



RBC BlueBay  
Asset Management

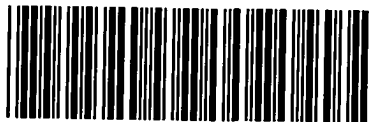
# BlueBay Asset Management International Limited

Annual Report and Financial Statements

For the year ended 31 October 2022

Registered number: 05310624

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## **BlueBay Asset Management International Limited Annual Report 2022**

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## **BlueBay Asset Management International Limited Annual Report 2022**

### **Strategic Report**

The Directors present their strategic report for the year ended 31 October 2022.

#### **Business Review**

The principal activity of BlueBay Asset Management International Limited ("the Company") is the promotion and carrying out of investment management and investment advisory business.

The Company is also the parent of BlueBay Funds Management Company S.A and BlueBay Asset Management AG which are domiciled outside of the United Kingdom (see note 21).

The principal activity is carried out through the Company's branch (note 20), a registered branch in Japan. The financial results for the year ended 31 October 2022 are set out on pages 11 to 33. The profit for the year after taxation was JPY 1,546,049,000 (2021 profit: JPY 1,091,846,000). Dividends received during the year ended 31 October 2022 amounted to JPY 1,488,670,000 (2021: JPY 1,050,404,000) while dividends paid during the year amounted to JPY 1,522,170,000 (2021: JPY 1,100,404,000). The Company's financial position is set out in the Statement of Financial Position on page 12.

#### **Principal Risks and Uncertainties**

The Company's main customer during the year was BlueBay Asset Management LLP ("the LLP"), an affiliated Group entity. The Company's principal risk therefore relates to the LLP's ability to continue in operation. The Directors believe there is no reason to expect the business will not continue to operate as a going concern.

Heightened macroeconomic and geopolitical volatility from late 2021 and into 2022 brought a series of challenges to the market environment. Throughout 2022 in particular, the pressures placed on the global economy from supply chain disruptions, high levels of inflation, and rising interest rates worsened while geopolitical uncertainty increased following the Russian invasion of Ukraine.

While the Company has seen an increase to its market risk due to the heightened macroeconomic volatility, as a whole the Company was not materially impacted throughout these developments as it benefitted from having a diverse product offering, as well as maintaining a strong risk appetite, which is closely monitored by management through frequent reporting to senior stakeholders and committees. The Company continues to monitor both the situation in the UK as well as the wider global environment closely through its risk management framework. No direct impacts were seen for the Company following the Russian invasion of Ukraine.

## **BlueBay Asset Management International Limited Annual Report 2022**

### **Strategic Report (continued)**

#### **Key Performance Indicator**

The Company's performance is measured in terms of revenue. Revenue is derived from sales and marketing support to the LLP, direct promotion of BlueBay funds with local investors and the carrying out of investment management and investment advisory business. In 2022 revenue was JPY 1,354,112,000 (2021: JPY 1,227,379,000).

As the majority of the Company's revenue is on an expenses plus mark-up basis and the direct revenue earned by the business operates on a break even basis, the Directors do not consider any 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 that the Company will continue to operate in a similar capacity in the future.

Approved by the Board and signed on its behalf by:



**James Brace**

Director

77 Grosvenor Street  
London W1K 3JR

**19 January 2023**

## **BlueBay Asset Management International Limited Annual Report 2022**

### **Directors' Report**

The Directors submit their report together with the audited Financial Statements for the year ended 31 October 2022 as required by the Companies Act 2006.

#### **Called up share capital**

As at 31 October 2022 and 31 October 2021, the called-up capital of the Company consisted of 100 shares of GBP1 each, 600,000 shares of JPY100 each, 10 shares of EUR1 each and 8,600,001 shares of HKD1 each.

The Company is a wholly-owned subsidiary of BlueBay Asset Management (Services) Ltd.

#### **Branches**

The principal activity of the Company (page 3) is carried out through the Company's branch, a registered branch in Japan.

#### **Directors**

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

James Brace

Luc Leclercq - resigned 31 December 2021

Chris Wiksyk - appointed 20 January 2022

Monique Brown - appointed 20 January 2022, resigned 31 March 2022

Siu-Wai Ng - resigned 21 January 2022

Karenjit Atwal-Rimmer - appointed 25 July 2022

None of the Directors held any share capital of the Company at 31 October 2022 (2021: none).

The Directors have an omnibus indemnity provision from Royal Bank of Canada ("RBC") in respect of liabilities which may attach to them in their capacity as Directors of the Company.

#### **Financial instruments**

Details of the financial risk management objectives and 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.

## **Directors' Report (continued)**

### **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.

### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Going Concern**

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

The Company has made a strategic decision to integrate some of the operating aspects with the asset management business of RBC. The aim is to achieve closer operational alignment to provide the ability to leverage our collective strengths, resources and talents. Day-to-day operations will not change and the Board expects no material impact from these changes on the underlying business, and fully expects the entity to remain as a going concern.

Approved by the Board and signed on its behalf by:



**James Brace**  
Director

77 Grosvenor Street  
London W1K 3JR

**19 January 2023**

## **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with UK-adopted international accounting standards.

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

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

## **Directors' confirmations**

In the case of each Director in office at the date the Directors' Report is approved:

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

# Independent auditors' report to the members of BlueBay Asset Management International Limited

## Report on the audit of the Financial Statements

### Opinion

In our opinion, BlueBay Asset Management International Limited's Financial Statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2022; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholder's Equity, the Statement of Cash Flows for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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

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

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



## **BlueBay Asset Management International Limited Annual Report 2022**

### **Reporting on other information**

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 October 2022 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

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

### **Responsibilities for the Financial Statements and the audit**

#### **Responsibilities of the directors for the Financial Statements**

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

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

#### **Auditors' responsibilities for the audit of the Financial Statements**

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might

## BlueBay Asset Management International Limited Annual Report 2022

have a material effect on the Financial Statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to management bias in the net asset valuation as an input to revenue calculations, and the posting of inappropriate journal entries to investment management fees or administrative expenses. Audit procedures performed by the engagement team included:

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

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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.


## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Financial Statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



**Natasha McMillan (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

**19 January 2023**

## BlueBay Asset Management International Limited Annual Report 2022

### Income Statement

For the year ended 31 October 2022

|  | Note | 2022<br>JPY000s  | 2021<br>JPY000s  |
|--|------|------------------|------------------|
| Revenue  | 2    | 1,354,112        | 1,227,379        |
| Cost of sales - commissions                                |      | (9,284)          | (8,862)          |
| Dividend income  | 6    | 1,488,670        | 1,050,404        |
| <b>Total Income</b>  |      | <b>2,833,498</b> | <b>2,268,921</b> |
| Foreign exchange loss                                      |      | (921)            | (12,773)         |
| Administrative expenses                                    | 3    | (1,246,688)      | (1,114,998)      |
| <b>Operating profit</b>                                    |      | <b>1,585,889</b> | <b>1,141,150</b> |
| Finance income   | 5    | 1                | 22               |
| Finance charge   | 5    | -                | (5)              |
| <b>Net Finance income</b>                                  | 5    | <b>1</b>         | <b>17</b>        |
| <b>Profit on ordinary activities before taxation</b>       |      | <b>1,585,890</b> | <b>1,141,167</b> |
| Taxation   | 7    | (39,841)         | (49,321)         |
| <b>Profit attributable to ordinary equity shareholders</b> |      | <b>1,546,049</b> | <b>1,091,846</b> |

### Statement of Comprehensive Income

For the year ended 31 October 2022

|  | 2022<br>JPY000s  | 2021<br>JPY000s  |
|--|------------------|------------------|
| Profit for the year                            | 1,546,049        | 1,091,846        |
| <b>Total comprehensive income for the year</b> | <b>1,546,049</b> | <b>1,091,846</b> |

The notes to the Financial Statements on pages 15 to 33 are an integral part of these Financial Statements.

All operations relate to continuing operations.

## Statement of Financial Position

As at 31 October 2022

|                                      | Note | 2022<br>JPY000s  | Restated <sup>1</sup><br>2021<br>JPY000s |
|--------------------------------------|------|------------------|--|
| <b>Assets</b>                        |      |                  |  |
| <b>Non-current assets</b>            |      |                  |  |
| Property, plant and equipment        | 9    | 179,935          | 287,615                                  |
| Intangible assets                    | 10   | -                | -  |
| Investments in subsidiaries          | 11   | 727,976          | 727,976                                  |
| Trade and other receivables          | 12   | 80,909           | 81,957                                   |
| Deferred tax asset                   | 15   | 224,153          | 192,694                                  |
| <b>Total non-current assets</b>      |      | <b>1,212,973</b> | <b>1,290,242</b>                         |
| <b>Current assets</b>                |      |                  |  |
| Trade and other receivables          | 12   | 327,488          | 206,597                                  |
| Cash and cash equivalents            | 13   | 370,193          | 375,232                                  |
| <b>Total current assets</b>          |      | <b>697,681</b>   | <b>581,829</b>                           |
| <b>Total assets</b>                  |      | <b>1,910,654</b> | <b>1,872,071</b>                         |
| <b>Liabilities</b>                   |      |                  |  |
| <b>Non-current liabilities</b>       |      |                  |  |
| Trade and other payables             | 14   | 121,796          | 106,790                                  |
| Lease liabilities                    | 16   | 60,386           | 140,901                                  |
| <b>Total non-current liabilities</b> |      | <b>182,182</b>   | <b>247,691</b>                           |
| <b>Current liabilities</b>           |      |                  |  |
| Trade and other payables             | 14   | 604,678          | 508,677                                  |
| Lease liabilities                    | 16   | 80,515           | 80,515                                   |
| Current tax liabilities              | 7    | 34,159           | 49,947                                   |
| <b>Total current liabilities</b>     |      | <b>719,352</b>   | <b>639,139</b>                           |
| <b>Total liabilities</b>             |      | <b>901,534</b>   | <b>886,830</b>                           |
| <b>Equity</b>                        |      |                  |  |
| Called up share capital              | 17   | 145,922          | 145,922                                  |
| Share premium                        |      | 702,552          | 702,552                                  |
| Retained earnings                    |      | 160,646          | 136,767                                  |
| <b>Total equity</b>                  |      | <b>1,009,120</b> | <b>985,241</b>                           |
| <b>Total equity and liabilities</b>  |      | <b>1,910,654</b> | <b>1,872,071</b>                         |

<sup>1</sup>Details of the restatements are set out in Note 1(a).

The notes to the Financial Statements on pages 15 to 33 are an integral part of these Financial Statements. The Financial Statements on pages 11 to 33 were approved by the Board of Directors and authorised for issue on 19 January 2023 and signed on its behalf by:



**James Brace**  
Director

## BlueBay Asset Management International Limited Annual Report 2022

### Statement of Changes in Equity

For the year ended 31 October 2022

|   | Note | Called up<br>share<br>capital<br>JPY000s | Retained<br>earnings<br>JPY000s | Share<br>Premium<br>JPY000s | Total<br>equity<br>JPY000s |
|---|------|--|---------------------------------|-----------------------------|----------------------------|
| At 1 November 2020                                    |      | 145,922                                  | 145,325                         | 702,552                     | 993,799                    |
| Profit for the year and total<br>comprehensive income |      | -  | 1,091,846                       | -                           | 1,091,846                  |
| Dividends paid  | 18   | -  | (1,100,404)                     | -                           | (1,100,404)                |
| <b>At 31 October 2021</b>                             |      | <b>145,922</b>                           | <b>136,767</b>                  | <b>702,552</b>              | <b>985,241</b>             |
| <b>At 1 November 2021</b>                             |      | 145,922                                  | 136,767                         | 702,552                     | 985,241                    |
| Profit for the year and total<br>comprehensive income |      | -  | 1,546,049                       | -                           | 1,546,049                  |
| Dividends paid  | 18   | -  | (1,522,170)                     | -                           | (1,522,170)                |
| <b>At 31 October 2022</b>                             |      | <b>145,922</b>                           | <b>160,646</b>                  | <b>702,552</b>              | <b>1,009,120</b>           |

The notes to the Financial Statements on pages 15 to 33 are an integral part of these Financial Statements.

