

# **BlueBay Asset Management (Services) Ltd**

Annual Report and Financial Statements  
For the year ended 31 October 2020

Registered number: 03262598



RBC Global  
Asset Management

TUESDAY



\*A9YGPMWZ\*

A09

16/02/2021

#161

COMPANIES HOUSE

## **Contents**

	<b>Page</b>
Strategic Report	4
Directors' Report	8
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10
Income Statement	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Shareholder's Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17

## **Strategic Report**

The Directors present their Strategic Report of BlueBay Asset Management (Services) Ltd ("the Company") for the year ended 31 October 2020.

### **Business Review**

Operating profit for the year was £12,281,000 compared with an operating profit of £120,143,000 in the previous year.

The Company received dividends from subsidiaries of £10,348,000 during the year (2019: £10,496,000).

Profit for the year attributable to ordinary equity shareholders was £12,594,000 compared with £112,232,000 in the previous year. During the year the Company paid a dividend of £106,700,000 based on the 2019 profit after tax. A dividend of £12,500,000 is to be proposed for the current year.

In the prior year BlueBay Asset Management LLP ("BBAM LLP") transferred its Private Debt business to a third party. As part of the sale, the Company realised a gain which has been recognised the comparative of Other income as stated in 'Private Debt sale' in note 2 comparatives. Full details are set out in the Company's 2019 Annual report.

### **Principal Activities**

The principal activity of the Company is to be a member of BBAM LLP, a Limited Liability Partnership incorporated in England and Wales. BBAM LLP provides investment management and advisory services to institutions and high net worth individuals. The Company also holds the lease on offices in London and all rights to the BlueBay trading name including all trademark registrations.

The Company licences its leasehold premises and the use of the BlueBay trading name to BBAM LLP. The Company also has all rights over IT equipment and software used by BBAM LLP.

The Company is also the parent of BlueBay Asset Management International Limited ("BBAMI"), which is the holding company for BlueBay Group companies domiciled outside of the United Kingdom and BlueBay Asset Management Corporation Ltd ("BBAM Corp"). Both companies are incorporated in England and Wales (see note 22).

### **Directors duties -compliance with section 172 of the Companies Act 2006**

We, the Board of Directors of the Company consider, both individually and collectively, that we have acted in a way that we consider is in line with the requirements of section 172 of the Companies Act 2006 ("the Act"), which is in good faith and promotes the success of the Company both for the benefit of the Members as a whole, whilst taking into consideration the remaining stakeholders contained within s. 172 (1) (a - f) of the Act, when taking decisions as a Board during the period 1 November 2019 to 31 October 2020.

The BlueBay Group ("the Group") is headed by the Board the LLP, with major decisions impacting the Group being reviewed and approved by the LLP Board.

The Board of the Company meets twice per year, with ad hoc Board Meetings held when required. The Board is an experienced and diverse Board, with updates provided from all relevant parts of the business at each Board Meeting and an open dialogue with the relevant department heads during the periods between Board Meetings which ensures the Board is well informed throughout the year.

The following stakeholders, as defined in s. 172 of the Act, have been identified as key for the Group:

- Employees;
- Customers;
- Community/environment;
- Members;
- Regulators; and
- Third-party service provider.

**Strategic Report (continued)**

**Directors duties -compliance with section 172 of the Companies Act 2006 (continued)**

The purpose, culture and values that the Board has established, in line with the Group, guide how the factors of s. 172 are applied in its decision making, particularly to ensure that the Board promotes success for shareholders; and below sets out how the Board have considered the matters set out in s. 172 of the Act in Board discussions, decision making and how they affect the development and implementation of strategy in line with the Group; and what the Board and Management plan to do in the future.

**High standards if business conduct:**

- Culture and values - The BlueBay Group believe it is its culture and integrity that sets it apart. To us, this means a deep understanding of our clients' needs, and the collaboration of strong talent. We are continuously evolving in our efforts to offer compelling investment propositions to clients through relevant products with the goal of superior performance. A key element of this is to attract and retain high quality staff who share our goal and vision.
- The firm takes Anti-Money Laundering ("AML") seriously, with clear policies in place and one hundred percent of staff had undertaken Compliance Training (including AML) within the deadline.
- Pursuant to the Modern Slavery Act 2015, the Board reviews a Modern Slavery Statement annually, which is posted on the firm's website.
- Pursuant to the Business Payment Practices and Performance Regulations, the Board reviews and publishes information about its payment practices.

**Impact of the Company's operations on the community and the environment:**

- The BlueBay Group recognises the impact that its activities may have on the wider community and environment, which it takes seriously.
- The BlueBay Group created a Corporate Responsibility Committee ("CRC") during 2020, which is a Group wide initiative for all entities within the BlueBay Group, which is responsible for proposing, implementing, monitoring and reporting on the BlueBay Group's Corporate Responsibility Framework to the Management Committee and the LLP Board and there are four pillars which make up the CRC Framework:
  - Responsibility to Our People;
  - Responsibility for Our Conduct;
  - Responsibility to Our Communities; and
  - Responsibility for Our Environment.
- The Responsibility to Our Communities Pillar has two priorities; (i) Active participant in the communities in which we operate; and (ii) Using our capabilities to assist the communities in which we operate; with the Charity Committee acting as a working group that feeds into the CRC and assists with the pillar.
- The Responsibility to Our Environment Pillar has two priorities; (i) Understand the impact of our operations on the physical environment; and (ii) Where possible remove, minimise or mitigate our impact on the environment.

**Engaging with our employees:**

- With the implementation of the CRC Framework in 2020, the Responsibility to Our People Pillar was formed, which has three priorities; (i) Diversity and Inclusion; (ii) Health and Wellbeing; and (iii) Talent Management. With various working groups filtering into the Pillar, including; (i) the Employee Forum; (ii) the Diversity and Inclusion Forum; and (iii) the Social Committee.
- The BlueBay Group has a strong culture, supported by a transparent approach to keeping staff informed, which includes regular CEO Updates, CIO updates, COO/CRO Dashboards, Financial Dashboards and Townhalls; with the updates being enhanced in response to staff working remotely in response to the COVID-19 pandemic.
- Diversity is key focus within the BlueBay Group, with the Diversity and Inclusion Forum having a Diversity Statement.
- In line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, the BlueBay Group publishes a Gender Pay Gap Report annually.

**Strategic Report (continued)**

**Directors duties -compliance with section 172 of the Companies Act 2006 (continued)**

**Engaging with our Sole Shareholder:**

- To support the BlueBay Group's Sole Shareholder with a long-term investment plan, it is important for the BlueBay Group to fulfil its strategic plan.
- During COVID-19 there was increased engagement with the Sole Shareholder to keep them informed on how the pandemic was impacting the BlueBay Group and what action was being taken to mitigate such impact both on performance and the working conditions/environment of its staff.

