

Company No. 3647343

RBC ASSET MANAGEMENT UK LIMITED
REPORT AND FINANCIAL STATEMENTS

31 October 2008

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RBC ASSET MANAGEMENT UK LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 October 2008

The directors present their report and the audited financial statements for the year ended 31 October 2008.

The directors' report has been prepared in accordance with the special provisions relating to small companies under Section 246(4) of the Companies Act 1985.

Principal Activities

The company has continued to operate in its core business area of advisory investment management on European Equities. The company has one client namely RBC Asset Management Inc who are based in Toronto. The main risks the company faces in terms of profitability are major decreases in assets under management which could be brought about by either substantial falls in the stock market or large outflows of funds which could be triggered by adverse economic or market conditions.

Review of business and future developments

Marketing activities have continued by RBC Asset Management Inc and the company is hopeful of the prospects for new business in the future. At the end of the financial year the assets under management were GBP 1,043m which were down 25.3% on the previous year's amount of GBP 1,395m. It is expected that assets under management will grow by 10% to GBP 1,147m by October 31 2009.

Results and dividends

The profit after tax for the year ended 31 October 2008 was £1,068,720 (year to 31 October 2007: £986,810).

No dividend was paid in the year ended 31 October 2008 (2007: £Nil).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 proper accounting records that 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 1985. 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.

RBC ASSET MANAGEMENT UK LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 October 2008 (continued)

Directors

The following served as directors of the company throughout the year except as shown below:

D Chornous
F Lipa
J Burbidge
L Tiernan
D Wallington
D McFadzean

The company is an indirect wholly owned subsidiary of Royal Bank of Canada. None of the directors have any disclosable interests in the shares of the company or any other group company with the exception of the ultimate parent company. The latter is incorporated outside the United Kingdom, and thus the directors are exempt from disclosing their interests in its shares or debentures.

Company Secretary

O Adejumo acted as company secretary throughout the year.

Auditors

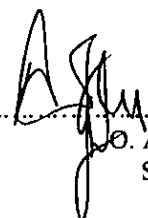
On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office.

Each of the persons who is a director at the date of approval of this report confirms that:

- as far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This information is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Approved by the Board of Directors and signed on behalf of the Board.

20 January 2009


O. Adejumo
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

OF

RBC ASSET MANAGEMENT UK LIMITED

We have audited the financial statements of RBC Asset Management UK Limited for the year ended 31 October 2008 which comprise the profit and loss account, the balance sheet, reconciliation of movement in shareholders' funds and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

OF

RBC ASSET MANAGEMENT UK LIMITED (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
Jersey

23 January 2009

RBC ASSET MANAGEMENT UK LIMITEDProfit and Loss AccountFor the year ended 31 October 2008

		2008	2007
		£000	£000
	Note		
Turnover	2	3,352	2,960
Administrative and selling expenses		(2,051)	(1,731)
Operating profit	3	1,301	1,229
Interest receivable		224	181
Profit on ordinary activities before tax		1,525	1,410
Tax on profit on ordinary activities	6	(456)	(423)
Profit on ordinary activities after taxation		1,069	987

All transactions are derived from continuing operations.

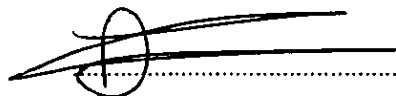
There are no recognised gains or losses in either the current year or previous year other than the results for the financial years ended 31 October 2008 and 31 October 2007, respectively, as stated above, and therefore no statement of total recognised gains and losses is required.

RBC ASSET MANAGEMENT UK LIMITEDBalance SheetAs at 31 October 2008

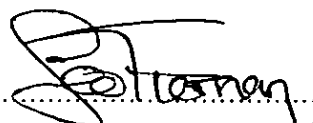
	Note	2008 £000	2007 £000
CURRENT ASSETS			
Amounts owed by fellow subsidiaries		608	3,715
Amounts owed by other group companies		781	875
Current asset investment		5,000	-
		<u>6,389</u>	<u>4,590</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	7	<u>(1,147)</u>	<u>(417)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,242</u>	<u>4,173</u>
CAPITAL AND RESERVES			
Called up share capital	8	300	300
Profit and loss account		<u>4,942</u>	<u>3,873</u>
SHAREHOLDERS' FUNDS		<u>5,242</u>	<u>4,173</u>

The financial statements were approved by the Board of Directors on 30/11/2008

Signed on behalf of the Board.



Director



Director

RBC ASSET MANAGEMENT UK LIMITEDReconciliation of Movement in Shareholders' FundsFor the year ended 31 October 2008

	2008	2007
	£000	£000
Profit after tax for the financial year	1,069	987
Net movement in shareholders' funds	1,069	987
Shareholders' funds at 1 November 2007	4,173	3,186
Shareholders' funds at 31 October 2008	5,242	4,173

RBC ASSET MANAGEMENT UK LIMITEDNotes to the AccountsFor the year ended 31 October 20081. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards and are prepared under the historical cost convention. The particular accounting policies adopted are described below:

(a) Recognition of income

Management fees are recognised as income on an accruals basis, fees are billed on a quarterly basis.

(b) Foreign currencies

Foreign currency transactions during the period are translated at the rates ruling on the relevant transaction dates. Monetary assets and liabilities are translated at exchange rates ruling at the year end. Resultant movements are dealt with through the profit and loss account.

