



Global Asset Management
BlueBay Asset Management

BlueBay Asset Management International Limited

Annual Report and Financial Statements

For the year ended 31 October 2021

Registered number: 05310624

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BlueBay Asset Management International Limited Annual Report 2021

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Strategic Report

The Directors present their strategic report for the year ended 31 October 2021.

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 2021 are set out on pages 11 to 33. The profit for the year after taxation was JPY 1,091,846,000 (2020 profit: JPY 1,444,425,000). Dividends received during the year ended 31 October 2021 amounted to JPY 1,050,404,000 (2020: JPY 1,388,902,000) while dividends paid during the year amounted to JPY 1,100,404,000 (2020: JPY 1,431,401,000). 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 LLP will not continue to operate as a going concern.

The Company's response to the COVID-19 global pandemic that commenced in 2020 continued to be closely coordinated with RBC group and aligned with government guidelines during 2021. RBC's focus throughout the pandemic has been the health, safety and wellbeing of our employees, clients and local communities. We have continued to follow the health advice and safety guidelines of RBC's Chief Medical Director, the UK Government and public health authorities. Where required, employees successfully transitioned to working from home with minimal disruption throughout the pandemic. As a result, and due to reduced line of sight supervision, a number of inherent Operational and Conduct Risks increased, most notably Processing & Execution, IT & Cyber, Fraud and Privacy. Even though we have seen limited events across these risks, for some categories like fraud, privacy and conduct, the events may be lagging in nature and may become apparent at a later point. To mitigate against these changing inherent risks, RBC has implemented and enhanced a number of controls to adapt to the remote working environment, as well as strengthened communications to remind employees of their obligations. To date the Company has not experienced any significant adverse financial impact from COVID-19, and management will continue to monitor developments through its risk management framework.

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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 2021 revenue was JPY 1,227,379,000 (2020: JPY 1,107,281,000).

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.

Directors duties -compliance with section 172 of the Companies Act 2006

Following internal review, the Company was not deemed to be required by the Companies Act 2006 to include a section 172(1) Statement within its Financial Statements and therefore the statement has been removed.

Approved by the Board and signed on its behalf by:



James Brace
Director

77 Grosvenor Street
London W1K 3JR

20 January 2022

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Directors' Report

The Directors submit their report together with the audited Financial Statements for the year ended 31 October 2021 as required by the Companies Act 2006.

Called up share capital

As at 31 October 2021 and 31 October 2020, 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

Siu-Wai Ng – appointed 21 January 2021

Craig Tennier – resigned 1 November 2020

None of the Directors held any share capital of the Company at 31 October 2021 (2020: 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 Auditor 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 auditor is 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.

Auditor

The auditor, 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

20 January 2022

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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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2021; 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.

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

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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 2021 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 Directors' Responsibilities Statement, 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 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:

- Reviewing correspondence with the regulators in relation to compliance with laws and regulations;

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- Enquiring with those charged with governance, 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. 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.

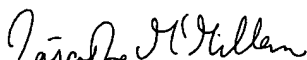
Other required reporting

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
21 January 2022

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Income Statement

For the year ended 31 October 2021

	Note	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Revenue	2	1,227,379	1,107,281
Cost of sales - commissions		(8,862)	(1,988)
Dividend income	6	1,050,404	1,388,902
Total Income		2,268,921	2,494,195
Foreign exchange (loss) /gain		(12,773)	75
Administrative expenses	3	(1,114,998)	(1,020,174)
Operating profit		1,141,150	1,474,096
Finance income	5	22	51
Finance charge	5	(5)	(60)
Net Finance income/(charge)	5	17	(9)
Loss on disposal of subsidiaries	11	-	-
Profit on ordinary activities before taxation		1,141,167	1,474,087
Taxation	7	(49,321)	(29,662)
Profit attributable to ordinary equity shareholder		1,091,846	1,444,425

Statement of Comprehensive Income

For the year ended 31 October 2021

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Profit for the year	1,091,846	1,444,425
Total comprehensive income for the year	1,091,846	1,444,425

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.

