



BlueBay
Asset Management

BlueBay Asset Management (Services) Ltd

Annual Report and Financial Statements
For the year ended 31 October 2018

Registered number: 03262598

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Strategic Report

The Directors present their Strategic Report of BlueBay Asset Management (Services) Ltd ("the Company") for the year ended 31 October 2018.

Business Review

Operating profit for the year was £27,070,000 compared with an operating profit of £13,429,000 in the previous year.

The Company received dividends from subsidiaries of £8,840,000 during the year (year ended 31 October 2017: £12,107,000).

Profit for the year attributable to ordinary equity shareholders was £31,191,000 compared with £20,393,000 in the previous year. During the year the Company paid a dividend of £27,000,000 based on the 2017 profit after tax. A dividend of £31,100,000 is to be proposed for the current year.

Principal Activities

The principal activity of the Company is to be a member of BlueBay Asset Management LLP ("BBAM LLP"), a Limited Liability Partnership incorporated in the United Kingdom. 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, 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 the United Kingdom (see note 20).

Financial Risks

The Company's income is based on profit allocations from BBAM LLP and carried interest from private debt funds. 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.

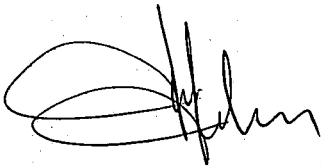
Strategic Report (continued)

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 2018, allocations were £24,288,000 (2017: £19,576,000) and dividends were £8,840,000 (2017: £12,107,000). 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.

A handwritten signature in black ink, appearing to read 'Luc Leclercq', with a large, stylized initial 'L'.

Luc Leclercq
19 March 2019

Directors' Report

The Directors submit their report together with the audited Financial Statements for the year ended 31 October 2018 as required by the Companies Act 2006.

Called Up Share Capital

As at 31 October 2018 and 31 October 2017, 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:

Erich Gerth (Executive Director)
Luc Leclercq (Executive Director)
Alan Gibbins (Non-Executive Director)
Stephen Krag (Non-Executive Director)
Jim Pettigrew (Non-Executive Director– Chairman)

None of the Directors held any share capital of the Company at 31 October 2018 (31 October 2017: none).

Financial Instruments

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

Disclosure of Information to the Auditors

Each of the persons who are a Director at the date of approval of these Financial Statements confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the s418 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.

A handwritten signature in black ink, appearing to read 'Luc Leclercq', written over a horizontal line.

Luc Leclercq
19 March 2019

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 Financial Reporting Standards (IFRSs) 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union 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 auditors 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 auditors 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 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 2018; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity 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 when:

- 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. For example, the terms of which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 on, 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 2018 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 the Directors' Responsibilities set out on page 6, 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. 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.

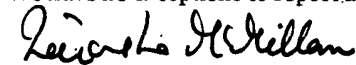
Other required reporting

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

19 March 2019

Income Statement
For the year ended 31 October 2018

	Notes	2018 £000s	2017 £000s
Operating income – BBAM LLP profit allocation	2	24,288	19,576
Other income	2	9,825	295
Total income		34,113	19,871
Net gain on investments	2	965	2,621
Foreign exchange gains/(losses)	2	213	(1,174)
Administrative expenses	3	(8,221)	(7,889)
Operating profit		27,070	13,429
Finance income	4	300	36
Dividends received	6	8,840	12,107
Profit on ordinary activities before taxation		36,210	25,572
Taxation	5	(5,019)	(5,179)
Profit for the year attributable to ordinary equity shareholders		31,191	20,393

The notes to the Financial Statements on pages 14 to 36 are an integral part of these Financial Statements.

All results during the financial year were from continuing operations.

