



Global Asset Management
BlueBay Asset Management

BlueBay Asset Management (Services) Ltd

Annual Report and Financial Statements

For the year ended 31 October 2021

Registered number: 03262598

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BlueBay Asset Management (Services) Ltd Annual Report 2021

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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 2021.

Business Review

Operating profit for the year was £23,612,000 compared with an operating profit of £12,281,000 in the previous year.

The Company received dividends from subsidiaries of £7,409,000 during the year (2020: £10,348,000).

Profit for the year attributable to ordinary equity shareholders was £20,464,000 compared with £12,594,000 in the previous year. During the year the Company paid a dividend of £12,500,000 based on the 2020 profit after tax. A dividend of £nil is to be proposed for the current year.

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 ("BBAMIL"), 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 21).

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.

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Strategic Report (continued)

Principle Risks and Uncertainties (continued)

The Companies response to the COVID-19 global pandemic that commenced in 2020 continued to be closely coordinated with RBC group and aligned with government guidelines during 2021. RBC's focus throughout the pandemic has been the health, safety and wellbeing of our employees, clients and local communities. We have continued to follow the health advice and safety guidelines of RBC's Chief Medical Director, the UK Government and public health authorities. Where required, employees successfully transitioned to working from home with minimal disruption throughout the pandemic. As a result, and due to reduced line of sight supervision, a number of inherent Operational and Conduct Risks increased, most notably Processing & Execution, IT & Cyber, Fraud and Privacy. Even though we have seen limited events across these risks, for some categories like fraud, privacy and conduct, the events may be lagging in nature and may become apparent at a later point.

To mitigate against these changing inherent risks, RBC has implemented and enhanced a number of controls to adapt to the remote working environment, as well as strengthened communications to remind employees of their obligations. To date the Company has not experienced any significant adverse financial impact from COVID-19, and management will continue to monitor developments through its risk management framework.

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 2021, profit allocations were £22,543,000 (2020: £7,869,000) and dividends were £7,409,000 (2020: £10,348,000). 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.



Jayne Fieldhouse

14 February 2022

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Directors' Report

The Directors submit their report together with the audited Financial Statements for the year ended 31 October 2021 as required by the Companies Act 2006.

Called Up Share Capital

As at 31 October 2021 and 31 October 2020, 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) – Resigned 31 December 2021
James Neilson Pettigrew (Non-Executive Director– Chair) – Resigned 1 February 2022
Paul Bromley (Executive Director) – Appointed 1 February 2022
Jayne Fieldhouse (Executive Director) – Appointed 1 February 2022
Christopher Wiksyk (Executive Director) – Appointed 1 February 2022

None of the Directors held any share capital of the Company at 31 October 2021 (31 October 2020: 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.

Independent Auditors

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.

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

Following internal review, the Company was not deemed to be required by the Companies Act 2006 to include a section 172(1) Statement within its Financial Statements and therefore the statement has been removed.



Jayne Fieldhouse
14 February 2022

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, 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 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 also 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 2021 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 2021; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholder's Equity, the Statement of Cash Flows 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks

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were related to the posting of inappropriate journal entries to income. Audit procedures performed by the engagement team included:

- Discussions with management, and review of relevant directors' meeting minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Testing journal entries, with a focus on journals indicating unusual transactions based on our understanding of the business, and;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

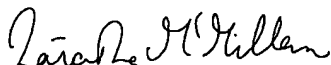
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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
15 February 2022

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Income Statement

For the year ended 31 October 2021

	Notes	2021 £000s	2020 £000s
Operating income – BBAM LLP profit allocation	2	22,543	7,869
Other income	2	1,640	1,638
Dividends received	6	7,409	10,348
Total income		31,592	19,855
Net gain on investments	2	-	368
Foreign exchange (losses) / gains	2	(5)	16
Administrative expenses	3	(7,975)	(7,958)
Operating profit		23,612	12,281
Finance income	4	273	648
Finance charge	4	(41)	(86)
Net Finance income		232	562
Profit on ordinary activities before taxation		23,844	12,843
Taxation	5	(3,380)	(249)
Profit for the year attributable to ordinary equity shareholder		20,464	12,594

All activities are derived from continuing operations.

