

Baring Investment Services Limited

Registration Number: 2259590

**Annual Report And Financial Statements
For The Year Ended
31 December 2021**

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Baring Investment Services Limited

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Baring Investment Services Limited

Company Information

Directors

J T Swayne
J Dinerman (appointed 4 May 2021)
S M Francis (appointed 4 May 2021)
P Hoefling (appointed 4 May 2021)
A C Sutherland (appointed 4 May 2021)
Baring Asset Management Limited (resigned 4 May 2021)
H Patel (resigned 4 May 2021)

Secretary

N E Evans

Company Registration Number

2259590

Registered Office

20 Old Bailey
London
EC4M 7BF

Baring Investment Services Limited

Strategic Report

In accordance with Section 414A(1) of the Companies Acts 2006, the directors have prepared a Strategic Report which includes a review of the business of Baring Investment Services Limited ("the Company") and future developments, a description of the principal risks and uncertainties facing Barings Europe Limited and its subsidiary companies ("the Group") and key performance indicators.

Business review and future developments

The profit before taxation for the year was £1,204,896 (2020: £618,692). The Company acts as the service company for all the UK operations. The Company recovers the expenses that it incurs from its fellow subsidiaries bar the costs associated with the floor space the Company has sublet at its London premises. In 2021 the Company has increased the floor space that it has sublet and in addition there has been an increase in the occupancy rate for the area that has been let as short term managed office space. As a consequence of the increased subletting income the profitability has increased.

The Group is seeking to grow its assets under management, revenues and profits by delivering superior investment performance over the market cycle, by expanding its distribution capabilities and achieving revenue and cost synergies across the new Barings organisation.

Key performance indicators

The key performance indicators ('KPIs') are reported to management and monitored at the Group level on a monthly basis. The following KPIs relate to the Company only:

	2021	2020
	£	£
Turnover	159,951,115	152,209,336
Profit before taxation	1,204,896	618,692
Net assets	5,374,743	3,935,165

Principal risks and uncertainties

The principal risk types faced by the Group are:

i) Strategic risks

The most significant strategic risks facing the Group are a decline in business due either to:

- External factors, such as a credit risk, market risk and liquidity risk; or
- Internal factors, for example a substantial period of poor investment management performance.

ii) Operational risks

Operational risk: see the Directors' Report for details.

Employees

The Company is committed to equal opportunities with the clear intention that individuals should be judged on their merits and capabilities regardless of sex, age, race, religion, ethnic origin or disability. The Company places considerable emphasis and value on its policy of encouraging internal communication between employees and management. Employees are kept informed on matters which affect them and on the performance of the business as a whole through bulletins, newsletters and briefing sessions.

The Company attaches a high priority to developing the skills of all employees and to their training and, where necessary, their retraining. The performance assessment system assists management in career development and succession planning. Promotion from within the Company is strongly supported. The Company encourages the involvement of all of its employees in its overall performance and profitability through discretionary bonus and profit sharing incentive schemes, which are based on the financial results of the Group and Barings LLC.

Gender Pay Gap

Embracing diversity is embedded in the Company's corporate culture and gender is an important part of its diversity initiatives. The Company's latest gender pay gap report can be found at <https://bwebprod.blob.core.windows.net/assets/user/media/barings-uk-gender-pay-gap-report.pdf>

Baring Investment Services Limited

Strategic Report (continued)

Modern Slavery Statement

The Barings organisation is committed to acting ethically and with integrity in all its business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in its supply chains. The Group's modern slavery statement can be found at <https://www.barings.com/modern-slavery-statement>.

Environment

The Company is a professional and environmentally conscious organisation, which acknowledges the impact that its operations may potentially have on the environment. The clear objective of the Company is to minimise any impact on the environment by:

- Preventing pollution, reducing waste and ensuring that wherever practical, measures are implemented to protect and preserve natural habitats, flora and fauna;
- Considering the effects that its operations may have on the local community;
- Taking action to eliminate or reduce, as far as practicable, any potentially adverse environmental impacts;
- Promoting environmental awareness amongst its suppliers, contractors and partners by implementation of operational procedures;
- Seeking to work in partnership with the community by behaving in a considerate and socially responsible manner; and
- Ensuring effective and expedient incident control, investigation and reporting.

