

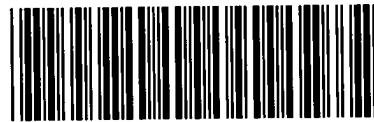
**RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED**

**COMPANY REGISTERED No. 03127076**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Registration Number</b>	03127076
<b>Directors</b>	Jeffrey Trocin Peter Moores Paul Allison (Chairman) John Carson, Jr.
<b>Secretary</b>	Nazibul Islam
<b>Registered office</b>	Broadwalk House 5 Appold Street London EC2A 2AG
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL
<b>Banks</b>	<p>Bardclays Bank PLC 1 Churchill Place London E14 5HP</p> <p>JPMorgan Chase Bank, N.A. - London Branch 25 Bank Street London E14 5JP</p> <p>Citibank, N.A. - London 25 Canada Square Canary Wharf London E14 5LB</p>

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# **RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## STRATEGIC REPORT

*FOR THE YEAR ENDED 30 SEPTEMBER 2017*

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### Our Vision

To be a premier financial services provider built on trust and relationships. We will combine insightful, high quality research in select industry sectors with value-added financial insight and trading support to serve the needs of institutional clients.

### Our Values

Our core values are instilled in the firm at the ultimate parent Company (Raymond James Financial, Inc or "RJF") level and embedded in our culture and business practices. In the pursuit of our goals, we conduct ourselves in accordance with the following precepts:

- Client First: Client interest is a priority.
- Conservatism: We take a long-term approach. Discipline in decision making translates to a strong, stable firm.
- Independence: We are an independent firm made up of empowered individuals who choose to make this Company great.
- Integrity: We are forthright in our approach and seek to earn each client's trust.

### Strategic Objectives and Business Review

The firm's primary objectives are:

- To continue to operate in the European Union market undertaking dealing relationships with professional and eligible counterparties;
- To increase the size of the business operations through organic growth;
- To achieve economies of scale that will allow Raymond James Financial International, Ltd ( the Company) to increase its profitability, thereby providing a greater return to its shareholders.

The Company intends to maintain sufficient capital resources to allow it to achieve these objectives whilst meeting its regulatory obligations as demonstrated by current capital levels.

Turnover was \$17.6 million (2017), an increase of 39% versus \$12.6 million (2016). However, the net loss was \$3.6 million compared with \$2.8 million in September 2016. The year-over-year increase in net losses is due primarily to compensation and other expenses related to establishment of the new Investment Banking office in London. We anticipate continued movement toward profits as efforts to grow revenues materialize.

We continue to build our business through organic growth and by providing existing clients with access to resources and superior service provided by the ultimate parent RJF. We are confident that we will succeed in the EU market by providing excellent service, robust trading services and premier research access. Our confidence also reflects the commitment and enthusiasm of our staff and management team.

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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### Principal risks and uncertainties

The Company has identified the following risks:

- **Market Risk**
  - Market correction due to economic factors and/or a geopolitical event: Mitigated by the retention of appropriate capital resources, which are determined on the basis of stress testing, sensitivity testing and modelling;
  - Loss of key clients: Mitigated by diversification of clients and servicing clients with sales teams rather than one individual sales associate.
- **Credit Risk**
  - Failure of a client to complete a dealing transaction: Mitigated by the credit analysis undertaken by the Company as part of its account opening process and ongoing monitoring of clients' business activities.
- **Supervisory/ Regulatory Risk**
  - The risk resulting from inadequate supervision and/or non-compliance with regulation: Mitigated through our Compliance monitoring programme, including regular Training and Competency activities.
- **Liquidity Risk/ Capital Risk**
  - Insufficient funds to meet liabilities as they fall due: Mitigated by the regular monitoring of liquidity and capital coverage. Reliance on group facility should there be a need.
- **Operational Risk**
  - The risk resulting from inadequate or failed business processes and systems. The Company seeks to monitor potential sources of errors arising from its operations and continually strengthen our internal systems and processes to reduce our residual risk exposure.
- **Business Continuity Management**
  - Interruption in business due to natural disaster and/or external events: Mitigated by resilient infrastructure and appropriate access controls and network threat detection and prevention.
- **Information Security**
  - Unauthorized access to private, confidential, or proprietary Company or client data: Mitigated through our internal policies and procedures, appropriate access controls and network threat detection and prevention.
- **Workforce Development**
  - Loss of key staff and skills: Mitigated by the maintenance of competitive staff compensation, measured by industry benchmarking.
- **Strategic Risk**
  - Failure to anticipate and meet pressures of the marketplace could lead to loss of competitive positioning. Mitigated by the Company's senior management team, which regularly assesses the competitive landscape and determines appropriate actions to manage strategic risks.
- **Currency Risk**
  - Company's loss of income due to currency fluctuations: Mitigated by maintaining sufficient cash reserves in more than one currency to absorb short-term currency exchange rate fluctuations.

