

BlueBay Asset Management LLP Annual Report 2012
(formerly BBAML LLP)

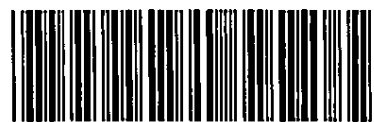
BlueBay Asset Management LLP

Annual report and financial statements

For the period from incorporation to 31 March 2012

Registered number OC370085

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BlueBay Asset Management LLP Annual Report 2012
(formerly BBAML LLP)

CONTENTS

	Page
Members' report	1
Members' responsibilities statement	3
Independent auditor's report	4
Balance sheet	6
Cash flow statement	7
Statement of accounting policies	8
Notes to the financial statements	10

Members' Report

The Board presents its annual report on the affairs of BlueBay Asset Management LLP ("LLP"), together with the financial statements and auditor's report, for the period commencing on incorporation on 23 November 2011 and ending 31 March 2012

Principal activity

The LLP was incorporated on 23 November 2011 under the name BBAML LLP. On 2 April 2012 it changed its name to BlueBay Asset Management LLP.

The principal activity of the LLP is the provision of investment management and advisory services to institutions and high net worth individuals.

The LLP is a subsidiary of the Royal Bank of Canada ("RBC").

Business Review

There was no business activity during the period to 31 March 2012 other than the introduction of members' capital.

The LLP was authorised and regulated by the Financial Services Authority ("FSA") from 2 April 2012. The LLP's FSA Pillar 3 disclosures are available on its website www.bluebayinvest.com

Going Concern

The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus, it adopts the going concern basis of accounting in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Designated Members

The designated members (as defined in the Limited Liability Partnerships Act 2000) during the period were:

- BlueBay Asset Management (Services) Ltd (previously known as BlueBay Asset Management Ltd) – appointed 23 November 2011,
- BlueBay Asset Management International Limited – appointed 23 November 2011; and
- James Brace – appointed 30 March 2012

All the designated members served during the period and up to the date of this report.

Members' report (continued)

Members' drawings and subscription and repayment of capital

The Partnership Agreement of BlueBay Asset Management LLP governs members' drawings, subscriptions and repayments of members' capital. The capital of the LLP is divided into Class A units and Class B units. The amount contributed to the capital of the LLP by each member who is a Class A unitholder is determined by the Board. The amount contributed to the capital of the LLP by each member who is a Class B unitholder is £20,000. The Board has the discretion to allow members to make drawing in advance of the end of the financial year in anticipation of their profit entitlements for such financial year. A member does not have the right directly or indirectly to receive back any part of the amount standing to the credit of its capital contribution account except at the discretion of the Management Committee or on ceasing to be a member only in circumstances where an equal amount of capital is contributed by the remaining members.

There was no profit sharing for the period ended 31 March 2012 as the LLP did not trade during the period.

Auditor

Each of the persons who is a Member at the date of approval of these financial statements confirms that

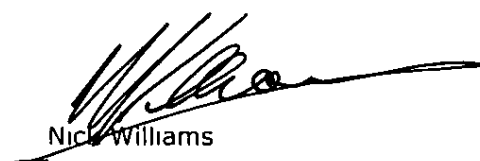
- So far as the Member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- The Member has taken all the steps that he ought to have taken as a Member in order to make him or herself aware of any relevant audit information and to establish that the LLP's auditors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

Deloitte LLP was appointed Auditor of the LLP by the Board on 11 September 2012.

In accordance with the LLP agreement, the Designated Member is authorised to appoint Deloitte LLP as Auditor.

