

Insight Investment Funds Management Limited

Strategic report, Directors' report and financial statements

Registered number 01835691

31 December 2022

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Insight Investment Funds Management Limited

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Insight Investment Funds Management Limited

Board of Directors and other information

Directors

Angus Woolhouse

Anne Grim (independent non-executive)

Sir Brian Ivory (independent non-executive)

Jon Eilbeck

Richard Wilson (independent non-executive) (appointed February 15, 2023)

Secretary

BNY Mellon Secretaries (UK) Limited

160 Queen Victoria Street

London

EC4V 4LA

Auditor

KPMG LLP

Chartered accountants

15 Canada Square

London

E14 5GL

Registered Office

BNY Mellon Centre

160 Queen Victoria Street

London

EC4V 4LA

Registered Number

01835691

Insight Investment Funds Management Limited

Strategic report

In accordance with Section 414A(1) of the Companies Act 2006, we have prepared the Strategic report which includes a review of Insight Investment Funds Management Limited ("the Company") business and future developments, a description of the principal risks and uncertainties facing the Company and key performance indicators.

The Company is part of a group made up of Insight Investment Management Limited, Insight Investment Services Limited, Insight Investment Management (Global) Limited, Insight Investment Australia Pty Ltd, Insight Investment International Limited, Insight Investment Funds Management Limited, Insight Investment Management (Europe) Limited and Insight Investment Management Services (Europe) Limited collectively defined as "Insight". Insight is a wholly owned subsidiary of The Bank of New York Mellon Group otherwise defined as the "Group".

Business review

Insight's business experienced challenging market conditions as a result of the wider macroeconomic environment. Assets under management ("AUM") of the Company declined as a result of both negative market movements and client outflows (2022: £0.9 billion, 2021: £1.5 billion).

We continue however to maintain close partnerships with our clients to devise tailored and effective solutions for their investment needs.

The operating model with our shareholder preserves Insight's autonomy and ensures that the business can continue to focus on its principal investment and client service activities. It is the intention of the directors that the Company continues to operate as the Authorised Corporate Director ("ACD") of various UK domiciled Open Ended Investment Companies ("OEICs") in future periods and for the company to retain the regulatory permissions to do so.

Financial key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	2022 £000	2021 £000	Change £000	Change %
Profit before tax	1,730	9,338	(7,608)	(81)%
Total assets under management (AUM)	893,000	1,500,000	(607,000)	(40)%
Net assets	7,401	18,445	(11,044)	(60)%

During 2021, delegated investment management responsibility for Insight's Irish funds was transferred from the Company to Insight Investment Management (Global) Limited, resulting in a reduction in AUM and revenue in the Company. This occurred part way through the 2021 financial year and therefore 2022 results reflect the full year impact of the lower AUM, resulting in decreased revenue and profit. No further funds are expected to be transferred out of the Company for the foreseeable future and the Company continues to generate revenue from UK OEICs.

Principal risks and uncertainties

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors' report on pages 6.

Insight Investment Funds Management Limited

Strategic report - continued

Strategy and targets

Since launch, our aim has been to create a resilient business model which is focused on our clients' needs and is well-positioned for all market conditions. The Company's strategy is to continue to service clients who remain contracted to the Company in an administration capacity. The Company has continued to act as the ACD of UK domiciled open ended investment companies (OEICs). The key aspects of our strategy are described below:

Provide superior investment solutions and repeatable performance

Insight is a solutions provider. Putting clients' investment objectives at the forefront of our solutions enables us to deliver an investment solution that meets their needs. At the same time we have developed a superior product range of pooled solutions across a broad range of asset classes and the entire risk/return spectrum, offering clients absolute or relative return performance benchmarks which are aligned with and benefit from the expertise of our core investment capability.

Maintain and enhance our reputation as a quality investment brand

Insight has established a pedigree for the provision of innovative investment solutions in the institutional and wholesale market and is considered a key player in its chosen areas of investment expertise. With consistently strong performance, quality service and superior investment solutions, we aim to be one of the leading investment brands in the market.

Profitability, revenues and shareholder value

The Company's AUM amounted to £0.9 billion as at 31 December 2022 (2021: £1.5 billion). We are conscious of the potential impact markets can have on our AUM, which is the basis on which we earn our investment management fees. As a result of market movements, our average AUM throughout the period was lower than the previous year, negatively impacting revenues for the Group.

Revenue decreased during the year to £4.4 million (2021: £29.0 million) as a result of lower AUM due to the transfer of Insight's Irish funds range to Insight Investment Management (Global) Limited in 2021. The Company recorded a lower profit before tax for the financial year of £1.8 million (2021: £9.3 million).

Dividend declaration

During 2022 a dividend was declared and paid to Insight Investment Management Limited of £12,445,000. No further dividends are proposed.

Section 172 Statement

Under section 414 of the UK 2006 Companies Act (the "Act"), the Company is required to include a section 172 statement, describing how the directors have had due regard to those matters set out in section 172 of the Act. In addressing these matters, section 172 requires that the directors are required to have regard (amongst other things) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the company.

Insight Investment Funds Management Limited

Strategic report - continued

The Company's principal activity during the period was to act as the Authorised Corporate Director (ACD) of UK domiciled open ended investment companies. With this in mind, the directors of the Company are conscious of the potential impact that their actions could have on the long-term success of its parent company and the Insight group as a whole. The directors of the Company are also members of the board of Insight Investment Management Limited (which is the parent entity) and therefore appreciate the integral role of the Company as part of the larger Insight group. During the period, the Directors appraised the Assessment of Value pertaining to those funds that fell within its remit. The objective was to ensure that investors of these funds were achieving value for money for their investments.