The Company complies with the duties placed upon it within the requirements of Statutory Legislation, whilst at all times complying with, as a matter of best practice, the requirements and duties set out within Approved Guidance as issued by the Environment Agency and other organisations. The Company takes all practical steps to ensure that potential hazards and risks to the environment are identified and that suitable and effective prevent and control measures are implemented. The directors have overall responsibility for all environmental matters.

Responsibilities of Directors under Section 172 of the Companies Act 2006 ("Sn 172")

The directors are committed to holding themselves to the highest possible standards of conduct, and implicit in this is the recognition and understanding that the Company has a responsibility to a wide range of stakeholders as detailed below:

- **The Group's customers** - the Group's success depends on its ability to provide the highest possible levels of service and investment performance to its customer base. Barings is dedicated to meeting the evolving investment and capital needs of its customers and regularly reviews the nature of its operations and the manner in which it engages with clients to ensure it is servicing them to the best of its ability.
- **The Company's shareholders** - the Company is an indirect, wholly owned subsidiary of Barings LLC, the parent entity of the broader Barings group which sets the strategy for the firm as a whole. Accordingly, the Company has a responsibility to execute the firm's strategic plan to the best of its ability as well as generating the financial returns that Barings LLC requires of its operating subsidiaries. Some of these financial goals are in turn driven by the requirements of Barings' ultimate owner, Massachusetts Mutual Life Insurance Company ("MassMutual"). Barings' relationship with MassMutual is necessarily close as MassMutual is also Barings' largest single client and accordingly Barings has a responsibility for ensuring it delivers on MassMutual's investment objectives for the portfolios it manages as well as ensuring it satisfies the broader requirements of the MassMutual corporate group.
- **The Company's employees** - the firm places a high priority in ensuring all members of staff are treated fairly and are provided with appropriate support and training to develop in their roles and maximise their full potential. Over the last couple of years the firm has made a significant effort to try and ensure that any staff whose mental well-being has suffered during lockdown have been provided with appropriate support. The firm has fostered the creation of a number of Employee Resource Groups to help engender a diverse, inclusive workplace aligned with the firm's values, goals and business practices.
- **The Company's suppliers** - Barings relies on a number of key suppliers in order to operate effectively. In particular, the firm has strategic partnerships with a few organisations to whom it has outsourced parts of its operations, including fund administration and certain middle and back office services. The firm has a formal vendor management program to ensure that appropriate oversight is performed on vendors based on the nature of their activities and their importance to Barings as a whole. For all vendors irrespective of size however, Barings is committed to paying invoices on time and resolving any issues that may arise on a fair and equitable basis. As detailed above the Group has established systems and controls to ensure slavery and human trafficking are not taking place within its supply chains.

Baring Investment Services Limited

Strategic Report (continued)

Responsibilities of Directors under Section 172 of the Companies Act 2006 ("Sn 172") (continued)

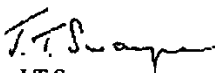
- **The Environment** - Barings is committed to the pursuit of a sustainable future through integrating environmental awareness into its business activities, by acting as advocates inside and outside the business and by communicating transparently on its progress. The firm wishes to continuously improve its environmental performance and to integrate recognised environmental management best practice into its business operations. As signatories to the UN's Principles for Responsible Investment ("PRI"), Barings supports the PRI's ambition to keep the global temperature increase below 1.5 degrees Celsius by the end of this century in order to prevent widespread adverse consequences. Barings also believes in contributing to a sustainable future through its own operations and outputs. The firm seeks to employ circular economy principles in its offices globally, where feasible, in its efforts to reduce the emissions and waste that contribute to climate change, and has many measures in place to try to mitigate its impact on the environment. Barings investment activities integrate the analysis of ESG topics, including climate change, into its investment process across asset classes in order to better understand the risks and opportunities associated with a changing world. The firm advocates for more responsible and sustainable behaviour with regards to climate change through its stewardship activities. The Group has signed statements to G7 and G20 governments in support of the Paris Climate Agreement, urging these governments to continue to uphold the Agreement's principles aimed at combatting climate change. The firm is also a signatory to the United Nations Global Compact ("UNGC") and supports their principles on the environment as well as the Sustainable Development Goals. In addition, Barings is a proud participant in Climate Action 100+, an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The companies that participants engage with include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition.
- **The local community** - as a global firm with local roots, Barings is passionate about supporting the communities in which its associates work and live. This is evidenced by the Barings Social Impact initiative which was launched in 2019 and puts the power to effect change in the hands of Barings' associates through mentoring, service and financial giving. In 2021 Barings committed to invest US\$272,000 in UK organisations that are dedicated to advocating for equality and social justice, including the Aleto Foundation, the East London Business Alliance and the Thomas Franks Foundation. In the last year, Barings has also provided support to those groups within the firm's local communities that have been hit hard by the COVID-19 pandemic. In particular, the London office has worked with its catering partner Thomas Franks to create the "Feeding Communities" initiative, which has provided 53,000 free meals for individuals and is supported by 30 organisations across the capital.
- **The Group's regulators** - the firm works with industry bodies to ensure that it understands and contributes to evolving regulatory requirements. Senior management are regularly kept apprised by compliance and the project management team of key regulatory developments and the firm's preparedness for any forthcoming changes. Recently in the UK, this has included the preparation for the implementation of the Investment Firms Prudential Regime.