## Statement of Cash Flows

For the year ended 31 October 2022

|   | Note | 2022<br>JPY000s    | 2021<br>JPY000s    |
|---|------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                 |      |                    |                    |
| Cash generated from operations                              | 19   | 1,684,733          | 1,293,364          |
| Income tax paid   |      | (87,088)           | (47,236)           |
| <b>Net cash generated from operating activities</b>         |      | <b>1,597,645</b>   | <b>1,246,128</b>   |
| <b>Cash flows from financing activities</b>                 |      |                    |                    |
| Dividends paid to owners of the Company                     | 18   | (1,522,170)        | (1,100,404)        |
| Payment of lease liabilities                                | 16   | (80,515)           | (80,515)           |
| Finance charge paid   | 5    | -                  | (5)                |
| Finance income received                                     | 5    | 1                  | 22                 |
| <b>Net cash used in financing activities</b>                |      | <b>(1,602,684)</b> | <b>(1,180,902)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |      | <b>(5,039)</b>     | <b>65,226</b>      |
| Cash and cash equivalents at the beginning of the year      |      | 375,232            | 310,006            |
| <b>Cash and cash equivalents at the end of the year</b>     | 13   | <b>370,193</b>     | <b>375,232</b>     |

The notes to the Financial Statements on pages 15 to 33 are an integral part of these Financial Statements.

## **Notes to the Financial Statements**

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

BlueBay Asset Management International Limited ("the Company") is a Company incorporated in the United Kingdom under the Companies Act 2006 and is a wholly-owned subsidiary of BlueBay Asset Management (Services) Ltd ("BBAMS"), a company incorporated in the United Kingdom. BBAMS is a wholly owned subsidiary of Royal Bank of Canada ("RBC"), a company incorporated in Canada (together "the Group").

The significant accounting policies are summarised below. These policies have been consistently applied to all the years presented.

#### **a) Basis of preparation and consolidation**

The Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Financial Statements have been prepared under the historical cost convention and represent the results of the Company as a single entity. These separate Financial Statements contain information about the Company as an individual Company and do not contain consolidated financial information. In accordance with the provisions of Section 401 of the Companies Act 2006 the Company is exempt from preparing and delivering consolidated Financial Statements because the ultimate parent company, RBC, prepares consolidated Financial Statements which are publicly available.

The Company has restated its previously reported liabilities as at 31 October 2021, to correctly present amounts due to be settled within 12 months after the reporting date as current liabilities, as opposed to including within non-current liabilities. The impact is set out below:

- Reclassification of JPY 106,832,000 (2020: JPY 36,567,000) from non-current trade and other payables to current trade and other payables (note 14); and
- Reclassification of JPY 80,515,000 (2020: JPY 80,515,000) from non-current lease liabilities to current Lease liabilities (note 16).

#### **b) 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.

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

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

**c) Impact of new accounting standards**

At the date of authorisation of these Financial Statements, there were no standards and interpretations relevant to the Company's operation that were issued by the IASB that are mandatory for the Company's annual accounting periods beginning 1 November 2021.

**d) Critical accounting estimates and judgements**

The preparation of the Financial Statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities.

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 will be modified as appropriate in the year in which the circumstances change. The areas where a higher degree of judgment or complexity arise, or areas where assumptions and estimates are significant to the Financial Statements, relate to the staff costs which include an estimate of the liability for staff bonuses payable (note 1 r) in the future.

**e) Leases**

On the Statement of Financial Position, a right of use (ROU) asset has been recognised within right of use asset and the corresponding lease liability recorded for the discounted amount of expected future rental payments. The Income Statement discloses as the lease imputed interest expense and ROU asset amortisation as the lease expense.

The ROU asset is depreciated on a straight line basis over the expected life of the lease. The lease liability will be reduced as lease payments are made and increased as interest expense is recognised, calculated by using the effective cost method as a component of finance costs. This will result in a higher proportion of the lease expense being recognised earlier during the life of the lease.

The Company elected to utilise all of the transition practical expedients, electing to not apply the requirements of IFRS 16 to short-term leases of 12 months or less and to leases to which the underlying asset is of low value.



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

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

**f) Property, plant and equipment**

All property, plant and equipment is shown at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the 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 year 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 its estimated useful life as follows:

|  |         |
|--|---------|
| • Leasehold improvements                             | 5 years |
| • Furniture, fixtures and fittings                   | 5 years |
| • Information and communication technology equipment | 3 years |

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

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

**g) Intangible assets**

Computer software licences acquired are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives.

The following useful lives have been determined for the intangible assets acquired during the year:

|                            |         |
|----------------------------|---------|
| Computer software licences | 3 years |
|----------------------------|---------|

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

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

**h) Investments in subsidiaries**

Investments in subsidiaries are classified as non-current assets and are held at cost, less provision for impairment. Gains / losses from disposal of subsidiaries are recognised in the Income Statement.

**i) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently at amortised cost. The impairment in loans and receivables is calculated using the expected credit loss model. Expected credit losses on trade receivables are calculated on the simplified approach based on historic default rates and adjusted for forward looking estimates. The initial amount of the provision and subsequent changes are recognised in the Income Statement in administrative expenses.

**j) Cash and cash equivalents**

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

**k) Trade and other payables**

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

**l) Taxation**

UK and Japanese corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

**(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 shareholder's equity or Comprehensive Income, in which case it is recognised in the Statement of Changes in Shareholders Equity or Comprehensive Income.

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

**m) Deferred tax**

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

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

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

**m) Deferred tax (continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 Statement of Financial Position date.

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

**n) Revenue recognition**

**(i) Revenue**

Revenue represents amounts receivable for services provided in the normal course of business net of value added tax and other sales related taxes. Services are charged in the form of sales and marketing support, client relationship, and direct investment management services, which are included in the Financial Statements on an accrual basis.

