

Company Registration No. 0863502 (England and Wales)

**ROBERT W. BAIRD GROUP LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

TUESDAY



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# ROBERT W. BAIRD GROUP LIMITED

## COMPANY INFORMATION

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|--------------------------|--|
| <b>Directors</b>         | B Doyal<br>N Sealy<br>S Holt<br>G Pan<br>J A Langenfeld<br>A Ferguson        |
| <b>Secretary</b>         | TMF Corporate Administrative Services Limited                                |
| <b>Company number</b>    | 00863502   |
| <b>Registered office</b> | Finsbury Circus House<br>15 Finsbury Circus<br>London<br>England<br>EC2M 7EB |
| <b>Auditor</b>           | KPMG LLP<br>15 Canada Square<br>London<br>E14 5GL                            |

# ROBERT W. BAIRD GROUP LIMITED

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# ROBERT W. BAIRD GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report and financial statements for the year ended 31 December 2021.

#### **Review of the business**

The Robert W. Baird Consolidated Group ("the Group") made a profit after taxation of £10,048,863 for the year ended 31 December 2021 (2020: loss after taxation of £2,912,367).

During the year the Group's revenue increased by £34,983,614 to £78,576,484 (2020: £43,592,870). The increase in revenues is reflective of higher corporate finance deal activity.

The Group's operating margin increased from -3.6% to 13.4%. This has been driven by an increase in corporate finance revenue.

At the end of the year the Group had net current assets of £28,026,777 and total net assets of £38,123,005 indicating a strong financial position.

#### **Key performance indicators (KPIs)**

The directors monitor a number of KPIs in each business, these include:

##### ***Private Equity***

The directors monitor a number of KPIs including the value of active funds under management at the year end which increased to £41.6m (2020: £35.9m) and undrawn commitments available at the year end of £23.6m (2020: £24.1m).

Directors also monitor similar KPIs in relation to their global fund advisory arrangements. The valuation of UK advised assets in global funds at the year end which decreased to \$209.1m (2020: \$305.0m), undrawn commitments available at the year end of \$250.6m (2020: \$193.2m) as well as capital deployed and realised during the year of \$43.8m and \$165.8m respectively (2020: \$65.6m and \$0.1m respectively).

##### ***Corporate Finance***

The number of local deals completed by European investment banking was 23 in 2021 (2020: 10). Contribution for the business was £14,994,268 (2020: £2,941,469).

##### ***Institutional Equity Sales***

The number of institutional sales clients increased from 235 in 2020 to 249 in 2021. Contribution for the business was £1,086,215 (2020: £806,342).

#### **Principal risks and uncertainties**

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk and currency risk. The Group monitors these risks and seeks to limit the adverse effects on the financial performance of the Group. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board, but policies are implemented by the Company's finance department.

##### **Credit risk**

The amount of exposure to any individual counterparty is monitored and assessed on a case by case basis.

##### **Liquidity risk**

The Group maintains cash reserves ensuring it has sufficient available funds to meet its debts as they fall due. These are monitored at a company and group level.

##### **Currency risk**

The Group has currency risk from its relationships with both its German business and with its US parent. The main exposure arises from the Group holding a proportion of its cash in USD as part of the global group's hedging strategy. This is monitored by the Finance department, and also by Baird Financial Group, Inc. ("the global group").

# ROBERT W. BAIRD GROUP LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Principal risks and uncertainties (continued)

#### Coronavirus (COVID-19)

The board continues to monitor the impact of the pandemic, the last national lockdown ended on 19 July 2021 with most remaining domestic legal restrictions ending on 24 February 2022. The UK government issued its "Living with Covid-19" plan in February 2022 as part of this plan the UK will begin to treat Covid as other infectious diseases such as flu.

There is potential for other market volatility driven by rising interest rates, inflation, and the conflict in Ukraine.

The ultimate outcome of these matters cannot presently be determined, the Company has however undertaken a preliminary assessment of the potential impact on its principal business operations. The potential impact to the business units are as follows:

#### Corporate Finance

This business unit relies on deal fees. There was record global M&A activity in 2021 which carried over from a strong end to 2020. We expect 2022 activity to ease off and return to similar levels seen in 2019.

#### Institutional Equity Sales

Volatility in the US equities market means that trading volumes have increased in this environment. This business unit does not expect a significant impact on its operating profit.

#### Private Equity

The ongoing impact is likely to be minimal as the Company receives recurring revenue in its role as an advisor to both Baird Global Fund I and Baird Global Fund II.

#### Stress testing

We have used various stress-test scenarios, predominantly focused on suppressed levels of Corporate Finance revenues across the Group, the most severe of which consists of 3 months of zero cash receipts, 6 months at 50% and 3 months at 75% of prior year revenue. The business was able to continue its operations and meet its obligations over the next 12 months when applying this scenario.

We have stress-tested the Private Equity business on the basis of zero cash receipts from the legacy funds. The business was able to continue its operations and meet its obligations over the next 12 months when applying this scenario.

The key recurring revenue stream are advisory fees from Baird Global Fund I and Baird Global Fund II. We are confident in the quality of the underlying limited partners and portfolio companies in both funds to meet their commitments as required.

As explained in the directors report the board believes that the Group continues to have sufficient resources in place to finance its operations for the foreseeable future.

# ROBERT W. BAIRD GROUP LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Section 172 (1) Statement

The Directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its member, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term,
- Interests of the Company's employees,
- Need to foster the Company's business relationships with suppliers, customers and others,
- Impact of the Company's operations on the community and the environment,
- Desirability of the Company maintaining a reputation for high standards of business conduct,
- Need to act fairly between members of the company.

The Directors' regard to these matters is embedded in their decision-making process, through the Company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

The Company's business strategy is focused on achieving success for the Company in the long-term. In setting this strategy, the Board considers the impact of relevant factors and stakeholder interests on the Company's performance. The Board also identifies principal risks facing the business and sets risk management objectives.

The Board promotes a culture of upholding the highest standards of business conduct and regulatory conduct. The Board ensures these core values are communicated to the Company's employees and embedded in the Company's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

The Board recognises that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate a sustainable business.

The Directors are supported in the discharge of their duties by:

- Processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the Company's business areas, its risk and control functions and support teams, and
- Agenda planning for Board meetings to provide sufficient time for the consideration and discussion of key matters.

### **Stakeholders**

The Board understands the importance of engagement with all of its stakeholders. The below summarises the key stakeholders and how we engage with each:

### **Employees**

There are many things that make Baird different from other financial services companies. You can see those differences at work in the quality of our people and all they do, our employee-owned structure, our consistent recognition as a great place to work, our internationally recognised expertise and much more.

Our employees contribute to a positive working culture and healthy working environment. Employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team's productivity and our individual employees' potential within the business.

# **ROBERT W. BAIRD GROUP LIMITED**

## **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Section 172 (1) Statement (continued)**

#### ***Employees (continued)***

We continually invest in employee development and wellbeing to create and encourage an inclusive culture within the organisation. Our employee appraisal programme encourages employee feedback and facilitates the opportunity for both employees and managers to set performance goals on an annual basis.

Our culture invites different perspectives, new ideas and opportunities for growth. We work hard to ensure employees feel welcome and are valued and recognised for their hard work.

