

Company No. 01124733

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

Report and Financial Statements

31 October 2013

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ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

CONTENTS

Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	5
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the financial statements	11

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

STRATEGIC REPORT

BUSINESS REVIEW

The Company is a holding company registered in England and Wales, with subsidiaries that provide a range of investment and asset management services, as well as private client fiduciary services and other financial services. The client base of subsidiaries is primarily, private clients, trusts, funds, companies and institutions. The Company is a wholly-owned subsidiary of Royal Bank of Canada.

As part of the reorganisation of the RBC European corporate group structure, on 29 November 2012 RBC Finance Sarl/BV transferred its 100% interest in the Company to Royal Bank of Canada, and the Company disposed its 100% investment in RBC Europe Limited, a licensed bank, to Royal Bank of Canada.

The Company's income streams are limited to dividend income from subsidiaries and net interest income generated from cash deposits.

As shown in the Company's Statement of Comprehensive Income on page 8, total income decreased by £1.2 million from the prior year results to £2.6 million. The decline in revenue was primarily explained by a £1 million reduction in dividend income from subsidiary, RBC Global Asset Management (UK) Limited.

Net profit for the year ended 31 October 2013 was £2.6 million (2012: £3.7 million).

The Statement of Financial Position of the Company is shown on page 7 of the financial statements. Total assets decreased in the year by £547.3 million to £45.7 million, primarily driven by the sale of investment in RBC Europe Limited as discussed in Note 8.

During the year the Company purchased 6.5 million £1 ordinary shares in Royal Bank of Canada Investment Management (UK) Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's business activities are limited as a holding company and therefore it is not extensively exposed to risks other than credit and liquidity risks.

The Company's principal risks and uncertainties and financial and other risk management objectives and policies are discussed in Note 12 to the financial statements.

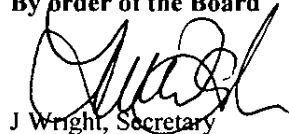
ENVIRONMENT

Royal Bank of Canada recognises the importance of its environmental responsibilities and has established an environmental policy, the goal of which is to minimise the environmental impact of its business activities. This policy is applicable to the Company. Further details of the Company's environmental policies are provided in the Corporate Responsibility Report of Royal Bank of Canada, incorporated in Canada, which is also the parent undertaking of the largest group which includes the Company and for which group financial statements are prepared.

EMPLOYEES

The average number of persons employed during the year was nil (2012: nil).

By order of the Board



J Wright, Secretary

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 October 2013

PRINCIPAL ACTIVITIES

The Company is a holding company registered in England and Wales. Its subsidiaries provide a range of investment management and other financial services, primarily in the United Kingdom, as part of the international activities of Royal Bank of Canada (RBC).

RESULTS AND DIVIDENDS

The net profit for the year ended 31 October 2013 was £2,583,000 (2012 £3,725,000)

The Directors do not recommend the payment of a dividend (2012 £nil)

FUTURE PROSPECTS

Despite the change of the RBC European corporate group structure, the activities of the Company are expected to continue in a similar manner for the foreseeable future.

GOING CONCERN

The Company has reported an operating profit for the year. Based on a review of five-year projections and the current funding, liquidity and capital resources position, the directors believe the Company is well placed to manage its business risks successfully. Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

ACCOUNTING STANDARDS

The financial statements are prepared in accordance with all International Financial Reporting Standards (IFRS) as issued and in effect as at 31 October 2013 by the International Accounting Standards Board (IASB) and as adopted by the European Union.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

DIRECTORS' REPORT – continued

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union. 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, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS

The following served as directors of the company during the year and subsequently, unless stated

Stephen Krag
Mark Clatworthy (appointed 31 January 2013)
Stuart Rutledge (appointed 31 January 2013)
David Thomas (resigned 31 January 2013)
Pauline Egan (resigned 25 November 2012)

SECRETARY

Jason Wright served throughout the year and subsequently

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

DIRECTORS' REPORT – continued

AUDITOR

Deloitte LLP have expressed their willingness to continue in office

In the case of each of the Directors of the Company as at the date when this report was approved

- as far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that he/she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s416 of the Companies Act 2006

By order of the Board



Authorised Signatory
J Wright,
Secretary

Registered Office
Riverbank House
2 Swan Lane
England
EC4R 3BF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

We have audited the financial statements of Royal Bank of Canada Holdings (UK) Limited for the year ended 31 October 2013 which comprise of Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 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.

