

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

Annual Report and Financial Statements

For the year to 31 October 2017

Registered number: 03262598



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## **Strategic Report**

The Directors present their Strategic Report of BlueBay Asset Management (Services) Ltd ("the Company") for the year ended 31 October 2017.

### **Business Review**

Operating profit for the year was £13,429,000 compared with a profit of £21,740,000 in the previous year.

The Company received dividends from subsidiaries of £12,107,000 during the year (year ended 31 October 2016: £8,396,000).

Profit for the year attributable to ordinary equity shareholders was £20,393,000 compared with £25,073,000 in the previous year. During the year the Company paid a dividend of £25,000,000 based on the 2016 profit after tax. A dividend of £27,000,000 is to be proposed for the current year.

### **Principal Activities**

The principal activity of the Company is to be a Member of BlueBay Asset Management LLP ("The LLP"), a Limited Liability Partnership incorporated in the United Kingdom. The 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 the LLP. The Company also has all rights over IT equipment and software used by the LLP.

The Company is also the Parent of BlueBay Asset Management International Limited, which is the holding company for BlueBay Group companies domiciled outside of the United Kingdom and BlueBay Asset Management Corporation Ltd ("BBAM Corp"). Both companies are incorporated in the United Kingdom (see note 19).

### **Financial Risks**

The Company's income is based on profit allocations from the LLP. The 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 the 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 the LLP's management of these assets. The LLP has various controls and systems in place to mitigate the risks related to its management of the assets.

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

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

**Strategic Report** (continued)

**Key Performance Indicators**

As a Corporate Member, the Company's performance is dependent on the level of profit allocations from the LLP and dividends received from its subsidiaries. In 2017, allocations were £19,576,000 (2016: £27,621,000) and dividends were £12,107,000 (2016: £8,396,000). The Directors do not consider further KPIs to be relevant to gain an understanding of the business.

**Outlook**

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

A handwritten signature in black ink, appearing to read 'Luc Leclercq', with a large, stylized loop at the beginning.

**Luc Leclercq**  
20 March 2018

## **Directors' Report**

The Directors submit their report together with the audited Financial Statements for the year ended 31 October 2017 as required by the Companies Act 2006.

### **Called Up Share Capital**

As at 31 October 2017, the called up share capital of the Company consisted of 198,635,001 shares of £0.001 each.

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

### **Directors**

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

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

None of the Directors held any share capital of the Company at 31 October 2017 (31 October 2016: none).

### **Financial Instruments**

Details of the financial risk management objectives, policies of the Company and exposure to interest risk, credit risk, liquidity risk and foreign exchange risk are given in note 8 of the Financial Statements.

### **Disclosure of Information to the Auditors**

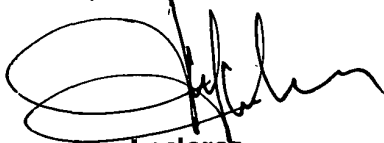
Each of the persons who are a Director at the date of approval of these Financial Statements confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of the s418 of the Companies Act 2006.

### **Going Concern**

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



**Luc Leclercq**  
20 March 2018

## **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, International Accounting Standard 1 requires that Directors:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements; 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 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website ([www.bluebay.com](http://www.bluebay.com)). Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

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

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

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#### **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 2017 and of its profit and cash flows for the year then ended;

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.

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 2017; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **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.

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

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

the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

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

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

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

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

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

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

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 October 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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


we have not received all the information and explanations we require for our audit; or

adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

certain disclosures of directors' remuneration specified by law are not made; or

the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Natasha McMillan (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
20 March 2018



## BlueBay Asset Management (Services) Ltd Annual Report 2017

### Income Statement

For the year ended 31 October 2017

	Notes	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
Operating income – the LLP profit allocation	1	19,576	27,621
Other income	3	295	194
<b>Total income</b>		<b>19,871</b>	<b>27,815</b>
Other gains / (losses)	3	2,621	(112)
Foreign exchange (losses) / gains	3	(1,174)	3,432
Administrative expenses		(7,889)	(9,395)
<b>Operating profit</b>		<b>13,429</b>	<b>21,740</b>
Finance income	5	36	210
Dividends received	7	12,107	8,396
<b>Profit on ordinary activities before taxation</b>		<b>25,572</b>	<b>30,346</b>
Taxation	6	(5,179)	(5,273)
<b>Profit for the year attributable to ordinary equity shareholders</b>		<b>20,393</b>	<b>25,073</b>

The significant accounting policies and notes on pages 14 to 34 are an integral part of these Financial Statements.

