

**Baring International Investment Management Holdings**

**Registration Number: 1957768**

**Directors' Report And Financial Statements  
For The Year Ended  
31 December 2011**

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## **Baring International Investment Management Holdings**

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# **Baring International Investment Management Holdings**

## **Company Information**

### **Directors**

Baring Asset Management Limited  
J D Burns  
J T Swayne

### **Secretary**

Baring Investment Services Limited

### **Company Registration Number**

1957768

### **Auditors**

KPMG Audit Plc  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

## Baring International Investment Management Holdings

### Directors' Report

The directors present the annual report and audited financial statements of Baring International Investment Management Holdings (the "Company"), registration number 1957768, for the year ended 31 December 2011

#### Principal activities

The principal activity of the Company is, and will continue to be, the holding of investments in subsidiary undertakings. The activities of the subsidiary undertakings are principally the provision of investment management and marketing services.

#### Business review

The profit after tax for the year amounted to £6,400,000 (2010 £4,563,245). An interim dividend of £6,400,000 (2010 £4,762,986) was paid to the Company's immediate parent undertaking, Baring Asset Management Limited. A final dividend payment was not recommended (2010 £nil).

#### Key performance indicators

The Company forms part of the Baring Asset Management Group ("the Group") and key performance indicators (KPIs) are reported to management and monitored at group level on a monthly basis. The following KPIs relate to the Company only.

	2011 £	2010 £
Turnover	6,400,000	4,563,245
Profit before taxation	6,400,000	4,563,245
Net assets	1,779,711	1,779,711

The Company has considerable financial resources and as such the directors believe the Company will continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Risk management

The Group manages its risks on a group-wide basis and in accordance with a framework of processes approved by the Barings Management Committee (BMC). The Organisational Risk and Compliance Committee (ORCC), which derives its delegated authorities from the BMC, is responsible for reviewing and monitoring the implementation of the Group's risk management processes and controls. The Organisational Risk and Compliance department supports the ORCC in the identification, assessment and monitoring of risk across the Group's global operations.

The principal risks and uncertainties facing the Group are considered to be:

##### i) Strategic risks

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

- External factors, such as a significant fall in markets, or
- Internal factors, for example a substantial period of poor investment management performance

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 most significant operational risks facing the Group are:

- **Competitive risk** The Group operates in a competitive environment in which general market conditions, competitor behaviour and client requirements are constantly changing, both from a product performance, product development and service level perspective. The performance of the Group's products is monitored, reviewed and assessed on an ongoing basis. Client requirements are considered through regular liaison with our larger clients. All client feedback received is recorded and reviewed.
- **Loss of key staff** The knowledge, skills and experience of the Group's employees are critical to the organisation's continued success. The retention of key staff is of vital importance in ensuring that investment performance and client service standards are maintained. The Group's Human Resources (HR) policies are designed to recruit and maintain the highest possible quality of this resource.
- **Significant transaction processing incident** A range of operational process and system-based controls are in place to mitigate this risk.
- **Disaster event / major business disruption** The Group has comprehensive disaster recovery and business continuity plans in place covering all business-critical operations. These arrangements are reviewed and tested on a regular basis.

## **Baring International Investment Management Holdings**

### **Directors' Report (continued)**

#### **ii) Operational risks (continued)**

As an intermediate holding company, the principal risk to the Company's business is that the Company's subsidiary companies are adversely affected by the significant strategic and operational risks noted above

#### **Dividends**

An interim dividend payment of £6,400,000 was paid during the year (2010 £4,762,986) The Directors do not recommend the payment of a final dividend (2010 £nil)

#### **Directors**

The directors shown on page 2 served throughout the year, except as follows

J Misselbrook (resigned 27 October 2011)

J D Burns (appointed 27 October 2011)

#### **Disclosure of information to auditors**

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

#### **Donations**

No donations to charity or community projects were made by the Company during the year (2010 £nil) No political contributions were made by the Company during the year (2010 £nil)

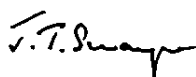
#### **Auditors**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office

#### **Insurance for directors**

Massachusetts Mutual Life Insurance Company has purchased directors' and officers' insurance in respect of directors of all group subsidiaries In addition, Baring Asset Management Limited has purchased additional directors' and officers' insurance in respect of all Barings Group companies

By order of the Board



J T Swayne

Director

27 February 2012

## **Baring International Investment Management Holdings**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for 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 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.

## **Baring International Investment Management Holdings**

### **Independent Auditor's Report to the Members of Baring International Investment Management Holdings**

We have audited the financial statements of Baring International Investment Management Holdings for the year ended 31 December 2011 set out on pages 7 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



**N. Palmer (Senior Statutory Auditor)**

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

Date

28 February 2012

**Baring International Investment Management Holdings**

**Profit and Loss Account  
for the year ended 31 December 2011**

	Notes	2011 £	2010 £
<b>Income</b>	2	<b>6,400,000</b>	4,563,245
Administrative expenses	3	-	-
<b>Profit on ordinary activities before taxation</b>		<b>6,400,000</b>	4,563,245
Tax on profit on ordinary activities	6	-	-
<b>Profit for the year</b>	10	<b>6,400,000</b>	4,563,245

The notes on pages 9 to 11 form part of these financial statements

All gains and losses have been recognised in the profit and loss account. In accordance with Financial Reporting Standard No. 3, a Statement of Total Recognised Gains and Losses is therefore not required.

