

Baring International Fund Managers (Ireland) Limited

Registration Number: 161794

**Directors' Report And Financial Statements
For The Year Ended
31 December 2022**

Baring International Fund Managers (Ireland) Limited

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Baring International Fund Managers (Ireland) Limited

Company Information

Directors

Alan Behen (IRL)
Paul Smyth (IRL)
Julian Swayne (GB)
Barbara Healy (IRL) (independent)
Syl O'Byrne (IRL) (independent) (appointed 3 January 2023)
David Conway (IRL) (independent) (resigned 31 December 2022)

Secretary

Matsack Trust Limited
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Company Registration Number

161794

Auditors

KPMG Chartered Accountants
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Registered Office

70 Sir John Rogerson's Quay
Dublin 2
Ireland

Baring International Fund Managers (Ireland) Limited

Report of the Directors and Statement of Directors' Responsibilities

The Directors of Baring International Fund Managers (Ireland) Limited ("the Company") present herewith their Directors' Report and the audited financial statements for the year ended 31 December 2022.

Principal Activities

The Company, a subsidiary of the group of companies headed by Barings Europe Limited (the "Group"), primarily manages all of Barings' Irish Undertakings for Collective Investments in Transferable Securities ("UCITS") and EU27 Alternative Investment Funds ("AIFs"). The Company is regulated by the Central Bank of Ireland ("CBI") and is authorised as a UCITS Management Company and an Alternative Investment Fund Manager ("AIFM"). In addition the Company has a Markets In Financial Instruments Directive ("MiFID") top up license giving it the ability to provide individual portfolio management services.

Business Review and Future Developments

Fee income and profit before taxation both rose by 5% respectively to £232m (2021: £221m) and £4.7m (2021:£4.4m). The increase is in line with the average assets under management ("AUM") that climbed 6% year on year. By the end of the year AUM had fallen 3%, largely due to redemptions in the 4th quarter as a result of the liability driven investment crisis at the end of September.

The Company plans to increase its turnover and profits by growing the Company organically alongside other Group Companies. The Group is seeking to increase its assets under management, revenues and profits by delivering superior investment performance over the market cycle, by expanding its distribution capabilities and achieving revenue and cost synergies across the Barings organisation. To this end, the Company received approval from the CBI to open an additional branch in France which commenced operation in February 2023.

On 14 October 2022 the Company was sold by Baring Asset Management UK Holdings Limited to Barings Europe Limited as part of an internal reorganisation of the European corporate structure. The ultimate parent entity of the Company did not change as a result of this reorganisation.

The key performance indicators ("KPI"s) focused on by management are as follows:

	2022	2021
	£'000	£'000
Fee income	231,964	220,693
Profit before taxation	4,676	4,434
Net assets	16,759	15,703
	£b	£b
Assets under management	34	35

Going Concern

The Board of Directors regularly evaluates whether the Company has sufficient financial resources and liquidity to continue operating for the foreseeable future. This evaluation includes consideration of a number of scenarios, including but not limited to the impact of:

- specific geopolitical events such as COVID-19, the Russian invasion of Ukraine or recent stresses in the banking sector;
- broader economic developments such as a prolonged period of inflation and higher interest rates; and
- the reputational impact of a sustained period of investment underperformance or a material operational risk event.

The assessment of these events includes stress tests that review the impact of material falls in AUM across a range of timescales on the Company's profit & loss account and liquidity.

In light of the above, and given also the Group's considerable financial resources, the Board of Directors has a reasonable expectation that the Company has sufficient financial resources to be able to continue in operational existence for at least twelve months from the date these financial statements are approved. The going concern basis of preparation has therefore been adopted in preparing the annual financial statements.