**o) Foreign currency translation**

**(i) Functional and presentation currency**

The Financial Statements are presented in Japanese Yen ("JPY"), which is the Company's functional and presentation 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 or, where it is more practical, the Company may use an average rate for the month for all transactions in each foreign currency occurring during that month (as long as the relevant exchange rates do not fluctuate significantly). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in other income / expense in the Income Statement.

The following exchange rates were used to convert monetary items on the Statement of Financial Position which are not denominated in JPY.

| <b>Currency</b> | <b>2022</b> | <b>2021</b> |
|-----------------|-------------|-------------|
| GBP/JPY         | 170.48      | 155.95      |
| EUR/JPY         | 146.89      | 131.72      |

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

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

**p) Dividend distribution**

Dividend distributions to the Company's shareholder are recognised as a distribution of profit in the Company Financial Statements in the year in which the dividend is approved by the Company's shareholder.

**q) Dividend income**

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

**r) Deferred compensation plans**

The Company has a Remuneration Policy whereby a portion of the bonus for the year for eligible employees is deferred and may be subject to forfeiture. Payment to participating employees will depend on whether they remain in the employment of the Company and on their performance over the deferral period.

Deferral amounts are either invested into fund units or a defined Reference Index. The employee decides on the combination of fund units/defined reference index for their bonus deferral based on certain criteria determined by the Compensation Committee. The fund units are purchased and held on the Statement of Financial Position of BlueBay Asset Management Corporation Ltd ("BBAM Corp"), until the point the awards are fully vested.

The Company provides for the present value of the deferred bonus liability on a straight line basis over the 34 months vesting period in the Income Statement within administrative expenses. As the obligation is linked to the performance of funds units or Reference Index, the deferred bonus liability is fair valued at the end of each period in the Company's Statement of Financial Position based on the net asset valuation of the investments in the funds held at each Statement of Financial Position date.

As at 31 October 2022, the accrued liability recorded on the Statement of Financial Position of the Company comprises 31 months vesting of 2019 award, 19 months vesting of 2020 award and 7 months vesting of 2021 award.

**s) Commission payments**

The Company operates a number of distribution agreements. Commission payments made to intermediaries for ongoing services under these distribution agreements are charged to the Income Statement as a cost of sale in the period in which the service is provided. There are no arrangements where commission payments are not for ongoing services.

## Notes to the Financial Statements (continued)

### 2. Revenue

Revenue and profit before tax are attributable to the Company's principal activity and sole class of business being the promotion and carrying out of investment management and investment advisory business.

The Company's revenue is predominantly generated from related Group companies. Revenue is also generated from direct investment management services with third parties.

The geographical breakdown of revenue is as follows:

|              | 2022<br>JPY000s  | 2021<br>JPY000s  |
|--------------|------------------|------------------|
| Japan        | 1,354,112        | 1,227,379        |
| <b>Total</b> | <b>1,354,112</b> | <b>1,227,379</b> |

The breakdown of revenue by revenue type is as follows:

|                               | 2022<br>JPY000s  | 2021<br>JPY000s  |
|-------------------------------|------------------|------------------|
| Third party management fees   | 284,695          | 230,372          |
| Fees from affiliated entities | 1,069,417        | 997,007          |
| <b>Total</b>                  | <b>1,354,112</b> | <b>1,227,379</b> |

### 3. Administrative expenses

|                             | Note | 2022<br>JPY000s | 2021<br>JPY000s |
|-----------------------------|------|-----------------|-----------------|
| Staff costs                 | 4    | 930,474         | 840,081         |
| Depreciation                | 9    | 107,680         | 109,938         |
| Amortisation of intangibles | 10   | -               | 64              |
| Audit fee                   |      | 7,517           | 7,024           |
| Tax consulting fee          |      | 2,868           | 2,923           |

### 4. Staff costs

Particulars of employees are shown below:

|                          | 2022<br>JPY000s | 2021<br>JPY000s |
|--------------------------|-----------------|-----------------|
| Wages and salaries       | 849,195         | 770,502         |
| Social security costs    | 34,963          | 31,380          |
| Other Pension costs      | 46,316          | 38,199          |
| <b>Total staff costs</b> | <b>930,474</b>  | <b>840,081</b>  |

## Notes to the Financial Statements (continued)

## 4. Staff costs (continued)

The average number of staff employed in the year was 24 (2021:19). No Directors were members of Company pension schemes (2021: nil).

## Directors emoluments

Directors of the Company receive £nil (2021: £nil) emoluments in respect of services for the Company. Their emoluments are deemed to be wholly attributable to other entities within the RBC Group. The Directors therefore receive no incremental emoluments for their services to the Company.

## 5. Net Finance income

|                           | 2022<br>JPY000s | 2021<br>JPY000s |
|---------------------------|-----------------|-----------------|
| <b>Finance income:</b>    |                 |                 |
| Bank interest income      | 1               | 22              |
| <b>Finance charge:</b>    |                 |                 |
| Bank interest payable     | -               | (5)             |
| <b>Net finance income</b> | <b>1</b>        | <b>17</b>       |

## 6. Dividend income

|                        | 2022<br>JPY000s  | 2021<br>JPY000s  |
|------------------------|------------------|------------------|
| <b>Dividend income</b> | <b>1,488,670</b> | <b>1,050,404</b> |

Dividends received from the Company's subsidiaries; BlueBay Asset Management AG ("BBAM AG") and BlueBay Funds Management Company S.A. ("the ManCo"), in relation to the year ended 31 October 2022 have been fully distributed to the immediate parent undertaking BBAMS.

## 7. Taxation

Analysis of charge in the year:

|   | 2022<br>JPY000s | 2021<br>JPY000s |
|---|-----------------|-----------------|
| Foreign corporation tax on profits for the year | 71,300          | 74,366          |
| UK corporation tax on profits for the year      | 11,256          | 63,035          |
| Double tax relief                               | (11,256)        | (63,035)        |
| <b>Total current tax charge</b>                 | <b>71,300</b>   | <b>74,366</b>   |
| Deferred Tax:                                   |                 |                 |
| Origination and reversal of timing differences  | (31,459)        | (25,045)        |
| <b>Total deferred tax credit</b>                | <b>(31,459)</b> | <b>(25,045)</b> |
| <b>Total tax expense</b>                        | <b>39,841</b>   | <b>49,321</b>   |

The UK corporation tax rate has been 19% for the duration of the financial year (2021:19%).