All the results arise from continuing operations.



**Baring International Investment Management Holdings**

**Balance Sheet  
as at 31 December 2011**

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Investments in group undertakings	7	1,779,711	1,779,711
<b>Current assets</b>			
Cash at bank		-	-
<b>Net assets</b>		<u>1,779,711</u>	<u>1,779,711</u>
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss account	9	<u>1,779,710</u>	<u>1,779,710</u>
<b>Shareholders' funds</b>	10	<u>1,779,711</u>	<u>1,779,711</u>

The notes on pages 9 to 11 form part of these financial statements

The financial statements were approved by the director and signed on its behalf by



J T Swayne  
Director  
27 February 2012

# Baring International Investment Management Holdings

## Notes to the Financial Statements

### 1 Accounting policies

#### a Basis of accounting

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain assets

Under Financial Reporting Standard 1 (revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Massachusetts Mutual Life Insurance Company which prepares consolidated financial statements, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed separately transactions or balances with entities which form part of the Massachusetts Mutual Life Insurance Group. There were no other related party transactions.

#### b Income and expenses

Income and expenses are accounted for on an accruals basis

#### c Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

#### d Investments in group undertakings

Investments by the Company in subsidiary undertakings are included at cost less any provision for impairment where circumstances indicate that the carrying value may not be recoverable

#### e Consolidated financial statements

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts because Baring Asset Management Limited, a company incorporated in England and Wales, will be preparing consolidated accounts, which include the results of the Company

#### f Financial risk management

Under Financial Reporting Standard No 29 the Company is exempt from the requirement to disclose its financial risk management policies, because it is a wholly owned subsidiary of Baring Asset Management Limited, which discloses the financial risk management policies for the Barings group as a whole

### 2 Income

	2011 £	2010 £
Dividends from subsidiary undertakings	6,400,000	4,500,000
Profit on sale of investments	-	63,245
	<u>6,400,000</u>	<u>4,563,245</u>

### 3 Administrative expenses

Fees for the audit of the Company's financial statements are borne by Baring Asset Management Limited, a fellow group undertaking

# Baring International Investment Management Holdings

## Notes to the Financial Statements (continued)

### 4 Employees

The Company has no employees (2010 nil)

### 5 Directors' remuneration

The directors did not receive any remuneration for services to the Company or any of its subsidiaries (2010 £nil)

### 6 Taxation

a) Analysis of the charge in the year	2011 £	2010 £
<i>Current tax on profit on ordinary activities</i>		
UK corporation tax at 26.5% (2010 28%)		
Current year	-	-
Total current tax charge	-	-

### b) Factors affecting the tax charge for the year

The current tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK 26.5% (2010 28%). The differences are explained below

	2011 £	2010 £
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	6,400,000	4,563,245
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK at 26.5% (2010 28%)	1,695,562	1,277,709
<b>Effects of</b>		
Non-taxable income	(1,695,562)	(1,277,709)
Total current tax charge	-	-

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

The standard rate of corporation tax in the UK is due to decrease from 26% to 25% on 1 April 2012, to 24% on 1 April 2013 and then to 23% on 1 April 2014 on profits originating in the UK

### 7 Investments in group undertakings

	2011 £	2010 £
At 1 January	1,779,711	1,980,263
Disposals	-	(200,552)
At 31 December	1,779,711	1,779,711

The Company's only directly held subsidiary undertaking, which is wholly owned, is

Name of company	Country of incorporation	Description of shares held	Principal business activity
Baring Asset Management UK Holdings Limited	England and Wales	Ordinary £1 Shares	Investment holding company

The indirect subsidiaries of the Company are disclosed in the financial statements of Baring Asset Management UK Holdings Limited

# Baring International Investment Management Holdings

## Notes to the Financial Statements (continued)

### 8 Share capital

	2011 £	2010 £
<b>Authorised:</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>
<b>Issued and fully paid:</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

### 9 Reserves

	2011 £	2010 £
At 1 January	1,779,710	1,979,451
Profit for the year	6,400,000	4,563,245
Interim dividend paid	<u>(6,400,000)</u>	<u>(4,762,986)</u>
<b>At 31 December</b>	<b><u>1,779,710</u></b>	<b><u>1,779,710</u></b>

### 10 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Profit for the year	6,400,000	4,563,245
Interim dividend paid	<u>(6,400,000)</u>	<u>(4,762,986)</u>
Net (decrease) to shareholders' funds	-	(199,741)
Opening shareholders' funds	<u>1,779,711</u>	<u>1,979,452</u>
<b>Closing shareholders' funds</b>	<b><u>1,779,711</u></b>	<b><u>1,779,711</u></b>

### 11 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 largest group in which the results of the Company are consolidated is that headed by Massachusetts Mutual Life Insurance Company. The smallest group in which they are consolidated is that headed by Baring Asset Management Limited

The consolidated financial statements of Massachusetts Mutual Life Insurance Company are available to the public and may be obtained from the secretary, Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-00001, USA