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

The Company considers each risk listed as giving rise to Reputational Risk - damage to our reputation either through censure by our regulator or by a perception by the market of poor quality and service. We therefore consider the severity of the impact to the Company's reputation in the assessment of both the inherent and residual risk that we face in each of our key risk areas.

These principal risks of the Company are aligned with the risks of the ultimate parent, RJF. Risk management policies and procedures for the Company are set and managed by the Company's Board of Directors (the Board) in line with RJF practices.

The Board is ultimately responsible for the Company's risk management and internal control systems. It determines the nature and extent of the significant risks of the Company in pursuit of its strategic objectives. Accountability for identifying and managing business risks lies with the Company's management, with Board oversight.

Risk management is considered to be of paramount importance in day-to-day operations. Consequently, significant resources (including investments in employees and technology) are devoted to measurement, analysis and management of risks.

Information in relation to the Company's risk management is included in the Company's Pillar 3 statement which accompanies the management accounts.

On behalf of the board



.....  
Peter Moores  
Director  
.....

18<sup>th</sup> Jan 2018

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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The Directors of the Company submit to the Shareholders their report and accounts for the year ended 30 September 2017.

#### Directors

The Directors who served during the year and up to the date of this report are shown on page 8.

#### Principal activities

The Company is ordinarily engaged in the brokerage of transactions on an agency basis in US, European and Canadian equity securities and fixed income loan trading with a targeted base of Institutional clients only. The Company also earns interest on its cash.

#### Going Concern Basis

The Directors consider it appropriate to prepare these financial statements on a going concern basis for the foreseeable future as the Shareholder has provided a 'Letter of Comfort' which acknowledges their requirement to continue to fund the Company's Capital needs (please see note 11 on page 23) in light of the Company's net loss for fiscal year 2017.

#### Pillar 3 Disclosures

##### *Introduction*

The Company reduced its FCA scope of permission in October 2015 from an IFPRU €730K full scope firm to a €50K limited licence firm. It continues to be required to comply with the three "Pillars" of the Capital Requirements Directive. These are:

- Pillar 1, which sets out the minimum amount of capital that the Company needs to meet its basic regulatory obligations;
- Pillar 2, which requires the Company to calculate how much (if any) additional capital it needs to maintain to mitigate other prudential risks (e.g. credit risk, market risk and operational risk) that are specific to the Company;
- Pillar 3, which requires the Company to disclose to market participants key information about the Company's underlying risks, risk management controls and capital position.

The rules allow for firms to omit certain information, in specifically-defined circumstances, where a disclosure contains information that is immaterial, proprietary or confidential. The Company confirms that it has NOT omitted any disclosures on these grounds.

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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### **Risk Management Policies and Objectives**

Where possible, the Company seeks to manage all of the risks that arise from its operations. The Company has devised a prudential risk management framework that is appropriate to its size, scope and operations. The risk management framework identifies the key prudential risks faced by the Company, and reports them to the Company's Board of Directors. The Company's Board of Directors is responsible for ensuring that an appropriate amount of capital, both in amount and quality, is maintained. Other risk management information is collected, reviewed, and where appropriate, acted upon as part of established internal procedures.

A summary of the key risks that have been identified by the Company, and how they are mitigated, is given below:

#### **1. Business Risks**

- Market correction due to economic factors and/or a geopolitical event: Mitigated by the retention of appropriate capital resources, which are determined on the basis of stress testing, sensitivity testing and modeling;
- Loss of key staff and skills: Mitigated by the maintenance of competitive staff compensation, measured by industry benchmarking;
- Loss of key clients: Mitigated by diversification of clients and servicing clients with multiple Raymond James touch points including sales teams rather than individual sales associates, sales traders and equity analysts.

