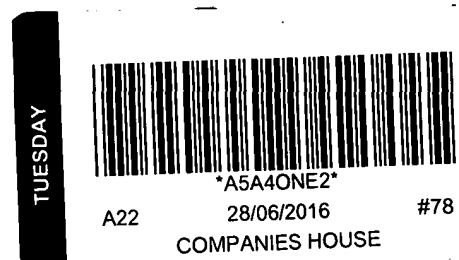


# Annual Report & Financial Statements

Edmond de Rothschild Capital Holdings Limited

31 December 2015

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# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

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# **EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

|                      |                                                                                                                                        |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Directors            | Mr. R. M. Sopher (Chairman)<br>Mr. B . Amiee (from 2 September 2015)<br>Mr. D. van Duijn<br>Mr. G. G. Nieuwoudt (from 29 January 2016) |
| Registered Office    | 4 Carlton Gardens<br>London<br>England SW1Y 5AA                                                                                        |
| Independent Auditors | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>Hays Galleria, 1 Hays Lane<br>London SE1 2RD             |
| Bankers              | Barclays Bank Plc<br>1 Churchill Place<br>London E14 5HB<br><br>Lloyds Bank Plc<br>25 Gresham Street<br>London EC2V 7HN                |
| Regulator            | Financial Conduct Authority<br>FCA Firm Code: 144038                                                                                   |

# **EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their strategic report of Edmond de Rothschild Capital Holdings Limited, Company Number 1831706, ("the Company") for the year ended 31 December 2015.

### **1. BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The Company advises several multi-manager investment funds. The results for the Company are set out in the statement of comprehensive income on page 8. Income decreased by 13.1% to £13,282,360 (2014: £15,281,005) and the profit for the financial year, after taxation, decreased by 16.8% to £5,494,085 (2014: £6,603,926). The financial position of the company is set out on page 9 which shows that equity attributable to equity holders decreased by 6.3% to £7,560,508 (2014: £8,066,423).

The Company is a wholly-owned subsidiary of EDRRIT Limited, a company incorporated in the UK, which itself is owned by companies in the Edmond de Rothschild Group (see note 15) (51%) and RIT Capital Partners plc (49%).

Management considers that the financial operations of the Company during the year have been undertaken in accordance with the agreed plan and consider the financial position of the Company as at the balance sheet date to be satisfactory.

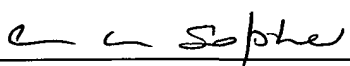
### **2. BUSINESS ENVIRONMENT AND STRATEGY**

The Company has operated in an increasingly difficult business environment during the year, reflecting the current prevailing investment conditions. Nevertheless, the Company has reported robust results, despite the underlying performance of the investment funds that it advises being below long term averages. The Company will continue to develop its strategy of seeking out opportunities to offer its expertise in the monitoring and selection of investment managers and other investment advisory 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 directors have undertaken a review of the Company's business model, capital and liquidity and are satisfied that it is robust and sustainable, and the Company has sufficient financial resources to pursue its activities for the foreseeable future.

ON BEHALF OF THE BOARD

  
\_\_\_\_\_  
Mr. R. M. Sopher  
Chairman

18 April 2016

# **EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their annual report and the audited financial statements of Edmond de Rothschild Capital Holdings Limited for the year ended 31 December 2015.

### **1. DIVIDENDS**

An interim dividend of £5,000,000 (£20.00 per share) in relation to the year ended 31 December 2014 was paid on 17 June 2015 and a further interim dividend of £1,000,000 (£4.00 per share) was paid on 13 July 2015 (2014: £3,900,000 or £15.60 per share). The profit for the financial year of £5,494,085 (2014: £6,603,926) was transferred to reserves. A further dividend of £5,000,000 (£20 per share) has been proposed for approval by the Board.