#### ***Clients***

Clients are at the centre of our business.

Since inception, we have followed the principles of integrity, transparency, teamwork and keeping clients first. Together these ideals form the foundation of our unique culture and approach to doing business.

We're honoured to have earned national recognition and a reputation for excellence for the financial advice and services we provide. We know these accolades stem from our cultural commitment to clients and to being a workplace of choice for the most talented professionals in our industry.

#### ***Suppliers***

As a global business, we work with a wide range of suppliers both in the UK and globally. We remain committed to being fair and transparent in our dealings with all of our suppliers.

The Company has procedures requiring due diligence of suppliers, including for example, their data protection policies and modern slavery policies.

The Company has systems and processes in place to ensure suppliers are paid in a timely manner.

#### ***Community and Environment***

The Board's approach to social responsibility, diversity & the community is of high importance.

Corporate social responsibility principles are part of our culture and decision-making process. We take a consultative approach focused on building long-term relationships and solving business problems.

Diversity and Inclusion is a key pillar for Baird globally. Baird have supported various events in 2021 including 'International Women's Day' and 'Black History Month.'

We work with our regulators and the government in an open and proactive manner to help develop regulations that meet the needs of all our stakeholders.

The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards and good governance expected of a regulated business like ours. In doing so, we believe we will achieve our long-term business strategy and further develop our reputation in our sector.

We have a risk and control framework to ensure that the Company complies with all legal and regulatory requirements relating to the provision of products and services to our clients.

# **ROBERT W. BAIRD GROUP LIMITED**

## **STRATEGIC REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2021**

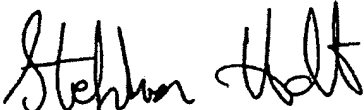
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### **Section 172 (1) Statement (continued)**

#### ***Shareholders***

The Board also seeks to behave in a responsible manner towards our shareholders and ultimate parent. The Board communicates information relevant, such as its financial reporting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Stephen Holt', written in a cursive style.

S Holt

**Director**

15 July 2022



# **ROBERT W. BAIRD GROUP LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their annual report and financial statements for the year ended 31 December 2021.

### **Principal activities**

The principal activity of Robert W. Baird Group Limited is as a holding and service company to other companies within the Group. The Group of companies' activities during the year was the provision of financial and investment services to companies and financial institutions. This included three primary business streams: Corporate Finance, Institutional Equity Sales and Private Equity.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B Doyal  
N Sealy  
S Holt  
G Pan  
J A Langenfeld  
A Ferguson

### **Directors' indemnities**

Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### **Results and dividends**

The results for the year are set out on pages 12 and 13.

The directors do not propose a dividend in respect of 2021 (2020: £nil).

### **Principal risks and uncertainties**

These have been included in the Strategic report.

### **Future developments**

The Board intends to continue to develop the provision of institutional equity sales and corporate finance services alongside the continued development of the provision of portfolio investment advisory services provided by the Group.

### **Auditor**

KPMG LLP were appointed as auditor to the company in accordance with section 485 of the Companies Act 2006, and having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

### **Statement of disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# ROBERT W. BAIRD GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Going concern

At the time of approving the financial statements, the directors, after reviewing various projections, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

After reviewing various projections, the Directors are satisfied that the Group has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the 12 months from the date of approval of the financial statements. The Directors have considered the impact of the current global economic environment and potential implications on future Group operations.

As part of their assessment the Directors have used various severe, but plausible, stress-test scenarios on the Group, predominantly focused on suppressed levels of Corporate Finance revenues across the Group. The most severe of these consists of:

### Corporate Finance

The Directors have stress-tested on the basis of 3 months of zero cash receipts, 6 months at 50% and 3 months at 75% of prior year revenue.

### Private Equity

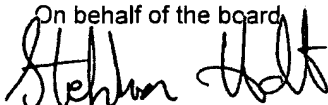
The Directors have stress-tested on the basis of zero cash receipts from the legacy funds.

As at 30 April 2022 the Group has capital totaling £39m which contains liquid cash assets of £30m. The Group has the ability to reduce its cost base where required in order to maintain liquidity and as a final measure the Group can request support from its US parent.

The Directors have undertaken inquiries and assessment of Baird Financial Group, Inc, the ultimate parent Company, in order to satisfy itself that there is sufficient liquidity at the wider group level and no issues were identified.

For the reasons above, the Directors continue to believe that there is sufficient resources to meet the liabilities of the Group for the next 12 months from the date of approval of the financial statements and has adopted the going concern basis in preparing these financial statements.

On behalf of the board



S Holt

Director

15 July 2022

# **ROBERT W. BAIRD GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements.**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK 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 state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROBERT W. BAIRD GROUP LIMITED**

### **Opinion**

We have audited the financial statements of Robert W. Baird Group Limited ("the company") for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and senior management as to the Group's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading the Group's board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is generated from few sources and transactions are easily verifiable to external sources or agreements with little or no requirement for estimation or judgement from management.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals posted to unrelated accounts.
- Assessing significant accounting estimates for bias.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's regulatory permissions. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety, anti-bribery, anti-money laundering, client asset sourcebook, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for 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 group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

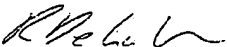
#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



**Richard De La Rue (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
15 July 2022

## ROBERT W. BAIRD GROUP LIMITED

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

|   |          | 2021              | 2020               |
|---|----------|-------------------|--------------------|
|   | Notes    | £                 | £                  |
| Turnover  | 3        | 78,576,484        | 43,592,870         |
| Administrative expenses                               |          | (68,047,088)      | (45,168,270)       |
| <b>Operating profit/(loss)</b>                        |          | <b>10,529,396</b> | <b>(1,575,400)</b> |
| Expense from interests in associated undertakings     |          | (61,997)          | (29,585)           |
| Gains/(losses) on financial instruments at fair value | 9        | 497,388           | (911,168)          |
| Interest receivable and similar income                | 10       | 6,434             | 76,294             |
| Other finance income/(expense)                        | 11       | 77,449            | (323,159)          |
| <b>Profit/(loss) before taxation</b>                  | <b>4</b> | <b>11,048,670</b> | <b>(2,763,018)</b> |
| Tax on profit/(loss)                                  | 12       | (999,807)         | (149,349)          |
| <b>Profit/(loss) for the financial year</b>           |          | <b>10,048,863</b> | <b>(2,912,367)</b> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 19 to 40 form an integral part of these Financial Statements.

# ROBERT W. BAIRD GROUP LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

|   | 2021<br>£        | 2020<br>£          |
|---|------------------|--------------------|
| <b>Profit/(loss) for the year</b>                                     | 10,048,863       | (2,912,367)        |
| Currency translation (losses)/gains on foreign<br>currency operations | (378,981)        | 204,742            |
| <b>Total comprehensive income/(loss) for the year</b>                 | <u>9,669,882</u> | <u>(2,707,625)</u> |

The notes on pages 19 to 40 form an integral part of these Financial Statements.