**Engaging with third-party service providers:**

- The BlueBay Group uses the services of a number of third-party service providers across business functions and there were no material/significant changes in any outsourced agreements wherein a service/key process/activity had been delegated to a third party to be performed within their environment, which would otherwise be undertaken by BlueBay itself.
- Periodic due diligence is performed on all key third-party service providers and the results are reported to the BlueBay Group's Operating Committee.
- To understand the impact of COVID-19 on key third parties, a set of questionnaires related to COVID-19 action/impact/mitigation were sent to the BlueBay Group's key third parties, with the results assessed and no significant/material findings being identified from the assessment.

**Planned Action for the coming year:**

The Group will be undertaking a review of its Board Agendas, Board Papers and Board Minutes in the coming year, with a view to tailoring its template Board Agendas and Board Packs to include reminders of s.172 of the Act.

In addition, a refresher training for the Board on s.172 of the Act will be arranged for the coming year.

## **Strategic Report (continued)**

### **Principle Risks and Uncertainties**

The Company's income is based on profit allocations from BBAM LLP. BBAM LLP's income is derived from investment management fees earned from the management of assets within funds and segregated client accounts. The Company is therefore exposed to market volatility in respect of the assets managed by BBAM LLP. The Company is also exposed to operational risk (the risk of loss resulting from inadequate or failed processes, people and systems or from external events) in BBAM LLP's management of these assets. BBAM LLP has various controls and systems in place to mitigate the risks related to its management of the assets.

Liquidity risk is the risk that the Company may be unable to meet its payment obligations as they fall due. Liquidity risk is mitigated by the fact that the Company has no debt and maintains sufficient cash levels.

Counterparty credit risk is primarily the risk of a potential loss of cash reserves due to bank failure. To mitigate this risk, the Company has diversified its banking relationships across highly rated systemically important banks.

On 11 March 2020, the World Health Organisation characterised COVID 19 as a pandemic due to the level of spread and severity of the disease. As governments around the world introduced emergency measures in response to the pandemic, the Company's own response has been closely coordinated with RBC group guidelines and regional public health guidance. To date the Company has not experienced any significant adverse financial impact from COVID 19, however management are continuing to monitor developments through its risk management framework. Where required, employees have successfully transitioned to working from home with minimal disruption throughout the pandemic.

### **Key Performance Indicators**

As a corporate member, the Company's performance is dependent on the level of profit allocations from BBAM LLP and dividends received from its subsidiaries. In 2020, profit allocations were £7,869,000 (2019: £89,258,000) and dividends were £10,348,000 (2019: £10,496,000). The Directors do not consider further KPIs to be relevant to gain an understanding of the business.

### **Outlook**

The Directors are satisfied with the development of the business during the year. The Directors anticipate the Company will continue to operate in a similar capacity in the future.



**Luc Leclercq**  
2 February 2021

## **Directors' Report**

The Directors submit their report together with the audited Financial Statements for the year ended 31 October 2020 as required by the Companies Act 2006.

### **Called Up Share Capital**

As at 31 October 2020 and 31 October 2019, the called up share capital of the Company consisted of 198,635,001 shares of £0.001 each.

The Company is a wholly-owned subsidiary of Royal Bank Holding Inc. ("RBHI"), which is a wholly-owned subsidiary of Royal Bank of Canada ("RBC").

### **Directors**

The Directors who served during the year and up to the date of signing the Financial Statements, except as otherwise noted below, were as follows:

Luc Leclercq (Executive Director)

James Neilson Pettigrew (Non-Executive Director– Chair)

None of the Directors held any share capital of the Company at 31 October 2020 (31 October 2019: none).

### **Financial Instruments**

Details of the financial risk management objectives, policies of the Company and exposure to market risk, credit risk and liquidity risk are given in note 7 of the Financial Statements.

### **Auditor**

The auditor, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Going Concern**

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, based on their review of the Company's future profitability and cash flows, and accordingly continue to adopt the going concern basis in preparing the Financial Statements. Having made appropriate enquiries, the Directors believe there is no reason to expect the Company will not continue to operate as a going concern.

The Company has made a strategic decision to integrate some of the operating aspects with the asset management business of RBC. The aim is to achieve closer operational alignment to provide the ability to leverage our collective strengths, resources and talents.

Day-to-day operations will not change and the Board expects no material impact from these changes on the underlying business, and fully expects the entity to remain as a going concern.



**Luc Leclercq**

2 February 2021

## **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

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 international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

## **Directors' confirmations**

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor are unaware; and
- They have taken all the steps that they 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 are aware of that information.



## ***Independent auditors' report to the members of BlueBay Asset Management (Services) Ltd***

### **Report on the audit of the financial statements**

---

#### **Opinion**

In our opinion, BlueBay Asset Management (Services) Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 October 2020; the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Shareholder's Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 October 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

---

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

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.

---

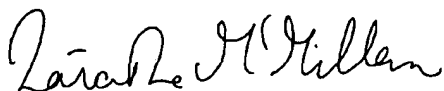
**Other required reporting**

**Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Natasha McMillan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
2 February 2021

**Income Statement**

For the year ended 31 October 2020

	Notes	2020 <sup>1</sup> £000s	2019 <sup>2</sup> £000s
<b>Operating income – BBAM LLP profit allocation</b>	2	<b>7,869</b>	<b>89,258</b>
Other income	2	1,638	27,254
Dividends received	6	10,348	10,496
<b>Total income</b>		<b>19,855</b>	<b>127,008</b>
Net gain on investments	2	368	1,619
Foreign exchange gains / (losses)	2	16	(237)
Administrative expenses	3	(7,958)	(8,247)
<b>Operating profit</b>		<b>12,281</b>	<b>120,143</b>
Finance income	4	648	540
Finance charge	4	(86)	-
Net Finance income		562	540
<b>Profit on ordinary activities before taxation</b>		<b>12,843</b>	<b>120,683</b>
Taxation	5	(249)	(8,451)
<b>Profit for the year attributable to ordinary equity shareholders</b>		<b>12,594</b>	<b>112,232</b>

<sup>1</sup>The Company has initially applied IFRS 16 at 1 November 2019 using the retrospective approach. Under this approach, comparative information is not restated and the cumulated effect of initially applying IFRS 16 is recognised in retained earnings at the time of initial application.

<sup>2</sup> Dividends received are recognised in Total income. 2019 Dividends received were recognised below Operating profit which has been re-formatted to be consistent with the 2020 presentation.

All activities are derived from continuing operations.

The notes to the Financial Statements on pages 17 to 37 are an integral part of these Financial Statements.