### **2. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". 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, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102, used in preparation of financial statements; and
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)

### 3. DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements are set out on page 1.

### 4. STATEMENT OF DISCLOSURE OF INFORMATION 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.

### 5. FINANCIAL RISK MANAGEMENT

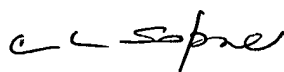
The Company's overall financial risk management strategy and activities are coordinated with the risk management activities of the immediate parent company, which are described in more details in those financial statements.

### 6. 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.edmond-de-rothschild.com/site/United-kingdom/en/legal-information/legal-notice>

ON BEHALF OF THE BOARD



Mr. R. M. Sopher  
Chairman

18 April 2016

# **EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED**

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED**

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Edmond de Rothschild Capital Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.
- 

#### **What we have audited**

The financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), comprise:

- Statement of Financial Position as at 31 December 2015;
- Statement of Comprehensive Income for the year then ended;
- Reconciliation of movements in total shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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#### **Other matters on which we are required to report by exception**

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##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

## EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

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### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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) ("ISAs (UK & 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 parent 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.

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#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Daniel Brydon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
18 April 2016

# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

| For the year ended                   |          | 31 December<br>2015       | 31 December<br>2014       |
|--------------------------------------|----------|---------------------------|---------------------------|
|                                      | Notes    | £                         | £                         |
| <b>Income</b>                        | <b>2</b> |                           |                           |
| Fee and commission income            |          | 8,396,309                 | 8,596,435                 |
| Dividend income                      |          | 4,831,743                 | 6,314,247                 |
| Finance income                       |          | 6,297                     | -                         |
| Other income                         |          | <u>48,011</u>             | <u>370,323</u>            |
| <b>Total income</b>                  |          | <b>13,282,360</b>         | <b>15,281,005</b>         |
| <b>Expenses</b>                      |          |                           |                           |
| Operating expenses                   | 3        | (6,387,688)               | (6,863,305)               |
| Finance costs                        |          | <u>-</u>                  | <u>(1,616)</u>            |
| <b>Total expenses</b>                |          | <b><u>(6,387,688)</u></b> | <b><u>(6,864,921)</u></b> |
| <b>Operating profit before tax</b>   |          | <b>6,894,672</b>          | <b>8,416,084</b>          |
| Taxation                             | 6        | <u>(1,400,587)</u>        | <u>(1,812,158)</u>        |
| <b>Profit for the financial year</b> |          | <b><u>5,494,085</u></b>   | <b><u>6,603,926</u></b>   |

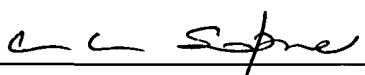
The notes on pages 11 to 18 form part of these financial statements.

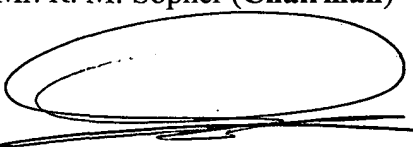
# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

| As at                                              |       | 31 December<br>2015        | 31 December<br>2014        |
|----------------------------------------------------|-------|----------------------------|----------------------------|
|                                                    | Notes | £                          | £                          |
| <b>Assets</b>                                      |       |                            |                            |
| Investments                                        | 7     | 84,376                     | 84,376                     |
| Cash at bank                                       |       | 9,251,570                  | 10,133,141                 |
| Receivables                                        | 8     | <u>3,664,351</u>           | <u>3,984,326</u>           |
| <b>Total assets</b>                                |       | <u><b>13,000,297</b></u>   | <u><b>14,201,843</b></u>   |
| <b>Liabilities</b>                                 |       |                            |                            |
| Payables                                           | 9     | <u>(5,439,789)</u>         | <u>(6,135,420)</u>         |
| <b>Total liabilities</b>                           |       | <u><b>(5,439,789)</b></u>  | <u><b>(6,135,420)</b></u>  |
| <b>Equity</b>                                      |       |                            |                            |
| Share capital                                      | 10    | (250,000)                  | (250,000)                  |
| Retained earnings                                  |       | <u>(7,310,508)</u>         | <u>(7,816,423)</u>         |
| <b>Total equity attributable to equity holders</b> | 13    | <u><b>(7,560,508)</b></u>  | <u><b>(8,066,423)</b></u>  |
| <b>Total liabilities and equity</b>                |       | <u><b>(13,000,297)</b></u> | <u><b>(14,201,843)</b></u> |

These financial statements on pages 9 to 18 were approved by the Board at its meeting on 18 April 2016 and were signed on its behalf by:

  
 Mr. R. M. Sopher (**Chairman**)

  
 Mr. D. van Duijn (**Director**)

The notes on pages 11 to 18 form part of these financial statements.

# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 1 ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and with United Kingdom accounting standards, including the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102"). The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Edmond de Rothschild Asset Management (UK) Limited is a qualifying entity as its results are consolidated into the financial statements of Edmond de Rothschild (UK) Limited which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

#### Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2015. There were no changes in accounting policy impacting the profit for the year ended 31 December 2014 or total equity as at 31 December 2014.

#### Critical accounting estimates

UK Company Law and FRS 102 require the Directors to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. Where accounting standards are not specific and management have to choose a policy, the Company is required to adopt policies that will result in information that is relevant, reliable, free from bias, prudent and complete in all material respects. The Directors do not consider there to be any critical accounting judgements and estimates.

# **EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)**

### **(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) Income**

Income 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) 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 Limited 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) Receivables and Payables**

Receivables and Payables include unpaid fees and invoices for services provided accounted for on an accrued basis. Payables include retrocessions to be paid in accordance with normal business arrangements, and 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.

# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)

### 2 INCOME

The Directors consider that the business of the Company is investment advisory services. The Group's services are provided to a world market. A segmental analysis is shown below:

|                     | 2015<br>£         | 2014<br>£         |
|---------------------|-------------------|-------------------|
| <b>Revenue</b>      |                   |                   |
| By geography:       |                   |                   |
| Caribbean           | 8,916,008         | 12,644,388        |
| Europe              | 4,126,752         | 2,685,254         |
|                     | <u>13,042,760</u> | <u>15,329,642</u> |
| By business:        |                   |                   |
| Investment Advisory | 12,977,987        | 14,284,438        |
| Dealing             | 64,773            | 1,045,204         |
|                     | <u>13,042,760</u> | <u>15,329,642</u> |

### 3 OPERATING EXPENSES

Operating expenses include a charge of £6,096,691 (2014: £6,546,435). This includes directors' emoluments for management services, as detailed below, and audit fees of £44,853 (2014: £43,547).

### 4 DIRECTORS' EMOLUMENTS

|                                                                                                           | 2015<br>£        | 2014<br>£        |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
| Aggregate emoluments                                                                                      | 2,728,903        | 3,199,117        |
| Aggregate value of company contributions to defined pension schemes (in respect of 3 directors) (2014: 2) | <u>40,753</u>    | <u>35,000</u>    |
|                                                                                                           | <u>2,769,656</u> | <u>3,234,117</u> |
| Highest paid director:                                                                                    |                  |                  |
| - Aggregate emoluments                                                                                    | 2,051,148        | 2,646,508        |
| - Value of company contributions to defined contribution pension schemes                                  | 17,500           | 17,500           |

In 2015, the bonus scheme was modified for 3 eligible employees to include a share based payment scheme.

### 5 EMPLOYEES

No staff were employed directly by the Company during the year (2014: None).

# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)