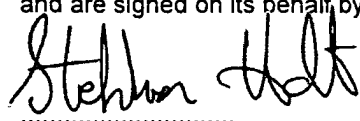
# ROBERT W. BAIRD GROUP LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

|  | Notes | 2021<br>£           | £                   | 2020<br>£         | £ |
|--|-------|---------------------|---------------------|-------------------|---|
| <b>Fixed assets</b>  |       |                     |                     |                   |   |
| Tangible assets  | 13    | 2,223,773           |                     | 2,520,680         |   |
| Investment in associated undertakings                          | 8     | 89,758              |                     | 160,216           |   |
| Investments  | 14    | 8,517,886           |                     | 8,020,498         |   |
|  |       | <u>10,831,417</u>   |                     | <u>10,701,394</u> |   |
| <b>Current assets</b>  |       |                     |                     |                   |   |
| Debtors  | 15    | 18,387,490          | 11,185,244          |                   |   |
| Cash and cash equivalents                                      | 18    | 84,441,274          | 28,743,681          |                   |   |
|  |       | <u>102,828,764</u>  | <u>39,928,925</u>   |                   |   |
| <b>Creditors: falling due within one year</b>                  | 16    | <u>(74,801,987)</u> | <u>(21,179,322)</u> |                   |   |
| Net current assets   |       | 28,026,777          |                     | 18,749,603        |   |
| <b>Total assets less current liabilities</b>                   |       | 38,858,194          |                     | 29,450,997        |   |
| <b>Creditors: amounts falling due after more than one year</b> | 19    | (485,197)           |                     | (757,277)         |   |
| <b>Provisions for liabilities</b>                              | 20    | (249,992)           |                     | (240,597)         |   |
| <b>Net assets</b>  |       | <u>38,123,005</u>   |                     | <u>28,453,123</u> |   |
| <b>Capital and reserves</b>                                    |       |                     |                     |                   |   |
| Called up share capital  | 22    | 9,691,045           |                     | 9,691,045         |   |
| Profit and loss reserve  |       | 28,431,960          |                     | 18,762,078        |   |
| <b>Total equity</b>  |       | <u>38,123,005</u>   |                     | <u>28,453,123</u> |   |

The notes on pages 19 to 40 form an integral part of these Financial Statements.

The financial statements were approved by the board of directors and authorised for issue on 15 July 2022 and are signed on its behalf by:



S Holt  
Director

Company Registration No. 0863502

# ROBERT W. BAIRD GROUP LIMITED

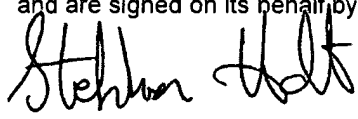
## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2021

|  | Notes | 2021<br>£         | £                 | 2020<br>£         | £                 |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| <b>Fixed assets</b>  |       |                   |                   |                   |                   |
| Tangible assets  | 13    |                   | 1,457,286         |                   | 1,648,810         |
| Investment in associated undertakings                          | 8     |                   | 89,758            |                   | 160,216           |
| Investments  | 14    |                   | 18,157,710        |                   | 17,660,321        |
|  |       |                   | <u>19,704,754</u> |                   | <u>19,469,347</u> |
| <b>Current assets</b>  |       |                   |                   |                   |                   |
| Debtors  | 15    | 10,542,452        |                   | 6,839,964         |                   |
| Cash and cash equivalents                                      | 18    | 31,178,938        |                   | 14,781,397        |                   |
|  |       | <u>41,721,390</u> |                   | <u>21,621,361</u> |                   |
| <b>Creditors: falling due within one year</b>                  | 16    | (38,525,324)      |                   | (18,517,201)      |                   |
| Net current assets   |       |                   | <u>3,196,066</u>  |                   | <u>3,104,160</u>  |
| <b>Total assets less current liabilities</b>                   |       |                   | 22,900,820        |                   | 22,573,507        |
| <b>Creditors: amounts falling due after more than one year</b> | 19    |                   | (145,272)         |                   | (343,540)         |
| <b>Provisions for liabilities</b>                              | 20    |                   | (228,975)         |                   | (228,975)         |
| <b>Net assets</b>  |       |                   | <u>22,526,573</u> |                   | <u>22,000,992</u> |
| <b>Capital and reserves</b>                                    |       |                   |                   |                   |                   |
| Called up share capital  | 22    |                   | 9,691,045         |                   | 9,691,045         |
| Profit and loss reserve  |       |                   | 12,835,528        |                   | 12,309,947        |
| <b>Total equity</b>  |       |                   | <u>22,526,573</u> |                   | <u>22,000,992</u> |

The notes on pages 19 to 40 form an integral part of these Financial Statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The profit for the Company for the year was £525,581 (2020: loss of £1,607,253).

The financial statements were approved by the board of directors and authorised for issue on 15 July 2022 and are signed on its behalf by:



S Holt  
Director

Company Registration No. 0863502

# ROBERT W. BAIRD GROUP LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

|  | Share capital | Profit and<br>loss reserve | Total       |
|--|---------------|----------------------------|-------------|
|  | £             | £                          | £           |
| <b>Balance at 1 January 2020</b>                   | 9,691,045     | 21,469,703                 | 31,160,748  |
| <b>Period ended 31 December 2020:</b>              |               |                            |             |
| Loss and total comprehensive income for the year   | -             | (2,707,625)                | (2,707,625) |
| <b>Balance at 31 December 2020</b>                 | 9,691,045     | 18,762,078                 | 28,453,123  |
| <b>Period ended 31 December 2021:</b>              |               |                            |             |
| Profit and total comprehensive income for the year | -             | 9,669,882                  | 9,669,882   |
| <b>Balance at 31 December 2021</b>                 | 9,691,045     | 28,431,960                 | 38,123,005  |

The notes on pages 19 to 40 form an integral part of these Financial Statements.

# ROBERT W. BAIRD GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

|  |       | Share capital           | Profit and<br>loss reserve | Total                    |
|--|-------|-------------------------|----------------------------|--------------------------|
|  | Notes | £                       | £                          | £                        |
| Balance at 1 January 2020                          |       | 9,691,045               | 13,917,200                 | 23,608,245               |
| <b>Period ended 31 December 2020:</b>              |       |                         |                            |                          |
| Loss and total comprehensive income for the year   | 17    | -                       | (1,607,253)                | (1,607,253)              |
| <b>Balance at 31 December 2020</b>                 |       | <u>9,691,045</u>        | <u>12,309,947</u>          | <u>22,000,992</u>        |
| <b>Period ended 31 December 2021:</b>              |       |                         |                            |                          |
| Profit and total comprehensive income for the year | 17    | -                       | 525,581                    | 525,581                  |
| <b>Balance at 31 December 2021</b>                 |       | <u><u>9,691,045</u></u> | <u><u>12,835,528</u></u>   | <u><u>22,526,573</u></u> |

The notes on pages 19 to 40 form an integral part of these Financial Statements.