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Statement of Financial Position

As at 31 October 2021

	Note	As at 31 October 2021 JPY000s	As at 31 October 2020 JPY000s
Assets			
Non-current assets			
Property, plant and equipment	9	287,615	397,553
Intangible assets	10	0	64
Investments in subsidiaries	11	727,976	727,976
Trade and other receivables	12	81,957	78,584
Deferred tax asset	15	192,694	167,649
Total non-current assets		1,290,242	1,371,826
Current assets			
Trade and other receivables	12	206,597	143,230
Cash and cash equivalents	13	375,232	310,006
Total current assets		581,829	453,236
Total assets		1,872,071	1,825,062
Liabilities			
Non-current liabilities			
Trade and other payables	14	213,622	123,715
Lease liabilities	16	221,416	301,931
Total non-current liabilities		435,038	425,646
Current liabilities			
Trade and other payables	14	401,845	382,800
Current tax liabilities	7	49,947	22,817
Total current liabilities		451,792	405,617
Total liabilities		886,830	831,263
Shareholder's equity			
Called up share capital	17	145,922	145,922
Share premium		702,552	702,552
Retained earnings		136,767	145,325
Total shareholder's equity		985,241	993,799
Total equity and liabilities		1,872,071	1,825,062

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 20 January 2022 and signed on its behalf by:



James Brace
Director

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Statement of Changes in Shareholder's Equity

For the year ended 31 October 2021

	Note	Called up share capital JPY000s	Retained earnings JPY000s	Share Premium JPY000s	Total equity JPY000s
At 1 November 2019		145,922	132,301	702,552	980,775
Profit for the year and total comprehensive income		-	1,444,425	-	1,444,425
Dividends paid	18	-	(1,431,401)	-	(1,431,401)
At 31 October 2020		145,922	145,325	702,552	993,799
At 1 November 2020		145,922	145,325	702,552	993,799
Profit for the year and total comprehensive income		-	1,091,846	-	1,091,846
Dividends paid	18	-	(1,100,404)	-	(1,100,404)
At 31 October 2021		145,922	136,767	702,552	985,241

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

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Statement of Cash Flows

For the year ended 31 October 2021

	Note	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Cash flows from operating activities			
Cash generated from operations	19	1,293,364	1,743,593
Income tax paid		(47,236)	(51,080)
Finance charge paid	5	(5)	(60)
Net cash generated from operating activities		1,246,123	1,692,453
Cash flows used in investing activities			
Purchase of property, plant and equipment	9	-	(122,141)
Net cash used in investing activities		-	(122,141)
Cash flows from financing activities			
Dividends paid to owners of the Company	18	(1,100,404)	(1,431,401)
Payment of lease liabilities	16	(80,515)	(73,845)
Finance income received	5	22	51
Net cash used in financing activities		(1,180,897)	(1,505,195)
Net increase in cash and cash equivalents		65,226	65,117
Cash and cash equivalents at the beginning of the year		310,006	244,889
Cash and cash equivalents at the end of the year	13	375,232	310,006

The Company did not have any overdrafts repayable on demand at the end of each accounting year (2020: nil).

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

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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 international accounting standards ("IAS") in conformity with the requirements of the Companies Act and with those parts of the Companies Act 2006 applicable to companies reporting under IAS. The Financial Statements have been prepared on a going concern basis.

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 Financial Statements which are publicly available.

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 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
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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.

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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.

Currency	2021	2020
GBP/JPY	155.95	135.65
EUR/JPY	131.72	121.96

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 2021, the accrued liability recorded on the Statement of Financial Position of the Company comprises 31 months vesting of 2018 award, 19 months vesting of 2019 award and 7 months vesting of 2020 award.