On behalf of the Members

Approved by the members and signed on their behalf by



Nick Williams

On behalf of BlueBay Asset Management (Services) Ltd (Designated Member)

7 November 2012

Members' Responsibilities Statement

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

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

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the Board on behalf of the members

Independent Auditor's Report to the Members of BlueBay Asset Management LLP

We have audited the financial statements of BlueBay Asset Management LLP for the period from incorporation on 23 November 2011 to 31 March 2012 which comprise the Income Statement & Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1-6. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applicable to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the LLP's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 March 2012,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships

**Independent Auditor's Report to the Members of BlueBay Asset Management
LLP (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applicable to limited liability partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit



Garrath Marshall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
7 November 2012

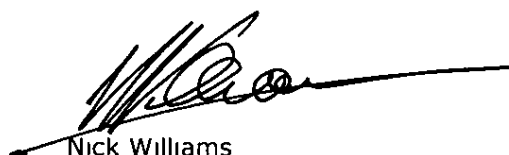
Income Statement & Statement of Other Comprehensive Income

There were no transactions during the period, therefore no statements provided

Balance Sheet At 31 March 2012

	Notes	31 March 2012 £000s
Current assets		
Cash and Cash Equivalents	1	<u>40,000</u>
Net assets attributable to members		<u>40,000</u>
Represented by:		
Members' other interests		
Members' capital classified as equity	3	<u>40,000</u>

The financial statements of BlueBay Asset Management LLP (registered number OC370085) were approved by the members and authorised for issue on 6 November 2012. They were signed on the members' behalf by:



Nick Williams

On behalf of BlueBay Asset Management (Services) Ltd (Designated Member)

7 November 2012

Statement of Changes in Equity

	Members' Capital (Classified as equity)	Total 31 March 2012 £000s
Opening balance	-	-
Introduction of Members' capital	40,000	40,000
Closing balance	<u>40,000</u>	<u>40,000</u>

Cash Flow Statement

For the period from incorporation to 31 March 2012

	Notes	31 March 2012 £000s
Net cash inflow from financing activities		-
Introduction of Members' capital		<u>40,000</u>
Increase in cash in the period	1	<u><u>40,000</u></u>

Statement of accounting policies

BlueBay Asset Management LLP ("the LLP") is a limited liability partnership and is domiciled and incorporated in the United Kingdom under the Limited Liability Partnerships Act 2000. The LLP's registered office is 77 Grosvenor Street, London, W1K 3JR.

The principal accounting policies of BlueBay Asset Management LLP are summarised below. They have all been applied consistently throughout the period ended 31 March 2012.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention.

Going concern

The members have, at the time of approving the financial statements, a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the financial statements.

Cash and cash equivalents

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

Members' capital

Members' capital is only repayable upon retirement or at the discretion of the Board, provided the overall capital of the LLP is not diminished and accordingly, is classified as equity.

A division of profits that is discretionary on the part of the LLP is recognised as an appropriation of equity when the division occurs.

Statement of accounting policies (continued)

Impact of new accounting standards

There were no new accounting standards in the period.

New IFRS standards and interpretations not yet effective nor applied

The following accounting standards and amendments to standards have been issued by the IASB but are not effective for the period ended 31 March 2012 (and in some cases have not yet been adopted by the European Union) and have not been applied in preparing these financial statements:

- (i) Amendments to IAS 1 – Presentation of items of other comprehensive income (effective date 1 July 2012)
- (ii) Amendments to IAS 19 – Employee benefits (effective date 1 January 2013)

The LLP is assessing these new amendments and expects that they are not likely to have a significant impact on the LLP's results

Notes to the financial statements

1. Cash and cash equivalents

As at 31 March 2012
£000s

Cash at bank and in hand	10
Short-term bank deposits	39,990
Total cash and cash equivalents	<u>40,000</u>

2. Members' remuneration

No remuneration was paid to members during the period

3. Members' interests

	Members' Capital (Classified as equity)	Total 31 March 2012 £000s
Opening balance	-	-
Introduction of Members' capital	40,000	40,000
Closing balance	<u>40,000</u>	<u>40,000</u>

4. Auditor's remuneration

Audit fees for the LLP have been borne by another entity. There are no fees for non-audit services payable at the period end

5. Post balance sheet date events

On 2 April 2012, BlueBay Asset Management (Services) Ltd contributed its investment management business to the LLP and BlueBay Asset Management International Limited resigned as a member of the LLP

6. Ultimate Parent Company

The LLP's ultimate parent company is 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 accounts are prepared. Copies of the group financial statements of Royal Bank of Canada are available at 71 Queen Street, London EC4V 4DE. Group accounts are filed at Companies House