# ROBERT W. BAIRD GROUP LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

|   |       | 2021        | 2020        |
|---|-------|-------------|-------------|
|   | Notes | £           | £           |
| <b>Cash flows from operating activities</b>                   |       |             |             |
| Profit/(loss) for the financial year                          |       | 10,048,863  | (2,912,367) |
| Tax on profit/(loss)  | 12    | 999,807     | 149,349     |
| Foreign currency (gain)/loss                                  | 11    | (77,449)    | 323,159     |
| Net interest income   | 10    | (6,434)     | (76,294)    |
| (Gain)/loss on investments held at fair value                 | 9     | (497,388)   | 911,168     |
| Expense from interests in associated undertakings             |       | 61,997      | 29,585      |
| Operating profit/(loss)                                       |       | 10,529,396  | (1,575,400) |
| Adjustments for:  |       |             |             |
| Depreciation of tangible assets                               | 13    | 786,944     | 817,848     |
| Disposal of tangible assets                                   | 13    | -           | 21,170      |
| (Decrease)/increase in rent free provision                    | 19    | (272,080)   | 233,184     |
| Increase in provisions for dilapidation                       | 20    | 9,395       | 11,622      |
| (Increase)/decrease in net deferred tax provision             | 21    | (124,411)   | 154,072     |
| Increase in debtors   |       | (7,077,835) | (4,829,077) |
| Increase/(decrease) in creditors within one year              |       | 53,163,428  | (1,211,693) |
| Cash used in operations                                       |       | 57,014,837  | (6,378,274) |
| Income taxes (paid)/refunded                                  |       | (540,569)   | 431,650     |
| <b>Net cash generated from/(used in) operating activities</b> |       | 56,474,268  | (5,946,624) |
| <b>Cash flows from investing activities</b>                   |       |             |             |
| Interest received   | 10    | 6,434       | 76,294      |
| Investment distributions received & proceeds from sale        | 14    | -           | 175,345     |
| Purchase of tangible assets                                   | 13    | (540,055)   | (768,036)   |
| <b>Net cash used in investing activities</b>                  |       | (533,621)   | (516,397)   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       | 55,940,647  | (6,463,021) |
| Cash and cash equivalents at beginning of year                | 18    | 28,743,681  | 35,355,494  |
| Foreign exchange translation adjustment                       |       | (243,054)   | (148,792)   |
| <b>Cash and cash equivalents at end of year</b>               | 18    | 84,441,274  | 28,743,681  |

The notes on pages 19 to 40 form an integral part of these Financial Statements.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### **Company information**

Robert W. Baird Group Limited is a private limited company limited by shares domiciled and incorporated in England and Wales. The registered office is Finsbury Circus House, 15 Finsbury Circus, London, England, EC2M 7EB.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements.

#### **1.2 Going Concern**

At the time of approving the financial statements, the directors, after reviewing various projections, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the financial statements, thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

After reviewing various projections, the Directors are satisfied that the Group has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the 12 months from the date of approval of the financial statements. The Directors have considered the impact of the current global economic environment and potential implications on future Group operations.

As part of their assessment the Directors have used various severe, but plausible, stress-test scenarios on the Group, predominantly focused on suppressed levels of Corporate Finance revenues across the Group. The most severe of these consists of:

##### **Corporate Finance**

The Directors have stress-tested on the basis of 3 months of zero cash receipts, 6 months at 50% and 3 months at 75% of prior year revenue.

##### **Private Equity**

The Directors have stress-tested on the basis of zero cash receipts from the legacy funds.

As at 30 April 2022 the Group has capital totaling £39m which contains liquid cash assets of £30m. The Group has the ability to reduce its cost base where required in order to maintain liquidity and as a final measure the Group can request support from its US parent.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (continued)

#### 1.2 Going Concern (continued)

The Directors have undertaken inquiries and assessment of Baird Financial Group, Inc, the ultimate parent Company, in order to satisfy itself that there is sufficient liquidity at the wider group level, no issues were identified.

For the reasons above, the Directors continue to believe that there is sufficient resources to meet the liabilities of the Group for the next 12 months from the date of approval of the financial statements and has adopted the going concern basis in preparing these financial statements.

#### 1.3 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is obtained through ownership of a majority of the voting power or where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors.

The Group contains a Private Equity fund manager which operates a typical Manager, General Partner, Limited Partner structure. These partnerships are subsidiary undertakings under the Companies Act 2006. As allowed by Section 405 of the Act, the Group has departed from the requirement to consolidate these subsidiary partnerships. Due to the small economic interest of the Group in these partnerships, The directors are of the opinion that if these partnerships were consolidated, the accounts would not show a true and fair view.

#### 1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                        |   |
|------------------------|---|
| Leasehold improvements | 10 years, or term of lease if shorter (straight line) |
| Fixtures & fittings    | 7 years, or term of lease if shorter (straight line)  |
| Communication          | 7 years (straight line)                               |
| Computer equipment     | 2 to 5 years (straight line)                          |

#### 1.5 Associated undertakings

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method on the consolidated financial statements and fair value through profit and loss on the Company financial statements. Any goodwill or fair value adjustment attributable to the Group's share in the associated undertakings is not recognised separately and is included in the amount recognised as investment in associated undertakings. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (continued)

#### 1.6 Financial instruments

The Company has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.



# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (continued)

#### 1.6 Financial instruments (continued)

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

##### **Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### **Investments**

Investment in subsidiaries are measured at cost less impairment in profit or loss.

Other Investments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Robert W. Baird Group Limited has invested in the BCPE II Limited Partnership. While ownership is 44.8%, the group does not exercise control or significant influence as per the LPA as such this is accounted for as a financial investment that the directors have chosen to account for at fair value.

In the majority of cases the Limited Partnership, alongside its affiliated funds, has a majority or controlling interest in the underlying portfolio companies and they are held exclusively with the view to subsequent resale. These underlying portfolio companies are carried at their estimated fair values in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines. The fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. Where available fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation techniques are applied. These valuation techniques involve varying levels of management estimation and judgement, the degree of which is dependent on a variety of factors.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (continued)

#### 1.6 Financial instruments (continued)

##### *Investments (continued)*

Hierarchical levels, as defined by FRS 102, are directly related to the amount of subjectivity associated with the inputs to the valuation of these investments. The valuation methodology employed when determining the fair value of the portfolio company investments is typically a market comparable analysis that considers key financial inputs and recent public and private transactions and other available measures.

The other methodology is the discounted cash flow analysis which incorporates significant assumptions and judgements. Estimates of key inputs used in this methodology include the weighted average cost of capital for the investment and assumed inputs used to calculate terminal values such as exit EBITDA multiples. Other inputs are also used in both methodologies. However when a definitive agreement has been executed to sell an investment, it is generally considered this a significant determinant of fair value. The fair values of investments denominated in currencies other than sterling are included in the balance sheet at the exchange rates ruling at the end of the year.

The Group considers this type of Private Equity investment to be classified as Level 3 under the FRS 102 fair value hierarchy.

The Group uses the net asset value of the fund to calculate its investment at fair value.

Movement in the fair value of Robert W. Baird Group Limited's holding in BCPE II Limited Partnership is recognised through the profit and loss account.

#### 1.7 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (continued)

#### 1.7 Impairment of assets (continued)

##### **Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine the reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### 1.8 Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

##### **Deferred tax**

Deferred tax is provided for at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

#### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.10 Retirement benefits

The Group operates a money purchase scheme into which defined contributions are made. The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (continued)

#### 1.11 Related party transactions

The Company has taken advantage of the exemptions available under paragraph 33.1A of FRS 102 "Related Party Disclosures", not to disclose transactions that have taken place between members of the group where the party to the transaction is a wholly owned member.