All results during the financial year were from continuing operations.

**Statement of Comprehensive Income**

For the year ended 31 October 2017

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
<b>Profit for the year</b>	<b>20,393</b>	<b>25,073</b>
<b>Items that may subsequently be reclassified to profit or loss:</b>		
<b>Other comprehensive income:</b>		
Change in unrealised gains on available-for-sale investments in the year	7,167	2,543
Transfers to Income Statement on disposal of available-for-sale securities	(2,621)	112
Current tax on available-for-sale investments	50	(543)
Deferred tax on available-for-sale investments	(911)	-
<b>Total comprehensive income for the year: net of tax</b>	<b>24,078</b>	<b>27,185</b>

The significant accounting policies and notes on pages 14 to 34 are an integral part of these Financial Statements.

**Statement of Financial Position**


As at 31 October 2017

	Notes	As at 31 October 2017 £000s	As at 31 October 2016 £000s
<b>Assets</b>			
<b>Non-current assets</b>			
Leasehold improvements	9	775	1,218
Deferred tax asset	15	1,493	2,960
Trade and other receivables	12	8	8
Available-for-sale securities	10	38,575	42,271
Investments in subsidiaries	11	66,833	54,833
<b>Total non-current assets</b>		<b>107,684</b>	<b>101,290</b>
<b>Current assets</b>			
Trade and other receivables	12	41,614	32,639
Available-for-sale securities	10	23,770	19,244
Current tax assets		3,302	3,398
Cash and cash equivalents	13	1,281	24,266
<b>Total current assets</b>		<b>69,967</b>	<b>79,547</b>
<b>Total assets</b>		<b>177,651</b>	<b>180,837</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	14	1,145	1,620
<b>Total non-current liabilities</b>		<b>1,145</b>	<b>1,620</b>
<b>Current liabilities</b>			
Trade and other payables	14	3,247	5,036
<b>Total current liabilities</b>		<b>3,247</b>	<b>5,036</b>
<b>Total liabilities</b>		<b>4,392</b>	<b>6,656</b>
<b>Shareholders' equity</b>			
Called up share capital	16	199	199
Share premium	16	33,906	33,906
Retained earnings		132,419	137,026
Other components of equity		6,735	3,050
<b>Total shareholders' equity</b>		<b>173,259</b>	<b>174,181</b>
<b>Total equity and liabilities</b>		<b>177,651</b>	<b>180,837</b>

The significant accounting policies and notes on pages 14 to 34 are an integral part of these Financial Statements.

BlueBay Asset Management (Services) Ltd Registered Company Number: 03262598

The Financial Statements on pages 9 to 34 were approved by the Board of Directors and authorised for issue on 20 March 2018 and signed on its behalf by:



Director: **Luc Leclercq**

**Statement of Changes in Shareholders' Equity**

As at 31 October 2017

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

	Called up share capital £000s	Share premium £000s	Retained earnings £000s	Other components of equity £000s	Total equity £000s
<b>Balance at 1 November 2015</b>	<b>199</b>	<b>33,906</b>	<b>156,953</b>	<b>938</b>	<b>191,996</b>
Profit for the year	-	-	25,073	-	25,073
Change in unrealised gains on available-for-sale securities	-	-	-	2,543	2,543
Transfers to Income Statement on disposal of available-for-sale securities	-	-	-	112	112
Current tax on available-for-sale securities	-	-	-	(543)	(543)
Dividends paid	-	-	(45,000)	-	(45,000)
<b>Balance at 31 October 2016</b>	<b>199</b>	<b>33,906</b>	<b>137,026</b>	<b>3,050</b>	<b>174,181</b>

The significant accounting policies and notes on pages 14 to 34 are an integral part of these Financial Statements.