Britain Exiting from the EU ("Brexit")

A Trade and Cooperation Agreement (the "Agreement") between the UK and the EU was signed shortly before the Brexit transition period ended on 31 December 2020. The Agreement did not contain specific measures relating to the provision of financial services between the EU and UK. Technical discussions on the text of a Memorandum of Understanding (MoU) have been concluded which created the framework for voluntary regulatory cooperation in financial services between the two sides including the establishment of the Joint UK-EU Financial Regulatory Forum.

The relationship between the UK and the EU remains subject to negotiation and Barings therefore continues to monitor developments and will make such adjustments to its Brexit strategy as may prove necessary or desirable from time to time.

By order of the Board



J T Swayne
20 Old Bailey
London
EC4M 7BF
Director
12 April 2022

Baring Investment Services Limited

Directors' Report

The directors present the annual strategic report, directors' report and financial statements of Baring Investment Services Limited (the 'Company'), registration number 2259590, for the year ended 31 December 2021.

The Company has chosen to set out information relating to the business review and future developments, key performance indicators, principle risks and uncertainties, employees and environmental policies and responsibilities under s172 of the Companies Act 2006 within the Strategic Report.

Principal activity

The principal activity of the Company is, and will continue to be, the provision of administrative services to other Group companies.

Going concern

At 31 December 2021 the Company had net assets of £5.4m (2020: £3.9m) and net current liabilities of £2.4m (2020: £6.6m). The Company's parent has agreed to provide financial support to the Company for at least twelve months from the date of signing the financial statements and accordingly the directors have deemed it appropriate to prepare the accounts on a going concern basis.

The Board of Directors has considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility in global equity and bond markets. The Company acts as the designated service company to the other Barings entities in the UK and its performance is closely linked to that of the Barings franchise as a whole. The Company successfully transitioned to remote working in March 2020. Since the beginning of 2022 the Group has pivoted to a return to office in accordance with governmental recommendations. The main risk resulting from COVID-19 for the Group is the impact on the valuation of assets under management and the associated effect on revenues. Nonetheless from a standalone perspective the pandemic presents the Company with risks and challenges. The Board of Directors has considered the overall COVID-19 impact on the Company across a range of forecast scenarios and does not consider there to be any significant impact on the going concern basis of preparation that has been adopted in preparing the annual financial statements.

Risk management

The Group manages its risks on a group-wide basis and in accordance with a risk framework approved by the Risk, Regulatory & Audit Oversight Committee ('RR&AOC'). The RR&AOC, which derives its delegated authorities from the Barings Europe Limited Board, is responsible for the design and implementation of the Group's risk management processes and controls.

The Organisational Risk function, reporting to the Chief Risk Officer - Europe, supports the RR&AOC in the identification, assessment, management and monitoring of risks within the Group's global operations.

The principal risk types are set out in the Strategic Report. The Group's approach to managing each of these risks is set out below:

i) Strategic risks

The Group manages these risks by offering a widely distributed range of products, both by asset class and geographical spread, by changing or adapting its product offering to meet market conditions and needs, and by monitoring and reviewing investment performance on a regular ongoing basis.

ii) Operational risks

The Group manages its operational risks, including strategic, business, reputational and regulatory risks, under the umbrella of 'organisational risk'. To ensure that these risks are effectively and consistently managed, the Group has implemented a framework of processes which are set out in the Group's Organisational Risk Management Policy. This includes processes for:

- Reporting and analysis of loss events and near misses;
- Periodic risk assessments;
- Analysis of key risk indicators and metrics.