The notes to the Financial Statements on pages 16 to 33 are an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31 October 2021

	2021	2020
	£000s	£000s
Profit for the year	20,464	12,594
Total comprehensive income for the year: net of tax	20,464	12,594

All activities are derived from continuing operations.

The notes to the Financial Statements on pages 16 to 33 are an integral part of these Financial Statements.

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Statement of Financial Position

As at 31 October 2021

	Notes	2021 £000s	2020 £000s
Assets			
Non-current assets			
Leasehold improvements	8	224	333
Right of use asset	9	-	6,415
Investments in subsidiaries	11	66,833	66,833
Total non-current assets		67,057	73,581
Current assets			
Right of use asset	9	2,145	-
Trade and other receivables	12	39,693	25,148
Current tax assets		346	3,604
Cash and cash equivalents	13	68,897	71,326
Total current assets		111,081	100,078
Total assets		178,138	173,659
Liabilities			
Non-current liabilities			
Provisions	15	-	1,125
Deferred tax liability	16	1,062	949
Lease liabilities	17	-	6,907
Total non-current liabilities		1,062	8,981
Current liabilities			
Provisions	15	1,500	-
Lease liabilities	17	2,309	-
Trade and other payables	14	827	202
Total current liabilities		4,636	202
Total liabilities		5,698	9,183
Shareholder's equity			
Called up share capital	18	199	199
Share premium	18	33,906	33,906
Retained earnings		138,335	130,371
Total shareholder's equity		172,440	164,476
Total equity and liabilities		178,138	173,659

The notes on pages 16 to 33 are an integral part of these Financial Statements. The Financial Statements on pages 11 to 33 were approved by the Board of Directors and authorised for issue on 14 February 2022 and signed on its behalf by:



Director: **Jayne Fieldhouse**

Statement of Changes in Shareholder's Equity

For year ended 31 October 2021

	Called up share capital £000s	Share premium £000s	Retained earnings £000s	Total equity £000s
At 1 November 2020	199	33,906	130,371	164,476
Profit and total comprehensive income for the year	-	-	20,464	20,464
Dividends paid	-	-	(12,500)	(12,500)
At 31 October 2021	199	33,906	138,335	172,440

For year ended 31 October 2020

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

The notes to the Financial Statements on pages 16 to 33 are an integral part of these Financial Statements.

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Statement of Cash Flows

For year ended 31 October 2021

	Notes	2021 £000s	2020 £000s
Cash flows from operating activities			
Cash generated from operations	19	14,518	83,825
Taxation paid		-	(8,841)
Finance income received	4	278	697
Net cash inflow from operating activities		14,796	75,681
Cash flows from investing activities			
Purchase of leasehold improvements	8	-	(169)
Sale of investments at fair value	10	-	16,874
Net cash generated from investing activities		-	16,705
Cash flows from financing activities			
Dividends paid	6	(12,500)	(106,700)
Payment of lease liabilities	17	(4,639)	(3,660)
Finance charge paid	4	(86)	(41)
Net cash used in financing activities		(17,225)	(110,401)
Net decrease in cash and cash equivalents		(2,429)	(18,015)
Cash and cash equivalents at beginning of the year		71,326	89,341
Cash and cash equivalents at end of the year	13	68,897	71,326

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 16 to 33 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 applicable international accounting standards in conformity with the requirements of the Companies Act 2006 ("IAS") and with those parts of the Companies Act 2006 applicable to companies reporting under IAS.

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 United Kingdom 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

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 IAS 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.

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

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.

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 in subsidiaries

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

h) 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.

i) 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.

j) Trade and other payables

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

k) 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.

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

l) Leases

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 Company 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.

m) 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).

n) 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.

o) 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	2021	2020
GBP/USD	1.3686	1.2958
GBP/EUR	1.1840	1.1123

Notes to the Financial Statements (continued)

1. Significant Accounting Policies (continued)

p) 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.