BlueBay Asset Management International Limited Annual Report 2021

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:

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Japan	1,227,379	1,107,281
Total	1,227,379	1,107,281

The breakdown of revenue by revenue type is as follows:

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Third party management fees	230,372	185,149
Fees from affiliated entities	997,007	922,132
Total	1,227,379	1,107,281

3. Administrative expenses

	Note	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Staff costs	4	840,081	729,542
Depreciation	9	109,938	115,864
Amortisation of intangibles	10	64	190
Audit fee		7,024	6,523
Tax consulting fee		2,923	1,379

4. Staff costs

Particulars of employees are shown below:

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Wages and salaries	770,502	667,470
Social security costs	31,380	27,062
Other Pension costs	38,199	35,010
Total staff costs	840,081	729,542

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Notes to the Financial Statements (continued)

4. Staff costs (continued)

The average number of staff employed in the year was 19 (2020:18). No remuneration was paid to the Directors of the Company for their services (2020: nil). No Directors were members of Company pension schemes (2020: nil).

5. Net Finance income/(charge)

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Finance income:		
Bank interest income	22	51
Finance charge:		
Interest charge on lease liability	-	(60)
Bank interest payable	(5)	-
Net finance income/(charge)	17	(9)

6. Dividend income

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Dividend income	1,050,404	1,388,902

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 2020 have been fully distributed to the immediate parent undertaking BBAMS.

7. Taxation

Analysis of charge in the year:

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Foreign corporation tax on profits for the year	74,366	48,778
UK corporation tax on profits for the year	63,035	16,001
Double tax relief	(63,035)	(16,001)
Total current tax charge	74,366	48,778
Deferred Tax:		
Origination and reversal of timing differences	(25,045)	(19,116)
Total deferred tax credit	(25,045)	(19,116)
Total tax expense	49,321	29,662

The UK corporation tax rate has been 19% for the duration of the financial year (2020:19%).

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Notes to the Financial Statements (continued)

7. Taxation (continued)

The deferred tax balances at 31 October 2021 and 31 October 2020 have been calculated based on the rate substantively enacted at the statement of financial position date of 19% (2019: 19%).

The tax on the Company's profit before tax differs (2020:differs) from amounts that would arise using the UK tax rate applicable to profits of the Company, as follows:

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Profit on ordinary activities before tax	1,141,167	1,474,087
Tax charge at effective UK rate of 19% (2020:19%)	216,822	280,076
Effects of:		
Expenditure not deductible for tax purposes	(91,093)	(60,989)
Adjustment for differing local / foreign deferred tax rates	117,653	86,497
Non taxable dividend received from subsidiary	(194,061)	(263,891)
Unrecognised deferred tax on losses	-	(12,031)
Total tax expense	49,321	29,662

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	As at 31 October 2021 JPY000s	As at 31 October 2020 JPY000s
Amounts falling due within one year			
Cash and cash equivalents	13	375,232	310,006
Trade and other receivables	12	180,769	123,206
Total		556,001	433,212
Amounts falling due after more than one year			
Trade and other receivables	12	76,397	76,951
Total		76,397	76,951

BlueBay Asset Management International Limited Annual Report 2021

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:

	As at 31 October 2021 JPY000s	As at 31 October 2020 JPY000s
A- ¹ rated bank	375,215	309,938
Petty cash ²	17	68
Total cash and cash equivalents	375,232	310,006

¹ Standard & Poor's ratings

² 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 2021:

Financial assets

	Note	Yen JPY000s	Sterling JPY000s	Euro JPY000s	Other JPY000s	Total 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
Total financial assets		619,117	4,136	9,091	54	632,398

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Notes to the Financial Statements (continued)

8. Financial risk management (continued)

(b) Interest and foreign exchange risk (continued)

Financial liabilities

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

¹ Includes accruals which are not subject to foreign exchange risk

As at 31 October 2020:

Financial assets

	Note	Yen JPY000s	Sterling JPY000s	Euro JPY000s	Other JPY000s	Total JPY000s
Cash and cash equivalents	13	305,877	4,027	51	51	310,006
Trade and other receivables	12	166,199	-	33,958	-	200,157
Total financial assets		472,076	4,027	34,009	51	510,163

Financial liabilities

	Note	Yen JPY000s	Sterling JPY000s	Total JPY000s
Trade and other payables ¹	14	449,871	56,644	506,515
Lease liabilities	16	301,931	-	301,931
Total financial liabilities		751,802	56,644	808,446

¹ 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 2021, 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 323,000)/JPY 323,000 respectively, as a result of the (decrease)/increase in assets and liabilities denominated in foreign currencies (2020:(JPY 186,000)/JPY 186,000).