Statement of Comprehensive Income

For the year ended 31 October 2018

	2018 £000s	2017 £000s
Profit for the year	31,191	20,393
Items that may subsequently be reclassified to profit		
Other comprehensive income:		
Change in unrealised gains on available-for-sale	-	7,167
Transfers to Income Statement on disposal of available-for-sale investments	-	(2,621)
Current tax on available-for-sale investments	-	50
Deferred tax on available-for-sale investments	-	(911)
Total comprehensive income for the year: net of tax	31,191	24,078

The notes to the Financial Statements on pages 14 to 36 are an integral part of these Financial Statements.

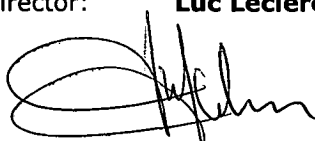
Statement of Financial Position

As at 31 October 2018

	Notes	2018 £000s	2017 £000s
Assets			
Non-current assets			
Leasehold improvements	8	438	775
Deferred tax asset	15	-	1,493
Trade and other receivables	11	-	8
Available-for-sale securities	9	-	38,575
Investments at fair value through profit and loss	9	15,540	-
Investments in subsidiaries	10	66,833	66,833
Total non-current assets		82,811	107,684
Current assets			
Trade and other receivables	11	29,569	41,614
Available-for-sale investments	9	-	23,770
Investments at fair value through profit and loss	9	22,583	-
Current tax assets		996	3,302
Cash and cash equivalents	12	43,661	1,281
Total current assets		96,809	69,967
Total assets		179,620	177,651
Liabilities			
Non-current liabilities			
Trade and other payables	13	1,172	1,145
Provisions	14	375	-
Deferred tax liability	15	401	-
Total non-current liabilities		1,948	1,145
Current liabilities			
Trade and other payables	13	222	3,247
Total current liabilities		222	3,247
Total liabilities		2,170	4,392
Shareholders' equity			
Called up share capital	16	199	199
Share premium	16	33,906	33,906
Retained earnings		143,345	132,419
Other components of equity		-	6,735
Total shareholders' equity		177,450	173,259
Total equity and liabilities		179,620	177,651

The notes on pages 14 to 36 are an integral part of these Financial Statements. The Financial Statements on pages 9 to 36 were approved by the Board of Directors and authorised for issue on 19 March 2019 and signed on its behalf by:

Director: **Luc Leclercq**



Statement of Changes in Shareholders' Equity

For year ended 31 October 2018

	Called up share capital £000s	Share premium £000s	Retained earnings £000s	Other components of equity £000s	Total equity £000s
At 1 November 2017	199	33,906	132,419	6,735	173,259
Changes on initial application of IFRS 9 (see note 9)	-	-	6,735	(6,735)	-
Profit for the year	-	-	31,191	-	31,191
Dividends paid	-	-	(27,000)	-	(27,000)
At 31 October 2018	199	33,906	143,345	-	177,450

	Called up share capital £000s	Share premium £000s	Retained earnings £000s	Other components of equity £000s	Total equity £000s
At 1 November 2016	199	33,906	137,026	3,050	174,181
Profit for the year	-	-	20,393	-	20,393
Change in unrealised gains on available-for-sale securities	-	-	-	7,167	7,167
Transfers to Income Statement on disposal of available-for-sale securities	-	-	-	(2,621)	(2,621)
Tax on available-for-sale securities	-	-	-	(861)	(861)
Dividends paid	-	-	(25,000)	-	(25,000)
At 31 October 2017	199	33,906	132,419	6,735	173,259

The notes to the Financial Statements on pages 14 to 36 are an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 October 2018

	Notes	2018 £000s	2017 £000s
Cash flows from operating activities			
Cash generated from operations	17	35,664	20,473
Taxation paid		(819)	(4,200)
Net cash generated from operating activities		34,845	16,273
Cash flows from investing activities			
Purchase of leasehold improvements	8	(99)	(118)
Purchase of available-for-sale investments	9	-	(18,633)
Sale of available-for-sale investments	9	-	4,350
Purchase of investments at fair value	9	(1,549)	-
Sale of investments at fair value	9	27,049	-
Capital contribution to subsidiary	10	-	(12,000)
Dividends received	6	8,840	12,107
Net cash generated from investing activities		34,241	(14,294)
Cash flows from financing activities			
Dividends paid	6	(27,000)	(25,000)
Interest income received	4	294	36
Net cash used in financing activities		(26,706)	(24,964)
Net increase/(decrease) in cash and cash equivalents		42,380	(22,985)
Cash and cash equivalents at beginning of the year		1,281	24,266
Cash and cash equivalents at end of the year		43,661	1,281

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 14 to 36 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 3-4.