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 October 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB). In our opinion the financial statements comply with IFRSs as issued by the IASB.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED – Continued

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, or



John Claeys, BSc, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Helier, Jersey
Date

24 July 2014

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

STATEMENT OF FINANCIAL POSITION

For the year ended 31 October

	Notes	2013 £'000	2012 £'000
ASSETS			
Cash at bank	7	16,645	611
Investments in subsidiaries	8	29,053	592,487
Other assets		-	4
TOTAL ASSETS		45,698	593,102
LIABILITIES			
Amounts due to related parties		30	95
Other liabilities		12	-
TOTAL LIABILITIES		42	95
EQUITY			
Common shares	9	18,316	490,543
Retained earnings	10	5,047	102,464
Capital Reserves		22,293	-
TOTAL EQUITY		45,656	593,007
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		45,698	593,102

The accompanying notes on pages 11 to 23 form an integral part of the financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 22 January 2014

Signed on behalf of the Board of Directors

Director
Name

Stephen Krag
STEPHEN KRAG

Director
Name

Stuart Rutledge
STUART RUTLEDGE

Company No. 01124733

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October

	Notes	2013	2012
		£'000	£'000
Interest income	3	135	392
Dividend income	8	2,500	3,500
Administrative expenses	4	<u>(22)</u>	<u>(70)</u>
Profit before tax		2,613	3,822
Income taxes	6	<u>(30)</u>	<u>(97)</u>
Net income		<u>2,583</u>	<u>3,725</u>
Total comprehensive income attributable to shareholders		<u>2,583</u>	<u>3,725</u>

The above results are derived from continuing operations in the current and preceding years

The accompanying notes on pages 11 to 23 form an integral part of the financial statements

There are no items of other comprehensive income in the current or preceding years

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

STATEMENT OF CHANGES IN EQUITY

	Common shares	Retained earnings	Capital Reserves	Total equity
Balance at 31 October 2012	490,543	102,464	-	593,007
Change in Equity				
Issue of share capital	20,000	-	-	20,000
Capital contribution from parent	-	-	20,066	20,066
Other reserves from disposal of investments	(592,227)	-	2,227	(590,000)
Bonus Issue	100,000	(100,000)	-	-
Net income	-	2,583	-	2,583
Balance at 31 October 2013	18,316	5,047	22,293	45,656

The accompanying notes on pages 11 to 23 form an integral part of the financial statements

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 October

		2013	2012
	Notes	£'000	£'000
Cash flows from operating activities			
Net income for the year		2,583	3,725
Change in current income taxes		(53)	(10)
Change in other assets		4	(4)
Net cash from/(used in) operating activities		2,534	3,711
Cash flows from investing activities			
Changes in investments in subsidiaries		(6,500)	(3,500)
Net cash from/(used in) investing activities		(6,500)	(3,500)
Cash flows from financing activities			
Issue of common shares	9	20,000	-
Net cash from/(used in) financing activities		20,000	-
Net change in cash and cash equivalents		16,034	211
Cash at bank at beginning of year		611	400
Cash at bank at end of year	7	16,645	611
Net cash from/(used in) operating activities include.			
Amount of interest received		135	388
Amount of dividend received		2,500	3,500

The accompanying notes on pages 11 to 23 form an integral part of the financial statements

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union

The financial statements have been prepared in accordance with all IFRSs issued and effective as at 31 October 2013. The accounting policies set out below were consistently applied to all periods presented.