(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.

BlueBay Asset Management International Limited Annual Report 2021

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 flows and are due within one year.

Financial assets	Note	As at 31 October 2021 JPY000s	As at 31 October 2020 JPY000s
Cash and cash equivalents	13	375,232	310,006
Trade and other receivables ¹	12	180,769	123,206
Total financial assets		556,001	433,212

¹Trade and other receivables exclude Prepayments (see note 12).

Financial liabilities	Note	As at 31 October 2021 JPY000s	As at 31 October 2020 JPY000s
Trade and other payables ¹	14	401,845	382,800
Total financial liabilities		401,845	382,800

¹Includes accruals which are not subject to liquidity risk.

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 1.38:1 (2020: 1.13:1).

(ii) Commitments

The Company leases office premises under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. The Company's incremental borrowing rate is 0.05%. The future aggregate minimum lease payments under non-cancellable operating leases disclosed as contractual undiscounted cash flows are as follows:

	Office Premises 31 October 2021 JPY000s	Office Premises 31 October 2020 JPY000s
Commitments under non-cancellable operating leases:		
Within one year	80,515	80,515
Within two to five years	140,901	221,416
Total commitments	221,416	301,931

BlueBay Asset Management International Limited Annual Report 2021

Notes to the Financial Statements (continued)

8. Financial risk management (continued)

(c) Liquidity risk management (continued)

(ii) Commitments (continued)

The Company leases apartments under cancellable operating lease agreements, with all leases cancellable within 1 month. 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 commitment of future aggregate minimum lease payments under cancellable operating leases disclosed as contractual undiscounted cash flows. On this basis, the maximum total commitment at the Statement of Financial Position date amounts to JPY 28,806,000 (2020: JPY 59,620,000).

	Apartments 31 October 2021 JPY000s	Apartments 31 October 2020 JPY000s
Commitments under non-cancellable operating leases:		
Within one year	24,928	36,096
Within two to five years	3,878	23,524
Total commitments	28,806	59,620

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.

BlueBay Asset Management International Limited Annual Report 2021

Notes to the Financial Statements (continued)

9. Property, plant and equipment

	Right of use asset (ROU Asset) JPY000s	Leasehold improvements JPY000s	Furniture fixtures & fittings JPY000s	Computer and office equipment JPY000s	Total JPY000s
Cost					
At 1 November 2019	-	37,956	11,173	34,715	83,844
Additions	375,776	76,836	34,782	10,523	497,917
Write off in the year	(6,810)	-	-	-	(6,810)
At 31 October 2020	368,966	114,792	45,955	45,238	574,951
Additions	-	-	-	-	-
Write off in the year	-	-	-	-	-
At 31 October 2021	368,966	114,792	45,955	45,238	574,951
Accumulated depreciation					
At 1 November 2019	-	32,409	11,173	24,762	68,344
Depreciation charge	83,665	17,653	5,841	8,705	115,864
Write off in the year	(6,810)	-	-	-	(6,810)
At 31 October 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	-	-	-	-	-
At 31 October 2021	154,751	67,716	23,970	40,899	287,336
Net book value					
At 31 October 2020	292,111	64,730	28,941	11,771	397,553
At 31 October 2021	214,215	47,076	21,985	4,339	287,615

10. Intangible assets

	Computer software JPY000s	Total JPY000s
Cost		
At 1 November 2020	572	572
At 31 October 2021	572	572
Accumulated amortisation		
At 1 November 2020	508	508
Amortisation charge	64	64
At 31 October 2021	572	572
Net book value		
At 31 October 2020	64	64
At 31 October 2021	-	-

Notes to the Financial Statements (continued)

11. Investments in subsidiaries

	JPY000s	JPY000s
Investments in subsidiaries		
At 1 November 2020 and 2019	727,976	727,976
Total as at 31 October 2021 and 2020	727,976	727,976

No impairment provisions were made against the investments during the year and therefore, cost of investments is equal to net book value.