The Company has no direct employees but has due regard to its prominent role in promoting the interests of Insight's employees. Operations of the Company have a material impact on the reputation of the Insight brand which, in turn, impacts the group's ability to attract and retain suitable staff.

Having due regard to the long-term interests of its sole member, together with the requirement to maintain the appropriate levels of regulatory capital, the directors considered and approved an interim dividend payment during the period. This decision was in line with the expectations from the existing parent entity.

During the period, the directors also had due regard to the regulatory requirements of the Company and have overseen activities to ensure that key regulatory requirements were observed and integrated into the Company's operations.

Due to the purpose of the Company and its structural position within the larger Insight group, the Company had undertaken limited stakeholder engagements during the period. For a more detailed assessment of how Insight as a group has engaged with a range of stakeholders please see the Strategic Report for Insight Investment Management Limited for the period ending 31 December 2022.

Approval

By order of the Board



Jon Eilbeck
Director

Insight Investment Funds Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

22 March 2023

Insight Investment Funds Management Limited

Directors' report

31 December 2022

The directors present their report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is to act as the ACD of UK domiciled OEICs. The Company continues to contract with certain clients as the investment manager during the period. The Company was historically appointed by Insight Investment Management (Europe) Limited as the delegated Investment Manager and distributor for some of Insight's Irish range of funds, however this responsibility was fully transferred to Insight Investment Management (Global) Limited between December 2020 and September 2021. The Company is a wholly owned subsidiary undertaking of Insight Investment Management Limited, which is registered in England and Wales and operates in the United Kingdom.

Results and dividends

The Company recorded a profit after tax for the financial year of £1.4 million (2021: £7.6 million profit). Dividends totalling £12.4 million (2021: £49.0 million) have been approved and paid by the directors to Insight Investment Management Limited during the year.

The directors do not recommend the payment of a final dividend.

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 on pages 2 - 4. In addition, the Directors' report on pages 5 - 9 includes the Company's objectives, policies and processes for managing its capital; its financial risk management objective and its exposures to credit and liquidity risk.

The Company has adequate liquidity and capital. The directors perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Company is expected to continue to operate as the ACD of various UK domiciled OEICs in future periods and intends to retain its regulatory permissions to do so. There are no plans to transfer further AUM from the Company.

Political and charitable donations

The Company made no political contributions during the year (2021: £nil). Donations to UK charities amounted to £nil (2021: £nil), however Insight staff worked closely with some of our chosen charitable partners, with various fund raising events organised throughout the year.

Insight Investment Funds Management Limited

Directors' report - continued

31 December 2022

Risk management

Governance and policies

Governance of the Company is carried out through the Board of Directors. The Board has legal and regulatory responsibility for all aspects of the business and ancillary activities of the various legal entities within the Insight group. A number of committees support the Board, including:

- The Executive Management Committee ("EMC") is the key business management committee for the Company responsible for strategy and execution, operational management and finance.
- The Risk Committee oversees the management of risks within the Company. Membership consists of two non-executive directors and three independent non-executive directors. In addition, the Chief Risk Officer and the Chief Executive Officer of the Company attends all meetings. The Risk Committee receives reports on the overall business environment and key business trends and the processes and procedures for the identification, evaluation and management of the risks facing the business.
- The Remuneration Committee considers recommendations and where appropriate recommends to the relevant employing entity, items in relation to terms, conditions, remuneration and incentives for staff employed within the Insight group. Where appropriate, the Remuneration Committee will ensure that recommendations are consistent with regulatory requirements. The Remuneration Committee comprises of two non-executive directors representing the BNY Mellon Group and one independent non-executive director.

Key risks and uncertainties

The main risks and uncertainties facing the business are as follows:

Personnel risk

Without the capability to attract, motivate and retain key staff, combined with instilling the right culture for the business to succeed, the Insight Group will not be able to capitalise on its commercial advantages and the opportunities arising therefrom. This risk is mitigated by having a comprehensive performance management system, competitive remuneration including the operation of long term incentive schemes, reward benchmarking and a focus on training and development.

Strategic risk

This is principally the risk of the business declining due to external factors (for example a sustained fall in markets) or risks stemming from internal factors (for example sustained poor long term investment performance). We seek to manage these risks by being willing to adapt our products to meet changing market needs and controlling costs effectively. We regularly review investment performance and encourage a culture of open debate on investment strategy and change through our Executive Management Committee and our Business Management Forum. We also consider the risks from the wider macro environment to take account of external risks such as geopolitical risks.

Financial and liquidity risk

Further details on how the Company manages the financial and liquidity risks that it faces are disclosed in note 16 to the financial statements.

Insight Investment Funds Management Limited

Directors' report - continued

31 December 2022

Key risks and uncertainties - continued

Geopolitical and other macro-environmental risks

The Company is exposed to geopolitical risks associated with political instability, terrorists acts, military conflicts, civil unrests and tensions between countries, which could impact its clients and cause disruption to business operations. In addition, epidemic and pandemic outbreaks are becoming more frequent and severe, and these could cause severe economic impacts on business sectors, economies and societies.

Several sanctions and other regulatory measures have been imposed on Russia due to its conflict with Ukraine which has among other things impaired normal global economic trading activities. BNY Mellon Group maintains controls, processes and policies that are designed to adhere to relevant sanctions laws and regulations in countries in which the Group operates. The Group continues to monitor any subsequent developments associated with the conflict whilst taking necessary actions where prompted. The Company continues to monitor developments and seek to manage the associated impacts on customers, service delivery and business operations.