(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.

q) 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.

r) 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.

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).

t) Net finance income

Net finance income includes interest income and charges on cash and cash equivalents, interest income from intercompany loans and interest expense on ROU assets. Net finance income is recognised on an accrual basis.

Notes to the Financial Statements (continued)

2. Operating income, other income and expenses

	2021 £000s	2020 £000s
Operating income – BBAM LLP profit allocation	22,543	7,869
Rental income	1,640	1,638
Other income	1,640	1,638

Other gains include the following items:

Net gains on investments	-	368
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Foreign exchange (losses) / gains include the following items:

Net foreign exchange (losses) / gains recognised	(5)	20
Net realised losses on currency forwards	-	(4)
Foreign exchange (losses) / gains	(5)	16

3. Administrative expenses

	Notes	2021 £000s	2020 £000s
The following items have been included in administrative expenses:			
Depreciation	8	109	115
Depreciation of right of use asset	9	4,270	4,135
Dilapidation provision	15	375	375

Audit and non-audit fees

	2021 £000s	2020 £000s
Fees payable to the Company's Auditors for the audit of the Financial Statements	49	52

No remuneration was paid to the Directors of the Company for their services (2020: nil).

4. Net Finance income

	2021 £000s	2020 £000s
Finance income:		
Interest on cash deposits	100	453
Bank interest	-	17
Interest on overpaid tax	10	-
Interest on intercompany loan	163	178
Finance charge		
Interest expense - Right of use asset	(41)	(86)
Net finance income	232	562

Notes to the Financial Statements (continued)

5. Taxation

Analysis of charge in the year:

	2021 £000s	2020 £000s
Current tax:		
UK corporation tax on profits for the year	3,171	491
Adjustments to tax charge in respect of previous years	96	(166)
Total current tax	3,267	325
Deferred tax:		
Origination and reversal of temporary differences	(75)	(58)
Adjustments in respect of previous years	(25)	(18)
Adjustments in respect of change in tax rate	213	-
Total deferred tax	113	(76)
Total tax expense	3,380	249

It is expected that the ongoing effective tax rate will remain at a rate approximating to the standard UK corporation tax rate in the medium term. Following the enactment of Finance Act 2021 the standard UK corporation tax rate will remain at 19% before increasing to 25% from 1 April 2023. Accordingly, the Company's taxable profits for this accounting year are taxed at 19%. Deferred tax has been recognised at either 19% or 25% depending on the rate expected to be in force at the time of the reversal of the temporary difference. This is an increase from the rate of only 19% used in the prior year.

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:

	2021 £000s	2020 £000s
Profit on ordinary activities before tax	23,844	12,843
Theoretical tax charge at UK rate of 19% (2020: 19%)	4,530	2,440
Effects of:		
Expenses not deductible for tax purposes	28	(32)
Ineligible depreciation	-	23
Adjustment in respect of previous period	69	(184)
Adjustments in respect of change in tax rate	213	-
Non-taxable dividend received from BBAMIL	(1,408)	(1,966)
Impact of BBAM LLP profit allocation bases	(52)	(32)
Total tax expense	3,380	249

6. Dividends

	2021 £000s	2020 £000s
Dividends paid	(12,500)	(106,700)
Dividends received	7,409	10,348

The Board is not proposing to declare a dividend at the Board Meeting on 14 February 2022 relating to the current financial year.