The Company was incorporated and is domiciled in the United Kingdom, and its financial statements are prepared on the historical cost basis and presented in compliance with the Companies Act 2006.

The financial statements of the Company for the year ended 31 October 2013 were authorised for issue by the Board of Directors on 17 December 2013.

In accordance with the provisions of s401 of the Companies Act 2006 the Company is exempt from preparing and delivering consolidated financial statements because it is a wholly-owned subsidiary of Royal Bank of Canada that is not established in the European Economic Area (EEA).

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Directors' report. The Company's financial risk management objectives, policies and processes are disclosed in Note 12.

After undertaking a detailed analysis of its financial resource requirements, management believes that the Company has adequate resources to meet its minimum capital and liquidity requirements and appropriate contingency plans to ensure that the Company continues to operate for the foreseeable future. Therefore the Company continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

In preparing the Company's Financial Statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include corporation tax and carrying value of investment in subsidiary; actual results may differ from these and other estimates thereby impacting the Company's future Financial Statements. Refer to the relevant accounting policies in Note 2 for details on the use of estimates and assumptions.

These financial statements are presented in GBP, the Company's functional currency, and all values are rounded to the nearest thousand except where otherwise indicated.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with IFRS. The particular accounting policies adopted by the directors are described below.

Going concern

The financial statements, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis.

Critical accounting estimates and judgements

In preparing the financial statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(a) Corporation tax

Significant judgement is required in the interpretation of the relevant tax laws and in estimating the provision for current taxes due to uncertainty in timing and amount of current and future taxable income.

(b) Carrying value of investment in subsidiary

The Company tests annually whether the carrying value of investments has suffered any impairment having regard to underlying assets and anticipated future cash flows.

Dividend income

Dividend income is recognised when the Company's right to receive payment is established. This is the ex-dividend date for equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

Expense recognition

Expenses are accounted for on an accruals basis and are recorded in the financial statements of the periods to which they relate.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling based on the rates of exchange ruling at the balance sheet date. Revenue and expense items are converted monthly into sterling at average rates of exchange. Foreign exchange gains or losses are included in "Other expenses" in the Statement of Comprehensive Income. There are no non-monetary assets denominated in foreign currencies.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Investments in subsidiaries

The investments in subsidiaries are included in the statement of financial position at the historic sterling cost less provision for any impairment in value. Impairment is assessed annually at the end of each financial year having regard to underlying assets and anticipated future cash flows.

Basis of non-consolidation

The Company has not prepared consolidated accounts in accordance with the exemption under International Accounting Standard (IAS) 27 Consolidated and Separate Financial Statements, on the basis that the Company itself is a wholly-owned subsidiary and the shareholder has access to all pertinent information concerning the resources and results of operations of the Royal Bank of Canada. Consolidated financial statements can be requested from the Corporate Secretary's Department, Royal Bank of Canada, 200 Bay Street, 9th Floor, South Tower, Toronto, ON, M5J 2J5.

Cash at bank

Cash at bank comprises demand deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Accounting standards and interpretations adopted during the year

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

IAS 1 Presentation of Financial Statements ("IAS 1")

In June 2011, the IASB issued amendments to IAS 1 regarding the presentation of OCI. The amendments became effective for the Company on 1 November 2012.

IAS 12 Income Taxes ("IAS 12")

In December 2010, the IASB issued amendments to IAS 12 regarding deferred tax and the recovery of underlying assets. The amendments became effective for the Company on 1 November 2012.

Standards in issue but not yet effective

There are a number of standards in issue but not yet effective which the Directors have assessed and deemed do not apply to the Company. Management is currently assessing the impact of adopting the following standards on the financial statements.