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 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

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 10 and note 20.

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

At the date of authorisation of these Financial Statements, the following Standards and Interpretations which have been applied in these Financial Statements were in issue but not yet effective:

- (i) IFRS 9 – "Financial Instruments" – Effective for periods beginning on or after 1 January 2018.

The Company elected to early adopt IFRS 9 – Financial Instruments on 1 November 2017. The impact of IFRS 9 has resulted in the transfer of £6,735,000 representing the accumulated unrealised gain and corresponding tax on the Fund Units from Other Comprehensive Income to Retained Earnings. The "Available for Sale Securities" have been classified as Investments at fair value through profit and loss from the 1st November 2017. The Company assessed the impact of impairment of its financial instruments and no additional adjustment will be required based on 31 October 2018 balance. Refer to Note 9 for further details.

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

d) Impact of new accounting standards (continued)

- (ii) IFRS 15 – “Revenue from Contracts with Customers” – Effective for periods beginning on or after 1 January 2018.

The Company has assessed the impact of IFRS 15 and this will not cause a material change in the results of the Company based on its current activities.

At the date of authorisation of these Financial Statements, the following Standards and Interpretations which have not been applied in these Financial Statements were in issue but not yet effective:

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

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. 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 shown 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. 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 Balance Sheet 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.

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

g) Investments

(i) Classification

Investments are classified as financial assets at fair value through profit and loss (FVPL) in accordance with IFRS 9 from 1 November 2017. 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 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 BBAM LLP 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 BBAM LLP 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 Balance Sheet date. Unrealised gains and losses arising from changes in fair value are recognised through profit and loss. When the fund investment is redeemed, the cumulative gain or loss recorded in income/expense in the Income Statement.

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

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

(iii) Previous accounting policy

Prior to the 1 November 2017, the company classified securities at inception based on accounting standards as available-for-sale ("AFS") using IAS 39 Financial Instruments: recognition and measurement. These AFS securities were held at fair value. Unrealised gains and losses arising from changes in fair value were included as a separate component of equity. When the fund investment is redeemed, the cumulative gain or loss recorded in Other Comprehensive Income ("OCI") is included in other income/expense in the Income Statement.

As permitted by the transition provision in IFRS 9, the group elected not to restate comparative figures and adjustments as a result of the new standard were recognised on the 1 November 2017. The impact has resulted in the transfer of the accumulated mark to market and current tax on the Fund Units from Other Comprehensive Income to Retained Earnings on the 1 November 2017.

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 Balance Sheet date in order to ensure that they are measured at the current best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Any difference between the amounts previously recognised and the current estimates is recognised immediately in the Income Statement.

m) 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 Balance Sheet date.

n) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. All the Company's leases are operating leases and the rental charges are included in the Income Statement on a straight-line basis over the term of the lease.

As lessee, costs under operating leases are charged to the Income Statement in equal amounts over the periods of the leases. Incentives received to enter into leases are amortised on a straight-line basis over the term of the lease.

As a lessor, rental income is recognised as other income received in the Income Statement.

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 9).

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

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 Call A shares in BBAM LLP.

Other Income

Other income comes from carried interest on Private Debt funds calculated as a share of the funds profit that has been achieved once investors have returned all of the capital they have contributed as well as the previously agreed upon rate of return.

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 balance sheet which are not denominated in GBP.

Currency	Currency rate
GBP/USD	1.277
GBP/EUR	1.128

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 Balance Sheet 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) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions are complied with. When the grant relates to non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit and loss over the expected life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. The government grant claimed by the Company is in relation to research and development assets claimed as a research and development expenditure credit ("RDEC").

v) 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 forwards 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.