The Group oversees the business through a committee structure. The principal committee is the European Management Team ("EMT") and it is responsible for the effective management and co-ordination of the Group's business and organisational affairs. Members of the EMT and senior line managers are responsible for ensuring that effective risk management exists within their areas. Local line management is responsible for the day-to-day management of risks and for the effective operation of risk controls where appropriate.

Baring Investment Services Limited

Directors' Report (continued)

Risk management (continued)

ii) Operational risks (continued)

The EMT and senior line managers regularly consider the most significant organisational risks facing the Group. These risks are identified, assessed, monitored and reported from a top-down perspective. The potential for the occurrence of a risk event is assessed in conjunction with the analysis of internal and external data. The analysis of emerging risks, industry trends and other environmental factors is also considered to facilitate proactive, forward-looking risk identification. Particularly for strategic risks, management expertise and experience is as important as empirical data in identifying and assessing risk. The Significant Risk Profile is reviewed at each quarterly meeting of the RR&AOC and the EMT and formally assessed by an annual full top-down review and update.

Dividends

The directors did not declare a 2021 interim dividend for the Company during the year (2020: nil). The directors do not recommend the payment of a final dividend (2020: £nil).

Directors and Company Secretaries

The directors J Dinerman, S M Francis, P Hoefling and A C Sutherland were appointed on 4 May 2021. Baring Asset Management Limited and H Patel resigned on 4 May 2021.

C DeFrancis and N E Evans resigned as Company Secretaries on 4 May 2021 and A Callow was appointed. Subsequently A Callow resigned on 13 December 2021 and N E Evans was reappointed.

Insurance for directors

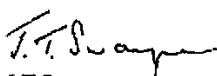
Barings LLC has purchased directors' and officers' insurance in respect of directors of all Group companies.

Donations

Donations to charity and community projects made by the Company during the year amounted to £57,619 (2020: £279,765). No political contributions were made by the Company (2020: £nil).

In order to achieve a common approach for the broader Barings group across all geographical locations, the awarding and funding of donations has been centralised in the USA. In 2021 Barings committed to invest US\$272,000 in UK organisations that are dedicated to advocating for equality and social justice, the cost of which is reflected in the financial statements of Barings LLC.

By order of the Board



J T Swayne
Director
20 Old Bailey
London
EC4M 7BF
12 April 2022

Baring Investment Services Limited

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with 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 Company and of the profit or loss of the Company for that period.

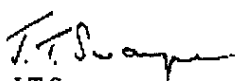
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Company and to prevent and detect fraud and other irregularities.

The member, in accordance with section 476 of the Companies Act 2006, has not required the Company to obtain an audit of its accounts for the year ended 31 December 2021.

By order of the Board



J T Swayne
Director
20 Old Bailey
London
EC4M 7BF
12 April 2022

Baring Investment Services Limited

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2021

	Notes	2021	2020
		£	£
Turnover	2	159,951,115	152,209,336
Administrative expenses	3	<u>(158,758,058)</u>	<u>(151,415,981)</u>
Operating profit		1,193,057	793,355
Interest receivable and similar income	4	13,659	—
Interest payable and similar charges	5	<u>(1,820)</u>	<u>(174,663)</u>
Profit on ordinary activities before taxation		1,204,896	618,692
Tax on profit on ordinary activities	8	<u>234,682</u>	<u>17,185</u>
Profit for the financial year		<u>1,439,578</u>	<u>635,877</u>

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

There is no Other Comprehensive Income.

All the results arise from continuing operations.

Baring Investment Services Limited

Balance Sheet

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Non current assets			
Tangible fixed assets	9	21,753,151	25,297,127
Deferred tax asset	10	3,329,438	2,396,412
Current assets			
Debtors	11	66,221,780	55,700,615
Deferred tax asset	10	860,671	798,805
Cash at bank		<u>3,584,777</u>	<u>5,238,894</u>
		70,667,228	61,738,314
Creditors: Amount falling due within one year	12	<u>(73,070,475)</u>	<u>(68,341,897)</u>
Net current liabilities		<u>(2,403,247)</u>	<u>(6,603,583)</u>
Total assets less current liabilities		22,679,342	21,089,956
Non Current Liabilities			
Creditors	12	<u>(17,304,599)</u>	<u>(17,154,791)</u>
Total net assets		<u>5,374,743</u>	<u>3,935,165</u>
Capital and reserves			
Called up share capital	14	200	200
Share Premium		3,368,926	3,368,926
Profit and loss account		<u>2,005,617</u>	<u>566,039</u>
Shareholders' funds		<u>5,374,743</u>	<u>3,935,165</u>

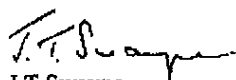
The notes on pages 12 to 19 form part of these financial statements.