### 6 TAX ON PROFIT

|                                                                                                                                                                         | 2015<br>£               | 2014<br>£               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Current Tax</b>                                                                                                                                                      |                         |                         |
| UK Corporation tax for the year at 20.25%<br>(2014: 21.50%)                                                                                                             | 1,401,159               | 1,812,292               |
| Adjustments in respect of prior years                                                                                                                                   | <u>(572)</u>            | <u>(134)</u>            |
| Total current tax                                                                                                                                                       | 1,400,587               | 1,812,158               |
| <b>Deferred Tax</b>                                                                                                                                                     |                         |                         |
| Current year movement                                                                                                                                                   | <u>-</u>                | <u>-</u>                |
| <b>Tax on profit on ordinary activities</b>                                                                                                                             | <b><u>1,400,587</u></b> | <b><u>1,812,158</u></b> |
| The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.0% (2014: 21.5%). The differences are explained below: |                         |                         |
| <b>Profit on ordinary activities before taxation</b>                                                                                                                    | 6,894,672               | 8,416,084               |
| Company entertaining                                                                                                                                                    | <u>24,634</u>           | <u>13,180</u>           |
| <b>Taxable profit on ordinary activities</b>                                                                                                                            | <b><u>6,919,306</u></b> | <b><u>8,429,264</u></b> |
| Tax on ordinary activities at standard rate of<br>Corporation Tax in the UK of 20.25% (2014: 21.5%)                                                                     | 1,401,159               | 1,812,292               |
| Effects of:                                                                                                                                                             |                         |                         |
| Adjustments in respect of prior years                                                                                                                                   | <u>(572)</u>            | <u>(134)</u>            |
| <b>Current tax charge for year</b>                                                                                                                                      | <b><u>1,400,587</u></b> | <b><u>1,812,158</u></b> |

The Finance Act 2013 (the Act) was substantively enacted on 2 July 2013. The Act further reduced the main rate of corporation tax from 23% to 21% with effect from 1 April 2014, and 20% with effect from 1 April 2015. The Company's profit for this accounting year are taxed at an effective rate of 20.25% (2014: 21.5%). There are no deferred tax assets or liabilities (2014: none).

In addition to the changes noted above, further changes to the main rate of Corporation tax in the United Kingdom were announced in the 2015 Summer Budget. These include further reductions from 20% to 19% effective from 1 April 2017 to 31 March 2020, and then to 18% effective 1 April 2020. The Finance No.2 Bill 2015 became substantially enacted on 26 October 2015 prior to the reporting date and are therefore included in these financial statements.

# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)

### 7 INVESTMENTS

Held by the Company and included in the statement of financial position:

| <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> |
|---------------------------------------|-------------------------------------------------|----------------------------------------------|----------------------------------------------------------|---------------------------|
| <b>Other investments</b>              |                                                 |                                              |                                                          |                           |
| ACH Management S.A.                   | Luxembourg                                      | 300 Ordinary Shares of EUR 41.67 each        | 10%                                                      | Investment Adviser        |
| ECH Investments Limited               | Cayman Islands                                  | 5,000 Ordinary Shares of EUR 1 each          | 5%                                                       | Investment Adviser        |
| ECH Investments Limited               | Cayman Islands                                  | 7,500 Preferred 'E' Shares of EUR 1 each     | 100%                                                     | Investment Adviser        |
| ECH Investments Limited               | Cayman Islands                                  | 1,000 Participating Shares of EUR 1 each     | 100%                                                     | Investment Adviser        |
| LCH Investments N.V.                  | Curaçao                                         | 5 Ordinary                                   | 0.5%                                                     | Investment Adviser        |
| Edmond de Rothschild Services Limited | United Kingdom                                  | 1 Ordinary                                   | 100%                                                     | Dormant                   |

### Investments

|                                       | <b>2015</b>   | <b>2014</b>   |
|---------------------------------------|---------------|---------------|
|                                       | <b>£</b>      | <b>£</b>      |
| <b>Cost and net book value</b>        |               |               |
| Opening balance at 1 January          | 84,376        | 84,376        |
| Additions                             | -             | -             |
| <b>Closing balance at 31 December</b> | <b>84,376</b> | <b>84,376</b> |

The directors believe that the carrying value of the investments is supported by their underlying net assets.

# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)

### 8 RECEIVABLES

|                          | 2015<br>£               | 2014<br>£               |
|--------------------------|-------------------------|-------------------------|
| <b>Receivables</b>       |                         |                         |
| Group undertakings       | 55,958                  | 496,654                 |
| Other receivables        | <u>3,608,393</u>        | <u>3,487,672</u>        |
| <b>Total receivables</b> | <u><b>3,664,351</b></u> | <u><b>3,984,326</b></u> |

Amounts owed by group undertakings relate to Edmond de Rothschild Securities (UK) Limited, ACH Management SA and ECH Investment Limited. These amounts have no fixed date of receipt and are receivable on demand.