#### **2. Credit Risks**

- Failure of a client to complete a dealing transaction: Mitigated by the credit analysis undertaken by the Company as part of its account opening process and ongoing monitoring of clients' business activities; and

#### **3. Currency Risk**

- Company's loss of income due to currency fluctuations: Mitigated by maintaining sufficient cash reserves in more than one currency to absorb short-term currency exchange rate fluctuations.

### **Risk Management Function**

Given the size and scope of the Company's business activities, the Company does not have a dedicated risk management function. Instead, responsibility for risk management is shared among the Board of Directors, the Institutional Operating Committee (the "Committee") (a committee established by the Board consisting of senior managers within the Company, each of whom is involved in the Company's day-to-day business activities) and senior managers of the Company. The Company's Internal Capital Adequacy Assessment Process ("ICAAP"), which considers the material risks that the Company is exposed to, is commissioned and approved by the Board on at least an annual basis.

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

#### Capital Resources

Capital is held to ensure that a suitable capital level is maintained in excess of the combined Pillar 1 and Pillar 2 capital requirements. Pillar 2 capital requirements are calculated as part of the ICAAP using a risk-based approach that explicitly takes into account management's view of specific risk exposures.

As an IFPRU €50K limited licence firm, the Company's Pillar 1 capital requirement will be calculated as the greater of the following:

- Credit Risk and Market Risk Requirements; or
- Fixed Overheads Requirements

Credit risk has been calculated using the simplified approach. The Company's Credit Risk Capital requirement was \$470,000 as of 30 September 2017. The Company had no Market Risk Capital Requirement as of 30 September 2017. The Company's Fixed Overheads Requirement was \$2,357,277 as of 30 September 2017 using the basic indicator approach. Since the Fixed Overheads Requirement is greater than the sum of the Credit Risk and Market Risk Requirements, the Company has determined that the Pillar 1 capital requirement is \$2,357,277.

The Company's capital resources are comprised entirely of share capital, share premium and audited reserves. Tier 1, Tier 2 and Tier 3 capital of the firm as at 30 September 2017 is as set out below:

	<b><i>Tier 1 Capital</i></b>
Gross	\$13,120,000
Hybrid Tier 1 Capital	—
Other Tier 1 Capital	—
Deductions	—
Net	\$13,120,000
	<b><i>Tier 2 Capital</i></b>
Gross	—
Deductions	—
Net	—
	<b><i>Tier 3 Capital</i></b>
Gross	—
Net	—
	<b><i>Total Capital</i></b>
Gross	\$13,120,000
Deductions	—
Net	\$13,120,000

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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### **Integration into Business Strategy**

The Company's primary objectives are:

- To continue to operate in the EU and US markets undertaking dealing with institutional clients;
- To increase the size of the operations through organic growth;
- To achieve economies of scale that will allow the Company to increase its profitability, thereby providing a greater return to its shareholders.

The Company intends to maintain sufficient capital resources to allow it to achieve these objectives whilst meeting its regulatory obligations as demonstrated by current capital levels.

### *Remuneration Code*

The Company is a IFPRU €50K limited licence firm and is considered a proportionality level 3 firm by the Financial Conduct Authority ("FCA") for purposes of the Remuneration Code (the "Code") based on relevant total assets. The Company does not hold client money or assets and does not have the relevant regulatory permission to do so.

Given the size, nature and lack of complexity of the Company, it is not proportionate to establish a remuneration committee. It is the role of the Committee, as the body responsible for the governance of the Company, to incorporate the fundamental principles of the Code in its oversight function. Specifically, the Committee has assumed the responsibilities of revising as necessary the Company's remuneration policies to ensure compliance with FCA rules and regulations. The Committee has determined that the Company's compensation structure is consistent with and promotes effective risk management and conforms to the general principles of the Code.

Specifically, the Company has established a remuneration framework that is designed to be market competitive and motivate employees to improve individual and business performance, retain key employees and align employee actions with the interests of shareholders. While compensation arrangements for associates vary depending on the role and responsibilities of the individual, the remuneration structure of key sales and agency trading desk associates is commission-based. While this structure incentivises and rewards employees for increased business production, it also contains loss-sharing provisions for business generated that may result in losses for the Company. Aligning the compensation scheme with both profits and losses motivates the employees to seek business with reputable, financially solvent clients which helps mitigate the Company's exposure to counterparty risk.