As COVID-19 pandemic subsided during the year, BNY Mellon Group moved to a hybrid working model with the pandemic having a minimal impact on the Company's performance during the year.

Climate change risk

Insight is committed to understanding and mitigating the financial risks resulting from climate change and is actively enhancing its focus on managing these risks. Insight has released a climate change report in line with the Task Force on Climate-related Financial Disclosures (TCFD). The report describes Insight's Governance, Climate change Strategy and Risk Management procedures around climate change. This report is available from the Insight website at:

<https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/uk-eu---climate-change-report-2022.pdf>

Capital management

The Company's capital is managed via the Board through the Shareholder's Funds Policy and the annual Business Planning process. The day to day management of the Company's capital is delegated to the Chief Financial Officer and the Head of Finance.

The primary purpose of the Shareholder's Funds Policy is to maintain liquidity and security of the Company's capital. Shareholder funds are to be invested in either short-term cash deposits (up to 90 days maturity) with approved banks or in the Insight Liquidity Funds plc, an AAAM rated institutional cash fund.

The principal forms of capital are included in the following balances on the statement of financial position: called up issued capital and retained earnings. The Company held total capital of £7.4 million as at 31 December 2022 (2021: £18.4 million).

The FCA supervises the Company on an individual basis. It complied with the FCA's capital adequacy requirements throughout 2022 and 2021.

Insight completes an annual internal capital and risk assessment process ("ICARA"), which assesses the capital and liquidity required to manage risks to the business under normal operating and stressed scenarios. At the statement of financial position date, Insight as a group had a significant surplus on its capital requirement.

The above description of the Company's capital management policy forms an integral part of the financial statements.

Insight Investment Funds Management Limited

Directors' report - continued

31 December 2022

Employees

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

Our employee policy is consistent with the BNY Mellon group wide policy. Please refer to BNY Mellon International Asset Management Group Limited Directors' report for further information.

Directors

The directors who served during the year and up to the date of the report were as follows:

		Appointed	Resignation
Richard Wilson	(independent non-executive)	15 February 2023	-
Anne Grim	(independent non-executive)	-	-
Angus Woolhouse		-	-
Sir Brian Ivory	(independent non-executive)	-	-
Gregory Brisk	(non-executive)	-	1 March 2023
Jon Eilbeck		-	-

Directors' indemnity provision

The articles of association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the directors (2021: none).

Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Insight Investment Funds Management Limited

Directors' report - continued

31 December 2022


Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

International financial reporting standards

These accounts have been properly prepared in accordance with UK-adopted international accounting standards effective at 31 December 2022.

By order of the Board



Jon Eilbeck
Director

Insight Investment Funds Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

22 March 2023

Registered number: 01835691

Insight Investment Funds Management Limited

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 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-adopted international accounting standards in and applicable law.

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 judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- 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.

Independent auditor's report to the members of Insight Investment Funds Management Limited

Opinion

We have audited the financial statements of Insight Investment Funds Management Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity, 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 Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company 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 Company or to cease its operations, and as they have concluded that 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 its 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 company's business model and analysed how those risks might affect the 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 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 Company will continue in operation.

Independent auditor's report to the members of Insight Investment Funds Management Limited

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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 as to whether they have knowledge of any actual, suspected or alleged fraud;
- inspecting Company’s policy documentation as to the high-level policies and procedures to prevent and detect fraud, including reviewing internal auditor’s reports;
- reviewing minutes of the Board of Directors; and
- considering remuneration incentive schemes and performance targets for directors and management.

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 and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to the recognition of revenue as the calculations are non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual account combinations.

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 and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

Independent auditor's report to the members of Insight Investment Funds Management Limited

Secondly, the Company 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 Company's authority to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, anti-money laundering, market abuse regulations and financial services regulations including Client Assets, and specific areas of regulatory capital and liquidity and certain aspects of company legislation, recognising the financial and regulated nature of the Company'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.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 Acts 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Independent auditor's report to the members of Insight Investment Funds Management Limited

Directors' responsibilities

As explained more fully in their statement set out on page 10, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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 Acts 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.



**Fang Fang Zhou (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered accountants
15 Canada Square
London
E14 5GL

22 March 2023

Insight Investment Funds Management Limited

Statement of profit and loss and other comprehensive income for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	2	4,435	29,018
Commission expenses	3	(756)	(602)
Gross profit		<u>3,679</u>	<u>28,416</u>
Administrative expenses		(2,110)	(19,075)
Operating profits		<u>1,569</u>	<u>9,341</u>
Interest receivable and similar income	4	161	2
Interest payable and similar charges	5	-	(5)
		<u>161</u>	<u>(3)</u>
Profit before taxation		<u>1,730</u>	<u>9,338</u>
Taxation on profit	8	(329)	(1,770)
Total comprehensive income for the year		<u><u>1,401</u></u>	<u><u>7,568</u></u>

The notes on pages 19 to 39 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year and prior year relate to continuing operations.

The Company has not prepared a separate statement of other comprehensive income as all the income and losses are reflected in the statement of profit and loss.

