the Company are its dependence on a small number of clients, each of which is therefore significant, and its exposure to earnings in several currencies. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. The Company does not use any complex financial derivatives to manage risks. The Company is assisted in its overall financial risk management strategy and activities by Edmond de Rothschild Limited (see note 14). The directors have undertaken a review of the Company's business model, capital and liquidity and are satisfied that the Company has sufficient financial resources to pursue its activities for the foreseeable future.

DIRECTORS' REPORT (Continued)

4. DIVIDENDS

An interim dividend of £4,000,000 (£16 per share) in relation to the year ended 31 December 2012 was paid on 20 June 2012 (2011 – £4,000,000 £16 per share) A further dividend of £3,000,000 in relation to the year has been proposed for approval by the Board The profit for the financial year of £3,692,013 (2011 – profit £3,968,301) was transferred to reserves

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

6. DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements were set out on page 1 There were no changes during the year

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT (Continued)

7. STATEMENT OF DISCLOSURE TO INDEPENDENT AUDITORS

So far as the directors are aware, there is no relevant information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

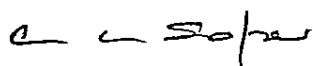
The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

8. DIRECTORS' INDEMNITIES

As permitted by the Companies Act 2006, the Company has indemnified the Directors and officers in respect of proceedings which may be brought by third parties and such indemnification was in place throughout the year. Neither the Company's indemnity nor insurance provides cover in the event that a Director or Officer is proved to have acted fraudulently or dishonestly.

Unaudited Pillar 3 disclosures can be found at <http://www.lcfr.co.uk/en/Pillar3.pdf>

BY ORDER OF THE BOARD



R. M. Sopher
Director

25 March 2013

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

We have audited the financial statements of LCF Edmond de Rothschild Asset Management Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Retained Profits, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

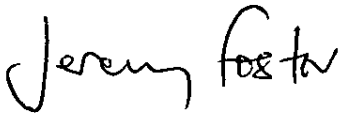
LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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



Jeremy Foster (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, 27 March 2013

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER

	Notes	2012 £	2011 £
Turnover	2	10,103,940	10,571,648
Administrative expenses	3	(5,215,880)	(5,756,918)
Operating profit		<u>4,888,060</u>	<u>4,814,730</u>
Interest receivable and similar income		905	3,037
Profit on ordinary activities before taxation		<u>4,888,965</u>	<u>4,817,767</u>
Tax on profit on ordinary activities	6	(1,196,952)	(849,466)
Profit for the financial year		<u><u>3,692,013</u></u>	<u><u>3,968,301</u></u>

STATEMENT OF RETAINED PROFITS FOR THE YEAR ENDED 31 DECEMBER

	Notes	2012 £	2011 £
Balance at 1 January		5,023,859	5,055,558
Retained Profit for the financial year		3,692,013	3,968,301
Dividends	11	(4,000,000)	(4,000,000)
Balance at 31 December		<u><u>4,715,872</u></u>	<u><u>5,023,859</u></u>

The operating profit of the Company is derived entirely from continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

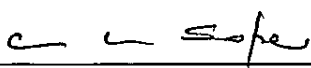
The Company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of recognised gains and losses has been presented

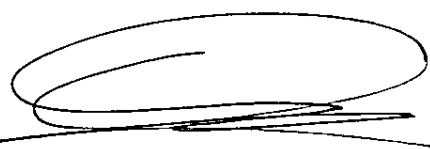
LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER

	Notes	2012	2011
		£	£
FIXED ASSETS			
Investments	7	84,195	84,195
CURRENT ASSETS			
Debtors	8	2,819,252	5,668,393
Cash at bank and in hand		7,432,498	421,270
		<u>10,251,750</u>	<u>6,089,663</u>
CREDITORS			
Amounts falling due within one year	9	(5,370,073)	(899,999)
Net current assets		4,881,677	5,189,664
Total assets less current liabilities		<u>4,965,872</u>	<u>5,273,859</u>
CAPITAL AND RESERVES			
Called up share capital	10	250,000	250,000
Profit and loss account		4,715,872	5,023,859
Total shareholders' funds	13	<u>4,965,872</u>	<u>5,273,859</u>

These financial statements on pages 7 to 14 were approved by the Board at its meeting on 25 March 2013 and were signed on its behalf by


R M Sopher (Director)


D van Duijn (Director)

The notes on pages 9 to 14 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(b) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rate of exchange prevailing at the end of the month in which the transaction occurred. Profits and losses on exchange arising in the ordinary course of business are taken to the profit and loss account.