Baring International Fund Managers (Ireland) Limited

Report of the Directors and Statement of Directors' Responsibilities (continued)

Risks and Risk Management

The major risks to which the Company is exposed consist of market, operational, business, regulatory and liquidity risk, summarised as follows:

- Market risk represents the potential loss in value of portfolios and financial instruments caused by adverse movements in market variables which would impact on the revenue and profitability of the Company.
- Operational and business risk is the risk of loss resulting from inadequate or failed processes or systems, human factors, or external events. The Company maintains systems of control that it believes are reasonably designed to provide management and the Directors with timely and accurate information about the operation of the Company.
- Regulatory risk is the risk that the Company either fails to comply with existing regulations or is exposed to future changes in laws and regulations that may negatively impact its business. Of particular relevance in this respect is the recent introduction of the EU's Sustainable Finance Disclosure Regulation (SFDR) which could have adverse reputational and disciplinary implications for the Company if breached by any of the funds it manages.
- Liquidity risk represents the risk that the Company will have insufficient cash to meet its financial obligations as they arise.

Overseas Branches

The Company has established branches in Denmark, Germany and France to support the distribution of its products in continental Europe.

Remuneration Policy and Disclosures

The Company is authorised by the CBI as an AIFM under the Alternative Investment Fund Managers Directive ("AIFMD") and a UCITS management company under the Undertakings for Collective Investments in Transferable Securities ("UCITS") Directive. As part of its authorisation as an AIFM and a UCITS manager, the Company has implemented a Remuneration Policy consistent with the European Securities and Markets Authority's ("ESMA's") remuneration guidelines and, in particular, the provisions of Annex II of Directive 2011/61/EU.

The Company's Remuneration Policy ensures the remuneration arrangements of AIFMD and UCITS 'identified staff' as defined in "ESMA's Guidelines on Sound Remuneration Policy under the UCITS Directive and AIFMD, ESMA 2013/201" (the ESMA Guidelines"), (as amended) are:

- Consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Company or the Funds; and
- Consistent with the Company's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The Company must comply with the AIFM and UCITS remuneration code principles in a way and to the extent that is appropriate to its size and business.

The remuneration disclosures as required by AIFMD and the UCITS directives are included in the financial statements of the underlying AIFs and UCITS managed by the Company.

The remuneration disclosures required by the UK regulator, the Financial Conduct Authority, for the Company's investment manager Baring Asset Management Limited under MIFIDPRU 8 have been published on Barings' website <https://www.barings.com/en-us/guest>

Corporate Governance Code

The Irish Funds Industry Association ("IFIA"), rebranded as Irish Funds, has published a corporate governance code ("IFIA Code").

The Board considers that the Company has complied with the provisions contained in the IFIA Code throughout the accounting period. The IFIA Code can be viewed on the Irish Funds' website.

On 29 June 2018, the Company implemented a Programme of Activity ("POA") in order to ensure compliance with the requirements of Consultation Paper 86 ("CP86"), Fund Management Companies - Guidance, which was implemented by the CBI with an effective date of 1 July 2018.

Transactions involving Directors

There were no contracts or arrangements of any significance in relation to the business of the Company in which the Directors had any interests, as defined in the Companies Act 2014, at any time during the year.

Baring International Fund Managers (Ireland) Limited

Report of the Directors and Statement of Directors' Responsibilities (continued)

Directors' and Secretary's Interests in Shares of the Company or any Group Company

None of the Directors and Secretary who held office at 31 December 2022, nor any member of their respective families, have reported any material interests (more than 1%) in the shares in, or debentures or loan stock of, the Company or any Group Company, at the relevant dates at which disclosure is required.

Audit Committee

Due to the size and nature of the Company, the Directors have decided that it is not appropriate to establish a dedicated Audit Committee. There is an Audit Committee established in the United States under Barings LLC (the Company's indirect parent).

Health and Safety Act

The Company had 15 (2021: 17) employees, as at 31 December 2022, 12 of whom were based in Ireland, 2 in Germany and 1 in Denmark. The Company has recruited employees in line with the CBI's requirements.

Results

The results for the year and the appropriation thereof are set out in the Statement of Income and Retained Earnings and in the related notes.