Insight Investment Funds Management Limited

Balance Sheet

at 31 December 2022

	Note	2022 £000	2021 £000
Current assets			
Other investments	10	2,385	5,339
Trade and other receivables	11	4,112	6,227
Cash and cash equivalents	12	2,917	9,984
		<u>9,414</u>	<u>21,550</u>
Creditors: amounts falling due within one year	13	(2,013)	(3,105)
Net current assets		<u>7,401</u>	<u>18,445</u>
 Total assets less current liabilities		<u>7,401</u>	<u>18,445</u>
Net assets		<u><u>7,401</u></u>	<u><u>18,445</u></u>
 Capital and reserves			
Called up share capital	14	6,000	6,000
Profit and loss account		<u>1,401</u>	<u>12,445</u>
Shareholders' funds		<u><u>7,401</u></u>	<u><u>18,445</u></u>

The notes on pages 19 to 39 are integral to these financial statements.

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

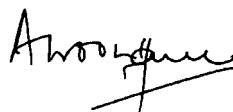
Jon Eilbeck
Director



22 March 2023

Company registered number: 01835691

Angus Woolhouse
Director



Insight Investment Funds Management Limited

Statement of changes in equity

31 December 2022

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	6,000	53,877	59,877
Total profit for the financial year	-	7,568	7,568
Dividends	-	(49,000)	(49,000)
Balance at 31 December 2021	6,000	12,445	18,445

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2022	6,000	12,445	18,445
Total profit for the financial year	-	1,401	1,401
Dividends	-	(12,445)	(12,445)
Balance at 31 December 2022	6,000	1,401	7,401

The notes on pages 19 to 39 are integral to these financial statements.

Insight Investment Funds Management Limited

Statement of Cash Flows

For the Year Ended 31 December 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	1,401	7,568
Taxation on profit	329	1,770
Interest receivable and similar income	(161)	(2)
Interest payable and similar charges	-	5
	<u>1,569</u>	<u>9,341</u>
Decrease in trade and other receivables	1,477	29,010
Decrease in trade and other payables	(2,421)	(10,245)
Interest received	161	2
Interest paid	-	(5)
	<u>786</u>	<u>28,103</u>
Cash generated from operations	1,638	(558)
Taxes received/(paid)		
Net cash from operating activities	<u>2,424</u>	<u>27,545</u>
Cash flows from investing activities		
Purchase of other current investments	(54)	-
Disposal of other current investments	3,008	23
	<u>2,954</u>	<u>23</u>
Net cash from investing activities		
Cash flows from financing activities		
Dividends paid	(12,445)	(49,000)
	<u>(12,445)</u>	<u>(49,000)</u>
Net cash from financing activities		
Net decrease in cash and cash equivalents	<u>(7,067)</u>	<u>(21,432)</u>
Cash and cash equivalents at 1 January	9,984	31,416
Cash and cash equivalents at 31 December	<u><u>2,917</u></u>	<u><u>9,984</u></u>

The notes on pages 19 to 39 are integral to these financial statements.

Insight Investment Funds Management Limited

Notes to the financial statements for the year ended 31 December 2022

1 Accounting policies

1.1 Basis of preparation

The financial statements are presented in pound sterling (GBP), rounded to the nearest thousand. They are prepared on the historical cost basis except for financial assets which are stated at their fair value through profit and loss.

The preparation of financial statements in accordance with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Disclosures about critical accounting estimates and the related assumptions are included in the appropriate notes to the Accounts. Actual results may differ from these estimates.

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

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 on pages 2 to 4. In addition, the Directors' report on pages 5 to 9 includes the Company's objectives, policies and processes for managing its capital, its financial risk management objective and its exposures to credit and liquidity risk.

The Company has adequate liquidity and capital. The directors perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the directors believe that the Company can manage its business risks successfully.

The Company is expected to continue to operate as the ACD of various UK domiciled OEICs in future periods and intends to retain its regulatory permissions to do so. There are no plans to transfer further AUM from the Company.

The directors have had regard to management's assessment to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the Company to continue as a going concern. No significant issues have been noted. In reaching this conclusion, management considered:

- The financial impact of the uncertainty on the Company's balance sheet and capital position;
- Liquidity position based on current/projected cash resources and regulatory requirements. The Company's current liquidity position is able to sustain current operational costs for a year with significantly reduced revenue scenario;
- Capital and liquidity stress tests on severe but plausible scenarios and;
- The Company's operational resilience on existing processes and key resources and relationships such as its people, clients, suppliers, and existing information technology systems and infrastructure.

Based on the above assessment of the Company's financial position, liquidity and capital, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company is domiciled in the United Kingdom. The financial statements were authorised for issue by the directors on 22 March 2023. The Company and its fellow Group undertakings operate as a single asset management business and consider themselves a single segment investment management business.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

1 Accounting policies - continued

1.2 Statement of compliance

The financial statements have been properly prepared in accordance with UK-adopted international accounting standards effective at 31 December 2022.

The accounting policies set out below have been applied in respect of the financial year ended 31 December 2022.

1.3 Dividends

Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Dividends are recognised as a liability at the date that they are declared, to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.4 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the Statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in the same statement as the related item appears.