## Statement of Comprehensive Income

For the year ended 31 October 2020

	2020 £000s	2019 £000s
<b>Profit for the year</b>	<b>12,594</b>	<b>112,232</b>
<b>Total comprehensive income for the year: net of tax</b>	<b>12,594</b>	<b>112,232</b>

All activities are derived from continuing operations.

The notes to the Financial Statements on pages 17 to 37 are an integral part of these Financial Statements.

**Statement of Financial Position**

As at 31 October 2020

	Notes	2020 <sup>1</sup> £000s	2019 £000s
<b>Assets</b>			
<b>Non-current assets</b>			
Leasehold improvements	8	333	279
Right of use asset	9	6,415	-
Investments in subsidiaries	11	66,833	66,833
<b>Total non-current assets</b>		<b>73,581</b>	<b>67,112</b>
<b>Current assets</b>			
Trade and other receivables	12	25,148	93,453
Investments at fair value through profit or loss	10	-	16,614
Current tax assets		3,604	-
Cash and cash equivalents	13	71,326	89,341
<b>Total current assets</b>		<b>100,078</b>	<b>199,408</b>
<b>Total assets</b>		<b>173,659</b>	<b>266,520</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	14	-	833
Provisions	15	1,125	750
Deferred tax liability	16	949	1,025
Lease liabilities	17	6,907	-
<b>Total non-current liabilities</b>		<b>8,981</b>	<b>2,608</b>
<b>Current liabilities</b>			
Current tax liabilities		-	4,912
Trade and other payables	14	202	418
<b>Total current liabilities</b>		<b>202</b>	<b>5,330</b>
<b>Total liabilities</b>		<b>9,183</b>	<b>7,938</b>
<b>Shareholder's equity</b>			
Called up share capital	18	199	199
Share premium	18	33,906	33,906
Retained earnings		130,371	224,477
<b>Total shareholder's equity</b>		<b>164,476</b>	<b>258,582</b>
<b>Total equity and liabilities</b>		<b>173,659</b>	<b>266,520</b>

<sup>1</sup>The Company has initially applied IFRS 16 at 1 November 2019 using the retrospective approach. Under this approach, comparative information is not restated and the cumulated effect of initially applying IFRS 16 is recognised in retained earnings at the time of initial application.

The notes on pages 17 to 37 are an integral part of these Financial Statements. The Financial Statements on pages 12 to 37 were approved by the Board of Directors and authorised for issue on 2 February 2021 and signed on its behalf by:



Director: **Luc Leclercq**

## Statement of Changes in Shareholder's Equity

For year ended 31 October 2020

	Called up share capital £000s	Share premium £000s	Retained earnings £000s	Total equity £000s
<b>At 1 November 2019</b>	<b>199</b>	<b>33,906</b>	<b>224,477</b>	<b>258,582</b>
Profit and total comprehensive income for the year	-	-	12,594	12,594
Dividends paid	-	-	(106,700)	(106,700)
<b>At 31 October 2020</b>	<b>199</b>	<b>33,906</b>	<b>130,371</b>	<b>164,476</b>

For year ended 31 October 2019

	Called up share capital £000s	Share premium £000s	Retained earnings £000s	Total equity £000s
<b>At 1 November 2018</b>	<b>199</b>	<b>33,906</b>	<b>143,345</b>	<b>177,450</b>
Profit and total comprehensive income for the year	-	-	112,232	112,232
Dividends paid	-	-	(31,100)	(31,100)
<b>At 31 October 2019</b>	<b>199</b>	<b>33,906</b>	<b>224,477</b>	<b>258,582</b>

The notes to the Financial Statements on pages 17 to 37 are an integral part of these Financial Statements.

**Statement of Cash Flows**

For year ended 31 October 2020

	Notes	2020 £000s	2019 <sup>1</sup> £000s
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	83,825	55,542
Taxation paid		(8,841)	(1,919)
Finance income received	5	697	472
<b>Net cash generated from operating activities</b>		<b>75,681</b>	<b>54,095</b>
<b>Cash flows from investing activities</b>			
Purchase of leasehold improvements	8	(169)	(131)
Purchase of investments at fair value	10	-	-
Sale of investments at fair value	10	16,874	22,816
<b>Net cash generated from investing activities</b>		<b>16,705</b>	<b>22,685</b>
<b>Cash flows from financing activities</b>			
Dividends paid	6	(106,700)	(31,100)
Payment of lease liabilities	17	(3,660)	-
Finance charge paid	5	(41)	-
<b>Net cash used in financing activities</b>		<b>(110,401)</b>	<b>(31,100)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(18,015)</b>	<b>45,680</b>
Cash and cash equivalents at beginning of the year		89,341	43,661
<b>Cash and cash equivalents at end of the year</b>	13	<b>71,326</b>	<b>89,341</b>

<sup>1</sup>2019 has been re-formatted to be consistent with the 2020 presentation.

The Company did not have any overdrafts repayable on demand at the end of each accounting year.

The notes to the Financial Statements on pages 17 to 37 are an integral part of these Financial Statements.

## Notes to the Financial Statements

### 1. Significant Accounting Policies

#### Basis of accounting

BlueBay Asset Management (Services) Ltd (the "Company") is a limited company and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company's registered office is 77 Grosvenor Street, London W1K 3JR.

The Company's principal activity is described in the Strategic Report on page 4.

The profit allocation from BBAM LLP is included in 'operating income'.

The significant accounting policies applied in the preparation of the Financial Statements are summarised below.

#### a) Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations issued by either the International Accounting Standards Board ("IASB") or the International Financial Reporting Standards Interpretations Committee ("IFRSIC") or their predecessors, as adopted by the European Union ("EU") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of investments that are held at fair value through profit or loss. The Financial Statements have been prepared on a going concern basis.

#### b) Basis of consolidation exemption

In accordance with the provisions of Section 401 of the Companies Act 2006 the Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated outside the EEA and is not required to produce, and has not published, Consolidated Financial Statements. Details of the Company's investments in subsidiaries are set out in note 11 and note 21.

#### c) Going concern

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

#### d) Impact of new accounting standards

The following Standards and Interpretations came in to effect in the period and are applied in these Financial Statements:

- (i) IFRS 16 – Leases - Effective for periods beginning on or after 1 January 2019

IFRS 16, replacing IAS 17, removes the previous classification between operating and finance leases and introduces a single lessee accounting model to recognise assets and liabilities for all leases.

On the Statement of Financial Position, a right of use ("ROU") asset recognised within right of use asset and a corresponding lease liability will be recorded for the discounted amount of expected future rental payments. The Income Statement no longer reflects the rental expense but records the lease imputed interest expense and ROU asset depreciation as the lease expense.



## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### d) Impact of new accounting standards (continued)

##### (i) IFRS 16 – Leases - Effective for periods beginning on or after 1 January 2019 (continued)

The ROU is depreciated on a straight line basis over the expected life of the lease. The lease liability will be reduced as lease payments are made and increased as interest expense is recognised, calculated by using the effective cost method as a component of finance costs. This will result in a higher proportion of the lease expense being recognised earlier during the life of the lease.

In preparation for the transition to IFRS 16, the Company has reviewed all of its leasing arrangements and assessed the estimated impact that the initial application of IFRS 16 will have on its Financial Statements.

The Company adopted the modified retrospective approach with the cumulative effect of the initial application of the Standard recognised as an adjustment to opening equity and no restatement of comparative periods at the date of initial application at 1 November 2019. The Company also elected to utilise all of the transition practical expedients, electing to not apply the requirements of IFRS 16 to short-term leases of 12 months or less and to leases to which the underlying asset is of low value.

The Company had non-cancellable operating lease commitments of £10,550,000 at 1 November 2019 (see note 9). Consequently, on 1 November 2019 the Company recognised ROU assets and lease liabilities of £10,550,000 and £10,550,000 respectively. This change had no impact on the Company's net assets at 1 November 2019. The initial application of IFRS 16 has not had a material impact on the Company's profit before tax.

##### (ii) IFRIC 23 – Uncertainty over Income Tax Treatments – Effective 1 January 2019

The interpretation provides clarification as to how the recognition and measurement requirements of IAS 12 Income Tax should be applied. The Company assessed the impact of IFRIC 23 and has had no material impact to its Financial Statements.

At the date of authorisation of these financial statements, there were no standards and interpretations relevant to the Company's operation that were issued by the IASB that are mandatory for the Company's annual accounting periods beginning 1 November 2020.

#### e) Critical accounting estimates and judgements

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. The Company has no amounts which require significant estimate or judgments. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the Financial Statements, deviate from actual circumstances, the original estimates and assumptions, such as accruals, and provisions will be modified as appropriate in the period in which the circumstances change.

#### f) Leasehold improvements

Leasehold improvements are recognised at cost, less accumulated depreciation and any recognised impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### f) Leasehold improvements (continued)

All other repair and maintenance expenditures are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to reduce the cost of each asset to its residual value over five years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Income Statement.

#### g) Investments

##### (i) Classification

Investments are classified as financial assets at fair value through profit and loss (FVPL) in accordance with IFRS 9. These investments relate to the purchase of fund units in Investment Funds managed by BBAM LLP. These assets include both fund units acquired on behalf of BlueBay Asset Management Corporation Ltd ('BBAM Corp') and BBAM LLP to hedge liabilities arising under employee deferral compensation plans linked to funds' performance and investments in new funds to enable the funds to establish a track record for marketing purposes. The funds units are held until redemption and classified as debt instruments in accordance with IFRS 9.

##### (ii) Recognition and Measurement

Purchases and sales of investments are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Investments are held at fair value. The fair values of investments are determined by using the Level 2 prices described below which are the net asset values of the funds at the Statement of Financial Position Sheet date. Unrealised gains and losses arising from changes in fair value are recognised through profit and loss.

Investments are classified in accordance with the following three-level hierarchy for fair value measurement disclosure, as follows:

- o Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- o Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- o Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### h) Investments in subsidiaries

Investments in subsidiaries are held at cost, less provision for impairment.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost. The impairment in loans and receivables is calculated using the expected credit loss model. Expected credit losses on trade receivables are calculated on the simplified approach based on historic default rates and adjusted for forward looking estimates. The initial amount of the provision and subsequent changes are recognised in the Income Statement in administrative expenses.

#### j) Cash and cash equivalents

Cash and cash equivalents comprise deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less.

#### k) Trade and other payables

Trade and other payables are recorded initially at fair value and subsequently at amortised cost.

#### l) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Management reassesses the amounts of these provisions at each Statement of Financial Position date in order to ensure that they are measured at the current best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date. Any difference between the amounts previously recognised and the current estimates is recognised immediately in the Income Statement.

#### m) Leases

As set out in note 1(d) on 1 November 2019 the Company adopted IFRS 16.

On the Statement of Financial Position, a ROU asset has been recognised within right of use asset and the corresponding lease liability recorded for the discounted amount of expected future rental payments. The Income Statement no longer reflects the rental expense, but is disclosed as the lease imputed interest expense and ROU asset depreciation as the lease expense.

The ROU asset is depreciated on a straight line basis over the expected life of the lease. The lease liability will be reduced as lease payments are made and increased as interest expense is recognised, calculated by using the effective cost method as a component of finance costs. This will result in a higher proportion of the lease expense being recognised earlier during the life of the lease.

In preparation for the transition to IFRS 16, the Company has reviewed all of its leasing arrangements and assessed the estimated impact that the initial application of IFRS 16 will have on its Financial Statements.

The Company adopted the modified retrospective approach with the cumulative effect of the initial application of the Standard recognised as an adjustment to opening equity and no restatement of comparative periods at the date of initial application at 1 November 2019. The Company also elected to utilise all of the transition practical expedients, electing to not apply the requirements of IFRS 16 to short-term leases of 12 months or less and to leases to which the underlying asset is of low value.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### n) Fair value estimation

The fair value of unlisted investments (investments in the funds) is based on the net asset valuations of the funds at the Statement of Financial Position date.

#### o) Employee benefits

##### (i) Deferred compensation scheme

When the Company's investment management business was transferred to BBAM LLP, the Company operated a Deferred Compensation Scheme for certain employees under which a portion of an employee's bonus was invested in units in funds managed by the Company.

##### (ii) These fund units are included in the Company Financial Statements within investments (see note 10).

#### p) Operating income

BBAM LLP profit allocation

The operating income earned in the United Kingdom of the Company is the allocation of profit from BBAM LLP. The Company holds 51% of the voting rights and Class A shares in BBAM LLP.

#### q) Foreign currency translation

##### (i) Functional and presentation currency

The Financial Statements are presented in Pounds Sterling ("GBP"), which is the Company's functional and presentation currency and the currency in which the Company's assets, liabilities and funding are predominantly denominated.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the Company's functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in other income/expense in the Income Statement.

The following exchange rates were used to convert monetary items on the Statement of Financial Position which are not denominated in GBP.