Dividends

The directors declared a 2022 dividend for the Company of £3,000,000 during the year (2021: £2,000,000).

Directors

The Directors of the Company are as stated on page 2. In accordance with the Articles of Association, the Directors retire, and being eligible, offer themselves for re-election. Except where indicated, they served as directors for the entire year.

Political Donations

The Company made no political donations during the year (2021: £Nil).

Accounting Records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to accounting records by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are available at Building 3, 1 Ballsbridge, Dublin 4, Ireland.

Relevant Audit Information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

Auditors

The Auditors, KPMG, Chartered Accountants, Statutory Audit Firm, will continue in office in accordance with Section 383 (2), of the Companies Act 2014.

Directors' Compliance Statement

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014, the Market Abuse (Directive 2003/6/EC) Regulations 2005 and Tax laws ('relevant obligations'). The Directors confirm that:

- A compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- Appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- A review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

Baring International Fund Managers (Ireland) Limited

Report of the Directors and Statement of Directors' Responsibilities (continued)

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year.

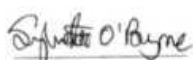
In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Company to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014.

They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The financial statements were approved at a Board Meeting of the Company on 20 April, 2023 and signed on its behalf by:



Syl O'Byrne
Director
24 April, 2023



Alan Behen
Director
24 April, 2023



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARING INTERNATIONAL FUND MANAGERS (IRELAND) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Baring International Fund Managers (Ireland) Limited ('the Company') for the year ended December 31, 2022 set out on pages 9 to 19, which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in the notes to the accounts.

The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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. 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 the date when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARING INTERNATIONAL FUND MANAGERS (IRELAND) LIMITED (continued)

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


A fuller description of our responsibilities is provided on IAASA's website at:

<https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

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

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

24 April 2023


Jorge Fernandez Revilla
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Baring International Fund Managers (Ireland) Limited

Statement of Income and Retained Earnings

for the year ended 31 December 2022

	Notes	2022	2021
		£	£
Fee income	1	231,964,367	220,692,616
Administration expenses	2	(227,631,099)	(215,644,523)
Operating profit on ordinary activities		<u>4,333,268</u>	<u>5,048,093</u>
Other interest receivable and similar income	5	354,243	460
Other interest payable and similar charges	6	(11,792)	(614,437)
Profit on ordinary activities before taxation		<u>4,675,719</u>	<u>4,434,116</u>
Taxation	8	(619,488)	(605,142)
Profit for the year		<u><u>4,056,231</u></u>	<u><u>3,828,974</u></u>

The notes on pages 12 to 19 form part of these financial statements.

In arriving at the profit for the year, all the amounts above relate to continuing operations.

Baring International Fund Managers (Ireland) Limited

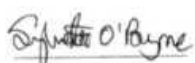
Statement of Financial Position

as at 31 December 2022

	Notes	2022	2021
		£	£
Current assets			
Debtors (including £5,232,378 due after more one year (2021: £Nil))	9	56,929,018	40,191,749
Investments	10	42,287	51,835
Cash and cash equivalents	11	<u>15,512,917</u>	<u>8,769,366</u>
		72,484,222	49,012,950
Current liabilities			
Creditors: Amounts falling due within one year	12	<u>(55,569,969)</u>	<u>(33,170,182)</u>
Net current assets		16,914,253	15,842,768
Non current liabilities			
Creditors: Amounts falling due after one year	12	<u>(155,403)</u>	<u>(140,149)</u>
Net assets		<u><u>16,758,850</u></u>	<u><u>15,702,619</u></u>
Capital and reserves			
Called up share capital	13	100,000	100,000
Capital reserves	13	5,307,000	5,307,000
Profit and loss account		<u>11,351,850</u>	<u>10,295,619</u>
Shareholders' funds - equity		<u><u>16,758,850</u></u>	<u><u>15,702,619</u></u>

The notes on pages 12 to 19 form part of these financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors of the Company on 20 April, 2023.