Current tax is the expected tax payable or receivable on the taxable profit 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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.5 Foreign currency

The Company's functional and presentational currency is pound sterling (GBP). Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are reported net in the Statement of profit and loss and other comprehensive income within interest receivable or payable as appropriate.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Any resulting exchange differences are reported net in the Statement of profit and loss and other comprehensive income within interest receivable or payable as appropriate.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

1 Accounting policies - continued

1.6 Impairment of financial assets (including trade and other debtors)

Recognition of Expected Credit Losses ("ECL")

Under IFRS 9, the Company generally recognises loss allowances at an amount equal to the 12-month ECL unless there has been significant increase in credit risk since origination of the instrument, in which case ECLs are recognised on a lifetime loss basis. The Company has determined that IFRS 9's impairment requirements at 31 December 2022 were required for trade receivable balances outstanding for over 365 days and has recognised an allowance in the accounts on a lifetime loss basis. Further details are provided in note 11.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date – the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Financial guarantee contracts – the expected payments to reimburse the holder less any amounts that the Company expects to recover.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise solely of cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9 Accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions about future conditions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Management believes that the Company's critical accounting policies for which judgement is necessarily applied are those which relate to provisions.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

1 Accounting policies - continued

1.10 Administrative expenses

Certain expenses relating to the Company are incurred and paid by Insight Investment Services Limited and Insight Investment Management Limited. These expenses are re-charged to the Company at cost and recognised in the Company's accounts on an accrual basis. The recharge is predominantly done pro-rata based on income in the subsidiaries within the Insight Group Companies.

1.11 Other investments

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises financial assets at fair value through profit and loss when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets are designated as fair value through profit and loss with gains and losses taken to the statement of profit or loss and other comprehensive income as they arise. Fair value is determined by reference to quoted market prices on the statement of financial position date.

Current asset investments

Current asset investments are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises current asset investments when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Current asset investments are designated as fair value through profit and loss with gains and losses taken to the statement of profit or loss and other comprehensive income as they arise. Fair value is determined by reference to quoted market prices on the statement of financial position date.

1.12 Trade and other receivables

Trade and other receivables are amounts due for services performed in the ordinary course of business. These are initially measured at transaction value and can be subsequently measured at amortised costs using the effective interest rate method if considered material.

1.13 Trade and other payables

Trade and other payables are initially measured at transaction value, and can be subsequently measured at amortised costs using the effective interest rate method if considered material.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

1 Accounting policies - continued

1.14 Revenue

The Company's revenue includes management fees, performance fees and other revenue. The primary revenue source consists of management and performance fees received or receivable for the provision of investment management services.

The Company recognises revenue in accordance with the principles of IFRS 15 Revenue from Contracts with Customers. Insight applies the IFRS 15 five-step model for recognising revenue, which consists of identifying the contract with the customer; identifying the relevant performance obligations; determining the amount of consideration to be received under the contract; allocating the consideration to each performance obligation; and earning the revenue as the performance obligations are satisfied.

Revenue is based on terms specified in a contract with a customer and excludes any amounts collected on behalf of third parties. Revenue is recognised when, or as, a performance obligation is satisfied by transferring control of a service to a customer.

Management fees

Management fees are calculated as a percentage of Assets Under Management ("AUM") and products in which those assets are invested in accordance with individual investment management agreements. Management fees are calculated and recognised on a monthly basis in accordance with the terms of the relevant management fee agreements. Management fees are stated net of value added tax, rebates and discounts.

Performance fees

Performance fees are calculated as a percentage of the applicable portfolio's performance in excess of a defined hurdle benchmark index or a peer group's performance within a specified measurement period. The performance fees are recognised when the quantum of the fee is known, and it is highly probable that a significant revenue reversal will not occur, typically upon crystallisation date at the end of the specified measurement period. Once crystallised, performance fees typically cannot be clawed-back. Performance fees are stated net of value added tax, rebates and discounts.

Rebates

Rebates relate to repayments of management and performance fees charged subject to a rebate agreement, typically with institutional investors, and are calculated based on an agreed percentage of net fund assets managed and recognised as the service is received. Where rebate agreements exist, management and performance fees are presented net of the rebates in the statement of comprehensive income.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

1 Accounting policies - continued

1.14 Revenue - continued

Other revenue

Other revenue consists of commission receivable and other income. Commission income is calculated as a percentage of AUM and are recognised on a monthly basis in accordance with the terms of the relevant management fee agreements.

1.15 Interest receivable and similar income / Interest payable and similar charges

Interest receivable and similar income comprises income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Interest payable and similar charges comprises interest expense on financial liabilities measured at amortised cost.

Foreign currency gains and losses are reported on a net basis.

1.16 Financial instruments

Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents and financial liabilities, trade payables, and borrowings. Financial assets and financial liabilities are recognised in the Company's statement of financial position when the company becomes party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Company. A financial liability is derecognised when, and only when the liability is extinguished.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

1 Accounting policies - continued

1.16 Financial instruments - continued

Initial measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through the profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Under IFRS 9, for the purpose of subsequent measurement, a financial asset is classified, on initial recognition, as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") debt instrument; FVOCI-equity investment; or FVTPL. The classification of financial assets depends on (i) the purpose for which they were acquired, (ii) the business model in which a financial asset is managed, and (iii) its contractual cash flow characteristics. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

Measurement basis	Accounting policies
Financial assets at FVTPL	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in profit or loss.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These financial assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These financial assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial assets classification and measurement

Non-derivative financial instruments comprise investments in securities, trade and other debtors, cash and cash equivalents, loans and borrowings and trade and other creditors.

Financial assets are measured at amortised cost if meeting both of the following conditions and are not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company generally does not hold assets for trading.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

1 Accounting policies - continued

1.16 Financial instruments - continued

Assessment of whether cash flows are solely payments of principal and interest

‘Principal’ for these purposes is defined as the fair value of the financial asset at initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that would change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company’s claim to cash flows from specified assets; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Impairment of financial assets (including trade and other debtors)

The economic useful life impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

1.17 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Company’s trading activity.