IFRS 10 Consolidated Financial Statements ("IFRS 10")

In May 2011, the IASB issued IFRS 10, which replaces the consolidation requirements in IAS 27 Consolidated and Separate Financial Statements ("IAS 27") and SIC-12 Consolidation – Special Purpose Entities ("SIC-12") and provides a single consolidation model applicable to all types of entities. Under IFRS 10, consolidation is based on control.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Standards in issue but not yet effective - continued

IFRS 10 Consolidated Financial Statements ("IFRS 10") - continued

Three conditions must be satisfied to have control over an investee (i) decision making power over the relevant activities, (ii) exposure to variable returns, and (iii) a link between power and returns. The determination of control is based on the current facts and circumstances and is continuously assessed. IFRS 10 contains a substantial amount of application guidance that expands on new and existing principles related to the determination of control. IFRS 10 is effective for the Company on 1 November 2013 with modified retrospective application based on entities in place as at the effective date. The adoption of this standard is not expected to have a material impact on the financial statements.

IFRS 11 Joint Arrangements ("IFRS 11")

In May 2011, the IASB issued IFRS 11 which requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. IFRS 11 requires a joint operator to recognize and measure the assets and liabilities in relation to its interest in the arrangement, and a joint venturer to apply the equity method of accounting. IFRS 11 is effective for the Company on 1 November 2013. The adoption of this standard is not expected to have a material impact on the financial statements.

IFRS 12 Disclosure of Interest in Other Entities ("IFRS 12")

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), which provides enhanced guidance on the annual disclosure requirements of a reporting entity's interests in other entities. The standard requires an entity to disclose information that helps users to evaluate the nature of, and risks associated with a reporting entity's interests in subsidiaries, consolidated entities, associates, joint arrangements and, in particular, unconsolidated structured entities (off-balance sheet structures), and the effect of those interests on the entity's financial position, financial performance and cash flows. IFRS 12 is effective for the Company on 1 November 2013 with disclosure, including comparative periods, required to be presented in the 2014 financial statements.

IAS 27 Separate Financial Statements ("IAS 27") and IAS 28 Investments in Associates and Joint Ventures ("IAS 28")

As a consequence of the new IFRS standards IFRS 10, IFRS 11 and IFRS 12, in May 2012, the IASB issued amended and retitled IAS 27, Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. These new requirements are effective for the Company on 1 November 2013. The adoption of these standards is not expected to have a material impact on the financial statements.

IFRS 13 Fair Value Measurement ("IFRS 13")

In May 2011, the IASB issued IFRS 13, which defines fair value and sets out a framework for measuring fair value in a single IFRS. IFRS 13 also requires disclosures about fair value measurements for non-financial assets. The measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value with limited exceptions. IFRS 13 will be effective for the Company on 1 November 2013. The adoption of this standard is not expected to have a material impact on the financial statements.

IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

In December 2011, the IASB issued amendments to IFRS 7 regarding disclosure of offsetting financial assets and financial liabilities.

The amendments are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The amendments will be effective for the Company on 1 November 2013 with disclosure, including comparative periods, required to be presented in the 2014 financial statements.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Standards in issue but not yet effective – continued

IAS 32 Financial Instruments Presentation (“IAS 32”)

In December 2011, the IASB issued amendments to IAS 32 which clarify the existing requirements for offsetting financial assets and financial liabilities. The amendments will be effective for the Company on 1 November 2014.

IFRS 9 Financial Instruments (“IFRS 9”)

In November 2009, the IASB issued IFRS 9 as part of its plan to replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 requires financial assets, including hybrid contracts, to be measured at either fair value or amortized cost. In October 2010, the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities previously included in IAS 39. In November 2013, the IASB introduced a new hedge accounting model, and allowed early adoption of the own credit provisions of IFRS 9. It also removed the mandatory effective date of 1 January 2015 and has not proposed a future effective date.