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

	2018 £000s	2017 £000s
Operating income – BBAM LLP profit allocation	24,288	19,576
Government grant	-	(12)
Carried interest income	9,190	307
Rental income	635	-
Other income and expenses	9,825	295

Other gains and losses include the following items:

Net gains on investments	1p	965	2,621
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Foreign exchange gains/(losses) include the following items:

Net foreign exchange gains/(losses) recognised	158	(1,119)
Realised gains/(losses) on currency forwards	55	(55)
Foreign exchange gains/(losses)	213	(1,174)

3. Administrative expenses

	Notes	2018 £000s	2017 £000s
The following items have been included in administrative expenses:			
Depreciation	8	436	436
Write offs of fixed assets	8	-	125
Rental Expense		3,959	4,357
Dilapidation provision	14	375	-

Audit and non-audit fees

	2018 £000s	2017 £000s
Fees payable to the Company's auditors for the audit of the Financial Statements	41	37
Other Assurance Services	85	47

4. Finance income

	2018 £000s	2017 £000s
Interest on cash deposits	281	36
Bank interest	19	-
Finance income	300	36

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

Analysis of charge in the year:

	2018	2017
	£000s	£000s
Current tax:		
UK corporation tax on profits for the year	2,781	4,568
Adjustments to tax charge in respect of previous years	344	55
Total current tax	3,125	4,623
Deferred tax:		
Origination and reversal of temporary differences	1,905	567
Adjustments in respect of previous years	(11)	(294)
Adjustment in respect of change in tax rate	-	(11)
Deferred tax transferred to group company	-	294
Total deferred tax	1,894	556
Total tax expense	5,019	5,179

The theoretical UK tax rate for the Company for the year ended 31 October 2018 is 19% (2017: 19.42%).

The main rate of corporation tax reduced from 20% to 19% on 1 April 2017. In addition, legislation to reduce the main rate of corporation tax to 17% from 1 April 2020 has been substantively enacted by the Balance Sheet date. The deferred tax asset has been measured at 19%, as the vast majority is expected to unwind prior to 1 April 2020.

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:

	2018	2017
	£000s	£000s
Profit on ordinary activities before tax	36,210	25,572
Theoretical tax charge at UK rate of 19% (2017:19.42%)	6,880	4,965
Effects of:		
Expenses not deductible for tax purposes	87	15
Income not subject to tax	-	10
Ineligible depreciation	50	69
Adjustment in respect of previous period	332	(239)
Effect of change in tax rates	-	(11)
Non-taxable dividend received from BlueBay Asset Management International Limited ("BBAMI")	(1,680)	(2,351)
Impact of LLP profit allocation bases	(650)	2,427
Deferred tax transferred to group company	-	294
Total tax expense	5,019	5,179

Notes to the Financial Statements (continued)**6. Dividends**

	2018 £000s	2017 £000s
Dividends paid	(27,000)	(25,000)
Dividends received	8,840	12,107

The Board is proposing to declare a dividend of £31,100,000 at the Board Meeting on 19 March 2019 relating to the current financial year.

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:

	Notes	2018 £000s	2017 £000s
Cash and cash equivalents	12	1,661	1,281
Trade receivables	11	29,569	41,622
Cash and cash equivalents held with related party	12	42,000	-
Total		73,230	42,903

(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:

	A-1 or better %	Not rated %
As at 31 October 2018		
Cash and cash equivalents	100	-
Amounts owed by related parties	-	100
Other trade receivables	-	100
	A-1 or better %	Not rated %
As at 31 October 2017		
Cash and cash equivalents	100	-
Other trade receivables	-	100

¹ Standard & Poor's ratings

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

(ii) Concentrations of credit risk

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

	2018 £000s	2017 £000s
AA- ¹ rated bank	42,000	-
A-rated bank	1,661	1,281

¹ Standard & Poor's ratings

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

(b) Market risk management

(i) Investment risk

The Company has investments in funds managed by BBAM LLP within current investments as described in note 9. Both investments designated as fair value through profit and loss (2017: available-for-sale investments) 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 2018 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 +/- £381,000 (2017: +/- £626,000), with a corresponding impact on Other Comprehensive Income.