# Statement of Cash Flows

For the year ended 31 October 2017

		Year ended 31 October 2017	Year ended 31 October 2016
	Notes	£000s	£000s
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	20,473	70,539
Taxation (paid) / received		(4,200)	500
<b>Net cash generated from operating activities</b>		<b>16,273</b>	<b>71,039</b>
<b>Cash flows from investing activities</b>			
Purchase of leasehold improvements	9	(118)	(32)
Purchase of available-for-sale securities	10	(18,633)	(18,737)
Sale of available-for-sale securities	10	4,350	5,015
Capital contribution to subsidiary	11	(12,000)	-
Dividends received	7	12,107	8,396
<b>Net cash used in investing activities</b>		<b>(14,294)</b>	<b>(5,358)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	7	(25,000)	(45,000)
Interest income received	5	36	210
<b>Net cash used in financing activities</b>		<b>(24,964)</b>	<b>(44,790)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(22,985)</b>	<b>20,891</b>
Cash and cash equivalents at beginning of the year		24,266	3,375
<b>Cash and cash equivalents at end of the year</b>		<b>1,281</b>	<b>24,266</b>

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

The significant accounting policies and notes on pages 14 to 34 are an integral part of these Financial Statements.

## **Notes to the Financial Statements**

### **1. Significant Accounting Policies**

#### **Basis of accounting**

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

The Company's principal activity is described in the Strategic Report on page 3.

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

The significant accounting policies applied in the preparation of the Financial Statements are summarised below. These policies have been consistently applied in the current year and prior year.

#### **a) Basis of preparation**

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

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

#### **b) Basis of consolidation**

In accordance with the provisions of Section 401 of the Companies Act 2006 the Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated outside the EEA and is not required to produce, and has not published, Consolidated Financial Statements. Details of the Company's investments in subsidiaries are set out in note 11 and note 19.

#### **c) Going concern**

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

#### **d) Impact of new accounting standards**

At the date of authorisation of these Financial Statements, the following Standards and Interpretations which have not been applied in these Financial Statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- (i) IFRS 9 – "Financial Instruments" – Effective 1 January 2018
- (ii) IFRS 15 – "Revenue from Contracts with Customers" – Effective 1 January 2018 but not endorsed by EU
- (iii) IFRS 16 – Leases – Effective 1 January 2019

**Notes to the Financial Statements (continued)**

**1. Significant Accounting Policies (continued)**

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

The Company is assessing the new standards and interpretations and expects that they are not likely to have a significant impact on the Company's results.

The Company has elected to early adopt IFRS 9 – Financial Instruments on 1 November 2017. The impact of IFRS 9 will result in the transfer of £6,735,000 representing the accumulated mark to market and current tax on the Fund Units from Other Comprehensive Income to Retained Earnings. The "Available for Sale Securities" will be classified as Fair Value through Profit and Loss from the 1st November 2017. 9 will not cause a material change in the results of the Company based on its current activities. The Company assessed the impact of impairment of its financial instruments and no additional adjustment will be required based on 31 October 2017 balance.

**e) Critical accounting estimates and judgements**

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the Financial Statements, deviate from actual circumstances, the original estimates and assumptions, such as accruals, provisions, estimates of useful life and estimates in relation to research and development assets claimed as a research and development expenditure credit ("RDEC"), will be modified as appropriate in the period in which the circumstances change.

**f) Leasehold improvements**

Leasehold improvements are shown at cost, less accumulated depreciation and any recognised impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenditures are charged to the Income Statement during the financial period in which they are incurred.

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

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

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

**Notes to the Financial Statements (continued)**

**1. Significant Accounting Policies (continued)**

**g) Securities**

**(i) Classification**

Current securities are classified at inception based on accounting standards as available-for-sale ("AFS") using IAS 39 Financial Instruments: recognition and measurement.

Current securities treated as AFS relate to the purchase of unit funds in Investment Funds managed by the LLP. These assets include both fund units acquired on behalf of the LLP to hedge liabilities arising under employee deferral compensation plans linked to fund performance and investments in new funds to enable the funds to establish a track record for marketing purposes.

**(ii) Recognition and Measurement**

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

AFS securities are held at fair value. The fair values of AFS securities are determined by using the published net asset values of the funds at the Balance Sheet date. Unrealised gains and losses arising from changes in fair value are included as a separate component of equity. When the fund investment is redeemed, the cumulative gain or loss recorded in Other Comprehensive Income ("OCI") is included in other income/expense in the Income Statement.