#### 1.12 Leases

Rentals under operating leases are charged on a straight-line basis over the life of the lease, even if the payments are not made on such a basis, in line with the election to apply previous accounting treatment given in FRS 102 where leases are signed before the date of transition. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis until the first lease break.

#### 1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### 1.14 Translation from functional currency to presentation currency

In accordance with UK accounting standards, exchange differences arising on the translation of group companies are recognised in the consolidated statement of comprehensive income.

#### 1.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, other short term liquid investments with original maturities of three months or less. A breakdown of this can be seen in note 18.

#### 1.16 Turnover

Turnover comprises revenue generated from institutional equity sales, corporate finance fees, priority profit share and investment advisory and other investment related fees from managing private equity funds.

Institutional Equity Sales services represents fees earned from a US related party on a cost plus basis for client introduction and relationship management. These are recognised on a straight-line basis over the specified period.

Corporate finance fees relate to fees earned through financial intermediary work on behalf of clients. Corporate finance fees are recognised on completion of a contract or where the substance of a contract is that a right to consideration will arise at the occurrence of a critical event, at the point that the event occurs.

Priority profit share arises from the Group's role as a general partner for various private equity funds. It is earned as a first charge on the relevant proportion of net income and capital gains in the underlying funds being managed by the Group. If the relevant proportion of net income is less than the General Partner's share, any deficiency shall be paid as an interest free loan by the fund. This loan will either be satisfied by future income and gains, or will be written off by the fund. As there is no mechanism for the loan to be recoverable from the General Partner by the fund, this is treated as revenue at the point it is earned on an accruals basis.

Investment advisory and other investment related fees relate to fees earned through managing private equity investments on behalf of clients or through giving investment advice to the general partner. These are recognised over the period during which the service is provided.

# **ROBERT W. BAIRD GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Specific judgements and estimates have included:

- valuing the investments are included under the accounting policies in note 1.6, relating to Partnership investments.
- recognition of deferred tax is included under the accounting policies in note 1.8

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover

An analysis of the company's turnover is as follows:

|   | 2021<br>£         | 2020<br>£         |
|---|-------------------|-------------------|
| <b>Turnover</b>                                 |                   |                   |
| Institutional Equity Sales                      | 6,176,692         | 5,964,729         |
| Corporate Finance UK                            | 52,765,210        | 25,198,735        |
| Corporate Finance Germany                       | 14,829,288        | 9,239,203         |
| Private Equity UK                               | 4,795,294         | 3,180,203         |
| Other   | 10,000            | 10,000            |
|   | <u>78,576,484</u> | <u>43,592,870</u> |
|   | 2021<br>£         | 2020<br>£         |
| <b>Turnover analysed by geographical market</b> |                   |                   |
| Europe  | 63,373,547        | 15,572,432        |
| Rest of the World                               | <u>15,202,937</u> | <u>28,020,438</u> |
|   | <u>78,576,484</u> | <u>43,592,870</u> |

### 4 Profit/loss before taxation

|  | 2021<br>£       | 2020<br>£      |
|--|-----------------|----------------|
| Profit/loss on ordinary activities before taxation is stated after charging/(crediting): |                 |                |
| Depreciation of tangible assets  | 786,944         | 817,848        |
| Changes in fair value of investments   | (497,388)       | 911,168        |
| Operating lease rentals:   |                 |                |
| -Plant and machinery   | 82,926          | 79,889         |
| -Land & buildings  | 1,597,583       | 2,147,972      |
| Foreign currency translation   | <u>(77,449)</u> | <u>323,159</u> |
|  | 2021<br>£       | 2020<br>£      |
| The analysis of the auditor's remuneration is as follows:                                |                 |                |
| Fees payable for the audit of Company's annual accounts                                  | 30,000          | 22,200         |
| Fees payable for the audit of Company's subsidiaries                                     | <u>111,000</u>  | <u>94,050</u>  |
| Total audit fees   | <u>141,000</u>  | <u>116,250</u> |
|  |                 |                |
| Audit-related assurance services   | <u>24,000</u>   | <u>22,000</u>  |
| Total non-audit fees   | <u>24,000</u>   | <u>22,000</u>  |

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Staff numbers and costs

The average number of persons employed by the Group during the year was 133 (2020: 131). The average for the Company during the year was 105 (2020: 101).

| Employment costs      | Group             |                   | Company           |                   |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
|                       | 2021              | 2020              | 2021              | 2020              |
|                       | £                 | £                 | £                 | £                 |
| Wages and salaries    | 49,662,793        | 30,070,660        | 40,621,253        | 24,183,446        |
| Social security costs | 5,996,281         | 3,550,337         | 5,657,479         | 3,205,173         |
| Other pension costs   | 1,580,767         | 1,072,183         | 1,359,212         | 931,227           |
|                       | <u>57,239,840</u> | <u>34,693,180</u> | <u>47,637,944</u> | <u>28,319,846</u> |

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charges to profit or loss is shown in 'Other pension costs' above.

### 6 Promissory notes

Certain employees are given promissory notes for the purpose of retention incentives. These notes are then amortised over a period of time (generally either 3 or 5 years) dependent on the continuing employment of the recipient. The number of participants in this scheme at 31 December 2021 is 9 (2020: 10). The promissory notes are written by either Robert W. Baird Group Limited or Robert W. Baird GmbH, and any associated expense is expensed in the subsidiary in which the employee performs their duties.

|                               | Promissory notes<br>£ |
|-------------------------------|-----------------------|
| Outstanding December 31, 2020 | 245,777               |
| Issued                        | 73,040                |
| Foreign currency translation  | (3,922)               |
| Amortised                     | (109,650)             |
| Outstanding December 31, 2021 | <u>205,245</u>        |

### 7 Directors' remuneration

The employee costs shown in note 5 include the following remuneration in respect of directors of the Company. The directors of the company represent the key management personnel of the Group.

|                       | 2021<br>£        | 2020<br>£        |
|-----------------------|------------------|------------------|
| Remuneration          | 4,975,180        | 2,435,752        |
| Pension contributions | 54,336           | 34,791           |
|                       | <u>5,029,516</u> | <u>2,470,543</u> |

Remuneration disclosed above include the following amounts paid to the highest paid director:

|   |               |               |
|---|---------------|---------------|
| Remuneration for qualifying services                          | 2,965,602     | 1,498,732     |
| Company pension contributions to defined contribution schemes | <u>17,717</u> | <u>10,620</u> |

The number of directors who were members of the Group money purchase pension scheme was 3 (2020: 4).