3. INTEREST INCOME

	2013	2012
	£'000	£'000
Interest income received from:		
Related parties		
- RBC Europe Ltd	135	8
Third parties	-	384
Total interest income	135	392

4. ADMINISTRATIVE EXPENSES

	2013	2012
	£'000	£'000
Audit fees	12	11
Other professional services	10	59
Total	22	70

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

5 REMUNERATION OF DIRECTORS AND EMPLOYEES

None of the Directors serving during the year received any emoluments from the Company (2012 £nil)
The Directors received their remuneration from Royal Bank of Canada The Company has no employees
(2012 none)

6. INCOME TAX

	2013 £'000	2012 £'000
Profit before tax	<u>2,613</u>	<u>3,822</u>
Tax reconciliation		
Profit before tax multiplied at the UK blended rate of 23.41% (2012 24.83%)	615	949
Expenses not deductible	-	17
Income exempt from tax	<u>(585)</u>	<u>(869)</u>
Total	<u><u>30</u></u>	<u><u>97</u></u>

7. CASH AT BANK

	2013 £'000	2012 £'000
Amounts due from related parties		
RBC Europe Ltd	<u>16,645</u>	<u>611</u>

Amounts due from subsidiaries are interest free, unsecured and repayable on demand

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 October 2013

8. INVESTMENTS IN SUBSIDIARIES

Cost and net book value.	2013	2012
	£'000	£'000
At start of the year	592,487	588,987
Additions during the year	6,500	3,500
Disposals during the year	(569,934)	-
At end of the year	<u>29,053</u>	<u>592,487</u>

Details of the Company's subsidiaries are as follows

Company	Nature of Business	2013	2012
		£'000	£'000
RBC Europe Limited	Banking	-	569,934
Royal Bank of Canada Investment Management (U K) Limited	Investment management	20,753	14,253
RBC Global Asset Management (UK) Limited (1)	Investment management	5,300	5,300
Royal Bank of Canada Trust Corporation Limited	Trustee	3,000	3,000
		<u>29,053</u>	<u>592,487</u>

(1) Formerly RBC Asset Management UK Limited

All subsidiaries are 100% owned by the Company, incorporated in the United Kingdom and registered in England and Wales

As part of the reorganisation of the RBC European corporate group structure, RBC Finance S a r l / B V , disposed of its 100% interest in the Company to Royal Bank of Canada and the Company subsequently reduced its capital by £590,000,000 by cancelling and extinguishing paid-up capital by 97p and repaid the capital to its new sole shareholder, Royal Bank of Canada, by transferring its 100% interest in one of its subsidiaries, RBC Europe Limited. As a result, the Company had a total allotted and fully paid ordinary shares of 610,542,936 of £0.03 each. The aforementioned transactions were completed on 29 November 2012, and Royal Bank of Canada is now the immediate parent of the Company.

Movement in ordinary shares is explained in note 9

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

9. COMMON SHARES

	2013 £'000	2012 £'000
Allotted and fully paid 610,542,936 (2012 490,542,936) ordinary shares of £0.03 each (2012 £1 each)	18,316	490,543

During the year, the Company received a cash dividend of £2.5 million (2012 £3.5 million) from RBC Global Asset Management (U.K.) Limited. During the year, the Company purchased 6,500,000 shares from Royal Bank of Canada Investment Management (U.K.) Limited at nominal value of £1 each.

On 15 November 2012, the Company issued 20,000,000 ordinary shares of £1 each in the capital of the Company to its sole shareholder RBC Finance S a r l / B V. The Company also capitalised £100,000,000 in its profit and loss account and allotted a bonus issue of 100,000,000 ordinary shares of £1 each in capital to RBC Finance S a r l / B V. As a result, the Company had a total allotted and fully paid ordinary shares of 610,542,936 of £1 each.