12. Trade and other receivables

	31 October 2021 JPY000s	31 October 2020 JPY000s
VAT and consumption tax	-	15,476
Prepayments	25,828	20,024
Other receivables and accrued income	32,274	50,576
Amounts owed from affiliated Group undertaking (note 20)	148,495	57,154
Total amounts falling due within one year	206,597	143,230
Deposits for leases	76,397	76,951
Deferred asset	5,560	1,633
Total amounts falling due after more than one year	81,957	78,584

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

	31 October 2021 JPY000s	31 October 2020 JPY000s
Cash at bank and in hand	375,232	310,006

Notes to the Financial Statements (continued)

14. Trade and other payables

	31 October 2021 JPY000s	31 October 2020 JPY000s
Other payables	4,408	3,678
Accruals	348,808	369,301
VAT and consumption tax	1,480	-
Other tax and social security payable	47,149	9,821
Total trade and other payables due within one year	401,845	382,800
Accruals	213,622	123,715
Total trade and other payables greater than one year	213,622	123,715

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 differences JPY000s	Temporary differences JPY000s
Deferred tax asset at 1 November 2020 and 2019	167,649	148,533
Income statement credit for the year	25,045	19,116
Deferred tax asset at 31 October 2021 and 2020	192,694	167,649

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:

	31 October 2021 JPY000s	31 October 2020 JPY000s
Deferred Compensation Scheme	171,955	151,803
Accelerated depreciation for tax purposes	12,250	8,871
Accrued deductible taxes	8,489	6,975
Deferred tax asset	192,694	167,649

BlueBay Asset Management International Limited Annual Report 2021

Notes to the Financial Statements (continued)

16. Lease liabilities

	2021	2020
	JPY000s	JPY000s
At 1 November	301,931	-
Implementation of IFRS 16	-	375,776
Payments	(80,515)	(73,845)
At 31 October	221,416	301,931

17. Called up share capital

Authorised and called up share capital

	Number of	Ordinary
	shares	shares
		JPY000s
At 31 October 2020	9,200,111	145,922
At 31 October 2021	9,200,111	145,922

	31 October	31 October	31 October	31 October
	2021	2020	2021	2020
	Number	Number	JPY000s	JPY000s
Allotted, called up and fully paid				
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
Total	9,200,111	9,200,111	145,922	145,922

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

	Year ended	Year ended
	31 October	31 October
	2021	2020
	JPY000s	JPY000s
Dividends paid	1,100,404	1,431,401

Dividends declared in relation to the year ended 31 October 2020 have been fully paid to the immediate parent undertaking BBAMS.

Notes to the Financial Statements (continued)

19. Cash generated from operations

	Year ended 31 October 2021 JPY000s	Year ended 31 October 2020 JPY000s
Continuing operations		
Operating profit for the year	1,141,150	1,474,096
Adjustments for:		
Depreciation and write off	109,938	109,054
Amortisation of intangibles	64	190
	110,002	109,244
Changes in working capital:		
(Increase)/decrease in receivables	(66,740)	102,317
Increase in payables	108,952	57,936
	42,212	160,253
Cash generated from operations	1,293,364	1,743,593

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. Provision of financial support.	Sales invoices based on an agreed transfer pricing methodology. 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.

2021	Revenue JPY000s	Amounts owed by related parties JPY000s	Dividends (paid)/ received JPY000s
Immediate parent	-	-	(1,100,404)
Subsidiaries of the Company	-	-	1,050,404
Affiliated entities	997,007	148,495	-

2020	Revenue JPY000s	Amounts owed by related parties JPY000s	Dividends (paid)/ received JPY000s
Immediate parent	-	-	(1,431,401)
Subsidiaries of the Company	-	-	1,388,902
Affiliated entities	922,132	57,154	-

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 (2020: 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 2021 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.

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 incorporation	Share class	Effective group interest %
BlueBay Funds Management Company S.A. ¹	Luxembourg	Ordinary	100
BlueBay Asset Management AG ²	Switzerland	Ordinary	100

¹Asset manager, ²Sales 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.