Currency	2020	2019
GBP/USD	1.2958	1.2953
GBP/EUR	1.1123	1.1614

#### r) Taxation

##### (i) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in shareholders' equity or Comprehensive Income, in which case it is recognised in the Statement of Changes in Shareholders Equity or Comprehensive Income. Current tax is the expected tax payable on the taxable income for the period, using rates enacted or substantively enacted at the Statement of Financial position date, and any adjustment to tax payable in respect of previous years.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### r) Taxation (continued)

##### (ii) Deferred tax

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the Balance Sheet date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

#### s) Dividend distribution

Dividend distributions to the Company's shareholders are recognised in the Company's Financial Statements in the period in which the dividend is declared or approved by the Company's shareholders.

#### t) Share capital and share premium

Ordinary shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the share premium account.

#### u) Forward currency contracts

The Company minimises the foreign exchange risk of the material trade receivable balance in foreign currency on a monthly basis by way of currency forward contract arrangements.

Currency forward contracts represent commitments to sell or purchase foreign or domestic currency and forwards are contractual obligations to receive or pay amounts based on changes in currency rates at a future date at a specified price.

Currency forward contracts are initially recognised in the Statement of Financial Position at fair value and subsequently measured at their fair value on each Statement of Financial Position date. Changes in fair value are recognised in the Income Statement.

#### s) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

**Notes to the Financial Statements** (continued)**2. Operating income, other income and expenses**

	<b>2020</b> <b>£000s</b>	<b>2019</b> <b>£000s</b>
<b>Operating income – BBAM LLP profit allocation</b>	<b>7,869</b>	<b>89,258</b>
Private debt sale <sup>1</sup>	-	26,177
Rental income	1,638	1,077
<b>Other income</b>	<b>1,638</b>	<b>27,254</b>

<sup>1</sup>In the prior year BBAM LLP transferred its Private Debt business to a third party. As part of this transfer the Company realised a gain. Full details are set out in the Company's 2019 Annual report.

Other gains and losses include the following items:

<b>Net gains on investments</b>	<b>368</b>	<b>1,619</b>
Foreign exchange gains / (losses) include the following items:		
Net foreign exchange gains / (losses) recognised	20	(209)
Net realised losses on currency forwards	(4)	(28)
<b>Foreign exchange gains / (losses)</b>	<b>16</b>	<b>(237)</b>

**3. Administrative expenses**

	<b>Notes</b>	<b>2020</b> <b>£000s</b>	<b>2019</b> <b>£000s</b>
The following items have been included in administrative expenses:			
Depreciation	8	115	290
Rental expense		-	4,307
Depreciation of right of use asset	9	4,135	-
Dilapidation provision	15	375	375

**Audit and non-audit fees**

	<b>2020</b> <b>£000s</b>	<b>2019</b> <b>£000s</b>
Fees payable to the Company's auditor for the audit of the Financial Statements	52	49

No remuneration was paid to the Directors of the Company for their services (2019: nil).

**4. Net Finance income**

	<b>2020</b> <b>£000s</b>	<b>2019</b> <b>£000s</b>
<b>Finance income:</b>		
Interest on cash deposits	453	433
Bank interest	17	30
Interest on intercompany loan	178	77
<b>Finance charge</b>		
Interest expense - Right of use asset	(86)	-
<b>Net finance income</b>	<b>562</b>	<b>540</b>

**Notes to the Financial Statements (continued)****5. Taxation**

Analysis of charge in the year:

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
Current tax:		
UK corporation tax on profits for the year	491	6,522
Adjustments to tax charge in respect of previous years	(166)	1,305
<b>Total current tax</b>	<b>325</b>	<b>7,827</b>
Deferred tax:		
Origination and reversal of temporary differences	(58)	631
Adjustments in respect of previous years	(18)	(7)
<b>Total deferred tax</b>	<b>(76)</b>	<b>624</b>
<b>Total tax expense</b>	<b>249</b>	<b>8,451</b>

The rate of tax for the current and prior years was 19%. On March 2016 it was announced that the main rate of UK Corporation Tax would reduce to 17% on 1 April 2020. This change was substantively enacted on 6 September 2016. Following the March 2020 budget the corporate tax rate will now remain at 19% and will not reduce to 17% in April 2020 as previously announced. The deferred tax balances at 31 October 2020 and 31 October 2019 have been calculated based on the rate substantively enacted at the statement of financial position date of 19% (2019: 17%).

The tax on the Company's profit before tax differs from amounts that would arise using the effective UK tax rate applicable to profits of the Company, as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
Profit on ordinary activities before tax	12,843	120,683
Theoretical tax charge at UK rate of 19% (2019: 19%)	2,440	22,930
Effects of:		
Expenses not deductible for tax purposes	(32)	959
Ineligible depreciation	23	39
Adjustment in respect of previous period	(184)	1,298
Non-taxable dividend received from BBAMI	(1,966)	(1,994)
Impact of BBAM LLP profit allocation bases	(32)	103
Non-taxable amounts from BBAM LLP	-	(14,884)
<b>Total tax expense</b>	<b>249</b>	<b>8,451</b>

**6. Dividends**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
Dividends paid	(106,700)	(31,100)
Dividends received	10,348	10,496

The Board is proposing to declare a dividend of £12,500,000 at the Board Meeting on 2 February 2021 relating to the current financial year.

The dividends paid in year were 53.72 pence per share (2019: 15.66 pence per share).

**Notes to the Financial Statements** (continued)**7. Financial risk management****(a) Credit risk management**

Credit risk is the possibility that the Company may suffer a loss from the failure of one of its counterparties to meet their contractual obligations. The Company is primarily exposed to credit risk in respect of amounts owed by related parties and from cash deposits with banks.

Financial assets subject to credit risk are:

	<b>Notes</b>	<b>2020 £000s</b>	<b>2019 £000s</b>
Cash and cash equivalents	13	4,326	9,341
Cash and cash equivalents held with related party	13	67,000	80,000
Trade receivables	12	25,148	93,453
Investments at fair value through profit and loss	10	-	16,614
<b>Total</b>		<b>96,474</b>	<b>199,408</b>

**(i) Counterparty credit rating**

The counterparty rating of the Company's financial assets subject to counterparty risk and neither past due nor impaired was as follows:

	<b>A-<sup>1</sup> or better %</b>	<b>Not rated %</b>
As at 31 October 2020		
Cash and cash equivalents	100	-
Amounts owed by related parties	-	100
Other trade receivables	-	100
Investments at fair value through profit and loss	-	100

	<b>A-<sup>1</sup> or better %</b>	<b>Not rated %</b>
As at 31 October 2019		
Cash and cash equivalents	100	-
Amounts owed by related parties	-	100
Other trade receivables	-	100
Investments at fair value through profit and loss	-	100

<sup>1</sup> Standard & Poor's ratings

**(ii) Concentrations of credit risk**

The Company's largest counterparty exposure at the end of each year is as follows:

	<b>2020 £000s</b>	<b>2019 £000s</b>
AA- <sup>1</sup> rated bank	67,000	80,000
A- <sup>1</sup> rated bank	4,326	9,341

<sup>1</sup> Standard & Poor's ratings

The amount of these exposures can change significantly each month. Trade receivables are considered to have minimal credit risk exposure as the majority of these receivables relate to amounts owed by subsidiaries.