Following the implementation of IFRS 9 from 1 November 2017 unrealised gains and losses will be recognised through the income statement.

**h) Investments in subsidiaries**

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

**i) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amounts and the present value of their estimated future cash flows, discounted at the effective interest rate. The initial amount of the provision and subsequent changes are recognised in the Income Statement in administrative expenses.

**j) Cash and cash equivalents**

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

**k) Trade and other payables**

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

**l) Provisions**

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



**Notes to the Financial Statements** (continued)

**1. Significant Accounting Policies** (continued)

**m) Fair value estimation**

The fair value of unlisted securities (investments in the funds) is based on the net asset valuations of the funds at the Balance Sheet date.

**n) Leases**

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

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

**o) Employee benefits**

(i) Deferred compensation scheme

Prior to April 2012, when the Company's investment management business was transferred to the 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. Following the transfer of the business to the LLP, the Company retained the liability for these awards.

(ii) For awards subsequent to April 2012, fund units are included in the Company Financial Statements within Available-for-Sale current securities (see note 10).

**p) Operating income**

The LLP profit allocation

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

**q) Foreign currency translation**

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

The following exchange rates were used to convert monetary items on the balance sheet which are not denominated in GBP.

<b>Currency</b>	<b>Currency rate</b>
GBP/USD	1.328
GBP/EUR	1.140

**Notes to the Financial Statements (continued)**

**1. Significant Accounting Policies (continued)**

**r) Taxation**

**(i) Income tax**

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in shareholders' equity or Comprehensive Income, in which case it is recognised in the Statement of Changes in Shareholders Equity or Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the period, using rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

**(ii) Deferred tax**

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

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

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

**s) Dividend distribution**

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

**t) Share capital and share premium**

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

**u) Government grants**

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

**v) Forward currency contracts**

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

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

**Notes to the Financial Statements (continued)**

**2. Administrative expenses**

	Notes	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
The following items have been included in administrative expenses:			
Staff costs	4	-	203
Depreciation	9	436	612
Write offs of fixed assets	9	125	-
Other operating lease rentals payable: Property		4,357	4,945

**Audit and non-audit fees**

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
Fees payable to the Company's auditors for the audit of the Financial Statements	37	36
Other Assurance Services	47	-

There were no non-audit services provided by the auditors to the Company in the current or prior year.

**3. Other income and expenses**

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
Other income includes the following items:		
Government grant	(12)	194
Other Income	307	-
	<b>295</b>	<b>194</b>
Other gains and losses include the following items:		
Realised gain / (losses) on available-for-sale securities	2,621	(112)
Foreign exchange (losses) / gains include the following items:		
Net foreign exchange (loss) / gain recognised	(1,119)	3,432
Realised losses on currency forwards	(55)	-
	<b>(1,174)</b>	<b>3,432</b>

Notes to the Financial Statements (continued)

4. Staff costs

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
Social security costs	-	225
Deferred bonus compensation	-	(22)
<b>Total staff costs</b>	<b>-</b>	<b>203</b>

5. Finance income

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
Finance income:		
Interest on cash deposits	36	210
<b>Finance income</b>	<b>36</b>	<b>210</b>

6. Taxation

Analysis of charge in the year:

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
Current tax:		
UK corporation tax on profits for the year	4,568	4,765
Adjustments to tax charge in respect of previous periods	55	(113)
<b>Total current tax</b>	<b>4,623</b>	<b>4,652</b>
Deferred tax:		
Origination and reversal of temporary differences	567	423
Adjustments in respect of previous years	(294)	219
Adjustment in respect of change in tax rate	(11)	(21)
Deferred tax transferred to group company	294	-
<b>Total deferred tax</b>	<b>556</b>	<b>621</b>
<b>Total tax expense</b>	<b>5,179</b>	<b>5,273</b>

The theoretical UK tax rate for the Company for the year ended 31 October 2017 is 19.42% (2016: 20.00%).