As part of its obligations to comply with the Code, the Company has undergone the process of identifying those employees known as Code Staff. Due to the low number of total staff, the Company has elected as a starting point to review all employees' compensation. It has also included, as part of the review, employees of the Raymond James Group, regardless of where the employee may be based, who perform any senior management function, senior influence or controlled function for the Company ("Group Employees"). It is appropriate to estimate the amount of time spent by each Group Employee on Company matters based on their global responsibilities before concluding that they are Code Staff. The Company has also evaluated whether any employees classified as "high earners" may have a material impact on the Company's risk profile. Based on this comprehensive review, the Committee has identified 15 employees as Code Staff due to their involvement with the business. The Company is entitled to disapply certain aspects of Principle 12 relying on the general FCA guidance on proportionality.

The Code is applicable to 6 of the 15 individuals classified as Code Staff. The total amount of remuneration paid to the 6 individuals for the fiscal year was \$1,275,994 (fixed) and \$2,140,225 (variable). These figures include remuneration paid by Raymond James Group entities.

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### Results and dividends

The loss for the year was USD 3,591,194 (2016: loss USD 2,757,792) which has been transferred against reserves. The Directors have not proposed or paid any dividend during or in respect of the year (2016: \$ nil).

### Directors

The directors who held office during the year are as follows:

Jeffrey Trocin  
Peter Moores  
Paul Allison  
John Carson, Jr.

### Directors' Interests

The ordinary shares of the Company are held by the immediate parent Raymond James International Holdings, Inc. The Directors of the Company do not hold any beneficial shares of the Company or stock of the immediate parent Raymond James International Holdings, Inc. The ultimate parent Company is Raymond James Financial, Inc. registered in the United States (Florida).

The beneficial shareholding of Jeffrey Trocin, Peter Moores, Paul Allison, and John Carson, Jr. in the common stock of Raymond James Financial, Inc. is as follows:

Beginning of Year	Common Stock	Employee Stock Ownership Plan	Options	Restricted Stock Units
Jeffrey Trocin	153,280	12,904	50,000	20,153
Peter Moores	—	—	14,400	3,417
Paul Allison	38,172	—	50,000	10,277
John Carson, Jr.	64,967	375	12,500	17,504
End of Year	Common Stock	Employee Stock Ownership Plan	Options	Restricted Stock Units
Jeffrey Trocin	162,947	5,572	45,000	22,733
Peter Moores	—	—	10,100	7,743
Paul Allison	33,209	—	37,500	14,525
John Carson, Jr.	51,400	455	12,500	21,261

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### Political contributions

The Company made no disclosable political donations or incurred any disclosable political expenditure during the year.

### Directors' representation

The directors who held office at the date of the approval of this Directors' Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Other information

An indication of likely developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 - 3.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the Directors



.....  
Peter Moores  
Director  
.....

18<sup>th</sup> Jan 2018

## **RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The directors are responsible for preparing the Annual Report, the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED**

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### **Opinion**

We have audited the financial statements of Raymond James financial international Limited ("the company") for the year ended 30 September 2017 which comprise the Profit & Loss Account and other comprehensive income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information**

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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 nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED**

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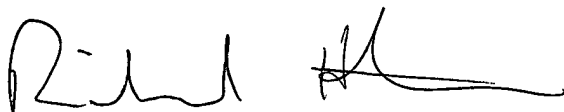
#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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



**Richard Hinton (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

19 January 2018

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

		2017	2016
	Note	USD	USD
<b>Turnover</b>	3	17,617,022	12,637,180
Cost of sales		(7,493,909)	(5,842,053)
<b>Gross profit</b>		10,123,113	6,795,127
Administrative expenses		(13,748,217)	(9,564,743)
<b>Operating (loss)</b>		(3,625,104)	(2,769,616)
Interest and similar income	6	33,910	8,809
<b>Loss before taxation</b>		(3,591,194)	(2,760,807)
Taxation on profit of ordinary activities	7	—	3,015
<b>(Loss) for the financial year</b>		(3,591,194)	(2,757,792)

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are no recognised gains or losses during the period other than disclosed above. Accordingly, no Statement of Comprehensive income has been prepared.