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

(ii) Foreign exchange risk

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

As at 31 October 2018:

Financial assets

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	12	43,631	14	15	1	43,661
Trade and other receivables greater than one year	11	-	-	-	-	-
Trade and other receivables less than one year	11	26,744	8	-	2,817	29,569
Investments at Fair Value through profit and loss greater than one year	9	9,674	4,623	1,243	-	15,540
Investments at Fair Value through profit and loss less than one year	9	13,974	7,404	1,205	-	22,583
Total financial assets		94,023	12,049	2,463	2,818	111,353

Financial liabilities

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Trade and other payables less than one year	13	196	-	26	-	222
Trade and other payables greater than one year	13	1,172	-	-	-	1,172
Total financial liabilities		1,368	-	26	-	1,394

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 2017:**Financial assets**

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	12	1,240	14	16	11	1,281
Trade and other receivables greater than one year	11	8	-	-	-	8
Trade and other receivables less than one year	11	39,282	8	-	2,324	41,614
Available-for-sale securities greater than one year	9	24,850	11,254	2,471	-	38,575
Available-for-sale securities less than one year	9	14,846	8,413	511	-	23,770
Total financial assets		80,226	19,689	2,998	2,335	105,248

Financial liabilities

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Trade and other payables greater than one year	13	1,145	-	-	-	1,145
Trade and other payables less than one year	13	3,247	-	-	-	3,247
Total financial liabilities		4,392	-	-	-	4,392

Financial liabilities comprise 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 2018, 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 £28,000/(£28,000) respectively, principally as a result of the increased/(decrease) in assets and liabilities denominated in foreign currencies (2017: pre-tax profit will have increased/(decreased) by £250,000/(£250,000) 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.

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

At 31 October 2018, if interest rates had been 100 basis points higher with all other variables held constant, post-tax profit for the year would have been £370,000 higher (2017: £140,000 higher), if interest rates had decreased to nil basis points the post-tax profit would have been £240,000 lower (2017: £29,000 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.

Financial assets	Notes	2018 £000s	2017 £000s
Cash and cash equivalents	12	43,661	1,281
Available-for-sale investments	9	-	62,345
Investments at fair value through profit and loss	9	22,583	-
Trade receivables	11	29,569	41,622
Total financial assets		95,813	105,248

Financial liabilities	Notes	2018 £000s	2017 £000s
Trade and other payables	13	1,172	4,392
Total financial liabilities		1,172	4,392

The Company's total financial assets exceed its total financial liabilities by 82:1 (2017: 23.9:1).

(ii) Commitments**a) Operating leases**

The Company leases office premises and computer software under non-cancellable operating lease agreements. 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:

	2018 Leasehold property £000s	2017 Leasehold property £000s
Commitments under non-cancellable operating leases:		
Within one year	4,308	4,308
Later than one year and less than five years	10,737	15,045
After five years	-	-
Total	15,045	19,353

Notes to the Financial Statements (continued)**7. Financial risk management (continued)****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 2018**

	Notes	Financial assets at amortised cost £000s	Investments at Fair Value through profit and loss £000s	Total £000s
Financial assets				
Cash and cash equivalents	12	43,661	-	43,661
Current investments	9	-	22,583	22,583
Non-current investments	9	-	15,540	15,540
Total financial assets		43,661	38,123	81,784

	Notes	Financial liabilities at amortised cost £000s	Total £000s
Financial liabilities			
Trade and other payables due within one year	13	222	222

As at 31 October 2017

	Notes	Financial assets at amortised cost £000s	Available-for-Sale Securities £000s	Total £000s
Financial assets				
Cash and cash equivalents	12	1,281	-	1,281
Current investments	9	-	23,770	23,770
Non-current investments	9	-	38,575	38,575
Total financial assets		1,281	62,345	63,626

	Notes	Financial liabilities at amortised cost £000s	Total £000s
Financial liabilities			
Trade and other payables due within one year	13	3,247	3,247

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

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.