**Notes to the Financial Statements** (continued)

**6. Taxation** (continued)

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

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

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
Profit on ordinary activities before tax	25,572	30,346
Theoretical tax charge at UK rate of 19.42% (2016: 20%)	4,965	6,069
Effects of:		
Expenses not deductible for tax purposes	15	25
Income not subject to tax	10	(132)
Ineligible depreciation	69	68
Adjustment in respect of previous period	(239)	106
Effect of change in tax rates	(11)	(20)
Non-taxable dividend received from BlueBay Asset Management International Limited ("BBAMI")	(2,351)	(1,679)
Impact of LLP profit allocation bases	2,427	836
Deferred tax transferred to group company	294	-
<b>Total tax expense</b>	<b>5,179</b>	<b>5,273</b>

**7. Dividends**

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
Dividends paid	(25,000)	(45,000)
Dividends received	12,107	8,396

The Board is proposing to declare a dividend of £26,000,000 at the Board Meeting on 20 March 2018.

Notes to the Financial Statements (continued)

8. 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	As at 31 October 2017 £000s	As at 31 October 2016 £000s
Cash and cash equivalents	13	1,281	24,266
Other trade receivables	12	41,622	32,639
<b>Total</b>		<b>42,903</b>	<b>56,905</b>

(i) Counterparty credit rating

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

	A <sup>1</sup> or better %	Not rated %
As at 31 October 2017		
Cash and cash equivalents	100	-
Other trade receivables	-	100
As at 31 October 2016		
Cash and cash equivalents	100	-
Other trade receivables	-	100

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

(ii) Concentrations of credit risk

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

	As at 31 October 2017 £000s	As at 31 October 2016 £000s
AA- <sup>1</sup> rated bank	-	22,500
A-rated bank	1,281	1,766
A rated bank	-	-

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

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

**Notes to the Financial Statements** (continued)**8. Financial risk management** (continued)**(b) Market risk management****(i) Investment risk**

The Company has investments in funds managed by the LLP within current securities as described in note 10. Both securities designated as fair value through profit and loss and available-for-sale securities 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 securities treated as available-for-sale at 31 October 2017 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 +/- £626,000 (2016: +/- £624,000), with a corresponding impact on Other Comprehensive Income.

**(ii) Foreign exchange risk**

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

**As at 31 October 2017:****Financial assets**

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	13	1,240	14	16	11	1,281
Trade and other receivables greater than one year	12	8	-	-	-	8
Trade and other receivables less than one year	12	39,282	8	-	2,324	41,614
Available-for-sale securities greater than one year	10	24,850	11,254	2,471	-	38,575
Available-for-sale securities less than one year	10	14,846	8,413	511	-	23,770
<b>Total financial assets</b>		<b>80,226</b>	<b>19,689</b>	<b>2,998</b>	<b>2,335</b>	<b>105,248</b>

**Financial liabilities**

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Trade and other payables greater than one year	14	1,145	-	-	-	1,145
Trade and other payables less than one year	14	3,247	-	-	-	3,247
<b>Total financial liabilities</b>		<b>4,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,392</b>

**Notes to the Financial Statements** (continued)**8. Financial risk management** (continued)**(b) Market risk management** (continued)

## (ii) Foreign exchange risk (continued)

**As at 31 October 2016:****Financial assets**

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	13	24,203	33	17	13	24,266
Trade and other receivables greater than one year	12	8	-	-	-	8
Trade and other receivables less than one year	12	31,337	1,302	-	-	32,639
Available-for-sale securities greater than one year	10	26,567	14,152	1,552	-	42,271
Available-for-sale securities less than one year	10	18,609	629	6	-	19,244
<b>Total financial assets</b>		<b>100,724</b>	<b>16,116</b>	<b>1,575</b>	<b>13</b>	<b>118,428</b>

**Financial liabilities**

	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Trade and other payables greater than one year	14	1,620	-	-	-	1,620
Trade and other payables less than one year	14	5,036	-	-	-	5,036
<b>Total financial liabilities</b>		<b>6,656</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,656</b>

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

The Company estimates, by recalculating the Balance Sheet values of financial assets and liabilities denominated in foreign currencies, that at 31 October 2017, 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 £250,000/(£250,000) respectively, principally as a result of the increased/(decrease) in assets and liabilities denominated in foreign currencies (2016: pre-tax profit will have increased/(decreased) by £177,000/(£177,000) respectively).