Syl O'Byrne
Director
24 April, 2023



Alan Behen
Director
24 April, 2023

Baring International Fund Managers (Ireland) Limited

Statement of Changes in Equity

	Called up share capital	Reserves	Profit and loss account	Total equity
	£	£	£	£
For the year ended 31 December 2021				
Balance at 1 January 2021	100,000	5,307,000	8,466,645	13,873,645
Total comprehensive income for the year	—	—	3,828,974	3,828,974
Dividends paid	—	—	(2,000,000)	(2,000,000)
Balance at 31 December 2021	100,000	5,307,000	10,295,619	15,702,619
For the year ended 31 December 2022				
Balance at 1 January 2022	100,000	5,307,000	10,295,619	15,702,619
Total comprehensive income for the year	—	—	4,056,231	4,056,231
Dividends paid	—	—	(3,000,000)	(3,000,000)
Balance at 31 December 2022	100,000	5,307,000	11,351,850	16,758,850

The notes on pages 12 to 19 form part of these financial statements.

Baring International Fund Managers (Ireland) Limited

Notes forming part of the Financial Statements

Accounting policies

Basis of preparation

Baring International Fund Managers (Ireland) Limited (the “Company”) is a private company limited by shares and incorporated and domiciled in Ireland.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”); however, the amendments arising from the implementation of the EU Accounting Directive in the UK have been disapplied. Accounting standards generally accepted in Ireland are those published by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council (“FRC”).

The financial statements are prepared in pound sterling, denoted by the symbol £, which is the functional currency of the Company.

The Company is included in the consolidated financial statements of Barings Europe Limited which are prepared in accordance with FRS 102 and so the Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. In preparing the financial statements of the Company, advantage has been taken of the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement; and
- Key Management Personnel compensation.

As the consolidated financial statements of Barings Europe Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Schedule 3, paragraph 39 of the Companies Act 2014.

The accounting policies set out below have been applied consistently in dealing with items which are considered material to all periods presented in these financial statements.

Foreign currencies

Transactions effected in foreign currencies are translated into pounds sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated, using the contracted rate or the rate of exchange ruling at the Statement of Financial Position date, and the gains or losses on translation are included in the Statement of Income and Retained Earnings.

Measurement convention

The financial statements are prepared on the historical cost basis except for investments which are stated at their fair value and are classified as fair value through the profit and loss.

Going concern

The ultimate responsibility for managing capital lies with the Board of Directors. The Company and the Group have considerable financial resources. The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing the annual financial statements.

Basic financial instruments

Debtors are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument at the transaction price less the attributable transaction costs.

Creditors are recognised initially at the transaction price plus the attributable transaction costs.

Holdings in mutual funds are designated at fair value through profit or loss and are measured at subsequent reporting dates at fair value. Where securities are designated at fair value through profit or loss, gains and losses arising from changes in fair value are included in profit or loss for the accounting period.

Baring International Fund Managers (Ireland) Limited

Notes forming part of the Financial Statements (continued)

Accounting policies (continued)

Fair value measurement

In accordance with FRS 102, the Company has opted to apply the recognition and measurement requirements of IAS 39 Financial Instruments: Recognition and Measurement to its financial instruments that fall in scope of Section 11 of FRS 102. In addition, the presentation and disclosure requirements of FRS 102 have been applied.

Cash and cash equivalents

Cash and cash equivalents are represented by cash at bank and investments in money market mutual funds repayable without penalty on notice of no more than 24 hours.

Income

Management and Administration fee income is calculated based on funds under management in accordance with the terms agreed between the Company and its clients. The fee is calculated on an accruals basis over the period of management. Performance fees are recognised when they crystallise.

Rebates of management fees

Rebates of mutual fund management fees are netted off against management fees if they are payable to the investor in the mutual fund, otherwise they are shown as an expense.

Expenses

Expenses are accounted for on an accruals basis.