(c) Turnover

Turnover represents dividends received from investment companies and fees charged for the provision of advisory services, net of retrocessions payable to counterparties, recognised on an accruals basis. The balance is stated exclusive of VAT and other related taxes. Performance fees and interim dividends receivable are recorded in the year in which they arise, unless it is not possible to accurately assess the amounts receivable, in which case they are recorded on a cash basis. Final dividends are accounted for in the year in which they are declared and approved.

(d) Fixed Asset Investments

Investments, which are held as fixed assets, are included in the balance sheet at cost less impairment. The directors believe that the carrying value of the investments is supported by their underlying net assets. ECH Investments Ltd is not being consolidated, although it is majority owned, as it is consolidated at ultimate group level (Companies Act 2006 (S400) – exemption from consolidation for subsidiary companies (parent in EEC)).

(e) Debtors and Creditors

Trade debtors and trade creditors relate to unpaid fees and invoices for services provided accounted for on an accrued basis. Creditors relate to retrocessions to be paid in accordance with normal business arrangements, amounts due for taxation. Amounts owed to group companies are in respect of administrative expenses.

(f) Taxation

The charge for taxation is based on the profit for the year, as adjusted for disallowable items. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. Full provision is made for all tax timing differences.

The notes on pages 9 to 14 form part of these financial statements.

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES (continued)

(g) Cash Flow Statement

As permitted by FRS 1 (revised 1996) "Cashflow Statements", these financial statements do not include a cash flow statement, because the consolidated financial statements of EDRRIT Limited, which include this company as a wholly owned subsidiary and which are publicly available, include a consolidated cash flow statement dealing with the cash flows of the group

(h) Related Party Disclosure

Advantage has been taken of the exemption in FRS 8, which permits a wholly owned subsidiary undertaking, which is included in the consolidated financial statements of a group, which are publicly available, from disclosing any transactions with other entities which are wholly owned within the group

2 TURNOVER

The Directors consider that the business of the Company is investment advisory services. Advantage has been taken of the exemption in SSAP 25 which permits a wholly owned subsidiary undertaking to omit a segmental reporting analysis, if such an analysis is included in the financial statement of the immediate parent

3 ADMINISTRATIVE EXPENSES

Administrative expenses include a management charge of £5,089,030 (2011 - £5,700,000) from Edmond de Rothschild Limited, a fellow subsidiary company which is responsible for the administrative expenses of the group of Edmond de Rothschild companies. This includes directors' emoluments for management services, as detailed below, and audit fees of £36,000 (2011 - £30,000)

4 DIRECTORS' EMOLUMENTS

	2012	2011
	£	£
Aggregate emoluments	2,242,866	2,592,283
Aggregate value of company contributions to defined pension schemes (in respect of 2 directors) (2011 5)	35,000	29,534
	<u>2,277,866</u>	<u>2,621,817</u>
Highest paid director		
- Aggregate emoluments	1,840,617	1,916,198
- Value of company contributions to defined contribution pension schemes	17,500	10,779

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

5 EMPLOYEES

No staff were employed directly by the Company during the year (2011 – None)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax assessed for the year is lower (2011: lower) than the standard rate of corporation tax in the UK 24.5% (2011: 26.5%) The differences are explained below.