The dividends paid in year were 6.29 pence per share (2020: 53.72 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:

	Notes	2021 £000s	2020 £000s
Cash and cash equivalents	13	4,897	4,326
Cash and cash equivalents held with related party	13	64,000	67,000
Trade receivables	12	39,693	25,148
Total		108,590	96,474

(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 2021		
Cash and cash equivalents	100	-
Amounts owed by related parties	-	100
Other trade receivables	-	100
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

(ii) Concentrations of credit risk

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

	2021 £000s	2020 £000s
AA-1 rated bank	64,000	67,000
A-1 rated bank	4,897	4,326

¹ 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 2021, 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 +/- £nil (2020: +/- £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 2021:

Financial assets

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	13	68,889	7	-	1	68,897
Trade and other receivables less than one year ¹	12	39,693	-	-	-	39,693
Total financial assets		108,582	7	-	1	108,590

¹ 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 ²	14	827	-	-	-	827
Trade and other payables greater than one year ²	14	-	-	-	-	-
Total financial liabilities		827	-	-	-	827

² 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 2020:**Financial assets**

	Notes	Sterling £000s	US 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 ¹	12	25,104	8	36	-	25,148
Investments at fair value through profit and loss less than one year	10	-	-	-	-	-
Total financial assets		96,420	15	36	3	96,474

¹ 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 ²	14	173	1	28	-	202
Trade and other payables greater than one year ²	14	-	-	-	-	-
Total financial liabilities		173	1	28	-	202

² Includes accruals which are not subject to foreign exchange risk.

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 2021, 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 (2020: pre-tax profit will have increased/(decreased) by £nil/(£nil) 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 2021, if interest rates had been 100 basis points higher with all other variables held constant, post-tax profit for the year would have been £519,000 higher (2020: £593,000 higher), if interest rates had decreased to nil basis points the post-tax profit would have been £213,000 lower (2020: £449,000 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	2021 £000s	2020 £000s
Cash and cash equivalents	13	68,897	71,326
Trade receivables ¹	12	39,693	25,148
Total financial assets		108,590	96,474

¹ Includes £1,123,000 (2020: £1,138,000) prepayments which are not subject to liquidity risk

Financial liabilities	Notes	2021 £000s	2020 £000s
Trade and other payables ²	14	827	202
Total financial liabilities		827	202

² Includes £173,000 (2020: £171,000) accruals which are not subject to liquidity risk

The Company's total financial assets exceed its total financial liabilities by 131:1 (2020: 478:1).

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:

	2021 Leasehold property £000s	2020 Leasehold property £000s
Commitments under non-cancellable operating leases:		
Within one year	2,309	4,476
Later than one year and less than five years	-	2,431
After five years	-	-
Total	2,309	6,907

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 2021**

	Notes	Financial assets at amortised cost £000s	Total £000s
Financial assets			
Cash and cash equivalents	13	68,897	68,897
Total financial assets		68,897	68,897

	Notes	Financial liabilities at amortised cost £000s	Total £000s
Financial liabilities			
Trade and other payables due within one year	14	827	827

Notes to the Financial Statements (continued)

7. Financial risk management (continued)

(d) Classes of financial instruments (continued)

As at 31 October 2020

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

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

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

	2021	2020
	£000s	£000s
Cost		
At 1 November 2020 and 2019	2,515	2,346
Additions	-	169
At 31 October 2021 and 2020	2,515	2,515
Accumulated Depreciation		
At 1 November 2020 and 2019	2,182	2,067
Depreciation charge	109	115
At 31 October 2021 and 2020	2,291	2,182
Net book amount at 31 October 2021 and 2020	224	333

9. Right of use asset

	2021	2021
	£000s	£000s
Right of use asset		
Cost		
At 1 November 2020 and 2019	10,550	-
Implementation of IFRS 16	-	10,550
At 31 October 2021 and 2020	10,550	10,550
Accumulated Depreciation		
At 1 November 2020 and 2019	4,135	-
Depreciation charge	4,270	4,135
At 31 October 2021 and 2020	8,405	4,135
Net book amount at 31 October 2021 and 2020	2,145	6,415

10. Investments at fair value through Profit or Loss

	2021	2020
	£000s	£000s
At 1 November 2020 and 2019	-	16,614
Net gains on investments at fair value through Profit or Loss	-	368
Foreign exchange losses	-	(108)
Disposals	-	(16,874)
At 31 October 2021 and 2020	-	-