**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(b) Market risk management****(i) Investment risk**

The Company has investments in funds managed by BBAM LLP as described in note 10. Both investments designated as fair value through profit and loss are stated at market value based on their most recently published net asset value on the Balance Sheet. The Company is exposed to fluctuations in these net asset values.

The Company has calculated its exposure to these fluctuations by recalculating the Balance Sheet value of its holdings based on the assumptions stated below.

In respect of total investments at 31 October 2020, a 100 basis point strengthening/(weakening) of the net asset valuation of the funds, with all other variables held constant, would have resulted in a fair value adjustment of +/- £166,000 (2019: +/- £166,000), with a corresponding impact on the Income Statement.

**(ii) Foreign exchange risk**

The Company's financial assets and liabilities are denominated in the following currencies:

**As at 31 October 2020:****Financial assets**

			US			
	Notes	Sterling £000s	Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	13	71,316	7	-	3	71,326
Trade and other receivables less than one year <sup>1</sup>	12	25,104	8	36	-	25,148
Investments at fair value through profit and loss less than one year	10	-	-	-	-	-
<b>Total financial assets</b>		<b>96,420</b>	<b>15</b>	<b>36</b>	<b>3</b>	<b>96,474</b>

<sup>1</sup> Includes prepayments which are not subject to foreign exchange risk.

**Financial liabilities**

			US			
	Notes	Sterling £000s	Dollar £000s	Euro £000s	Other £000s	Total £000s
Trade and other payables less than one year <sup>2</sup>	14	173	1	28	-	202
Trade and other payables greater than one year <sup>2</sup>	14	-	-	-	-	-
<b>Total financial liabilities</b>		<b>173</b>	<b>1</b>	<b>28</b>	<b>-</b>	<b>202</b>

<sup>2</sup> Includes accruals which are not subject to foreign exchange risk.

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(b) Market risk management** (continued)

## (ii) Foreign exchange risk (continued)

**As at 31 October 2019:****Financial assets**

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	13	89,160	7	173	1	<b>89,341</b>
Trade and other receivables less than one year <sup>1</sup>	12	91,779	16	41	1,617	<b>93,453</b>
Investments at fair value through profit and loss less than one year	10	10,399	4,939	1,276	-	<b>16,614</b>
<b>Total financial assets</b>		<b>191,338</b>	<b>4,962</b>	<b>1,490</b>	<b>1,618</b>	<b>199,408</b>

<sup>1</sup> Includes prepayments which are not subject to foreign exchange risk**Financial liabilities**

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Trade and other payables less than one year <sup>2</sup>	14	391	1	26	-	<b>418</b>
Trade and other payables greater than one year	14	833	-	-	-	<b>833</b>
<b>Total financial liabilities</b>		<b>1,224</b>	<b>1</b>	<b>26</b>	<b>-</b>	<b>1,251</b>

Financial liabilities comprise of current trade payables and accruals. They do not include provisions which are explicitly excluded from the definition of a financial instrument under IFRS 7.

The Company estimates, by recalculating the Balance Sheet values of financial assets and liabilities denominated in foreign currencies, that at 31 October 2020, if the foreign currency rates applicable to the Company's financial assets and liabilities strengthened/(weakened) by 100 basis point against sterling, with all other variables held constant, pre-tax profit for the year would have increased/(decreased) by £nil/(£nil) respectively, principally as a result of the increased/(decrease) in assets and liabilities denominated in foreign currencies (2019: pre-tax profit will have increased/(decreased) by £16,000/(£16,000) respectively).

## (iii) Interest rate risk

Interest rate risk is the risk arising from unexpected or untoward movements in interest rates. The Company's monetary assets which attract interest rate risk are cash balances which are held at a floating rate. There is no interest rate risk for investments at fair value through profit and loss.

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(b) Market risk management** (continued)

## (iii) Interest rate risk (continued)

At 31 October 2020, if interest rates had been 100 basis points higher with all other variables held constant, post-tax profit for the year would have been £593,000 higher (2019: £467,000 higher), if interest rates had decreased to nil basis points the post-tax profit would have been £449,000 lower (2019: £432,000 lower).

**(c) Liquidity risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances.

## (i) Financial assets and liabilities

The table below analyses the Company's financial assets and liabilities. The amounts disclosed are the contractual undiscounted cash flows and are all due within one year.

<b>Financial assets</b>		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£000s</b>	<b>£000s</b>
Cash and cash equivalents	13	71,326	89,341
Investments at fair value through profit and loss	10	-	16,614
Trade receivables <sup>1</sup>	12	25,148	93,453
<b>Total financial assets</b>		<b>96,474</b>	<b>199,408</b>

<sup>1</sup> Includes £1,138,000 (2019: £1,000,000) prepayments which are not subject to liquidity risk

<b>Financial liabilities</b>		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£000s</b>	<b>£000s</b>
Trade and other payables <sup>2</sup>	14	202	418
<b>Total financial liabilities</b>		<b>202</b>	<b>418</b>

<sup>2</sup> Includes £171,000 (2019: £394,000) accruals which are not subject to liquidity risk

The Company's total financial assets exceed its total financial liabilities by 477.6 (2019: 477:1).

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(c) Liquidity risk management** (continued)

## (ii) Commitments

## a) Lease liabilities

The Company leases office premises and computer software. The leases have varying terms and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases disclosed as contractual undiscounted cash flows are as follows:

	<b>2020</b> <b>Leasehold property</b> <b>£000s</b>	<b>2019</b> <b>Leasehold property</b> <b>£000s</b>
Commitments under non-cancellable operating leases:		
Within one year	4,476	4,476
Later than one year and less than five years	2,431	6,907
After five years	-	-
<b>Total</b>	<b>6,907</b>	<b>11,383</b>

## b) Capital commitments and contingent liabilities

The Company did not have any capital commitments or contingent liabilities as at the end of either accounting year.