## Notes to the Financial Statements (continued)

### 7. Taxation (continued)

The deferred tax balances at 31 October 2022 and 31 October 2021 have been calculated based on the rate substantively enacted at the statement of financial position date of 19%.

The tax on the Company's profit before tax is lower (2021:lower) than amounts that would arise using the UK tax rate applicable to profits of the Company, as follows:

|   | 2022<br>JPY000s | 2021<br>JPY000s |
|---|-----------------|-----------------|
| Profit on ordinary activities before tax                    | 1,585,890       | 1,141,167       |
| Tax charge at effective UK rate of 19%                      | 301,319         | 216,822         |
| Effects of:   |                 |                 |
| Expenditure not deductible for tax purposes                 | (105,757)       | (91,093)        |
| Adjustment for differing local / foreign deferred tax rates | 123,701         | 117,653         |
| Non taxable dividend received from subsidiaries             | (279,422)       | (194,061)       |
| <b>Total tax expense</b>                                    | <b>39,841</b>   | <b>49,321</b>   |

### 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 its contractual obligations. The Company is primarily exposed to credit risk in respect of amounts held on cash deposit with banks and amounts from group companies / subsidiaries.

Financial assets subject to credit risk are:

|   | Note | 2022<br>JPY000s | 2021<br>JPY000s |
|---|------|-----------------|-----------------|
| <b>Amounts falling due within one year</b>          |      |                 |                 |
| Cash and cash equivalents                           | 13   | 370,193         | 375,232         |
| Trade and other receivables                         | 12   | 304,430         | 180,769         |
| <b>Total</b>  |      | <b>674,623</b>  | <b>556,001</b>  |
| <b>Amounts falling due after more than one year</b> |      |                 |                 |
| Trade and other receivables                         | 12   | 77,013          | 76,397          |
| <b>Total</b>  |      | <b>77,013</b>   | <b>76,397</b>   |

Notes to the Financial Statements (continued)

8. Financial risk management (continued)

(a) Credit risk management (continued)

Cash and cash equivalents comprise short term bank deposits and cash in hand.

Concentrations of credit risk:

The Company's largest counterparty exposure to credit risk at the end of each year is as follows.

The amount of these exposures can change significantly each month:

|  | 2022<br>JPY000s | 2021<br>JPY000s |
|--|-----------------|-----------------|
| A-1 rated bank                         | 370,158         | 375,215         |
| Petty cash <sup>2</sup>                | 35              | 17              |
| <b>Total cash and cash equivalents</b> | <b>370,193</b>  | <b>375,232</b>  |

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

<sup>2</sup> Petty cash balances are not subject to credit risk

(b) Interest and foreign exchange risk

Interest rate risk is the risk arising from unexpected or untoward movements in interest rates. As the Company does not have any external debt financing and as the interest rate risk on its cash balance is not significant, it is not significantly exposed to interest rate risk.

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

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

As at 31 October 2022:

Financial assets

|                               | Note | Yen<br>JPY000s | Sterling<br>JPY000s | Euro<br>JPY000s | Other<br>JPY000s | Total<br>JPY000s |
|-------------------------------|------|----------------|---------------------|-----------------|------------------|------------------|
| Cash and cash equivalents     | 13   | 366,976        | 3,096               | 58              | 63               | 370,193          |
| Trade and other receivables   | 12   | 344,597        | -                   | 36,846          | -                | 381,443          |
| <b>Total financial assets</b> |      | <b>711,573</b> | <b>3,096</b>        | <b>36,904</b>   | <b>63</b>        | <b>751,636</b>   |



## Notes to the Financial Statements (continued)

## 8. Financial risk management (continued)

## (b) Interest and foreign exchange risk (continued)

## Financial liabilities

|                                       | Note | Yen<br>JPY000s | Sterling<br>JPY000s | Total<br>JPY000s |
|---------------------------------------|------|----------------|---------------------|------------------|
| Trade and other payables <sup>1</sup> | 14   | 689,188        | 37,289              | 726,477          |
| Lease liabilities                     | 16   | 140,901        | -                   | 140,901          |
| <b>Total financial liabilities</b>    |      | <b>830,089</b> | <b>37,289</b>       | <b>867,378</b>   |

<sup>1</sup> Includes accruals which are not subject to foreign exchange risk

## As at 31 October 2021:

## Financial assets

|                               | Note | Yen<br>JPY000s | Sterling<br>JPY000s | Euro<br>JPY000s | Other<br>JPY000s | Total<br>JPY000s |
|-------------------------------|------|----------------|---------------------|-----------------|------------------|------------------|
| Cash and cash equivalents     | 13   | 370,988        | 4,136               | 54              | 54               | 375,232          |
| Trade and other receivables   | 12   | 248,129        | -                   | 9,037           | -                | 257,166          |
| <b>Total financial assets</b> |      | <b>619,117</b> | <b>4,136</b>        | <b>9,091</b>    | <b>54</b>        | <b>632,398</b>   |

## Financial liabilities

|                                       | Note | Yen<br>JPY000s | Sterling<br>JPY000s | Total<br>JPY000s |
|---------------------------------------|------|----------------|---------------------|------------------|
| Trade and other payables <sup>1</sup> | 14   | 569,931        | 45,536              | 615,467          |
| Lease liabilities                     | 16   | 221,416        | -                   | 221,416          |
| <b>Total financial liabilities</b>    |      | <b>791,347</b> | <b>45,536</b>       | <b>836,883</b>   |

<sup>1</sup> Includes accruals which are not subject to foreign exchange risk

The Company estimates, by recalculating the values of financial assets and liabilities on the Statement of Financial Position denominated in foreign currencies, that at 31 October 2022, if the foreign currency rates applicable to the Company's financial assets and liabilities (strengthened)/weakened by 100 basis point against Japanese Yen, with all other variables held constant, pre-tax profit for the year would have (decreased)/ increased by (JPY 28,000)/JPY 28,000 respectively, as a result of the (decrease)/increase in assets and liabilities denominated in foreign currencies (2021:(JPY (323,000)/JPY 323,000).