Notes to the Financial Statements (continued)**11. Investments in Subsidiaries**

	2021 £000s	2020 £000s
Cost less impairment:		
At 1 November 2020 and 2019	66,833	66,833
At 31 October 2021 and 2020	66,833	66,833

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

12. Trade and other receivables

	2021 £000s	2020 £000s
Other receivables	14	57
Amounts owed by subsidiaries	37,417	23,087
Amounts owed by affiliated entities	872	605
VAT receivable	267	261
Prepayments	1,123	1,138
Total amounts falling due within one year	39,693	25,148
Trade Receivables	39,693	25,148

13. Cash and cash equivalents

	2021 £000s	2020 £000s
Cash at bank	68,897	71,326

14. Trade and other payables

	2021 £000s	2020 £000s
Amounts owed to affiliated entities	654	-
Other payables	-	31
Accruals	173	171
Total trade and other payables due within one year	827	202
Trade Payables	827	202

15. Provisions

	2021 £000s	2020 £000s
Provisions	1,500	1,125

During the current year, the dilapidation provision was increased by £375,000, recognising the total provision of £1,500,000 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

The corporate tax rate change from 19% to 25% from 1 April 2023 has now been substantively enacted. The change affects the deferred tax balance, with deferred tax balance recognised at the average statutory rate of 22.2% to reflect the expected impact on future reversals of temporary differences.

Deferred tax assets have been recognised where the tax deduction in the current period 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 period are shown below.

(a) Deferred taxation

The movement on the deferred tax account is as follows:

	Temporary differences 2021 £000s	Temporary differences £000s 2020
At 1 November 2020 and 2019	(949)	(1,025)
Income Statement charge	75	58
Prior year adjustment	25	18
Effect of changes in tax rates	(213)	
At 31 October 2021 and 2020	(1,062)	(949)

An analysis of the deferred taxation is as follows:

	2021 £000s	2020 £000s
Accelerated depreciation for tax purposes	121	84
Deferred compensation scheme	-	-
Difference due to allocation of taxable profits of BBAM LLP	(1,183)	(1,033)
Total deferred tax liability	(1,062)	(949)

17. Lease liabilities

	2021 £000s	2021 £000s
At 1 November	6,907	-
Implementation of IFRS 16	-	10,550
Payments	(4,639)	(3,660)
Accrued interest	41	17
At 31 October	2,309	6,907

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 2020	198,635,001	199	33,906
At 31 October 2021	198,635,001	199	33,906

	31 October 2021 Number	31 October 2020 Number	31 October 2021 £000s	31 October 2020 £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.

19. Cash generated from operations

	2021 £000s	2020 £000s
Operating profit for the year	23,612	12,281
Adjustments for:		
Foreign exchange losses on investments	-	108
Net gains on investments	-	(368)
Depreciation	109	115
	109	(145)
Changes in working capital:		
Increase / decrease in receivables	(14,559)	68,256
Increase in payables	4,981	3,058
Increase in provisions	375	375
	(9,203)	71,689
Cash generated from operations	14,518	83,825

20. Related party transactions

The following transactions were carried out with related parties:

Notes to the Financial Statements (continued)

20. Related party transactions (continued)

(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 BBAMIL	Provision of financial support	Receipt of dividend from BBAMIL
The Company is a subsidiary of Royal Bank Holding Inc	Dividends	Payment of dividends to the parent entity
Loan facility of £25 million provided to BBAM LLP	Intercompany loan	The balance outstanding at 31 October 2021 was £nil.
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 2021 was £15,021,000.

Transactions between the Company and related parties are disclosed below.

31 October 2021

	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	-	-	-	-	-	-	(12,500)
Subsidiaries of the Company	22,543	163	-	-	37,417	654	7,409
Affiliated entities	-	100	1,640	64,000	872	-	-

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	-	-

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

Notes to the Financial Statements (continued)

21. 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 Asset Management Corporation Limited ²	United Kingdom	100

¹Asset manager, ²Service company, ³Sales 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

22. 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.