8. Leasehold Improvements

	Leasehold Improvements
	£000s
Cost	
At 1 November 2016	8,366
Additions	118
Write off	(6,368)
At 31 October 2017	2,116
Additions	99
Write off	-
At 31 October 2018	2,215
Accumulated Depreciation	
At 1 November 2016	7,148
Depreciation charge	436
Write off	(6,243)
At 31 October 2017	1,341
Depreciation charge	436
Write off	-
At 31 October 2018	1,777
Net book amount as at 31 October 2017	775
Net book amount as at 31 October 2018	438

Notes to the Financial Statements (continued)**9. Investments**

At 31 October 2018 and 31 October 2017, none of the above assets were held under finance leases.

31 October 2018

	Investments at fair value through Profit and Loss. £000s	Available- for-sale £000s
At 1 November 2017	-	62,345
Reclassification due to application of IFRS 9	62,345	(62,345)
Additions	1,549	-
Unrealised gains on available-for-sale investments	-	-
Foreign exchange gains	261	-
Gains and losses on investments at fair value through profit and loss	1,017	-
Disposals	(27,049)	-
At 31 October 2018	38,123	-
Total Investments falling due within one year	15,540	-
Total Investments falling due after more than one year	22,583	-
At 31 October 2018	38,123	-

31 October 2017

	Available- for-sale £000s
At 1 November 2016	61,515
Additions	18,633
Unrealised gains on available-for-sale securities	7,167
Foreign exchange (losses) / gains	(1,449)
Disposals	(23,521)
At 31 October 2017	62,345
Total securities falling due within one year	23,770
Total securities falling due after more than one year	38,575
At 31 October 2017	62,345

Notes to the Financial Statements (continued)**9. Investments (continued)**

The classification and measurement of investments is discussed in significant accounting policies (9).

The fund units which were previously classified as "Available for Sale Securities" under IAS 39 have been classified as Fair Value through Profit and Loss under the new IFRS from 1 November 2017. The impact has resulted in the transfer of £6,735,000 representing the accumulated mark to market and corresponding tax on the Fund Units from Other Comprehensive Income to Retained Earnings on the 1 November 2017.

The measurement of investments can be analysed as follows:

As at 31 October 2018	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Available-for-sale	-	-	-	-
Investments at fair value through profit and loss.	-	38,123	-	38,123
As at 31 October 2017	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Available-for-sale	-	62,345	-	62,345

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.

10. Investments in Subsidiaries

	2018 £000s	2017 £000s
Cost less impairment:		
At 1 November 2017 and 2016	66,833	54,833
Capital contribution in subsidiary	-	12,000
At 31 October 2018 and 2017	66,833	66,833

Notes to the Financial Statements (continued)**11. Trade and other receivables**

	2018 £000s	2017 £000s
Other receivables	2,830	21,536
Amounts owed by subsidiaries	25,427	18,662
VAT receivable	283	303
Prepayments	1,029	1,113
Total amounts falling due within one year	29,569	41,614
Other receivables	-	8
Total amounts falling due after more than one year	-	8
Trade Receivables	29,569	41,622

12. Cash and cash equivalents

	2018 £000s	2017 £000s
Cash at bank	43,661	1,281

13. Trade and other payables

	2018 £000s	2017 £000s
Amounts owed to subsidiaries	-	2,737
Other tax and social security payable	-	-
Other payables	39	45
Accruals	183	465
Total trade and other payables due within one year	222	3,247
Accruals	1,172	1,145
Total amounts due after more than one year	1,172	1,145
Trade Payables	1,394	4,392

14. Provisions

	2018 £000s	2017 £000s
At 1 November 2017	-	-
Provision recognised	375	-
At 31 October 2018	375	-

During the current year, a dilapidation provision of £375,000 was recognised as a result of a reliable estimate of the expected dilapidation. These are costs expected to be incurred at the end of the lease for the Company's leased office building.