## (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.

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

(c) Liquidity risk management (continued)

(i) Financial assets and liabilities

The table below analyses the Company's financial assets and liabilities. The amounts disclosed are the contractual undiscounted cash. Balances due are equal to their carry amounts as the impact of discounting is not significant.

| <b>Financial assets</b>                  | <b>Note</b> | <b>2022<br/>JPY000s</b> | <b>2021<br/>JPY000s</b> |
|--|-------------|-------------------------|-------------------------|
| Cash and cash equivalents                | 13          | 370,193                 | 375,232                 |
| Trade and other receivables <sup>1</sup> | 12          | 304,430                 | 180,769                 |
| <b>Total financial assets</b>            |             | <b>674,623</b>          | <b>556,001</b>          |

<sup>1</sup> Trade and other receivables exclude Prepayments (see note 12).

| <b>Financial liabilities</b>          | <b>Note</b> | <b>2022<br/>JPY000s</b> | <b>Restated<br/>2021<sup>2</sup><br/>JPY000s</b> |
|---------------------------------------|-------------|-------------------------|--|
| Trade and other payables <sup>1</sup> | 14          | 604,678                 | 508,677  |
| <b>Total financial liabilities</b>    |             | <b>604,678</b>          | <b>508,677</b>                                   |

<sup>1</sup> Includes accruals which are not subject to liquidity risk.

<sup>2</sup> Details of the restatements are set out in note 1(a) and note 14.

Financial liabilities comprise current trade payables and accruals. They do not include liabilities which are explicitly excluded from the definition of a financial liability under IFRS 7. The Company's total financial assets exceed its total financial liabilities in the ratio of 1.12:1 (2021: 1.09:1).

(ii) Maturity of lease liabilities

The table below sets out the Company's lease liabilities. The leases have varying terms and renewal rights. The Company's incremental borrowing rate is 0.05%. The future aggregate minimum lease payments are disclosed as contractual undiscounted cash flows. Balances due within one year and within two to five years equal their carrying balances as the impact of discounting is not significant.

|   | <b>Office<br/>Premises<br/>2022<br/>JPY000s</b> | <b>Office<br/>Premises<br/>2021<br/>JPY000s</b> |
|---|---|---|
| Maturity analysis of lease liabilities: |   |   |
| Within one year                         | 80,515  | 80,515  |
| Within two to five years                | 60,386  | 140,901   |
| <b>Total lease liabilities</b>          | <b>140,901</b>                                  | <b>221,416</b>                                  |

## Notes to the Financial Statements (continued)

### 8. Financial risk management (continued)

#### (c) Liquidity risk management (continued)

##### (iii) Short term leases

The Company leases apartments under cancellable short-term lease agreements, with all leases cancellable within two months. The leases have varying terms and renewal rights. It is the Directors' belief that the leases will continue up to their renewal dates, and therefore they have chosen to disclose the corresponding potential commitment of future aggregate minimum lease payments under cancellable short-term leases disclosed as contractual undiscounted cash flows. On this basis, the maximum total commitment at the Statement of Financial Position date amounts to JPY 81,639,000 (2021: JPY 28,806,000).

|                               | Apartments<br>2022<br>JPY000s | Apartments<br>2021<br>JPY000s |
|-------------------------------|-------------------------------|-------------------------------|
| Cancellable short-term leases |                               |                               |
| Within one year               | 37,604                        | 24,928                        |
| Within two to five years      | 44,035                        | 3,878                         |
| <b>Short term leases</b>      | <b>81,639</b>                 | <b>28,806</b>                 |

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

#### (d) Capital management

Capital comprises of called up share capital, reserves and working capital balances. 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 it is in a position to provide its subsidiaries with sufficient capital to meet any regulatory capital that they may have.

## Notes to the Financial Statements (continued)

## 9. Property, plant and equipment

|                                 | Right of<br>use asset<br>(ROU<br>Asset)<br>JPY000s | Leasehold<br>improvements<br>JPY000s | Furniture<br>fixtures &<br>fittings<br>JPY000s | Computer<br>and office<br>equipment<br>JPY000s | Total<br>JPY000s |
|---------------------------------|--|--------------------------------------|--|--|------------------|
| <b>Cost</b>                     |  |                                      |  |  |                  |
| At 1 November 2020              | 368,966  | 114,792                              | 45,955   | 45,238   | 574,951          |
| Additions                       | -  | -                                    | -  | -  | -                |
| Write off in the year           | -  | -                                    | -  | -  | -                |
| <b>At 31 October 2021</b>       | <b>368,966</b>                                     | <b>114,792</b>                       | <b>45,955</b>                                  | <b>45,238</b>                                  | <b>574,951</b>   |
| Additions                       | -  | -                                    | -  | -  | -                |
| Write off in the year           | -  | -                                    | -  | -  | -                |
| <b>At 31 October 2022</b>       | <b>368,966</b>                                     | <b>114,792</b>                       | <b>45,955</b>                                  | <b>45,238</b>                                  | <b>574,951</b>   |
| <b>Accumulated depreciation</b> |  |                                      |  |  |                  |
| At 1 November 2020              | 76,855   | 50,062                               | 17,014   | 33,467   | 177,398          |
| Depreciation charge             | 77,896   | 17,654                               | 6,956  | 7,432  | 109,938          |
| Write off in the year           | -  | -                                    | -  | -  | -                |
| <b>At 31 October 2021</b>       | <b>154,751</b>                                     | <b>67,716</b>                        | <b>23,970</b>                                  | <b>40,899</b>                                  | <b>287,336</b>   |
| Depreciation charge             | 77,897   | 17,654                               | 7,877  | 4,252  | 107,680          |
| Write off in the year           | -  | -                                    | -  | -  | -                |
| <b>At 31 October 2022</b>       | <b>232,648</b>                                     | <b>85,370</b>                        | <b>31,847</b>                                  | <b>45,151</b>                                  | <b>395,016</b>   |
| <b>Net book value</b>           |  |                                      |  |  |                  |
| At 31 October 2021              | 214,215  | 47,076                               | 21,985   | 4,339  | 287,615          |
| <b>At 31 October 2022</b>       | <b>136,318</b>                                     | <b>29,422</b>                        | <b>14,108</b>                                  | <b>87</b>                                      | <b>179,935</b>   |