The notes on pages 17 to 24 form an integral part of these financial statements

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2017

		September 30	September 30
	Note	2017	2016
		USD	USD
<b>Fixed Assets</b>			
Computers/Supplies		30,191	—
Total Fixed Assets		30,191	—
<b>Current assets</b>			
Debtors	8	186,580	241,750
Cash at bank and in hand		15,850,959	10,442,263
Total Current Assets		16,037,539	10,684,013
<b>Creditors – Amounts falling due within one year</b>			
Accruals	9	(2,947,927)	(1,973,016)
<b>Net current assets</b>		13,119,803	8,710,997
<b>Capital and reserves</b>			
Called up share capital	10	29,136,631	21,136,631
Share premium account		318,687	318,687
Profit and loss account		(16,335,515)	(12,744,321)
<b>Total shareholders' funds</b>		13,119,803	8,710,997

The financial statements were approved by the board of directors and authorised for issue on 08 January 2018 and are signed on its behalf by:



Peter Moores  
Director

18<sup>th</sup> Jan 2018

Company Registration No. 03127076

The notes on pages 17 to 24 form an integral part of these financial statements

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2017

		September 30	September 30
	Note	2017	2016
		USD	USD
<b>Fixed Assets</b>			
Computers/Supplies		30,191	—
Total Fixed Assets		30,191	—
<b>Current assets</b>			
Debtors	8	186,580	241,750
Cash at bank and in hand		15,850,959	10,442,263
Total Current Assets		16,037,539	10,684,013
<b>Creditors – Amounts falling due within one year</b>			
Accruals	9	(2,947,927)	(1,973,016)
<b>Net current assets</b>		13,119,803	8,710,997
<b>Capital and reserves</b>			
Called up share capital	10	29,136,631	21,136,631
Share premium account		318,687	318,687
Profit and loss account		(16,335,515)	(12,744,321)
<b>Total shareholders' funds</b>		13,119,803	8,710,997

The financial statements were approved by the board of directors and authorised for issue on 18 January 2018 and are signed on its behalf by:

.....  
 Peter Moores  
 Director  
 .....

Company Registration No. 03127076

The notes on pages 17 to 24 form an integral part of these financial statements

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Called up Share capital	Called up Share premium account	Profit and loss reserves	Total Equity
<i>Note</i>				
	USD	USD	USD	USD
<b>Balance at 1 October 2015</b>	16,136,631	318,687	(9,986,529)	6,468,789
<b>Year ended 30 September 2016:</b>				
(Loss) for the year	—	—	(2,757,792)	(2,757,792)
Issue of shares	5,000,000	—	—	5,000,000
<b>Balance at 30 September 2016</b>	21,136,631	318,687	(12,744,321)	8,710,997
<b>Year ended 30 September 2017:</b>				
(Loss) for the year	—	—	(3,591,194)	(3,591,194)
Issue of shares	8,000,000	—	—	8,000,000
<b>Balance at 30 September 2017</b>	29,136,631	318,687	(16,335,515)	13,119,803

The notes on pages 17 to 24 form an integral part of these financial statements

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 USD	2016 USD
<b>Cash flow from operating activities</b>			
Operating loss		(3,591,194)	(2,757,792)
Decrease/(increase) in operating debtors		55,170	1,595
Decrease/(increase) in creditors		974,911	(514,604)
Taxation (credited)/charged			(3,015)
Investment income		(33,910)	(8,809)
Income taxes refunded			—
<b>Net cash outflow from operating activities</b>		<b>(2,595,023)</b>	<b>(3,282,625)</b>
<b>Cash flow from investing activities</b>			
Interest received	6	33,910	8,809
Increase in fixed assets		(30,191)	
<b>Net cash from investing activities</b>		<b>3,719</b>	<b>8,809</b>
<b>Cash flow from financing activities</b>			
Proceeds from contributed capital	10	8,000,000	5,000,000
<b>Net cash from financing activities</b>		<b>8,000,000</b>	<b>5,000,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,408,696</b>	<b>1,726,184</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>10,442,263</b>	<b>8,716,079</b>
<b>Cash and cash equivalents at end of the year</b>		<b>15,850,959</b>	<b>10,442,263</b>

The notes on pages 17 to 24 form an integral part of these financial statements

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

***FOR THE YEAR ENDED 30 SEPTEMBER 2017***

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### **1 Accounting policies**

#### ***Company information***

Raymond James Financial International Limited is a Company limited by shares incorporated in England and Wales. The registered office is Broadwalk House, 5 Appold Street, London, EC2A 2AG.