10. RETAINED EARNINGS

	Note	2013 £'000	2012 £'000
As at 1 November		102,464	98,739
Net income		2,583	3,725
Bonus issue	9	(100,000)	-
As at 30 October		5,047	102,464

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

11. RELATED PARTY TRANSACTIONS

Related party

Related parties include the parent bank, Royal Bank of Canada ("RBC"), associated companies, post-employment benefit plans for the benefit of employees, key management personnel, the Board of Directors of RBC ("Directors"), close family members of key management personnel and Directors, and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel, Directors or their close family members

Transaction with other group entities

The Company is a holding company registered in England and Wales. Its subsidiaries provide a range of banking and other financial services. In the normal course of business, the Company incurs certain transactions with related parties including funding, placing deposits and receiving dividends from its subsidiaries. These transactions were made on substantially the same terms as for comparable transactions with third-party counterparties. Details of related party transactions are disclosed in the relevant notes to the financial statements above.

Key management personnel and Directors

Key management personnel are defined as those persons having, directly or indirectly, authority and responsibility for planning, directing and controlling the activities of RBC and its subsidiaries and comprise the senior executives of RBC called the Group Executive ("GE"). Specifically, the GE comprises the Chief Executive Officer and those individuals that report directly to him, including the Chief Administrative Officer and Chief Financial Officer, Chief Human Resource Officer, the Chief Risk Officer, and heads of RBC's business units. The GE is ultimately responsible for all material decisions of RBC. The GE is also responsible for establishing the overall strategic direction of the RBC group and, in that regard, sets global parameters for the RBC group within which the board of directors and management of each subsidiary in the RBC group exercise their respective discretion to make decisions concerning the strategic direction and day-to-day management of the particular subsidiary. The Directors of RBC do not plan, direct or control the day-to-day activities of RBC, they oversee the management of the business and provide stewardship.

Compensation of key management personnel and Directors ⁽¹⁾

The following tables present the compensation paid, shareholdings and options held by key management personnel and Directors.

	2013	2012
	CAD million	CAD million
Salaries and other short-term employee benefits ⁽²⁾	23	21
Post-employment benefits	3	2
Share-based payments	30	25
	<hr/> 56	<hr/> 48

(1) Key management personnel and Directors received their remuneration from RBC. No direct compensation is charged to the Company by RBC in respect of the service provided.

(2) Includes the portion of the annual variable short-term incentive bonus that certain executives elected to receive in the form of deferred shares units.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

11. RELATED PARTY TRANSACTIONS - continued

Shareholdings and options held by key management personnel, Directors and their close family members

	31 October 2013		1 November 2012	
	No. of units held	Value CAD million	No. of units held	Value CAD million
Stock options	4,566,316	84	5,402,931	40
Other non-option stock based awards (3)	2,467,532	173	2,516,276	143
RBC common shares	1,485,843	104	1,593,328	91
	<u>8,519,691</u>	<u>361</u>	<u>9,512,535</u>	<u>274</u>

(3) 2012 number of units held has been revised from those previously presented

Transactions, arrangements and agreements involving key management personnel, Directors and their close family members

In the normal course of business, RBC provides banking services to key management personnel, Directors, and their close family members. These transactions were made on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing and did not involve more than the normal risk of repayment or present other unfavourable features.

For the year ended 31 October 2013, total loans to key management personnel, Directors and their close family members are \$6 million (31 October 2012 \$6 million). No guarantees, pledges or commitments have been given to key management personnel, Directors or their close family members.