Post-retirement benefits

Defined contributions, in respect of all eligible employees, are charged to profits in respect of the current accounting period. The assets resulting from the contributions are held separately from those of the Company.

Interest receivable and similar income/interest payable and similar charges

Interest receivable and similar income includes interest receivable on funds invested, net foreign exchange gains and net gains on investments. Interest payable and similar charges includes interest expense, net foreign exchange losses and net losses on investments. Interest income and interest expense are recognised in the Statement of Income and Retained Earnings as they accrue, using the effective interest rate method.

Taxation

Corporation Tax is provided on the income for the year less allowable expenses. The Company qualifies for relief from Corporation Tax under Section 446, Taxes Consolidation Act, 1997 on qualifying trading income. Passive income is taxed at 25%.

Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and the amounts reported for income and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The assumptions and estimates, which are continuously reviewed, are based on past experience and other factors, including expectations regarding likely developments in the future. For the purpose of these financial statements, no significant judgements or estimates have been made that would affect reported amounts or disclosures.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Baring International Fund Managers (Ireland) Limited

Notes forming part of the Financial Statements (continued)

Accounting policies (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legally enforceable right to offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under FRS 102, or for gains and losses arising from a group of similar transactions.

1. Fee income

	2022	2021
	£	£
By Class of Business:		
Management fees from Group undertakings	6,394,992	5,899,784
Management Fees	226,243,820	207,773,257
Administration Fees	14,294,421	18,676,904
Performance Fees	141,529	844,086
Rebates of fees to investors	(15,110,395)	(12,501,415)
	231,964,367	220,692,616

By geographical market: All management, administration and performance fees in 2022 above have been earned from Irish funds bar £79,679,435 from Luxembourg, £2,037,119 from the UK, £1,983,425 from the Netherlands and £161,775 from France (2021: All Irish bar £51,979,441 from Luxembourg, £3,532,712 from the Netherlands, £2,044,943 from the UK and £196,840 from France).

2. Administration expenses

	2022	2021
	£	£
Investment Management Fees - Intercompany	175,261,875	159,197,609
Fee Rebates	31,514,977	35,741,386
Common Services - Intercompany	6,100,060	4,943,045
Northern Trust Administration Fee	5,647,889	7,173,505
Staff salaries and related costs (note 3)	3,715,159	3,299,201
Fund expenses	2,327,199	2,090,229
Professional Fees	897,492	538,757
Mutual fund marketing and intermediary service fees	779,525	1,169,848
Occupancy	272,468	263,399
Information Technology costs	261,803	204,611
Legal Fees	233,983	278,889
Bank Charges	168,340	208,220
Irrecoverable VAT	154,720	275,092
Central Bank of Ireland Industry Funding Levy	152,017	177,941
Audit Fees	74,916	72,316
Travel	58,995	3,873
Sundry Expenses	9,681	6,602
	227,631,099	215,644,523

Investment management fees are calculated under the terms of investment agreements entered into between the Company and the Barings Group entity that the investment management has been delegated to.

Fee rebates of management fees are determined according to the terms agreed between the Company and agents of investors.

Baring International Fund Managers (Ireland) Limited

Notes forming part of the Financial Statements (continued)

2. Administration expenses (continued)

The Northern Trust Administration fee is in respect of third party administration services provided by Northern Trust Administration Services (Ireland) Limited to the Company.

The Common Services fee is payable in respect of marketing and back office services provided to the Company by Baring Asset Management (Asia) Limited.

3. Employee information

The Company has recruited employees in line with the Central Bank of Ireland requirements. The aggregate remuneration for all employees was:

	2022	2021
	£	£
Salaries	1,940,102	1,779,392
Discretionary Incentive Compensation	1,188,446	952,015
Payroll Benefits	48,026	39,216
Pension Contribution	228,988	206,157
Social Security Costs	309,597	322,421
	<u>3,715,159</u>	<u>3,299,201</u>

Included in Social Security Costs is employer's taxes in respect of Discretionary Incentive Compensation £107,597 (2021: £117,335).