#### **1.1 Basis of preparation**

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland for the year ended 30 September 2017.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements are prepared in USD, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest USD.

#### **1.2 Foreign currency**

Transactions in foreign currencies are translated into USD at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies other than USD are translated into USD at the rate of exchange ruling at the balance sheet date. All differences arising from translation are recognised in the profit and loss account.

#### **1.3 Going concern**

The Directors consider it appropriate to prepare these financial statements on a going concern basis as the Shareholder has provided a 'Letter of Comfort' which acknowledges their requirement to continue to fund the Company's Capital needs and meet liabilities as they fall due (please see note 11) in light of the Company's net loss for the year ended 30 September 2017.

#### **1.4 Revenue recognition**

Commission revenues and related expenses from securities transactions are recorded on a trade date basis. Commission revenues are recorded at the amount charged to clients.

#### **1.5 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful life of the tangible fixed assets. The estimated useful lives are as follows:

Computer Hardware & software	-	3, 4 or 5 years
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The assets are derecognised when the assets have been fully depreciated and no future economic benefits are expected from their use.

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### 1. Accounting policies

(Continued)

#### 1.6 Basic financial instruments

##### *Financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet are comprised of cash at banks and in hand and short term deposits with original maturity date of three months or less.

##### *Financial liabilities*

Basic financial liabilities, including creditors, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 1. Accounting policies

(Continued)

#### 1.8 Cost of sales

Cost of sales comprises commissions payable to the independent agents and employed sales team, together with the clearing costs payable to Raymond James and Associates, Inc.

#### 1.9 Interest income

Interest income is accounted for on an accruals basis.

### 2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods

### 3 Turnover and other revenues

Turnover represents commission income generated from dealing activities, which is recognised at trade date.

An analysis of the Company's turnover is as follows:

	2017 USD	2016 USD
<b>Turnover</b>		
Agency fees	17,617,022	12,637,180
<b>Other significant revenue</b>		
Interest income	33,910	8,809

Turnover analysed by geographical market:

	2017 USD	2016 USD
United Kingdom	11,941,777	8,107,716
Germany	2,057,629	1,400,695
Belgium	1,312,418	1,340,544
Poland	924,099	1,092,239
Switzerland	365,291	404,061
Italy	1,015,808	291,925
	17,617,022	12,637,180

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 4 Operating (loss):

	2017 USD	2016 USD
Operating loss for the year is stated after charging:		
Currency exchange (losses)	(312,699)	(222,264)
Fees payable to the Company's auditor for the audit of the Company's financial statements:		
Audit fees	62,988	63,339

### 5 Employees

The directors are employees of one or more of the following Group companies (Raymond James & Associates, Inc., Raymond James Investment Services, and Raymond James, Ltd.) and are paid by this principal employer. Each director receives USD 1,000 as compensation for their services on the Board. The average number of employees during the year was 36.67 (2016: 33.75). Associate wages and salaries for the year amounted to USD 3,116,268 (2016: USD 2,980,546). Associate social security costs were USD 403,314 (2016: USD 337,640). Sales draws for the year amounted to USD 633,672 (2016: USD 691,926). Commission based social security costs were USD 911,604 (2016: USD 449,576).

#### 5.1 Directors' emoluments

During the year, the highest paid director received remuneration of USD 4,246,500 (2016: USD 3,559,700).

Pension contributions to ESOP, Profit Sharing, LTIP and 401(K) in respect of the highest paid director for the year amount to USD 60,979 (2016: USD 57,768).

#### 5.2 Share-based payments

For cash-settled share-based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is measured at grant date and amortised over the period during which the employees become unconditionally entitled to payment. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss accounts.