## 10. Intangible assets

|                                 | Computer<br>software<br>JPY000s | Total<br>JPY000s |
|---------------------------------|---------------------------------|------------------|
| <b>Cost</b>                     |                                 |                  |
| At 1 November 2021              | 572                             | 572              |
| <b>At 31 October 2022</b>       | <b>572</b>                      | <b>572</b>       |
| <b>Accumulated amortisation</b> |                                 |                  |
| At 1 November 2021              | 572                             | 572              |
| Amortisation charge             | -                               | -                |
| <b>At 31 October 2022</b>       | <b>572</b>                      | <b>572</b>       |
| <b>Net book value</b>           |                                 |                  |
| At 31 October 2021              | -                               | -                |
| <b>At 31 October 2022</b>       | <b>-</b>                        | <b>-</b>         |

## Notes to the Financial Statements (continued)

## 11. Investments in subsidiaries

|   | JPY000s        | JPY000s        |
|---|----------------|----------------|
| <b>Investments in subsidiaries</b>          |                |                |
| At 1 November 2021 and 2020                 | 727,976        | 727,976        |
| <b>Total as at 31 October 2022 and 2021</b> | <b>727,976</b> | <b>727,976</b> |

No impairment provisions were made against the investments during the year and therefore, cost of investments is equal to net book value. (2021: none).

## 12. Trade and other receivables

|   | 2022<br>JPY000s | 2021<br>JPY000s |
|---|-----------------|-----------------|
| Prepayments   | 23,058          | 25,828          |
| Other receivables and accrued income                      | 109,064         | 32,274          |
| Amounts owed from affiliated Group undertaking (note 20)  | 195,366         | 148,495         |
| <b>Total amounts falling due within one year</b>          | <b>327,488</b>  | <b>206,597</b>  |
| Deposits for leases                                       | 77,013          | 76,397          |
| Deferred asset  | 3,896           | 5,560           |
| <b>Total amounts falling due after more than one year</b> | <b>80,909</b>   | <b>81,957</b>   |

The Directors consider that the carrying amount of trade and other receivables are approximate to their fair values.

All non-current receivables are due within five years from the Statement of Financial Position date. The deposits falling due after more than one year do not accrue interest. Trade and other receivables are denominated in Japanese Yen and Euro.

## 13. Cash and cash equivalents

|                                 | 2022<br>JPY000s | 2021<br>JPY000s |
|---------------------------------|-----------------|-----------------|
| <b>Cash at bank and in hand</b> | <b>370,193</b>  | <b>375,232</b>  |

## Notes to the Financial Statements (continued)

## 14. Trade and other payables

|   | 2022<br>JPY000s | Restated<br>2021 <sup>1</sup><br>JPY000s |
|---|-----------------|--|
| Other payables  | 4,391           | 4,408                                    |
| Accruals <sup>1</sup>                                       | 540,270         | 455,640                                  |
| VAT and consumption tax                                     | 4,472           | 1,480                                    |
| Other tax and social security payable                       | 55,545          | 47,149                                   |
| <b>Total trade and other payables due within one year</b>   | <b>604,678</b>  | <b>508,677</b>                           |
| Accruals  | 121,796         | 106,790                                  |
| <b>Total trade and other payables greater than one year</b> | <b>121,796</b>  | <b>106,790</b>                           |

<sup>1</sup> JPY 106,832,000 has been restated in 2021 from trade and other payables greater than one year, to current trade and other payables due within one year as they are due to be settled within 12 months after the reporting date.

The Directors consider that the carrying amount of trade and other payables are approximate to their fair values.

Current trade and other payables are denominated in Japanese Yen, British pound sterling and Euro.

## 15. Deferred taxation

Deferred tax is calculated in full on temporary differences under the liability method using the appropriate Japanese tax rates at which the timing differences are expected to reverse.

The movement on the deferred tax account is shown below:

|   | Temporary<br>differences<br>JPY000s | Temporary<br>differences<br>JPY000s |
|---|-------------------------------------|-------------------------------------|
| Deferred tax asset at 1 November 2021 and 2020        | 192,694                             | 167,649                             |
| Income statement credit for the year                  | 31,459                              | 25,045                              |
| <b>Deferred tax asset at 31 October 2022 and 2021</b> | <b>224,153</b>                      | <b>192,694</b>                      |

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 as permitted by IAS 12) during the year are shown below.

An analysis of the deferred tax asset is as follows:

|   | 2022<br>JPY000s | 2021<br>JPY000s |
|---|-----------------|-----------------|
| Deferred Compensation Scheme              | 200,461         | 171,955         |
| Accelerated depreciation for tax purposes | 14,735          | 12,250          |
| Accrued deductible taxes                  | 8,957           | 8,489           |
| <b>Deferred tax asset</b>                 | <b>224,153</b>  | <b>192,694</b>  |

## Notes to the Financial Statements (continued)

## 16. Lease liabilities

|                                | 2022<br>JPY000s | Restated <sup>1</sup><br>2021<br>JPY000s |
|--------------------------------|-----------------|--|
| At 1 November                  | 221,416         | 301,931                                  |
| Payments                       | (80,515)        | (80,515)                                 |
| <b>At October 31</b>           | <b>140,901</b>  | <b>221,416</b>                           |
| Current lease liabilities      | 80,515          | 80,515                                   |
| Non-current lease liabilities  | 60,386          | 140,901                                  |
| <b>Total lease liabilities</b> | <b>140,901</b>  | <b>221,416</b>                           |

<sup>1</sup>JPY 80,515,000 has been restated in 2021 from non-current lease liabilities to current lease liabilities as they are due to be settled within 12 months after the reporting date.