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 8 Income from interests in associated undertakings

This relates to a 25% holding in the ordinary share capital Granville Capital Management Limited, whose principal activity is the provision of portfolio investment management services. The income for this associated undertaking is recognised using the equity accounting method. The Group's share of the turnover, assets and liabilities is as follows:

|                        | 2021          | 2020           |
|------------------------|---------------|----------------|
|                        | £             | £              |
| Turnover               | (7,229)       | 15,620         |
| Fixed assets           | 272           | 72             |
| Investments            | 513           | 546            |
| Current assets         | 165,838       | 206,279        |
| Short term liabilities | (76,865)      | (46,681)       |
|                        | <u>89,758</u> | <u>160,216</u> |

|                              | Group & Company                      |               |
|------------------------------|--------------------------------------|---------------|
|                              | Interests in associated undertakings | Total         |
|                              | £                                    | £             |
| Carrying value               |                                      |               |
| At 1 January 2021            | 160,216                              | 160,216       |
| Retained profits less losses | (70,458)                             | (70,458)      |
|                              | <u>89,758</u>                        | <u>89,758</u> |
| At 31 December 2021          | <u>89,758</u>                        | <u>89,758</u> |

### 9 Gain/(loss) on financial instruments at fair value

|   | 2021           | 2020             |
|---|----------------|------------------|
|   | £              | £                |
| Fair value movement on unlisted investments | 497,388        | (911,168)        |
|   | <u>497,388</u> | <u>(911,168)</u> |

### 10 Interest receivable and similar income

|                | 2021         | 2020          |
|----------------|--------------|---------------|
|                | £            | £             |
| Other interest | 6,434        | 76,294        |
|                | <u>6,434</u> | <u>76,294</u> |



# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Other finance expense

Other finance expense relates to a foreign exchange gain of £77,449 (2020 loss: £323,159) made as part of a commercial currency hedging strategy for the group headed by the ultimate parent, Baird Financial Group.

### 12 Taxation

|   | 2021<br>£   | 2020<br>£ |
|---|-------------|-----------|
| <b>Current tax</b>                                  |             |           |
| UK corporation tax on profit for the current period | 1,506,696   | 1,030     |
| Adjustments in respect of prior periods             | 65,218      | 21,389    |
| <b>Foreign corporation tax</b>                      |             |           |
| Foreign corporation tax                             | 868,025     | (81,415)  |
| Total current tax                                   | 2,439,939   | (58,996)  |
| <b>Deferred tax</b>                                 |             |           |
| Origination and reversal of timing differences      | (1,271,045) | 191,718   |
| Adjustment in respect of prior periods              | (19,602)    | 16,627    |
| <b>Foreign deferred tax</b>                         |             |           |
| Foreign deferred tax                                | (149,485)   | -         |
| Total deferred tax                                  | (1,440,132) | 208,345   |
| Tax expense for the year                            | 999,807     | 149,349   |

The actual expense/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

|   | 2021<br>£   | 2020<br>£   |
|---|-------------|-------------|
| Profit/(loss) before taxation   | 11,048,670  | (2,763,018) |
| Expected tax credit based on a UK corporation tax rate of 19.00% (2020 - 19%) | 2,099,247   | (524,973)   |
| Non deductible expenses   | 51,720      | 219,826     |
| Non taxable income  | (94,884)    | -           |
| Excess/(deficit) foreign tax on overseas income                               | 276,198     | (34,597)    |
| Adjustments in respect of prior years   | 45,616      | 38,016      |
| Other timing differences  | -           | (30,744)    |
| Recognition of previously unrecognised tax losses                             | (1,378,090) | 481,821     |
| Tax expense/(credit) for the year   | 999,807     | 149,349     |

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was announced as part of the Chancellor of the Exchequers Budget 2021. The legislation received Royal Assent on 10 June 2021 as part of the Finance Act 2021.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Tangible fixed assets

| Group                    | Leasehold<br>improvements         | Fixtures,<br>fittings &<br>equipment              | Total              |
|--------------------------|-----------------------------------|---|--------------------|
|                          | £                                 | £   | £                  |
| <b>Cost or valuation</b> |                                   |   |                    |
| At 1 January 2021        | 3,115,035                         | 2,812,264   | 5,927,299          |
| Additions                | 167,951                           | 372,104   | 540,055            |
|                          | <u>3,282,986</u>                  | <u>3,184,368</u>                                  | <u>6,467,354</u>   |
| At 31 December 2021      |                                   |   |                    |
| <b>Depreciation</b>      |                                   |   |                    |
| At 1 January 2021        | (1,855,383)                       | (1,551,236)                                       | (3,406,619)        |
| Currency translation     | (19,681)                          | (30,337)  | (50,018)           |
| Charge for the year      | (369,977)                         | (416,967)   | (786,944)          |
|                          | <u>(2,245,041)</u>                | <u>(1,998,540)</u>                                | <u>(4,243,581)</u> |
| At 31 December 2021      |                                   |   |                    |
| <b>Net book value</b>    |                                   |   |                    |
| At 31 December 2020      | 1,259,652                         | 1,261,028   | 2,520,680          |
|                          | <u>1,037,945</u>                  | <u>1,185,828</u>                                  | <u>2,223,773</u>   |
| At 31 December 2021      |                                   |   |                    |
| <b>Company</b>           | <b>Leasehold<br/>improvements</b> | <b>Fixtures,<br/>fittings &amp;<br/>equipment</b> | <b>Total</b>       |
|                          | £                                 | £   | £                  |
| <b>Cost or valuation</b> |                                   |   |                    |
| At 1 January 2021        | 2,743,082                         | 2,089,354   | 4,832,436          |
| Additions                | 109,785                           | 337,638   | 447,423            |
|                          | <u>2,852,867</u>                  | <u>2,426,992</u>                                  | <u>5,279,859</u>   |
| At 31 December 2021      |                                   |   |                    |
| <b>Depreciation</b>      |                                   |   |                    |
| At 1 January 2021        | (1,860,008)                       | (1,323,618)                                       | (3,183,626)        |
| Charge for the year      | (323,753)                         | (315,194)   | (638,947)          |
|                          | <u>(2,183,761)</u>                | <u>(1,638,812)</u>                                | <u>(3,822,573)</u> |
| At 31 December 2021      |                                   |   |                    |
| <b>Net book value</b>    |                                   |   |                    |
| At 31 December 2020      | 883,074                           | 765,736   | 1,648,810          |
|                          | <u>669,106</u>                    | <u>788,180</u>                                    | <u>1,457,286</u>   |
| At 31 December 2021      |                                   |   |                    |

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Fixed asset investments

|                         | Group            |                  | Company           |                   |
|-------------------------|------------------|------------------|-------------------|-------------------|
|                         | 2021             | 2020             | 2021              | 2020              |
|                         | £                | £                | £                 | £                 |
| Subsidiary undertakings | -                | -                | 9,639,824         | 9,639,823         |
| Other investments       | 8,517,886        | 8,020,498        | 8,517,886         | 8,020,498         |
|                         | <u>8,517,886</u> | <u>8,020,498</u> | <u>18,157,710</u> | <u>17,660,321</u> |

In the opinion of the Directors the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet - note 28.

### Other investments

|                        | Group & Company      |                  |
|------------------------|----------------------|------------------|
|                        | Unlisted investments | Total            |
|                        | £                    | £                |
| <b>Carrying value</b>  |                      |                  |
| At 1 January 2021      | 8,020,498            | 8,020,498        |
| Movement in Fair Value | 497,388              | 497,388          |
| At 31 December 2021    | <u>8,517,886</u>     | <u>8,517,886</u> |

Other investments includes:

Unlisted investments in:

- Unlisted private equity funds. The fair value of the underlying portfolio investments are determined with reference to the IPEV valuation model at the reporting date as described in note 1.6. The cost of the original acquisition is based on the commitment drawn down which was £20m at the reporting date (2020: £20m).