(c) Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions within the group on the grounds that more than 90% of the voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.

(d) Cash flow statement

The company is ultimately owned by Royal Bank of Canada and is included in the consolidated financial statements of Royal Bank of Canada, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the exemption available in Financial Reporting Standard No. 1 (revised 1996).

(e) Deferred taxation

Deferred taxation is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date. These timing differences arise from the inclusion of items of income and expenditure in the company's tax computations in different periods from those in which they are included in the financial statements.

The amounts provided are calculated at the rates expected to apply when they crystallize based on current tax rates and law. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they are recoverable

(f) Current tax

Current tax, including UK corporation tax, is provided at amounts expected to be recovered (or paid) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Turnover

Turnover of the company represents portfolio management fees net of discounts, VAT and after other related taxes and is wholly related to business conducted in Europe.

RBC ASSET MANAGEMENT UK LIMITEDNotes to the AccountsFor the year ended 31 October 20083. Operating profit

This is stated after charging:

	2008	2007
	£000	£000
Auditors' remuneration	(3)	5

4. Staff costs

	2008	2007
	£000	£000
Wages and salaries	1,220	729
Social security costs	108	72
Pension and Other costs	93	67
	<u>1,421</u>	<u>868</u>

The average number of persons working full time for the company during the year was six (2007: five). All employees operated in investment management or related activities.

RBC ASSET MANAGEMENT UK LIMITEDNotes to the AccountsFor the year ended 31 October 20085. Remuneration of directors

	2008	2007
	£000	£000
Emoluments	434	273
Pension contributions	19	24
	<u>453</u>	<u>297</u>

Two directors are included within a defined benefit scheme (see note 10). The emoluments of the highest paid director, excluding pension contributions, were £374,403 (2007: £202,902). The highest paid director is a member of the defined benefit pension scheme and his accrued pension at 31 October 2008 was £9,774 (2007: £16,265). The other directors received emoluments from other group companies.

6. Tax on profit on ordinary activities

	2008	2007
	£000	£000
UK corporation tax at 28% (2007: 30%) based on profit for the year	(456)	(423)
	<u>(456)</u>	<u>(423)</u>

Tax reconciliation

	2008	2007
	£000	£000
Profit on ordinary activities before tax	1,525	1,410
Profit on ordinary activities before tax at the UK standard rate of 28% (2007: 30%)	<u>(456)</u>	<u>(423)</u>
	<u>(456)</u>	<u>(423)</u>

RBC ASSET MANAGEMENT UK LIMITEDNotes to the AccountsFor the year ended 31 October 20067. Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Corporation tax	456	417
Other creditors	691	-
	<u>1,147</u>	<u>417</u>

8. Called up share capital

	Allotted, issued and fully paid 2008 £000	Allotted, issued and fully paid 2007 £000	Authorised 2008 £000	Authorised 2007 £000
Ordinary shares of £1 each	<u>300</u>	<u>300</u>	<u>500</u>	<u>500</u>

9. Funds under management

The market value of funds invested on behalf of clients, excluding monies held in client bank accounts was as follows:

	2008	2007
	£000	£000
Advisory	<u>1,020,858</u>	<u>1,394,713</u>

RBC ASSET MANAGEMENT UK LIMITEDNotes to the AccountsFor the year ended 31 October 200810. Pension scheme

The company is a participating employer in the RBC (UK) Pension Plan ('the scheme'), a defined benefit pension scheme in which a number of other Royal Bank of Canada group companies also participate. The scheme is closed to new members and therefore, under the projected unit method, the current service cost as a percentage of pensionable salaries will increase as the members of the scheme approach retirement. The RBC (UK) Pension Plan is a funded defined benefit scheme with the assets held in separate trustee administered funds.

It is not possible for the company to identify its share of the underlying assets and liabilities of the scheme and accordingly, under Financial Reporting Standard 17 (FRS 17), contributions to the scheme are accounted for as if they were contributions to a defined contribution scheme.

The total pension cost to the company in relation to the RBC (UK) Pension Plan was £56,180 (2007: £60,904). This cost was assessed in accordance with the advice of a qualified independent actuary using the projected unit method. The most recent formal actuarial valuation was as at 1 April 2006. At that date the market value of the whole UK scheme's assets was £153,100,000 representing 94% of the benefits that had accrued to members. The assumptions most material to the results of that valuation were as follows:

Discount rate 5.0%
Rate of increase in salaries 3.5%
Inflation rate 2.75%

During 2001 the RBC (UK) Pension Plan was closed to new members, and the company commenced operating a defined contribution scheme. Consequently, the age profile of the actual membership of the scheme is rising. The total contributions in relation to the defined contribution scheme were £19,857 (2007: £4,797). There were no outstanding amounts as at 31 October 2008 (2007: £Nil).

11. Ultimate controlling party

The company's ultimate parent company and controlling party is Royal Bank of Canada, incorporated in Canada, which is also the parent undertaking of the largest group which include the company and for which group accounts are prepared. The parent company of the smallest such group which includes the Company is Royal Bank of Canada Holdings (UK) Limited, a company registered in England and Wales. Copies of the group financial statements of Royal Bank of Canada and Royal Bank of Canada Holdings (UK) Limited are available at 71 Queen Victoria Street, London EC4V 4DE.