Balances with related parties

	2013 £'000	2012 £'000
Amounts due from related parties		
RBC Affiliates – Cash at bank	16,645	611
Amounts due to related parties		
RBC Affiliates – Group Tax due	30	95
Net position with Affiliates	<u>16,675</u>	<u>706</u>

Amounts due to fellow subsidiaries are unsecured, interest free and repayable on demand

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

11. RELATED PARTY TRANSACTIONS - continued

Transactions with related parties

	2013 £'000	2012 £'000
Income		
RBC Affiliates – Dividend income	2,500	3,500
RBC Affiliates – Interest income	135	9
	<u>2,635</u>	<u>3,509</u>
Expenses		
RBC Affiliates – Cost sharing recoveries	-	59
	<u>-</u>	<u>-</u>
Net position with Affiliates	<u>2,635</u>	<u>3,568</u>

Immediate and ultimate controlling party

Following the group restructuring noted above, the Company's immediate parent company is now Royal Bank of Canada, incorporated in Canada, which is also the parent undertaking of the smallest and largest group which includes the Company and for which group accounts are prepared. Copies of the group financial statements of Royal Bank of Canada are available at 2 Swan Lane, London EC4R 3BF. Group accounts are also filed at Companies House.

12. FINANCIAL RISK MANAGEMENT

Overview

The Company itself has limited exposure to financial risk. Risk management is carried out at the Company's subsidiaries level as part of a group-wide approach. The board of directors ("the Board") has overall responsibility for the establishment and ongoing management of the risk management framework. The Board delegates monitoring of the implementation and operation of the Board's policies to the Wealth Management British Isles and Caribbean (the "BIC") Operating Committees, of subsidiaries, which has the representation of all the business lines and functional areas of subsidiaries.

The BIC Operating Committee then delegates the monitoring of risk to the BIC Risk Committee which oversees how the Company monitors compliance with risk management policies and procedures, whilst reviewing the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards, procedures, and training of employees aims to develop a disciplined and constructive control environment in which all employees are involved and understand their roles and obligations.

The Company does not enter into hedging instruments because there is not a material exposure to hedge, nor does the Company enter into speculative financial instruments.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

12. FINANCIAL RISK MANAGEMENT - continued

Risk management

With regard to its operations the Company has exposure to the risks set out below

- i - Foreign exchange rate risk,
- ii - Credit risk, and
- iii - Liquidity risk

i – Foreign exchange rate risk

The Company generates its revenues largely from dividend and interest income which is calculated and paid in GBP pound sterling, therefore the Company does not have foreign exchange exposure

ii – Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty is unable to pay in full amounts when due, and arises principally from the Company's cash and cash equivalents

Credit risk is considered minimal as the counterparties are fellow subsidiaries therefore there is a low risk of bad debts. As at the Statement of Financial Position date, the Company does not carry significant fee income exposure to any one client

The maximum exposure to credit risk as at the statement of financial position date is £3 329m (2012 £0 122m)

The ageing of financial assets at the reporting date was

31 October 2013	1-3 months £'000	More than 3 months £'000	Total £'000
Cash at bank	16,645	-	16,645
	<u>16,645</u>	<u>-</u>	<u>16,645</u>
31 October 2012	1-3 months £'000	More than 3 months £'000	Total £'000
Cash at bank	611	-	611
	<u>611</u>	<u>-</u>	<u>611</u>

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2013

12. FINANCIAL RISK MANAGEMENT - continued

iii – Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due or can only do so at a significantly increased cost

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without risking damage to the Company's reputation

Liquidity risk is also considered minimal as creditors are short term in nature and the Company maintains high levels of liquid cash balances

The directors are of the opinion that the carrying value of the company's payables equate to their fair value

The contractual maturities of financial liabilities at the reporting date was

31 October 2013

	1-3 months £'000	More than 3 months £'000	Total £'000
Current taxation	-	30	30
Other liabilities	12	-	12
	<u>12</u>	<u>30</u>	<u>42</u>

31 October 2012

	1-3 months £'000	More than 3 months £'000	Total £'000
Current taxation	-	95	95
Other liabilities	-	-	-
	<u>-</u>	<u>95</u>	<u>95</u>

Capital management

The Company is not a regulated company and therefore does not require a minimum capital however, the Board's policy with respect to capital is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to provide a sufficient base to sustain the future development of the business

The Company's capital structure consists of common equity shares, retained earnings and capital reserves