The Group's investment in BCPE II Limited Partnership (unlisted private equity fund) to which it currently has a total commitment of £20m which has been fully drawn down (2020: £20m drawn down).

- Unlisted non-puttable ordinary shares. The fair value of which is determined with reference to the net asset valuation model at the reporting date. The cost of the shares on acquisition was £50,000.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Debtors

|   | Group             |                   | Company           |                  |
|---|-------------------|-------------------|-------------------|------------------|
|   | 2021              | 2020              | 2021              | 2020             |
|   | £                 | £                 | £                 | £                |
| Trade debtors                           | 3,791,562         | 4,433,729         | 155,539           | 98,653           |
| Amounts owed by affiliated undertakings | 41,591            | 4,479,485         | 8,517,581         | 5,295,854        |
| Corporation tax                         | -                 | 158,015           | -                 | -                |
| Other debtors                           | 653,591           | 662,783           | 415,533           | 426,857          |
| Prepayments and accrued income          | 13,298,457        | 973,354           | 947,707           | 803,273          |
| Deferred tax asset - see note 21        | 602,289           | 477,878           | 506,092           | 215,327          |
|   | <u>18,387,490</u> | <u>11,185,244</u> | <u>10,542,452</u> | <u>6,839,964</u> |

There is a provision of £110,000 (2020: £209,000) relating to trade debtors.

Amounts owed by other affiliated undertakings at the Group level represents amounts due from US companies owned by the same ultimate parent.

### 16 Creditors: falling due within one year

|   | Group             |                   | Company           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2021              | 2020              | 2021              | 2020              |
|   | £                 | £                 | £                 | £                 |
| Amounts owed to affiliated undertakings | 32,148,242        | 2,208,750         | 3,230,962         | 3,066,227         |
| Corporation tax                         | 438,170           | -                 | -                 | -                 |
| Taxes and social security costs         | 862,898           | 2,369,706         | 758,177           | 2,262,116         |
| Other creditors                         | 12,036            | 83,756            | 2,296             | 25,732            |
| Accruals and deferred income            | 41,340,641        | 16,517,110        | 34,533,889        | 13,163,126        |
|   | <u>74,801,987</u> | <u>21,179,322</u> | <u>38,525,324</u> | <u>18,517,201</u> |

Amounts owed to other affiliated undertakings at the Group level represents amounts due to US companies owned by the same ultimate parent.

### 17 Parent company profit

The profit for the financial year dealt with in the financial statements of the parent company was £525,581 (2020 loss: £1,607,253). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Cash and cash equivalents

|                          | Group             |                   | Company           |                   |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
|                          | 2021              | 2020              | 2021              | 2020              |
|                          | £                 | £                 | £                 | £                 |
| Cash at bank and in hand | 17,564,473        | 20,203,963        | 4,197,618         | 11,854,197        |
| Short-term deposits      | 66,876,801        | 8,539,718         | 26,981,320        | 2,927,200         |
|                          | <u>84,441,274</u> | <u>28,743,681</u> | <u>31,178,938</u> | <u>14,781,397</u> |

Short-term deposits are held in "liquidity funds". A liquidity fund is a collective investment scheme whose aim is to replicate the characteristics of cash at bank and whose features include access on demand and low capital risk, as the fund invests exclusively in short-dated US and UK government backed treasury bills and other short-dated investment grade bonds. The Group has deposited cash in liquidity funds to reduce its counterparty exposure to individual commercial banks.

### 19 Creditors: amounts falling after more than one year

|                                   | Group          |                | Company        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2021           | 2020           | 2021           | 2020           |
|                                   | £              | £              | £              | £              |
| Rent free period on office leases | 485,197        | 757,277        | 145,272        | 343,540        |
|                                   | <u>485,197</u> | <u>757,277</u> | <u>145,272</u> | <u>343,540</u> |

#### ***Rent free period***

The rent free period is accounted for on a straight line basis up to the break clause in line with the election to apply previous accounting treatment given in FRS 102 where leases are signed before the date of transition.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Provisions for liabilities

| Group               | Dilapidations | Total   |
|---------------------|---------------|---------|
|                     | £             | £       |
| At 1 January 2021   | 240,597       | 240,597 |
| Addition            | 9,395         | 9,395   |
| At 31 December 2021 | 249,992       | 249,992 |

| Company             | Dilapidations | Total   |
|---------------------|---------------|---------|
|                     | £             | £       |
| At 1 January 2021   | 228,975       | 228,975 |
| At 31 December 2021 | 228,975       | 228,975 |

#### **Dilapidations**

This balance relates to the estimated cost of returning current premises back to its original condition upon expiry of the leases. The leases for our London and Frankfurt offices have respectively a break clause dated October 2023 and December 2029 and both provisions are expected to be fully utilised at the date of their break clause.

### 21 Deferred tax

Deferred tax is provided as follows:

| Group                            | 2021     | 2020     |
|----------------------------------|----------|----------|
|                                  | £        | £        |
| Tax losses                       | 406,180  | 532,133  |
| Other timing differences         | 225,811  | -        |
| Provisions                       | (23,369) | 13,454   |
| Accelerated capital allowances   | 37,624   | (26,110) |
| Priority profit share            | (43,957) | (41,599) |
| Deferred tax asset - see note 15 | 602,289  | 477,878  |

| Company                          | 2021     | 2019     |
|----------------------------------|----------|----------|
|                                  | £        | £        |
| Tax losses                       | 406,180  | 227,854  |
| Other timing differences         | 92,489   | -        |
| Provisions                       | (23,369) | 13,583   |
| Accelerated capital allowances   | 30,792   | (26,110) |
| Deferred tax asset - see note 15 | 506,092  | 215,327  |

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 21 Deferred tax (continued)

#### Group

|   | £              |
|---|----------------|
| At 1 January 2021   | 477,878        |
| Credit to profit or loss  | 1,290,647      |
| Utilisation of tax losses   | (1,299,558)    |
| Foreign credit to profit or loss                                  | 149,485        |
| Transfer of foreign deferred tax asset from current tax liability | (16,163)       |
|   | <u>602,289</u> |
| At 31 December 2020   | <u>602,289</u> |

#### Company

|                           | £              |
|---------------------------|----------------|
| At 1 January 2020         | 215,327        |
| Credit to profit or loss  | 1,223,401      |
| Utilisation of tax losses | (932,636)      |
|                           | <u>506,092</u> |
| At 31 December 2020       | <u>506,092</u> |

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and associates as the group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief.

The Group forms a tax group for certain aspects of the tax legislation. One of these aspects relates to group relief whereby current tax liabilities can be offset by brought forward tax losses arising in other companies within the same tax group (effective from 1 April 2017). Payment for group relief is made equal to the tax benefit.

The amount of the net reversal of deferred tax expected to occur next year is £382,811 which is materially related to utilisation of prior year losses against 2021 profits and chargeable gains.