### 9 PAYABLES

|                                    | 2015<br>£               | 2014<br>£               |
|------------------------------------|-------------------------|-------------------------|
| <b>Payables</b>                    |                         |                         |
| Retrocession payable               | 1,363,607               | 903,816                 |
| Corporation tax payable            | 670,396                 | 1,011,292               |
| Amounts owed to group undertakings | <u>3,405,786</u>        | <u>4,220,312</u>        |
| <b>Total payables</b>              | <u><b>5,439,789</b></u> | <u><b>6,135,420</b></u> |

Amounts owed to group undertakings are unsecured and relate to Edmond de Rothschild (UK) Limited, a shareholder in the Company, for administrative services. These amounts have no fixed date of payment and are payable on demand.

### 10 CALLED UP SHARE CAPITAL

|                                                                    | Ordinary shares of £1 each |                       |
|--------------------------------------------------------------------|----------------------------|-----------------------|
|                                                                    | 2015<br>£                  | 2014<br>£             |
| 250,000 (2014: 250,000) shares authorized, allotted and fully paid | <u><b>250,000</b></u>      | <u><b>250,000</b></u> |

### 11 DIVIDENDS

|                                                                                   | 2015<br>£               | 2014<br>£               |
|-----------------------------------------------------------------------------------|-------------------------|-------------------------|
| An interim dividend paid in the year of £24.00 per share (2014: £15.60 per share) | <u>6,000,000</u>        | <u>3,900,000</u>        |
| <b>Total dividends</b>                                                            | <u><b>6,000,000</b></u> | <u><b>3,900,000</b></u> |

# EDMOND DE ROTHSCHILD CAPITAL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)

### 12 RELATED PARTY TRANSACTIONS

|                                                     | 2015<br>£        | 2014<br>£        |
|-----------------------------------------------------|------------------|------------------|
| Transactions with Edmond de Rothschild (UK) Limited |                  |                  |
| - Service charge by the Group companies             | 444,570          | 403,325          |
| - Recharge of direct costs                          | <u>5,652,121</u> | <u>6,759,980</u> |
|                                                     | 6,096,691        | 7,163,305        |
| Transactions with ECH Investments Limited           |                  |                  |
| - Dividends                                         | 1,627,511        | 2,276,305        |
| - Fees and recoverable expenses                     | <u>8,093</u>     | <u>2,134</u>     |
|                                                     | 1,635,604        | 2,278,439        |

Edmond de Rothschild Capital Holdings Limited provides services to ECH Investments Limited. The ultimate controlling party of Edmond de Rothschild Capital Holdings Limited has a controlling shareholding in ECH Investments Limited and it is accordingly consolidated into the ultimate controlling party's financial statements. Dividends represent the amount net of retrocession paid or payable of £116,247 (2014: £162,550) in respect of investors in ECH.

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                                    | 2015<br>£               | 2014<br>£               |
|------------------------------------|-------------------------|-------------------------|
| Opening shareholders' funds        | 8,066,423               | 5,362,497               |
| Profit for the financial year      | 5,494,085               | 6,603,926               |
| Dividends paid during the year     | <u>(6,000,000)</u>      | <u>(3,900,000)</u>      |
| <b>Closing shareholders' funds</b> | <b><u>7,560,508</u></b> | <b><u>8,066,423</u></b> |

### 14 CONTINGENT LIABILITIES

There are no contingent liabilities known to the directors (2014: nil).

### 15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is EDRRIT Limited, a company incorporated in the United Kingdom, 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 CAPITAL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)**

### **15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY (Continued)**

Edmond de Rothschild Holding S.A. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2015. 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 (UK) Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Edmond de Rothschild (UK) Limited can be obtained from Edmond de Rothschild (UK) Limited, 4 Carlton Gardens, London SW1Y 5AA.