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>4,888,965</u>	<u>4,817,767</u>
Profit on ordinary activities multiplied by standard rate in UK	1,197,797	1,276,708
24.5% (2011 - 26.5%)		
Effect of:		
Group Relief	0	(427,242)
Adjustments in respect of prior periods	(845)	0
Current tax charge for the year	<u>1,196,952</u>	<u>849,466</u>

The standard rate of Corporate Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24.5% and will be taxed at 23% in the future. There are no deferred tax assets/liabilities (2011 – none)

7 FIXED ASSET INVESTMENTS

<u>Name</u>	<u>Country of Registration or Incorporation</u>	<u>Description and Number of Shares Held</u>	<u>Proportion of Nominal Value of Issued Shares Held</u>	<u>Principal Activity</u>
(a) Held by the Company and included in the balance sheet at cost				
Other Investments				
ACH Management S A	Luxembourg	300 Ordinary Shares of EUR 41.67 each	10%	Fund Adviser
ECH Investments Limited	Cayman Islands	5,000 Ordinary Shares of EUR 1 each	5%	Fund Adviser
ECH Investments Limited	Cayman Islands	7,500 Preferred 'E' Shares of EUR 1 each	100%	Fund Adviser
ECH Investments Limited	Cayman Islands	1,000 Participating Shares of EUR 1 each	100%	Fund Adviser
L C H Investments N V	Curaçao	5 Ordinary Shares of USD 1 each	0.5%	Fund Adviser

The notes on pages 9 to 14 form part of these financial statements

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

7 FIXED ASSET INVESTMENTS (Continued)

(b)	Other Investments £
Cost and net book value	
At 1 January 2012	84,195
Addition	0
At 31 December 2012	<u>84,195</u>
At 31 December 2011	<u>84,195</u>

8 DEBTORS

	£	£
Trade debtors		
- group companies	584,044	272,338
- other debtors	1,990,419	4,946,910
Other amounts owed by group companies	244,789	449,145
	<u>2,819,252</u>	<u>5,668,393</u>

Amounts owed by group companies relates to Edmond de Rothschild Limited, a shareholder in the Company

9 CREDITORS - amounts falling due within one year

	2012 £	2011 £
Trade creditors		
- retrocessions payable	644,413	899,999
Corporation tax payable	1,197,797	0
Other amounts owed to group companies	3,527,863	0
	<u>5,370,073</u>	<u>899,999</u>

Amounts owed to group companies relates to Edmond de Rothschild Limited, a shareholder in the Company, for administrative services

10 CALLED UP SHARE CAPITAL

	Ordinary Shares of £1 each	
	2012 £	2011 £
250,000 (2011 250,000) Shares Authorised, allotted and fully paid	<u>250,000</u>	<u>250,000</u>

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

11 DIVIDENDS

	2012 £	2011 £
Ordinary final dividend paid in the year £16 per share (2011 £16 per share)	<u>4,000,000</u>	<u>4,000,000</u>

12 RELATED PARTY TRANSACTIONS

	2012 £	2011 £
Transactions with ECH Investments Ltd		
- Dividends received	1,331,575	2,378,576
- Fees and recoverable expenses received	<u>7,655</u>	<u>13,483</u>
	<u>1,339,230</u>	<u>2,392,059</u>

LCF Edmond de Rothschild Asset Management Limited provides services to ECH Investments Ltd. The ultimate controlling party of LCF Edmond de Rothschild Asset Management Limited has a controlling shareholding in ECH Investments Ltd, and it is accordingly consolidated into the ultimate controlling party's accounts. Dividends received represent the amount net of retrocession paid (£5,150) in respect of investors in ECH.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	5,273,859	5,305,558
Profit for the financial year	3,692,013	3,968,301
Dividends paid in the year	<u>(4,000,000)</u>	<u>(4,000,000)</u>
Closing shareholders' fund	<u>4,965,872</u>	<u>5,273,859</u>

14 CONTINGENT LIABILITIES

There are no contingent liabilities known to the directors (2011 – Nil)

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2012

15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is EDRRIT Limited, which is ultimately owned 51% by Edmond de Rothschild Holding S A , a company incorporated in Switzerland, and 49% owned by RIT Capital Partners plc, an investment trust listed on The London Stock Exchange

The ultimate parent undertaking and controlling party is Edmond de Rothschild Holding S A , a company incorporated in Switzerland

Edmond de Rothschild Holding S A is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated financial statements of Edmond de Rothschild Holding S A can be obtained from Edmond de Rothschild Holding S A , Case Postale 5254, 1211 Genève 11, Switzerland

Edmond de Rothschild Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Edmond de Rothschild Ltd can be obtained from Edmond de Rothschild Ltd, Orion House, 5 Upper St Martin's Lane, London WC2H 9EA