For the year ended 31 December 2021, the Company was entitled to exemption under section 479a of the Companies Act 2006.

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved by the Board of Directors and signed on its behalf by:



J T Swayne

Director

12 April 2022

Company registration number: 2259590

Baring Investment Services Limited

Statement of Changes in Equity

	Called up share capital £	Share Premium £	Profit and loss account £	Total equity £
For the year ended 31 December 2020				
Balance at 1 January 2020	200	3,368,926	(69,838)	3,299,288
Total comprehensive income for the year				
Profit	—	—	635,877	635,877
Balance at 31 December 2020	200	3,368,926	566,039	3,935,165
For the year ended 31 December 2021				
Balance at 1 January 2021	200	3,368,926	566,039	3,935,165
Total comprehensive income for the year				
Profit	—	—	1,439,578	1,439,578
Balance at 31 December 2021	200	3,368,926	2,005,617	5,374,743

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

Baring Investment Services Limited

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

Baring Investment Services Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK.

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

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

The Company is included in the consolidated financial statements of Barings Europe Limited, which are prepared in accordance with FRS 102 and so the Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. In preparing the financial statements of the Company, advantage has been taken of the exemptions available under FRS 102 to not prepare a Cash Flow Statement.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currencies

Transactions effected in foreign currencies are translated into pounds sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated, using the contracted rate or the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition the Directors' Report states how the Group manages its risks.

The ultimate responsibility for managing capital lies with the Board of Directors. The Company and the Group have considerable financial resources.

Although the Company had net current liabilities at the year end, the Company received assurances from its parent that it will continue to have financial support for at least twelve months from the date of the signing of the financial statements.

The Board has considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility in global equity and bond markets. The Company acts as the designated service company to the other Barings entities in the UK and its performance is closely linked to that of the Barings franchise as a whole. The main risk resulting from COVID-19 for the Group is the impact on the valuation of assets under management and the associated effect on revenues. Nonetheless from a standalone perspective the pandemic presents the Company with risks and challenges. The Board has considered the overall COVID-19 impact on the Company across a range of forecast scenarios and does not consider there to be any significant impact on the going concern basis of preparation that has been adopted in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is provided on a straight-line basis to spread the cost of fixed assets over their expected useful lives as follows:

Leasehold property	Not depreciated if the lease is greater than 100 years; over the remainder of the lease term if shorter
Leasehold improvements	10 years; or over the remainder of the lease term if shorter
Furniture & fittings	5 years; except paintings, which are not depreciated
Computer equipment	3-4 years; except for software below the Sterling equivalent of US\$250,000, which is expensed

Baring Investment Services Limited

Notes to the Financial Statements (continued)

I. Accounting policies (continued)

Research and development

Where it is considered that expenditure on research and development will bring an on-going benefit to the Company, the expenditure is capitalised and amortised to the profit and loss account over four years. All other expenditure on research and development is written off to the profit and loss account in the year it is incurred.

Basic financial instruments

Trade and other debtors are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument at the transaction price less the attributable transaction costs.

Trade and other creditors are recognised initially at the transaction price plus the attributable transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the liability is discharged.

Cash at bank comprises cash balances.

Turnover

Turnover relates mainly to the recovery of costs incurred and is accounted for on an accruals basis.

Sub-letting income

The Company has sublet part of its premises.

The Company has entered into an agreement with a non Group company, for one section of the floor space, where the third party manages the sub letting of the premises. The revenue earned from the subletting is split between the two parties in accordance with an agreed waterfall. The Company has accrued for rent that will be earned in future periods in order that the expected profit to be made over the minimum life of the agreement, namely 5 years, is earned evenly over this period. The rent, and thus the profit, that will be earned in the future periods is dependent on the ability to sublet the premises and therefore has been estimated.

The remaining floor space has been let directly by the Company and has been classified as an operating lease. The total rental payments are being recognised on a straight line basis over the expected lifetime of the lease.