## (iii) Interest rate risk

Interest rate risk is the risk arising from unexpected or untoward movements in interest rates. The Company's monetary assets which attract interest rate risk are cash balances which are held at a floating rate.

At 31 October 2017, if interest rates had been 100 basis points higher with all other variables held constant, post-tax profit for the year would have been £140,000 higher (2016: £325,000 higher), if interest rates had decreased to nil basis points the post-tax profit would have been £29,000 lower (2016: £168,000 lower).



## Notes to the Financial Statements (continued)

## 8. Financial risk management (continued)

## (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	As at 31 October 2017 £000s	As at 31 October 2016 £000s
Cash and cash equivalents	13	1,281	24,266
Available-for-sale securities	10	62,345	61,515
Trade receivables	12	41,622	32,647
<b>Total financial assets</b>		<b>105,248</b>	<b>118,428</b>
<b>Financial liabilities</b>			
Trade and other payables	14	4,392	6,656
<b>Total financial liabilities</b>		<b>4,392</b>	<b>6,656</b>

The Company's total current financial assets exceed its total current financial liabilities by 23.9:1 (2016: 17.8:1).

## (ii) Commitments

## a) Operating leases

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

	As at 31 October 2017 Leasehold property £000s	As at 31 October 2016 Leasehold property £000s
Commitments under non-cancellable operating leases:		
Within one year	4,308	4,734
Later than one year and less than five years	15,045	18,938
After five years	-	2,348
<b>Total</b>	<b>19,353</b>	<b>26,020</b>

## b) Capital commitments and contingent liabilities

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

## Notes to the Financial Statements (continued)

## 8. Financial risk management (continued)

## (d) Classes of financial instruments

## As at 31 October 2017

	Notes	Financial assets at amortised cost £000s	Securities Available-for- Sale £000s	Total £000s
<b>Financial assets</b>				
Cash and cash equivalents	13	1,281	-	1,281
Current securities	10	-	23,770	23,770
Long term securities	10	-	38,575	38,575
<b>Total financial assets</b>		<b>1,281</b>	<b>62,345</b>	<b>63,626</b>

	Notes		Financial liabilities at amortised cost £000s	Total £000s
<b>Financial liabilities</b>				
Trade and other payables due within one year	14		3,247	3,247

## As at 31 October 2016:

	Notes	Financial assets at amortised cost £000s	Securities Available for Sale £000s	Total £000s
<b>Financial assets</b>				
Cash and cash equivalents	13	24,266	-	24,266
Current securities	10	-	19,244	19,244
Long term securities	10	-	42,271	42,271
<b>Total financial assets</b>		<b>24,266</b>	<b>61,515</b>	<b>85,781</b>

			Financial liabilities at amortised cost £000s	Total £000s
<b>Financial liabilities</b>				
Trade and other payables due within one year	14		5,036	5,036

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.

**Notes to the Financial Statements** (continued)

**8. Financial risk management** (continued)

**(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, the 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 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.

**9. Leasehold Improvements**

	Leasehold Improvements
	£000s
<b>Cost</b>	
<b>At 1 November 2015</b>	<b>8,819</b>
Additions	32
Write off	(485)
<b>At 31 October 2016</b>	<b>8,366</b>
Additions	118
Write off	(6,368)
<b>At 31 October 2017</b>	<b>2,116</b>
<b>Accumulated Depreciation</b>	
<b>At 1 November 2015</b>	<b>6,834</b>
Depreciation charge	612
Write off	(298)
<b>At 31 October 2016</b>	<b>7,148</b>
Depreciation charge	436
Write off	(6,243)
<b>At 31 October 2017</b>	<b>1,341</b>
 Net book amount as at 31 October 2016	 <u>1,218</u>
<b>Net book amount as at 31 October 2017</b>	<b><u>775</u></b>

At 31 October 2017 and 31 October 2016, none of the above assets were held under finance leases.