**(d) Classes of financial instruments****As at 31 October 2020**

	<b>Notes</b>	<b>Financial assets</b> <b>at amortised cost</b> <b>£000s</b>	<b>Investments</b> <b>at Fair Value</b> <b>through Profit</b> <b>and Loss</b> <b>£000s</b>	<b>Total</b> <b>£000s</b>
<b>Financial assets</b>				
Cash and cash equivalents	13	71,326	-	71,326
Investments at fair value through profit and loss less than one year	10	-	-	-
<b>Total financial assets</b>		<b>71,326</b>	<b>-</b>	<b>71,326</b>

	<b>Notes</b>	<b>Financial</b> <b>liabilities at</b> <b>amortised</b> <b>cost</b> <b>£000s</b>	<b>Total</b> <b>£000s</b>
<b>Financial liabilities</b>			
Trade and other payables due within one year	14	202	<b>202</b>

**Notes to the Financial Statements** (continued)**7. Financial risk management** (continued)**(d) Classes of financial instruments** (continued)

As at 31 October 2019

	Notes	Financial assets at amortised cost £000s	Investments at Fair Value through Profit and Loss £000s	Total £000s
<b>Financial assets</b>				
Cash and cash equivalents	13	89,341	-	89,341
Investments at fair value through profit and loss less than one year	10	-	16,614	16,614
<b>Total financial assets</b>		<b>89,341</b>	<b>16,614</b>	<b>105,955</b>

	Notes	Financial liabilities at amortised cost £000s	Total £000s
<b>Financial liabilities</b>			
Trade and other payables due within one year	14	418	418

Financial liabilities comprise trade payables and accruals which are payable within one year and which are not explicitly excluded from the definition of a financial instrument under IFRS 7.

**(e) Capital management**

The Company uses its capital to support the growth of the business, to provide it with a cushion to shield it from adverse market conditions and to ensure that it is at all times able to meet any regulatory capital requirements arising from its subsidiaries.

As one of the Company's subsidiaries, BBAM LLP, is regulated by the Financial Conduct Authority ("FCA"), the group of companies headed by the Company is therefore subject to consolidated regulatory capital requirements. The BlueBay group was in compliance with the consolidated capital requirements as set out by the FCA throughout the current year.

Once these requirements have been met, available capital may be used to pay dividends to shareholders, to provide funding for new business initiatives and to provide seed capital for new funds.

**Notes to the Financial Statements** (continued)**8. Leasehold Improvements**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
<b>Cost</b>		
At 1 November 2019 and 2018	2,346	2,215
Additions	169	131
<b>At 31 October 2020 and 2019</b>	<b>2,515</b>	<b>2,346</b>
<b>Accumulated Depreciation</b>		
1 November 2019 and 2018	2,067	1,777
Depreciation charge	115	290
<b>At 31 October 2020 and 2019</b>	<b>2,182</b>	<b>2,067</b>
<b>Net book amount at 31 October 2020 and 2019</b>	<b>333</b>	<b>279</b>

**9. Right of use asset**

	<b>2020</b>
	<b>£000s</b>
<b>Right of use asset</b>	
<b>Cost</b>	
At 1 November 2019	-
Implementation of IFRS 16	10,550
<b>At 31 October 2020</b>	<b>10,550</b>
<b>Accumulated Depreciation</b>	
1 November 2019	-
Depreciation charge	4,135
<b>At 31 October 2020</b>	<b>4,135</b>
<b>Net book amount at 31 October 2020</b>	<b>6,415</b>

**10. Investments at fair value through Profit or Loss**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
At 1 November 2019 and 2018	16,614	38,123
Net gains on investments at fair value through Profit or Loss	368	1,619
Foreign exchange losses	(108)	(312)
Disposals	(16,874)	(22,816)
<b>At 31 October 2020 and 2019</b>	<b>-</b>	<b>16,614</b>

**Notes to the Financial Statements** (continued)**10. Investments at fair value through Profit or Loss** (continued)

The classification and measurement of investments is discussed in note 1(g).

The measurement of investments can be analysed as follows:

<b>As at 31 October 2020</b>	<b>Level 1 £000s</b>	<b>Level 2 £000s</b>	<b>Level 3 £000s</b>	<b>Total £000s</b>
Investments at fair value through profit and loss	-	-	-	-
<b>As at 31 October 2019</b>	<b>Level 1 £000s</b>	<b>Level 2 £000s</b>	<b>Level 3 £000s</b>	<b>Total £000s</b>
Investments at fair value through profit and loss	-	16,614	-	16,614

Level 2 investments consist of holdings of units in fund managed by BBAM LLP and are fair valued based on the fund units' published net asset value. Level 2 also includes the fair value of open currency forwards. Where the Company has the ability to redeem its investment at the published net asset value the financial asset is classified as Level 2. If the Company were unable to redeem its investment at the published net asset value due to restrictions on redemptions placed on the fund the investment would be classified as Level 3.

**11. Investments in Subsidiaries**

	<b>2020 £000s</b>	<b>2019 £000s</b>
<b>Cost less impairment:</b>		
At 1 November 2019 and 2018	66,833	66,833
<b>At 31 October 2020 and 2019</b>	<b>66,833</b>	<b>66,833</b>

No impairment provisions were made against the investments during the year and therefore, cost of investments is equal to net book value.

**Notes to the Financial Statements (continued)****12. Trade and other receivables**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
Other receivables	57	1,779
Amounts owed by subsidiaries	23,087	89,692
Amounts owed by affiliated entities	605	739
VAT receivable	261	243
Prepayments	1,138	1,000
<b>Total amounts falling due within one year</b>	<b>25,148</b>	<b>93,453</b>
<b>Trade Receivables</b>	<b>25,148</b>	<b>93,453</b>

No impairment provisions were made against the investments during the year and therefore, cost of investments is equal to net book value

**13. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
<b>Cash at bank</b>	<b>71,326</b>	<b>89,341</b>

**14. Trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
Amounts owed to affiliated entities	-	-
Other payables	31	24
Accruals	171	394
<b>Total trade and other payables due within one year</b>	<b>202</b>	<b>418</b>
Accruals	-	833
<b>Total amounts due after more than one year</b>	<b>-</b>	<b>833</b>
<b>Trade Payables</b>	<b>202</b>	<b>1,251</b>

**15. Provisions**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
<b>Provisions</b>	<b>1,125</b>	<b>750</b>

During the current year, the dilapidation provision was increased by £375,000, recognising the total provision of £1,125,000 as a result of a reliable estimate of the expected dilapidation. These are costs expected to be incurred to 10 May 2022 which is the end of the lease for the Company's leased office building.



**Notes to the Financial Statements (continued)****16. Deferred taxation**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 19%).

Deferred tax assets have been recognised where the tax deduction in the current year has exceeded the current forecast taxable profits. The recognition of the deferred tax asset is based on the probability that the Company will derive taxable profits in the future.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction) during the year are shown below.