Operating leases

Operating lease rental payments are charged to the profit and loss account on a straight-line basis over the lease term, unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Post-retirement benefits

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

Deferred compensation

The Company makes deferred compensation awards to some senior members of staff. The deferred compensation awards are expensed over the period from the date that the award is granted to the date the award is paid. Deferred compensation awards are based on Group and Barings LLC profitability.

Interest receivable and interest payable

Interest receivable and similar income includes net foreign exchange gains that are recognised in the profit and loss account (see foreign currencies accounting policy). Interest payable and similar expense includes net foreign exchange losses. Interest income and interest expense are recognised in profit and loss as they accrue.

Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income

Baring Investment Services Limited

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Taxation (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax, or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or relieved on differences between the amount at which an asset or liability is recognised in the Company and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Turnover

	2021	2020
	£	£
Recovery of costs incurred on behalf of Group undertakings	157,654,491	150,687,568
Other income	2,296,624	1,521,768
	<u>159,951,115</u>	<u>152,209,336</u>

Other income comprises rental income from sub letting one of the floors of the Company's premises.

3. Administrative expenses

	2021	2020
	£	£
Depreciation	3,917,123	4,406,133
Operating lease rentals (note 13)	7,241,200	7,402,442
Other operating expenses	147,599,735	139,607,406
	<u>158,758,058</u>	<u>151,415,981</u>

4. Interest receivable and similar income

	2021	2020
	£	£
Exchange Gain	<u>13,659</u>	<u>—</u>

5. Interest payable and similar charges

	2021	2020
	£	£
Interest payable	1,820	950
Exchange loss	<u>—</u>	<u>173,713</u>
	<u>1,820</u>	<u>174,663</u>

Baring Investment Services Limited

Notes to the Financial Statements (continued)

6. Employees

The aggregate remuneration of all employees was:

	2021	2020
	£	£
Salaries	101,497,272	94,423,054
Social security costs	14,311,629	13,133,199
Other pension costs	5,571,021	5,062,024
	<u>121,379,922</u>	<u>112,618,277</u>
	2021	2020
Average number of employees	<u>486</u>	<u>479</u>

7. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	289,821	339,021
Amounts receivable under long-term incentive schemes	87,745	56,460
Company contribution to money purchase pension schemes	7,165	19,650
Highest paid director		
Director's emoluments	107,943	235,800
Amounts receivable under long-term incentive schemes	38,151	18,139

Retirement benefits are accruing to the following number of directors under:

Money purchase schemes	1	1
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The remuneration of directors who are employed by Barings LLC (the Company's indirect holding company) is not recharged and therefore is not disclosed above.

Baring Investment Services Limited
Notes to the Financial Statements (continued)

8. Taxation

a) Total tax credit recognised in the profit and loss account, other comprehensive income and equity

	2021	2020
	£	£
<i>Current tax</i>		
UK corporation tax on income for the period	712,325	(104,818)
Adjustments in respect of prior periods	<u>56,304</u>	<u>(89,029)</u>
Total current tax	768,629	(193,847)
<i>Deferred tax (see note 10)</i>		
Origination and reversal of timing differences:		
Current year	(1,004,776)	158,854
Prior year	<u>1,465</u>	<u>17,808</u>
Total deferred tax	(1,003,311)	176,662
Total tax credit	<u>(234,682)</u>	<u>(17,185)</u>

All of the tax credit is recognised in the profit and loss account.

b) Reconciliation of effective tax rate

The tax credit for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

Reconciliation of effective tax rate

	2021	2020
	£	£
Profit for the year excluding taxation	<u>1,204,896</u>	<u>618,692</u>
Tax using the UK corporation tax rate of 19%	228,930	117,551
Non deductible expenses	266,704	357,169
Non taxable income	(41,276)	(59,368)
Effect of measurement of deferred tax at future rate of UK corporation tax	(747,424)	(361,316)
Overseas taxation	615	—
Under/(over) provided in prior years	<u>57,769</u>	<u>(71,221)</u>
Total tax credit included in profit and loss	<u>(234,682)</u>	<u>(17,185)</u>

c) Factors that may affect future, current and total tax charges

Under legislation enacted at the balance sheet date, an increase in the rate of UK corporation tax from 19% to 25% is scheduled to occur from 1 April 2023. The Company expects that, in line with the rate increase enacted, there will be an increase to the effective tax rate for periods from 2023 onwards.