### 22 Called up share capital

|  | 2021<br>£        | 2020<br>£        |
|--|------------------|------------------|
| Allotted, called up and fully paid     |                  |                  |
| 96,910,455 Ordinary shares of 10p each | <u>9,691,045</u> | <u>9,691,045</u> |

The shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

The Group and Company's other reserves are as follows:

The called-up share capital represents the nominal value of shares that have been issued.

The profit and loss reserve represents all current and prior period retained profits and losses.

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

| Remaining lease term         | 2021                    |                | 2020                    |                |
|------------------------------|-------------------------|----------------|-------------------------|----------------|
|                              | Land and buildings<br>£ | Other<br>£     | Land and buildings<br>£ | Other<br>£     |
| <b>Group</b>                 |                         |                |                         |                |
| - within one year            | 2,105,415               | 82,777         | 2,147,972               | 69,255         |
| - between one and five years | 3,612,161               | 47,977         | 4,814,544               | 36,099         |
| - after five years           | 1,957,834               | -              | 2,795,770               | -              |
|                              | <u>7,675,410</u>        | <u>130,754</u> | <u>9,758,286</u>        | <u>105,354</u> |
| <b>Company</b>               |                         |                |                         |                |
| - within one year            | 1,434,158               | 58,818         | 1,434,158               | 44,831         |
| - between one and five years | 927,132                 | 47,977         | 1,959,290               | 36,099         |
| - after five years           | -                       | -              | -                       | -              |
|                              | <u>2,361,290</u>        | <u>106,795</u> | <u>3,393,448</u>        | <u>80,930</u>  |

Leases of land and buildings are typically subject to rent reviews at specific intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

### 24 Related party transactions

#### Transactions with related parties

|  | 2021<br>£ | 2020<br>£ |
|--|-----------|-----------|
| Services provided to associates          | 10,000    | 10,000    |
| Trade debtor amounts due from associates | 155,539   | 98,653    |

A number of directors and employees have an interest in the carried interest of funds managed by the Group. In addition a number of directors and employees of the Group collectively have an investment in Baird Capital Partners Europe Fund LP, BCPE II Special Affiliates LP and Baird Capital Partners Europe II LP, funds managed by the Group.

The Company has taken advantage of the exemptions available under paragraph 33.1A of FRS 102 "Related Party Disclosures", not to disclose transactions that have taken place between members of the group where the party to the transaction is a wholly owned member.



# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 25 Financial instruments

The Group's financial instruments comprise, strategic investments in shares, liquid resources and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide liquidity for the Group's operations.

#### Credit risk

The amount of exposure to any individual counterparty is monitored and continually assessed on a case by case basis.

#### Liquidity risk

The Group maintains cash reserves ensuring it has sufficient funds available to meet its debts as they fall due. These are monitored at a company and group level.

#### Currency risk

Although the Group is based in the UK, it has an overseas subsidiary in Germany. The Group's sterling balance sheet is therefore affected by foreign exchange movements between sterling and the base currency of the overseas operations (Euros). However, this investment is not considered by the Directors to be significant to Group operations and consequently there are no hedging arrangements to eliminate currency risk.

As part of the global Baird Financial Group currency hedging strategy, the Group maintains a large proportion of its cash in US Dollars.

Occasionally, sales are made to overseas countries. When this occurs, the invoice is normally billed in the currency of the overseas country concerned. Again, there are no hedging arrangements to eliminate the currency risk. The invoices are generally settled promptly and balances swapped into a major currency.

### 26 Control

The Company's immediate parent company is Baird UK Limited, incorporated in the United Kingdom, the financial statements of which may be obtained from Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB.

The Company's ultimate parent company is Baird Financial Group, Inc, incorporated in the United States of America, the largest group in which the results of the Company are consolidated.

### 27 Post balance sheet events

In February 2022 the Company signed an extension to the current lease for the existing office space at Finsbury Circus House and a lease for an additional floor at Finsbury Circus House.

Both leases are coterminous and terminate in September 2033, the non-cancellable period runs to September 2030.

The total of future minimum lease payments over the non-cancellable period is as follows:

|                              |            |
|------------------------------|------------|
| Group and Company            |            |
| - within one year            | -          |
| - between one and five years | 5,301,191  |
| - after five years           | 6,519,318  |
|                              | <hr/>      |
|                              | 11,820,509 |
|                              | <hr/>      |

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 28 Full list of related undertakings

The following is a full list of subsidiary undertakings, associated undertakings and significant holdings of the Group.

#### Subsidiary undertakings:

| Company name                                     | Principal activity | Percentage held by the Group | Address   |     |
|--|--------------------|------------------------------|---|-----|
| <b>Held directly:</b>                            |                    |                              |   |     |
| Robert W. Baird Limited                          | Corporate Finance  | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB |     |
| Robert W. Baird GmbH                             | Corporate Finance  | 100%                         | Neue Mainzer Str. 28, 60311 Frankfurt am Main, Germany      |     |
| Baird Private Equity Limited                     | Dormant            | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB | (1) |
| Baird Group Investments Limited                  | Property           | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB |     |
| <b>Held indirectly through subsidiaries:</b>     |                    |                              |   |     |
| Baird Capital Partners Europe Limited            | Private Equity     | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB |     |
| Technology Growth Fund (General Partner) Limited | Private Equity     | 100%                         | 50 Lothian Road, Edinburgh, Midlothian, EH3 9BY             |     |
| Enco Nominees Limited                            | Dormant            | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB | (1) |
| Granville Trustees Limited                       | Dormant            | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB | (1) |
| Baird Secretaries Limited                        | Dormant            | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB | (1) |
| Granville Davies Nominees Limited                | Dormant            | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB | (1) |
| BCPE II FP GP Limited                            | Dormant            | 100%                         | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ        | (1) |
| Baird (General Partner) Limited                  | Dormant            | 100%                         | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ        | (1) |

# ROBERT W. BAIRD GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 28 Full list of related undertakings (continued)

#### Subsidiary undertakings (continued):

| Company name                                 | Principal activity | Percentage held by the Group | Address  |
|--|--------------------|------------------------------|--|
| <b>Held indirectly through subsidiaries:</b> |                    |                              |  |
| BCPE II GP Limited                           | Private Equity     | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB                    |
| GBCP VII (General Partner) Limited           | Private Equity     | 100%                         | 50 Lothian Road, Edinburgh, Midlothian, EH3 9WJ                                |
| GBCP VII B Irish GP Limited                  | Private Equity     | 100%                         | Custom House, Plaza Block 6, International Financial Services Centre, Dublin 1 |
| GBCP VII (GP) LLP                            | Dormant            | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB (1)                |
| BCPE II General Partner LLP                  | Private Equity     | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB                    |
| Technology Growth (GP) LLP                   | Private Equity     | 100%                         | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB                    |

#### Associated undertakings:

|                                      | Principal activity | Percentage held by the Group | Address   |
|--------------------------------------|--------------------|------------------------------|---|
| Granville Capital Management Limited | Private Equity     | 25%                          | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB |

#### Significant holdings:

| Company name                        | Principal activity         | Percentage held by the Group | Address   |
|-------------------------------------|----------------------------|------------------------------|---|
| Baird Capital Partners Europe II LP | Private Equity Investments | 45%                          | Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB |

(1) Exempt from audit by virtue of s480 of the Companies Act 2006.