## Notes to the Financial Statements (continued)

## 10. Available-for-sale securities

Available-for-sale:	£000s	£000s
At 1 November 2016 and 2015	61,515	42,753
Additions	18,633	18,737
Unrealised gains on available-for-sale securities	7,167	2,543
Foreign exchange (losses) / gains	(1,449)	3,413
Disposals	(23,521)	(5,931)
<b>At 31 October 2017 and 2016</b>	<b>62,345</b>	<b>61,515</b>
Total securities falling due within one year	23,770	19,244
Total securities falling due after more than one year	38,575	42,271
<b>At 31 October 2017 and 2016</b>	<b>62,345</b>	<b>61,515</b>

The classification and measurement of securities is discussed in significant accounting policies (g).

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

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

The measurement of securities can be analysed as follows:

As at 31 October 2017	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Available-for-sale	-	62,345	-	62,345
As at 31 October 2016	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Available-for-sale	-	61,515	-	61,515

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

Notes to the Financial Statements (continued)

11. Investments in Subsidiaries

	£000s	£000s
<b>Cost less impairment:</b>		
At 1 November 2016 and 2015	54,833	54,833
Capital contribution in subsidiary	12,000	-
<b>At 31 October 2017 and 2016</b>	<b>66,833</b>	<b>54,833</b>

On 4 March 2017 the Company purchased 100% of the 12,000,000 Ordinary £1.00 shares issued by BlueBay Asset Management Corporation Ltd.

12. Trade and other receivables

	As at 31 October 2017 £000s	As at 31 October 2016 £000s
Other receivables	21,536	2,112
Amounts owed by subsidiaries	18,662	29,157
VAT receivable	303	363
Prepayments	1,113	1,007
<b>Total amounts falling due within one year</b>	<b>41,614</b>	<b>32,639</b>
Other receivables	8	8
<b>Total amounts falling due after more than one year</b>	<b>8</b>	<b>8</b>

13. Cash and cash equivalents

	As at 31 October 2017 £000s	As at 31 October 2016 £000s
<b>Cash at bank</b>	<b>1,281</b>	<b>24,266</b>

## Notes to the Financial Statements (continued)

## 14. Trade and other payables

	As at 31 October 2017 £000s	As at 31 October 2016 £000s
Amounts owed to subsidiaries	2,737	3,819
Other tax and social security payable	-	225
Other payables	45	11
Accruals	465	981
<b>Total trade and other payables due within one year</b>	<b>3,247</b>	<b>5,036</b>
Accruals	1,145	1,620
<b>Total amounts due after more than one year</b>	<b>1,145</b>	<b>1,620</b>

## 15. Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2016: 19%).

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 tax assets

The movement on the deferred tax asset account is as follows:

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

## Notes to the Financial Statements (continued)

## 15. Deferred taxation (continued)

	Temporary differences £000s
At 1 November 2015	3,581
Income Statement charge	(423)
Prior year adjustment	(219)
Adjustments for changes in tax rates	21
<b>At 31 October 2016</b>	<b>2,960</b>

An analysis of the deferred tax asset is as follows:

	As at 31 October 2017 £000s	As at 31 October 2016 £000s
Accelerated depreciation for tax purposes	40	641
Deferred compensation scheme	2,534	2,496
Difference due to allocation of taxable profits BlueBay Asset Management LLP	(1,081)	248
Difference due to accounting and tax bases of RDEC	-	(425)
<b>Total deferred tax asset</b>	<b>1,493</b>	<b>2,960</b>

## 16. Called up share capital

	Number of shares	Ordinary shares £000s	Share premium £000s
At 1 November 2015	198,635,001	199	33,906
At 1 November 2016	198,635,001	199	33,906
At 31 October 2017	198,635,001	199	33,906

	As at 31 October 2017 Number	As at 31 October 2016 Number	As at 31 October 2017 £000s	As at 31 October 2016 £000s
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £0.001 each	198,635,001	198,635,001	199	199

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

## Notes to the Financial Statements (continued)

## 17. Cash generated from operations

	Year ended 31 October 2017 £000s	Year ended 31 October 2016 £000s
<b>Operating profit for the year</b>	<b>13,429</b>	<b>21,740</b>
Adjustments for:		
Foreign exchange losses / (gains) on available-for-sale securities	1,449	(3,413)
(Gains) on available for sale securities	(5,107)	(1,194)
Depreciation and write offs	561	799
	<b>(3,097)</b>	<b>(3,808)</b>
Changes in working capital:		
Decrease in receivables	10,196	46,641
(Decrease) / Increase in payables	(55)	5,966
	<b>10,141</b>	<b>52,607</b>
<b>Cash generated from operations</b>	<b>20,473</b>	<b>70,539</b>

## 18. Derivatives

The currency forward contract is held at fair value. The maturity of the contract at the year-end date is one month. All gains and losses throughout the year have been recognised in the Income Statement and are detailed in note 3.