Baring Investment Services Limited

Notes to the Financial Statements (continued)

9. Fixed assets

	Leasehold Property & Improvement	Furniture & Fittings	Computer Equipment	Research & development	Total
	£	£	£	£	£
Cost					
At 1 January 2021	28,579,430	3,426,913	3,487,856	921,696	36,415,895
Additions	118,427	73,218	181,502	—	373,147
Disposals	—	—	—	(921,696)	(921,696)
December 31, 2021	28,697,857	3,500,131	3,669,358	—	35,867,346
Depreciation					
At 1 January 2021	5,997,222	1,331,694	2,952,278	837,574	11,118,768
Charge for the year	2,804,826	615,950	412,225	84,122	3,917,123
Disposals	—	—	—	(921,696)	(921,696)
December 31, 2021	8,802,048	1,947,644	3,364,503	—	14,114,195
Net Book Value					
1 January 2021	22,582,208	2,095,219	535,578	84,122	25,297,127
December 31, 2021	19,895,809	1,552,487	304,855	—	21,753,151

10. Deferred taxation

The deferred tax asset and liability are attributable to:

	Asset		Liability		Net	
	2021	2020	2021	2020	2021	2020
Difference between accumulated depreciation and capital allowances	—	—	(274,461)	(282,880)	(274,461)	(282,880)
Other timing differences	4,190,109	3,195,217	—	—	4,190,109	3,195,217
Total deferred tax asset/(liability)	4,190,109	3,195,217	(274,461)	(282,880)	3,915,648	2,912,337

The deferred tax asset and liability expected to reverse due to timing differences in 2022 are respectively £860,671 and £145,555. The reversal of the asset is primarily due to the recognition of expenses for tax purposes and of the liability is due to tax allowances for qualifying fixed asset expenditure being expected to be less than the depreciation accounted for on these assets in the year.

11. Debtors

	2021	2020
	£	£
Amounts receivable from Group undertakings	55,849,003	46,040,477
Other debtors	5,263,354	5,722,931
Prepayments and accrued income	5,109,423	3,937,207
	66,221,780	55,700,615

All debtors are due within one year.

Baring Investment Services Limited
Notes to the Financial Statements (continued)

12. Creditors

	2021	2020
	£	£
Current		
Amounts payable to Group undertakings	3,868,482	1,885,596
Taxation and social security	9,320,049	8,616,692
Other creditors	57,636,274	55,072,021
Accruals and deferred income	<u>2,245,670</u>	<u>2,767,588</u>
	<u>73,070,475</u>	<u>68,341,897</u>
Non-Current		
Taxation and social security	1,487,939	1,205,412
Other Creditors	<u>15,816,660</u>	<u>15,949,379</u>
	<u>17,304,599</u>	<u>17,154,791</u>

Current and non-current other creditors relate predominantly to incentive compensation payable and deferred rent.

13. Operating leases

	2021	2020
	£	£
Non-cancellable operating lease rentals are payable as follows:		
Not later than one year	8,781,782	8,737,709
Later than one year and not later than five years	35,127,130	34,950,838
Later than five years	<u>49,171,967</u>	<u>58,006,745</u>
	<u>93,080,879</u>	<u>101,695,292</u>

During the year £7,241,200 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £7,256,519).

14. Share capital

	2021	2020
	£	£
Issued and fully paid:		
200 ordinary shares of £1 each	<u>200</u>	<u>200</u>

15. Pension scheme

The total defined contribution pension cost for the Company in respect of 2021 was £5,571,021 (2020: £5,062,024).

Baring Investment Services Limited

Notes to the Financial Statements (continued)

16. Related parties

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

The remuneration of directors is disclosed in note 7.

17. Ultimate parent company

The Company's immediate parent company is Baring Asset Management Limited and ultimate parent company is Massachusetts Mutual Life Insurance Company. The ultimate controlling party is Massachusetts Mutual Life Insurance Company.

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

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

18. Subsequent events

On 24 February 2022, Russia invaded Ukraine. The ensuing conflict and related sanctions may cause additional financial market volatility and impact the global economy, thereby reducing the value or impairing the performance of the investments made by the Group or the funds the Group manages. It is not currently possible to estimate what the financial impact of this event will be to the Company.

There are no other subsequent events that have occurred up until the date that the financial statements were available to be issued that the Company believes necessitates disclosure or adjustment.