### 6 Interest and similar income

	2017 USD	2016 USD
Interest income		
Interest on bank deposits	33,910	8,809
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	33,910	8,809

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 7 Tax on profit on ordinary activities

Total Tax expense/(income) recognised in the profit and loss account

	2017 USD	2016 USD
Current tax: UK Corporation Tax at 19.51% (2016 – 20.00%)	—	—
Deferred tax	—	(3,015)
Total	—	(3,015)

### Reconciliation of the current tax charge for the year

The difference between the tax assessed for the period and the Standard rate of corporation tax is explained as follows:

	2017 USD	2016 USD
Loss on ordinary activities before taxation	(3,591,194)	(2,760,807)
Standard rate of corporation tax in the UK	19.51%	20.00%
Loss on ordinary activities multiplied by the standard rate of corporation tax	(700,529)	(552,161)
Expenses not deductible for tax purposes	28,768	36,240
Adjustments in respect of prior years	19,350	(69)
Group relief	—	222,256
Adjustment for deferred tax rate differential	83,843	—
Unrelieved tax carried forward	568,568	290,719
Tax expense for the year	—	(3,015)

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 7 Tax on profit on ordinary activities

(Continued)

#### Deferred Tax

	2017 USD	2016 USD
Tax losses carried forward	(12,829,027)	(9,502,485)
Other timing differences	(206,129)	(188,154)
Total timing differences	(13,035,156)	(9,690,639)

The standard rate of UK Corporation Tax at the balance sheet date was 19.51% (2016 - 20.00%) but reduction to 19% effective from 1 April 2017 and 17% effective from 1 April 2020 were substantively enacted on 26 October 2015 and 16 March 2016, respectively. The total timing differences multiplied these standard rates of UK Corporation Tax are:

Corporation Tax Rate %	Deferred tax asset 2017 USD	2016 USD
20.00%	(2,607,031)	(1,938,128)
19.51%	(2,542,749)	(1,890,338)
19.00%	(2,476,680)	(1,841,221)
18.00%	(2,346,328)	(1,774,315)
17.00%	(2,215,977)	(1,647,409)

The deferred tax asset arising from short term timing differences has not been recognised in the balance sheet because its realization is uncertain and the company continues to be in a loss making position.

### 8 Debtors

	2017 USD	2016 USD
UK corporate tax benefit	1,740	1,740
Prepaid expenses	131,669	58,125
Amounts due from fellow group undertakings	53,171	181,885
<b>Total debtors</b>	<b>186,580</b>	<b>241,750</b>
Due within one year	186,580	241,750

# RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### 9 Creditors: amounts falling due within one year

	2017	2016
	USD	USD
Corporation tax	—	—
Other creditors	—	50,457
Accruals and deferred income	2,947,927	1,922,559
	<u>2,947,927</u>	<u>1,973,016</u>

### 10 Share capital

	2017	2016
	USD	USD
Ordinary share capital issues and fully paid	<u>29,136,631</u>	<u>21,136,631</u>

On 25 September 2017, there was a capital injection into Raymond James Financial International Limited ("RJFI") Limited from the immediate parent Company, Raymond James International Holdings, Inc. ("RJIH").

Furthermore, 118,518 ordinary shares of RJFI were issued at GBP 50 and subscribed by parent RJIH for a total aggregate amount of GBP 5,925,900 (USD 8,000,000).

RJFI directors have authority to allot RJFI shares up to an aggregate nominal amount of £25,000,000.

Issued share capital is represented by 391,875 (2016: 273,357) ordinary shares of GBP 50 each.

### 11 Controlling party

The immediate parent Company is Raymond James International Holdings, Inc. The ultimate parent Company is Raymond James Financial, Inc. registered in the United States (Florida). Group accounts in respect of these companies may be obtained from the Company Secretary Broadwalk House, 5 Appold Street, London EC2A 2AG.

The immediate parent Company has provided a 'Letter of Comfort' which acknowledges the requirement to continue to fund the Company's Capital needs.

### 12 Related party transactions

As the Company is a wholly owned subsidiary of Raymond James Financial, Inc. for which consolidated accounts are publicly available, it is exempt under FRS 102.1.12(d) from the disclosure requirements in respect of transactions with other entities within the Raymond James group.

# **RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** ***FOR THE YEAR ENDED 30 SEPTEMBER 2017***

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### **13 Other significant events**

In September 2017, a new UK Investment Banking office was established in London.