	2022	2021
The average number of persons employed by the Company (including directors)	17	17

4. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	585,154	699,813
Amounts receivable under long-term incentive schemes	97,231	70,668
Company contributions to money purchase pension schemes	27,257	44,382

Directors' remuneration comprises the cost of non-executive directors engaged by the Company plus the cost of Group directors, calculated based on the total cost of their services to the Group pro-rated for the amount of time they spend working on behalf of the Company.

5. Other interest receivable and similar income

	2022	2021
	£	£
Interest Receivable	152,763	460
Exchange Gain	201,480	—
	<u>354,243</u>	<u>460</u>

Baring International Fund Managers (Ireland) Limited

Notes forming part of the Financial Statements (continued)

6. Other interest payable and similar charges

	2022	2021
	£	£
Interest Payable	2,244	590
Exchange Loss	—	610,987
Loss on financial assets measured at fair value through profit and loss	9,548	2,860
	<u>11,792</u>	<u>614,437</u>

7. Auditor's remuneration

	2022	2021
	£	£
Remuneration (including expenses) for the statutory audit and other services carried out for the Company by the Company's auditors is as follows (exclusive of VAT):		
Audit of the Company's Financial Statements	74,916	72,316
Tax Advisory Services	4,487	4,251
All other services	16,209	—
	<u>95,612</u>	<u>76,567</u>

8. Taxation

	2022	2021
	£	£
The taxation charge on the profit from ordinary activities comprises:		
Irish corporation tax at 12.5% on profit for the year	566,283	569,262
Passive income tax at 25%	19,095	100
Overseas tax on branch activities	40,589	33,499
Adjustment in respect of prior year	(6,479)	2,281
	<u>619,488</u>	<u>605,142</u>

	2022	2021
	£	£
Profit on ordinary activities for the year	4,675,719	4,434,116
Tax using the Irish corporation tax rate of 12.5%	584,465	554,264
Income taxed at higher rate	9,547	50
Overseas branch income taxed at higher rate	21,269	16,286
Disallowable items	7,251	36,194
Foreign exchange movement	3,435	(3,933)
Adjustment in respect of prior year	(6,479)	2,281
	<u>619,488</u>	<u>605,142</u>

Baring International Fund Managers (Ireland) Limited

Notes forming part of the Financial Statements (continued)

9. Debtors

	2022	2021
	£	£
Amounts Falling Due Within One Year:		
* Fee Debtors	48,645,351	36,684,044
Other Debtors	2,578,936	1,147,278
Amounts receivable from Group undertakings	5,622,575	2,278,280
Prepayments	82,156	82,147
	<u>56,929,018</u>	<u>40,191,749</u>

* Loan arrangement fees for one fund are settled in 12 equal tranches in the 3 years following the date that the fees have been earned, giving rise to a debtor due in greater than one year. At 31 December 2022, £5,232,378 is due after one year. At 31 December 2021 £2,760,587 was due after one year. The 2021 amount was not material to the 2021 net current assets and thus it has not been disclosed on the face of the financial statements.

10. Investments

	2022	2021
	£	£
Current asset investments		
Financial assets designated at fair value through profit and loss		
Investments in mutual funds	<u>42,287</u>	<u>51,835</u>

As at 31 December 2021	Level 1	Level 2	Level 3
Investments in mutual funds	51,835	—	—

As at 31 December 2022	Level 1	Level 2	Level 3
Investments in mutual funds	42,287	—	—

None of the holdings in mutual funds exceed 1% of the total fund.