1.18 Changes in accounting policies

There were no new standards, interpretations and amendments effective from 1 January 2022 that were expected to have material impact on the Company. A number of new standards and amendments to existing standards are effective for periods beginning on or after 1 January 2023. These new standards are not expected to have material impact on the Company.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

2 Revenue from contracts with customers

Revenue

	2022	2021
	£000	£000
Investment management fees	11,409	35,854
Performance fees	336	253
Other income	335	491
Rebates	(7,645)	(7,580)
Net turnover	<u>4,435</u>	<u>29,018</u>

The period on period movement in performance fees does not necessarily correlate to the performance of the underlying portfolios. Clients may have a mix of investment management and performance fees and the balance between these fee types can change throughout the financial year or across financial years.

3 Commission expenses

	2022	2021
	£000	£000
Commission payable and other trading expenses	<u>756</u>	<u>602</u>

4 Interest receivable and similar income

	2022	2021
	£000	£000
Net foreign exchange gain	41	2
Receivable from external third parties	54	-
Receivable from Group undertakings	66	-
Total interest receivable and similar income	<u>161</u>	<u>2</u>

5 Interest payable and similar charges

	2022	2021
	£000	£000
External third parties payable	-	5
Total interest payable and similar charges	<u>-</u>	<u>5</u>

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

6 Expenses and auditor's remuneration

Profit on ordinary activities before taxation is stated after charging:

Auditor's remuneration:

	2022	2021
	£000	£000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements pursuant to legislation	33	32
	<u>33</u>	<u>32</u>

No benefits in kind have been provided to the auditor during the year (2021: £nil).

7 Directors' remuneration

The aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services is disclosed below. Qualifying services include services as a director of the Company, as a director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the Company or any of its subsidiary undertakings. The amounts are disclosed irrespective of which BNY Mellon Group company actually makes the payment to the directors. During 2022, retirement benefits were accrued for 1 (2021: 1) director.

	2022	2021
	£000	£000
Directors' emoluments	19	123
Amounts receivable under long-term incentive schemes	7	18
	<u>26</u>	<u>141</u>

Highest paid director

	2022	2021
	£000	£000
Directors' emoluments	8	50
Amounts receivable under long-term incentive schemes	7	17
	<u>15</u>	<u>67</u>

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

8 Taxation

Recognised in the statement of profit and loss and other comprehensive income

	2022	2021
	£000	£000
<i>UK corporation tax</i>		
Current tax on profits for the period	329	1,774
Adjustments in respect of prior periods	-	(4)
Total current tax	329	1,770

Factors affecting total tax change for the current period

The charge for the year can be reconciled to the income per the Statement of profit and loss and other comprehensive income as follows:

	2022	2021
	£000	£000
Profit for the year	1,401	7,568
Total tax expense	329	1,770
Profit excluding taxation	1,730	9,338
Tax using the UK corporation tax rate of 19.00% (2021: 19.00%)	329	1,774
Adjustments in respect of prior years	-	(4)
Total tax expense	329	1,770

The increase in the UK Corporation tax rate from 19% to 25% (effective April 2023) was enacted on 10 June 2021. This will increase the Company's future tax charge accordingly.

9 Dividends

	2022	2021
	£000	£000
Interim dividend paid: 207 pence per ordinary share (2021: 817)	12,445	49,000
	12,445	49,000

The Company paid a dividend of £12,445,000 in November 2022. For more information about the Company's capital management policy, please refer to the capital management policy section within the Directors' Report.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

10 Other investments

	2022	2021
	£000	£000
Current asset investments		
Financial assets designated as fair value through profit or loss	2,385	5,339
	<u>2,385</u>	<u>5,339</u>

Other investments relate to holdings in the Insight Liquidity Funds plc ("ILF"). The ILF is an umbrella open ended investment company. The Company's investment is in the ILF Sterling Liquidity fund. The aim of the fund is to provide a flexible and stable alternative to bank deposits for institutional and professional investors. The fund carries an AAAM rating from Standard & Poors and has same day settlement terms.

	2022	2021
	£000	£000
Current asset investments - movement		
Balance at 1 January	5,339	5,362
Additions	54	-
Disposals	(3,008)	-
Revaluation	-	(23)
Balance at 31 December	<u>2,385</u>	<u>5,339</u>

11 Trade and other receivables

	2022	2021
	£000	£000
Trade debtors	1,195	2,092
Amounts due from Group undertakings	671	1,333
Prepayments and accrued income	2,246	2,164
Tax recoverable	-	638
	<u>4,112</u>	<u>6,227</u>

Recognition of Expected Credit Losses

The Company has determined that there is a low probability of recovery of receivables due for more than 365 days and as such has made an allowance for the whole amount of any receivable outstanding over 365 days. The carrying amount of receivables over 365 days as at 31 December 2022 was £454,000 relating to 1 client and therefore an allowance has been made for an Expected Credit Loss of £454,000.

12 Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank and in hand	2,917	9,984
	<u>2,917</u>	<u>9,984</u>

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

13 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade payables	2	86
Amounts due to Group undertakings	262	2,549
Accruals and deferred income	414	402
Tax payable	1,329	-
Other creditors	6	68
	<u>2,013</u>	<u>3,105</u>

14 Capital and reserves

	2022	2021
	£000	£000
<i>Allotted, called up and fully paid</i>		
6,000,000 (2021:6,000,000) Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>

Issued share capital of the company consists of 6,000,000 shares of £1 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

For more information about the Company's capital management policy, please refer to the capital management policy section within the Directors' report.