**(a) Deferred taxation**

The movement on the deferred tax account is as follows:

	<b>Temporary differences 2020 £000s</b>	<b>Temporary differences £000s 2019</b>
At 1 November 2019 and 2018	(1,025)	(401)
Income Statement charge	58	(631)
Prior year adjustment	18	7
<b>At 31 October 2020 and 2019</b>	<b>(949)</b>	<b>(1,025)</b>

An analysis of the deferred taxation is as follows:

	<b>2020 £000s</b>	<b>2019 £000s</b>
Accelerated depreciation for tax purposes	84	78
Deferred compensation scheme	-	-
Difference due to allocation of taxable profits of BBAM LLP	(1,033)	(1,103)
<b>Total deferred tax liability</b>	<b>(949)</b>	<b>(1,025)</b>

**17. Lease liabilities**

	<b>2020 £000s</b>
At 1 November 2019	-
Implementation of IFRS 16	10,550
Payments	(3,660)
Accrued interest	17
<b>At 31 October 2020</b>	<b>6,907</b>

The incremental discount rate for the lease liabilities is 1.02% per annum.

**Notes to the Financial Statements** (continued)**18. Called up share capital**

	Number of shares	Ordinary shares £000s	Share premium £000s
At 31 October 2019	198,635,001	199	33,906
<b>At 31 October 2020</b>	<b>198,635,001</b>	<b>199</b>	<b>33,906</b>

	31 October 2020 Number	31 October 2019 Number	31 October 2020 £000s	31 October 2019 £000s
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £0.001 each	198,635,001	198,635,001	199	199

Ordinary shares in issue in the Company rank pari passu. All of the ordinary shares in issue carry the same right to receive dividends and other distributions declared, made or paid by the Company. All of the ordinary shares have equal voting rights.

**19. Cash generated from operations**

	2020 £000s	2019 <sup>1</sup> £000s
<b>Operating profit for the year</b>	<b>12,281</b>	<b>120,143</b>
Adjustments for:		
Foreign exchange losses on investments	108	312
Net gains on investments	(368)	(1,619)
Depreciation	115	290
	<b>(145)</b>	<b>(1,017)</b>
Changes in working capital:		
Decrease / (increase) in receivables	68,256	(63,816)
Increase / (decrease) in payables	3,058	(143)
Increase in provisions	375	375
	<b>71,689</b>	<b>(63,584)</b>
<b>Cash generated from operations</b>	<b>83,825</b>	<b>55,542</b>

<sup>1</sup>2019 has been re-formatted to be consistent with the 2020 presentation.

**20. Derivatives**

The currency forward contract is held at fair value. The maturity of the contract at the year-end date is one month. All gains and losses throughout the year have been recognised in the Statement of Comprehensive Income and are detailed in note 2.

	As at 31 October 2020 £000s	As at 31 October 2019 £000s
Notional value of open currency forwards	-	1,696

**Notes to the Financial Statements (continued)****21. Related party transactions**

The following transactions were carried out with related parties:

**(a) Transactions and balances with related entities during the year**

The below table outlines the related party relationships which existed during the financial year.

Description of relationship	Description of service	Description of transactions
The Company is a member of BBAM LLP, it has 51% voting rights	Profit allocation due from BBAM LLP	Profit allocation from BBAM LLP classified as operating income
RBC Europe Limited ("RBCEL") is an affiliate of the Company	Cash is held on deposit with RBCEL	Interest is received from RBCEL for the cash held on deposit during the year (note 7a)
The Company is the parent of BBAMI	Provision of financial support	Receipt of dividend from BBAMI
The Company is a subsidiary of Royal Bank Holding Inc	Dividends	Payment of dividends to the parent entity
The Company is the parent of BBAM Corp	Provision of financial support	Receipt of dividend from BBAM Corp
Loan facility of £25 million provided to BBAM Corp	Intercompany loan	An interest bearing loan of £25 million was provided to BBAM Corp in March 2020 the balance outstanding at 31 October 2020 was £20 million.

Transactions between the Company and related parties are disclosed below.

**31 October 2020**

	Operating income £000s	Finance income £000s	Other income £000s	Cash and cash equivalents £000s	Amounts owed by related parties £000s	Amounts owed to related parties £000s	Dividends received / (paid) £000s
Immediate parent	-	-	-	-	-	-	(106,700)
Subsidiaries of the Company	7,869	-	-	-	23,087	-	10,348
Affiliated entities	-	453	1,638	67,000	605	-	-

**31 October 2019**

	Operating income £000s	Finance income £000s	Other income £000s	Cash and cash equivalents £000s	Amounts owed by related parties £000s	Amounts owed to related parties £000s	Dividends received / (paid) £000s
Immediate parent	-	-	-	-	-	-	(31,100)
Subsidiaries of the Company	89,258	77	-	-	89,692	-	10,496
Affiliated entities	-	433	1,077	80,000	739	-	-

All transactions with related parties were on an arm's length basis.

## Notes to the Financial Statements (continued)

### 22. Principal Company investments

The names of the principal investments of the Company, together with the Company's controlling interest and voting rights are given below. The Company controls 51% of the voting rights in BBAM LLP and is entitled to 100% of net assets. BlueBay Asset Management International Limited, BBAM LLP and BBAM Corp are directly owned subsidiaries of the Company. The other subsidiaries within the Group are subsidiaries of BlueBay Asset Management International Limited.

Principal operating subsidiaries	Country of incorporation	Effective Company interest %
BlueBay Asset Management LLP <sup>1</sup>	United Kingdom	51% voting rights / 100% net assets
BlueBay Funds Management Company S.A. <sup>1</sup>	Luxembourg	100
BlueBay Asset Management International Limited <sup>3</sup>	United Kingdom	100
BlueBay Asset Management AG <sup>3</sup>	Switzerland	100
BlueBay Asset Management Corporation Limited <sup>2</sup>	United Kingdom	100

<sup>1</sup>Asset manager, <sup>2</sup>Service company, <sup>3</sup>Sales office.

The Company's Jersey domiciled Employee Benefit Trust, BlueBay Asset Management Ltd Employee Benefit Trust, is also considered to be subsidiary under IFRS.

The registered addresses for the Company's principal operating subsidiaries are shown below.

United Kingdom	77 Grosvenor Street, London, W1K 3JR
Luxembourg	Royal Grace Building, 4 Boulevard Royal L-2449 Luxembourg
United States of America	Stamford Towers, 750 Washington Boulevard, Suite 802, Stamford, CT 06901, USA
Switzerland	Lintheschergasse 15, 8001 Zürich

### 23. Parent Company and ultimate controlling party

The Company's ultimate parent Company is the Royal Bank of Canada, incorporated in Canada, which is also the parent undertaking of the smallest and largest group, which includes the Company, for which Group's Financial Statements are prepared. Copies of the Group Financial Statements of Royal Bank of Canada are available at 100 Bishopsgate, London EC2M 1GT.