11. Cash and cash equivalents

	2022	2021
	£	£
Held at:		
The Northern Trust International Banking Corporation	180,107	210,746
Barclays Bank Ireland Plc	5,834,180	2,987,150
Northern Trust Global Funds plc (Money Market Fund)	9,365,898	5,508,438
Skandinaviska Enskilda Banken, Denmark	132,732	17,597
Frankfurter Sparkasse, Germany	—	45,435
	<u>15,512,917</u>	<u>8,769,366</u>

12. Creditors

	2022	2021
	£	£
Amounts Falling Due Within One Year:		
Amounts payable to Group undertakings	38,027,957	16,214,657
Accruals	17,337,671	16,871,113
Other creditors	96,552	3,870
Bank overdraft	2,893	—
Deferred rent	46,239	5,593
Corporation Tax	58,657	74,949
	<u>55,569,969</u>	<u>33,170,182</u>

Baring International Fund Managers (Ireland) Limited

Notes forming part of the Financial Statements (continued)

12. Creditors (continued)

	2022	2021
	£	£
Amounts Falling Due After One Year:		
Accrual for Long Term Incentive Compensation & associated employer's taxes	<u>155,403</u>	<u>140,149</u>

13. Called up share capital and capital reserves

	2022	2021
	£	£
Authorised		
100,000 Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted and Fully Paid		
100,000 Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and to one vote per share at meetings of the Company. On 22 June 2018, an additional £5,307,000 capital contribution was paid to the Company, by the Company's parent and booked under capital reserves. The Company has no obligation to bear any servicing cost or transfer any economic benefit of any kind to the investor who made the contribution or to any person in return for the capital contribution. The Company has no obligation to repay the capital contribution.

14. Leases

	2022	2021
	£	£
Non-cancellable operating lease rentals are payable as follows:		
Not later than one year	177,085	125,823
Later than one year and not later than five years	575,527	671,056
Later than five years	—	41,941
	<u>752,612</u>	<u>838,820</u>

During the year, £169,852 was recognised as an expense in the profit and loss account in respect of operating leases (2021: £167,813).

15. Contingent liabilities/capital commitments

There were no contingent liabilities or capital commitments at 31 December 2022 (2021: £nil).

16. Related party disclosures

The Company is a wholly owned indirect subsidiary of Massachusetts Mutual Life Insurance Company which prepares consolidated financial statements. It has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 and has therefore not separately disclosed transactions or balances with entities which form part of the Massachusetts Mutual Life Insurance Group.

The Company received investment management fees from 70 funds (2021: 72 funds) as set out in the agreements with those funds. Total amounts received from the funds included in note 1 are £238,356,540 (2021: £223,427,942). As at 31 December, the amounts due from funds included in note 9 are £48,080,824 (2021: £35,912,174).

The Company pays expenses on behalf of the funds, primarily when the fund is in the pre-launch stage and has no means to pay the cost, that it subsequently recoups from them. The amount outstanding at the year end included in Other Debtors in note 9 is £2,090,148 (2021: £1,051,844).

On 30 March 2022, the Company entered into a loan agreement for £16,032,975 with Baring Asset Management Limited. The loan was repaid in full in 2022.

The remuneration of directors is disclosed in note 4.

Baring International Fund Managers (Ireland) Limited

Notes forming part of the Financial Statements (continued)

17. Ultimate parent undertaking

The Company's immediate parent company has been Barings Europe Limited since 14 October 2022 (previously Baring Asset Management UK Holdings Limited) and ultimate parent company is Massachusetts Mutual Life Insurance Company. The ultimate controlling party is Massachusetts Mutual Life Insurance Company.

The largest group in which the results of the Company are consolidated is that headed by Massachusetts Mutual Life Insurance Company. The consolidated financial statements of Massachusetts Mutual Life Insurance Company can be found on their website.

The smallest group in which the results are consolidated is that headed by Barings Europe Limited. The financial statements of Barings Europe Limited can be obtained from the Firm's registered office at 20 Old Bailey, London, EC4M 7BF.

18. Subsequent events

On 3 January 2023, Syl O'Byrne replaced David Conway as an independent director of the Company. There are no other subsequent events that have occurred up until the date that the financial statements were available to be issued that the Company believes necessitates disclosure or adjustment.

19. Approval of the financial statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 20 April, 2023.