15 Related parties

At the end of the year, the Company had the following balances with related parties:

	2022	2021
	£000	£000
Debtors: BNY Mellon Group undertakings		
Insight Investment Management (Europe) Limited	-	1,333
Insight Investment Management Limited	<u>671</u>	<u>-</u>
	<u>671</u>	<u>1,333</u>
Creditors: BNY Mellon Group undertakings		
Insight Investment Management Limited	-	(2,410)
Insight Investment Management (Global) Limited	(37)	(76)
Insight Investment Management (Europe) Limited	(222)	-
BNY Mellon Investment Management EMEA Limited	(1)	(47)
Bank of New York Mellon - London Branch	-	(1)
BNY Mellon Fund Management Luxembourg SA	-	(6)
Other related parties	<u>(2)</u>	<u>(9)</u>
	<u>(262)</u>	<u>(2,549)</u>

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

15 Related parties - continued

During the year the Company was charged fees for the provision of distribution and other services by its affiliates as follows:

	2022	2021
	£000	£000
BNY Mellon Group undertakings		
BNY Mellon Investment Management Hong Kong Limited	-	8
BNY Mellon Investment Management EMEA Limited	25	457
Insight Investment Management (Global) Limited	624	1,044
BNY Mellon Asset Management Japan LTD	-	60
BNY Mellon Fund Management (Luxembourg) S.A.	-	175
BNY Mellon Investment Management Hong Kong Limited	-	22
	<u>649</u>	<u>1,766</u>

Costs from other related parties relate substantially to costs incurred by the Company for the distribution of its funds by sister entities within the BNY Mellon Group.

Insight Investment Services Limited is a service company incurring expenses on behalf of the Insight group of companies. Insight Investment Services Limited recharges all of its expenses via Insight Investment Management Limited. During the year Insight Investment Management Limited, the Company's immediate parent, recharged overheads amounting to £1,720,000 (2021: £18,892,000).

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

15 Related parties - continued

Pooled funds

During the year the Company continued to act as Authorised Corporate Director to 6 (2021: 6) open ended investment companies.

The company ceased to act as the delegate pooled fund manager to various funds on Insight's Irish platform in the prior year. Total gross fees of £nil (2021: £23,493,000) were earned relating to Irish pooled funds management and at the statement of financial position date £nil (2021: £1,333,000) was receivable from the Irish fund manager.

The Irish funds were charged in accordance with the Investment management agreements drawn up between the funds and their management company Insight Investment (Europe) Limited, the Company and if involved, the delegated sub-advisor, Insight Investment Management (Global) Limited.

Senior management personnel

During the year, senior management personnel's remuneration was as follows:

	2022	2021
	£000	£000
Short term employee benefits	41	219
Long term incentive schemes	25	72
Pension contributions	-	1
	<u>66</u>	<u>292</u>

The above includes the costs of annually awarded long term incentive grants amortised over the relevant vesting periods of one to three years.

16 Financial instruments

Exposure to credit, market risk (which combines foreign currency risk, interest rate risk and market price risk) and liquidity risk arises in the normal course of the Company's business.

Credit risk

The credit risk to the Company is limited to the non-payment of investment management fees, amounts owed by BNY Mellon Group undertakings together with cash at banks and investments held within the Insight Liquidity Fund Plc. At the Balance Sheet date there were no significant concentrations of credit risk external to the group other than cash balances at Lloyds Bank Plc and investments held within the Insight Liquidity Fund Plc.

The credit risk policy for cash and cash equivalents is to maintain bank accounts with Lloyds Bank Plc and to invest surplus cash in the Insight Liquidity Funds plc ("ILF"). At the Balance Sheet date the Standard and Poor's credit rating for Lloyds Bank Plc was A. The ILF fund carries an AAAM rating from Standard & Poors and has same day settlement terms. The credit risk policy for trade and other receivables is to monitor the level of past due receivables on a regular basis. The policy does not require collateral in respect of financial assets because for the majority of client accounts, Insight has the right to deduct its management fees from the client's investment portfolio. The historical incidence of default has not been significant and in the majority of cases there is an ongoing relationship with the client.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

16 Financial instruments - continued

Credit risk - continued

The maximum exposure to credit risk at the Balance Sheet date was as follows:

	2022	2021
	£000	£000
Other investments - current (note 10)	2,385	5,339
Trade and other receivables (note 11)	4,112	6,227
Cash and cash equivalents (note 12)	2,917	9,984
	<u>9,414</u>	<u>21,550</u>

The carrying amount of financial assets represent the maximum credit exposure.

The ageing of trade and other receivables at the reporting date was as follows:

	2022	2021
	£000	£000
Neither past due nor impaired	2,923	3,399
Past due up to one month	764	28
Past due from one month to three months	241	2,100
Past due from three months to one year	184	694
More than one year past due	-	6
	<u>4,112</u>	<u>6,227</u>

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

16 Financial instruments - continued

Foreign currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	Yen £000	US Dollar £000	Euro £000
At 31 December 2022			
Trade and other receivables	-	-	526
Cash and cash equivalents	10	19	82
	<u>10</u>	<u>19</u>	<u>608</u>
		US Dollar £000	Euro £000
At 31 December 2021			
Trade and other receivables		1	567
Cash and cash equivalents		8	133
		<u>9</u>	<u>700</u>

This risk arises as a result of outstanding fees (either billed or unbilled) due for settlement and the operation of foreign currency bank accounts. The Company manages this risk through a proactive debtor management process and by sweeping surplus foreign currency cash balances into Sterling on a periodic basis.