## 17. Called up share capital

## Authorised and called up share capital

|                           | Number of<br>shares | Ordinary<br>shares<br>JPY000s |
|---------------------------|---------------------|-------------------------------|
| At 1 November 2021        | 9,200,111           | 145,922                       |
| <b>At 31 October 2022</b> | <b>9,200,111</b>    | <b>145,922</b>                |

|   | 31 October<br>2022<br>Number | 31 October<br>2021<br>Number | 31 October<br>2022<br>JPY000s | 31 October<br>2021<br>JPY000s |
|---|------------------------------|------------------------------|-------------------------------|-------------------------------|
| <b>Allotted, called up and fully paid</b> |                              |                              |                               |                               |
| Ordinary shares of £1 each                | 100                          | 100                          | 20                            | 20                            |
| Ordinary shares of JPY100 each            | 600,000                      | 600,000                      | 60,000                        | 60,000                        |
| Ordinary shares of EUR1 each              | 10                           | 10                           | 1                             | 1                             |
| Ordinary shares of HK\$1 each             | 8,600,001                    | 8,600,001                    | 85,901                        | 85,901                        |
| <b>Total</b>                              | <b>9,200,111</b>             | <b>9,200,111</b>             | <b>145,922</b>                | <b>145,922</b>                |

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.

## 18. Dividends paid

|                       | 2022<br>JPY000s  | 2021<br>JPY000s  |
|-----------------------|------------------|------------------|
| <b>Dividends paid</b> | <b>1,522,170</b> | <b>1,100,404</b> |

Dividends declared in relation to the year ended 31 October 2021 have been fully paid to the immediate parent undertaking BBAMS.

## Notes to the Financial Statements (continued)

## 19. Cash generated from operations

|                                       | 2022<br>JPY000s  | 2021<br>JPY000s  |
|---------------------------------------|------------------|------------------|
| <b>Continuing operations</b>          |                  |                  |
| <b>Operating profit for the year</b>  | <b>1,585,889</b> | <b>1,141,150</b> |
| Adjustments for:                      |                  |                  |
| Depreciation and write off            | 107,680          | 109,938          |
| Amortisation of intangibles           | -                | 64               |
|                                       | <b>107,680</b>   | <b>110,002</b>   |
| Changes in working capital:           |                  |                  |
| Increase in receivables               | (119,843)        | (66,740)         |
| Increase in payables                  | 111,007          | 108,952          |
|                                       | <b>(8,836)</b>   | <b>42,212</b>    |
| <b>Cash generated from operations</b> | <b>1,684,733</b> | <b>1,293,364</b> |

## 20. Related party transactions

The following transactions were carried out by the Company with related parties on an arm's length basis.

| Description of relationship                                  | Description of services   | Description of transactions  |
|--|---|--|
| Group affiliated undertaking (BlueBay Asset Management LLP). | Provision of marketing and sales services subject to a transfer pricing agreement.<br>Provision of financial support. | Sales invoices based on an agreed transfer pricing methodology.<br>Cash transfers from the LLP to the Company. |
| The Company is the subsidiary of BBAMS.                      | Dividends.  | Payment of dividend to BBAMS.  |
| The Company is the parent the ManCo.                         | Provision of financial support.   | Receipt of dividend from the ManCo for current and prior year.   |
| The Company is the parent of BBAM AG.                        | Provision of financial support.   | Receipt of dividend from BBAM AG for current and prior year.   |
| Affiliated entity (RBC Asia).                                | RBC Rental Income for office space for 12 months.   | RBC paid rent to BlueBay Asset Management International Limited of JPY 120,000.                                |



## Notes to the Financial Statements (continued)

## 20. Related party transactions (continued)

Transactions between the Company and related parties are disclosed below.

| 2022                        | Revenue<br>JPY000s | Amounts owed by<br>related parties<br>JPY000s | Dividends (paid)/<br>received<br>JPY000s |
|-----------------------------|--------------------|---|--|
| Immediate parent            | -                  | -   | (1,522,170)                              |
| Subsidiaries of the Company | -                  | -   | 1,488,670                                |
| Affiliated entities         | 1,069,417          | 195,366                                       | -  |
| 2021                        | Revenue<br>JPY000s | Amounts owed by<br>related parties<br>JPY000s | Dividends (paid)/<br>received<br>JPY000s |
| Immediate parent            | -                  | -   | (1,100,404)                              |
| Subsidiaries of the Company | -                  | -   | 1,050,404                                |
| Affiliated entities         | 997,007            | 148,495                                       | -  |

The intercompany balances are interest free, unsecured and have no fixed date of repayment.

Key management personnel are considered to be the Directors of the Company. No remuneration was paid to the Directors of the Company for their services to the Company (2021: nil). Dividends received from subsidiaries / paid to parent company are disclosed in note 6 and 18 respectively.

## 21. Ultimate parent undertaking and principal investments

The immediate parent undertaking at 31 October 2022 was BlueBay Asset Management (Services) Ltd. The ultimate parent undertaking is RBC. The largest and smallest group of undertakings for which group Financial Statements have been drawn up is that headed by RBC and copies can be found on its corporate website at [www.rbc.com](http://www.rbc.com).

The names of the principal investments of the Company, together with the Company's controlling interest and voting rights are given below:

| Principal operating subsidiaries                   | Country of<br>incorporation | Share<br>class | Effective group<br>interest % |
|--|-----------------------------|----------------|-------------------------------|
| BlueBay Funds Management Company S.A. <sup>1</sup> | Luxembourg                  | Ordinary       | 100                           |
| BlueBay Asset Management AG <sup>2</sup>           | Switzerland                 | Ordinary       | 100                           |

<sup>1</sup>Asset manager, <sup>2</sup>Sales office

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

|              |  |
|--------------|--|
| Luxembourg   | 4, Boulevard Royal, L-2449, Luxembourg                         |
| Switzerland  | Lintheschergasse 15, 8001 Zürich                               |
| Japan Branch | Toranomon Hills Mori Tower 29F, 1-23-1, Tokyo, 105-6329, Japan |

## 22. Registered office

The Company's registered office is 77 Grosvenor Street, London W1K 3JR.