	As at 31 October 2017 £000s	As at 31 October 2016 £000s
Fair value of open currency forward	-	-
Notional value of open currency forward	2,323	-



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

The following transactions were carried out with related parties:

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

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

Description of relationship	Description of service	Description of transactions
The Company is a member of theLLP, it has 51% voting rights.	Profit allocation due from theLLP.	Profit allocation from LLP classified as operating income.
RBC Europe Limited ("RBCEL") is an affiliate of the Company.	Cash is held on deposit with RBCEL.	Interest is received from RBCEL for the cash held on deposit during the year.
The Company is the parent of BBAMIL.	Provision of financial support.	Receipt of dividend from BBAMIL.
The company is a subsidiary of RBHI Inc.	Dividends	Payment of dividends to the parent entity.
The Company is the parent of BBAM Corp.	Purchase of share capital	Purchase of share capital (note 11).

Transactions between the Company and related parties are disclosed below.

**31 October 2017**

	Operating income £000s	Finance income £000s	Cash and cash equivalents £000s	Amounts owed by related parties £000s	Amounts owed to related parties £000s	Dividends received / (paid) £000s
Immediate parent	-	-	-	-	-	(25,000)
Subsidiaries of the Company	19,576	-	-	18,662	2,737	12,107
Affiliated entities	-	36	-	-	-	-

**31 October 2016**

	Operating income £000s	Finance 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	-	-	-	-	-	(45,000)
Subsidiaries of the Company	27,621	-	-	29,157	3,819	8,396
Affiliated entities	-	132	22,500	-	-	-

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

**Notes to the Financial Statements** (continued)

**20. Principal Company investments**

The names of the principal investments of the Company, together with the Company's controlling interest and voting rights are given below. The Company controls 51% of the voting rights in the LLP and is entitled to 100% of net assets. BBAMIL, the 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.

<b>Principal operating subsidiaries</b>	<b>Country of incorporation</b>	<b>Effective Company interest %</b>
BlueBay Asset Management LLP <sup>1</sup>	United Kingdom	51% voting rights / 100% net assets
BlueBay Funds Management Company S.A. <sup>1</sup>	Luxembourg	100
BlueBay Asset Management International Limited <sup>3</sup>	United Kingdom	100
BlueBay Hong Kong Limited <sup>3</sup>	Hong Kong	100
BlueBay Asset Management AG <sup>3</sup>	Switzerland	100
BlueBay General Partner II S.á.r.l. <sup>4</sup>	Luxembourg	100
BlueBay Asset Management Corporation Limited <sup>2</sup>	United Kingdom	100

<sup>1</sup>Asset manager, <sup>2</sup>Service company, <sup>3</sup>Sales office, <sup>4</sup>Company acting as a General Partner

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

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

United Kingdom	77 Grosvenor Street, London, W1K 3JR
Luxembourg	Royal Grace Building, 4 Boulevard Royal L-2449 Luxembourg
United States of America	Four Stamford Plaza, 107 Elm Street, Suite 512, Stamford, CT 06902, USA
Hong Kong	77 Grosvenor Street, London W1K 3JR (BBHK is in liquidation hence address of parent company being used)
Switzerland	Lintheschergasse 15, 8001 Zürich

**21. Parent Company and ultimate controlling party**

The Company's ultimate parent Company is the Royal Bank of Canada, incorporated in Canada, which is also the parent undertaking of the smallest and largest group, which includes the Company, for which Group's Financial Statements are prepared. Copies of the Group Financial Statements of Royal Bank of Canada are available at Riverbank House, 2 Swan Lane, London EC4R 3BF. The Group Financial Statements are filed at Companies House.