Sensitivity analysis

A 10 percent strengthening of Sterling against the following currencies at 31 December 2022 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

A 10 percent weakening of Sterling against the above currencies at 31 December 2022 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

	Impact on equity £000	Impact on profit or loss £000
At 31 December 2022		
US Dollar	(2)	(2)
Euro	(61)	(61)
Yen	(1)	(1)
At 31 December 2021		
US Dollar	(1)	(1)
Euro	(70)	(70)

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

16 Financial instruments - continued

Interest rate risk

Effective interest rates and maturity analysis

Income-earning financial assets and interest-bearing financial liabilities earn/bear interest on a floating rate basis. Management deem interest rate risk immaterial and do not actively manage this risk. The following table indicates the periods in which they mature and the effective interest rate earned / borne.

	2022		2021	
	Cash and equivalents	Current asset investments	Cash and equivalents	Current asset investments
Effective rate	1.02 %	1.40 %	- %	- %
	£000	£000	£000	£000
One year or less	2,917	2,385	9,984	5,339

The annualised impact of an increase or decrease of 50 basis points in interest rates at the statement of financial position date would be to increase / (decrease) equity and profit or loss by £21,000 / (£21,000) (2021: £62,000 / (£62,000)).

This calculation assumes that the change occurs at the statement of financial position date and is applied to risk exposures existing at that date and is stated net of tax assuming the current corporation tax rate of 19.00% (2021: 19.00%).

Market price risk

The Company holds investments in Insight Liquidity Funds plc (see note 10) as part of its capital management policy. Market price risk is managed by monitoring the holding and the rating of the fund. Exposure at the year end was £2,385,000 (2021: £5,339,000).

The annualised impact of an increase or decrease of 50 basis points in interest rates at the statement of financial position date would be to increase / (decrease) equity and profit or loss by £10,000 / (£10,000) (2021: £22,000 / (£22,000)).

This calculation assumes that the change occurs at the statement of financial position date and is applied to risk exposures existing at that date and is stated net of tax assuming the current corporation tax rate of 19.00% (2021: 19.00%).

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-statement of financial position instruments. The Company monitors liquidity risk and does not have any borrowings or overdrafts and therefore has negligible liquidity risk especially given the large cash balances and liquid current asset investments on the statement of financial position.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

16 Financial instruments - continued

Liquidity risk - continued

The following are the contractual maturities of financial liabilities at the statement of financial position date:

	2022	2021
	£000	£000
One month or less	265	141
Between one month and three months	3	2,522
Between three months and one year	1,745	442
Between one year and five years	-	-
Over five years	-	-
	<u>2,013</u>	<u>3,105</u>

Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	2022	2021
	£000	£000
Carrying amount		
Current asset investments designated at fair value through profit and loss (note 10)	2,385	5,339
Trade and other receivables (note 11)	4,112	6,227
Cash and cash equivalents (note 12)	2,917	9,984
Other financial liabilities - trade and other payables (note 13)	2,013	3,105
Fair value		
Current asset investments designated at fair value through profit and loss (note 10)	2,385	5,339
Trade and other receivables (note 11)	4,112	6,227
Cash and cash equivalents (note 12)	2,917	9,984
Other financial liabilities - trade and other payables (note 13)	2,013	3,105

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Current asset investments

Fair value is based on quoted market prices at the statement of financial position date without any deduction for transaction costs.

Trade & other receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

16 Financial instruments - continued

Fair values - continued

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 31 December 2022				
Financial assets designated at fair value through profit or loss	2,385	-	-	2,385

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 31 December 2021				
Financial assets designated at fair value through profit or loss	5,339	-	-	5,339

During the year there have been no transfers between levels.

17 Subsequent events

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

18 Ultimate parent company and parent company of larger group

The immediate parent undertaking of the Company is Insight Investment Management Limited, a company registered in England and Wales. Insight Investment Management Limited's registered address is 160 Queen Victoria Street, London, EC4V 4LA. Copies of the accounts for Insight Investment Management Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest and smallest Group in which the results of the Company are consolidated is that headed by The Bank of New York Mellon Corporation, incorporated in the United States of America.

Insight Investment Funds Management Limited

Notes to the financial statements - continued for the year ended 31 December 2022

18 Ultimate parent company and parent company of larger group - continued

The ultimate parent company as at 31 December 2022 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from:

The Secretary
The Bank of New York Mellon Corporation
240 Greenwich Street
New York, NY
10286
USA

19 Unconsolidated structured entities

During the year the Company was the delegated investment manager for several investment funds. This note provides additional information on the Company's exposure to these funds. The investment funds are open-ended investment companies and professional investment funds, and are financed/ funded by investors. The Company holds interests in these funds through the receipt of management and other fees and through equity interests in certain cases. The following information summarises the size of these funds and the carrying value of the Company's interests at the statement of financial position date where interest in investments have been classified as unconsolidated structured entities per IFRS 10 as the Company was deemed to be in control of the funds. Previously, this value related to revenue received from funds within Insight Investment Management (Europe) Limited.

	2022	2021
	£000	£000
Nature and extent of interest in unconsolidated structured entities		
Net asset value of investment funds in which the Company has an interest	892,677	1,503,277
Nature of and changes in risks associated with interests in unconsolidated structured entities		
Accrued income – fees paid in arrears (included in trade and other receivables)	-	1,580

The maximum exposure to loss in these funds of the Company is limited to the total accrued income paid in arrears and the carrying value of investment in the funds.