Notes to the Financial Statements (continued)**15. Deferred tax asset**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2017: 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:

	Temporary differences £000s
At 1 November 2017	1,493
Income Statement charge	(1,905)
Other Comprehensive Income charge	-
Prior year adjustment	11
Adjustments for changes in tax rates	-
Deferred tax transferred to group company	-
At 31 October 2018	(401)

	Temporary differences £000s
At 1 November 2016	2,960
Income Statement charge	(567)
Other Comprehensive Income charge	(911)
Prior year adjustments	293
Adjustments for changes in tax rates	12
Deferred tax transferred to group	(294)
At 31 October 2017	1,493

Notes to the Financial Statements (continued)**15. Deferred taxation** (continued)

An analysis of the deferred taxation is as follows:

	2018 £000s	2017 £000s
Accelerated depreciation for tax purposes	68	40
Deferred compensation scheme	665	2,534
Difference due to allocation of taxable profits BlueBay Asset Management LLP	(1,134)	(1,081)
Difference due to accounting and tax bases of RDEC	-	-
Total deferred tax (liability)asset	(401)	1,493

16. Called up share capital

	Number of shares	Ordinary shares £000s	Share premium £000s
At 1 November 2016	198,635,001	199	33,906
At 1 November 2017	198,635,001	199	33,906
At 31 October 2018	198,635,001	199	33,906

	2018 Number of shares	2017 Number of shares	2018 £000s	2017 £000s
Allotted, called up and fully paid				
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.

17. Cash generated from operations

	2018 £000s	2017 £000s
Operating profit for the year	27,070	13,429
Adjustments for:		
Foreign exchange (gains)/losses on investments	(261)	1,449
Gains on investments	(1,017)	(5,107)
Depreciation and write offs	436	561
	(842)	(3,097)
Changes in working capital:		
Decrease in receivables	12,059	10,196
Decrease increase in payables	(2,998)	(55)
Increase in Provisions	375	-
	9,436	10,141
Cash generated from operations	35,664	20,473

Notes to the Financial Statements (continued)**18. 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 Income Statement and are detailed in note 3.

	As at 31 October 2018 £000s	As at 31 October 2017 £000s
Fair value of open currency forward	-	-
Notional value of open currency forward	2,819	2,323

19. 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 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.

Transactions between the Company and related parties are disclosed below.

31 October 2018

	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	-	-	-	-	-	-	(27,000)
Subsidiaries of the Company	24,288	-	-	-	25,427	-	8,840
Affiliated entities	-	281	635	42,000	-	-	-

Notes to the Financial Statements (continued)**19. Related party transactions (continued)****31 October 2017**

	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	-	-	-	-	-	-	(25,000)
Subsidiaries of the Company	19,576	-	-	-	18,662	2,737	12,107
Affiliated entities	-	36	-	-	-	-	-

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

20. 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 ¹	United Kingdom	51% voting rights / 100% net assets
BlueBay Funds Management Company S.A. ¹	Luxembourg	100
BlueBay Asset Management International Limited ³	United Kingdom	100
BlueBay Asset Management AG ³	Switzerland	100
BlueBay General Partner II S.á.r.l. ⁴	Luxembourg	100
BlueBay Asset Management Corporation Limited ²	United Kingdom	100

¹Asset manager, ²Service company, ³Sales office, ⁴ Company acting as a General Partner.

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	Four Stamford Plaza, 107 Elm Street, Suite 512, Stamford, CT 06902, USA
Switzerland	Lintheschergasse 15, 8001 Zürich

Notes to the Financial Statements (continued)

21. 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 Riverbank House, 2 Swan Lane, London EC4R 3BF. The Group Financial Statements are filed at Companies House.