



3i Holdings plc

Annual reports and accounts
for the year to 31 March 2014

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Directors' report

The Directors submit their report with the accounts for the year to 31 March 2014.

Business review

Principal activity

The principal activity of 3i Holdings plc (the "Company") is that of a holding company within the group of companies of which 3i Group plc is the ultimate parent undertaking (the "Group").

Directors

The directors during the year and to the date of this report were:

K J Dunn
J S Wilson
B R Loomes

Mrs J S Wilson retires by rotation in accordance with the Articles of Association and, being eligible, offers herself for reappointment.

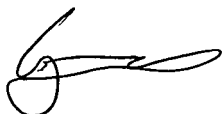
Audit information

Pursuant to section 418(2) of the Companies Act 2006, each of the Directors confirms that: (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors

In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as the Company's auditors will be put to the forthcoming Annual General Meeting.

By Order of the Board



Julia S. Wilson
Director

Date: 30/6/14

Registered Office:
16 Palace Street
London SW1E 5JD

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable United Kingdom law and in accordance with those International Financial Reporting Standards which have been adopted by the European Union.

Under Company Law the Directors must not approve financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable.

The Directors have a responsibility for ensuring that proper accounting records are kept which 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 financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic Report

Results and Business Review

Total recognised profit after tax for the year was £44m (2013: profit £61m). The Directors do not recommend dividend for the year (2013: £nil). The net assets at the year end were £94m (2013: net assets £42m).

Development

There have been no changes in activity in the year and the Directors do not foresee any future changes.

Principal risks and uncertainties

The Company is a subsidiary of 3i Group plc. The Group sets objectives, policies and processes for managing and monitoring risk as set out in the Directors' report in the 3i Group plc annual report.

The financial risks are discussed in further detail in note 14.

Going concern

The Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Policy for paying creditors

It is the policy of the Group to pay suppliers in accordance with the terms and conditions of the relevant markets in which it operates. Expenses are paid on a timely basis in the ordinary course of business, by the trading subsidiary of the Group, 3i plc, and accordingly at the year end the Company had no trade creditors.

By order of the board



Julia S. Wilson
Director

Date: 30/6/14

Registered Office:
16 Palace Street
London SW1E 5JD

Independent auditor's report to the members of 3i Holdings plc

We have audited the financial statements of 3i Holdings plc for the year ended 31 March 2014 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, significant accounting policies A to J and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2, 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of 3i Holdings plc

Opinion on other matters 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.



James Stuart (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 30/6/14

Statement of comprehensive income

for the year to 31 March 2014

	Notes	2014 £m	2013 £m
Income from subsidiaries	1	157	12
Movements on the fair value of subsidiaries	2	(117)	67
Loss on disposal of subsidiaries		-	(11)
Operating profit	3	40	68
Interest payable		-	(5)
Exchange movements		4	(2)
Profit before tax		44	61
Income taxes	5	-	-
Profit for the year		44	61
Total comprehensive income for the year		44	61

All the items in above statements are derived from continuing operations.

Statement of changes in equity

	Issued capital £m	Retained earnings £m	Total £m
At 31 March 2012	1	(29)	(28)
Total comprehensive income for the year	-	61	61
Share-based payments	-	9	9
At 31 March 2013	1	41	42
Total comprehensive income for the year	-	44	44
Share-based payments	-	8	8
As at 31 March 2014	1	93	94

Statement of financial position

as at 31 March 2014

	Notes	2014 £m	2013 £m
Assets			
Non-current assets			
Interests in Group entities	6	336	440
		336	440
Current assets			
Other current assets	7	121	100
		121	100
Total assets		457	540
Liabilities			
Non-Current liabilities			
Loans and borrowings	8	-	(165)
		-	(165)
Current liabilities			
Trade and other payables	9	(363)	(333)
		(363)	(333)
Total liabilities		(363)	(498)
Net assets		94	42
Equity			
Issued capital	10	1	1
Retained earnings		93	41
Total equity		94	42

The financial statements have been approved and authorised for issue by the Board of Directors.



Julia Wilson
Director

Date: 30/6/14

Statement of cash flows

for the year to 31 March 2014

	2014	2013
	£m	£m
Cash flows from operating activities		
Profit before taxation	44	61
Loss/(profit) on revaluation of investment in subsidiaries	117	(67)
Exchange movements	(4)	2
Loss on disposal of investments in subsidiaries	-	11
	157	7
(Increase)/decrease in other current assets	(17)	14
Increase/(decrease) in other payables	30	(27)
Net cash flow from operating activities	170	(6)
Cash flows from financing activities		
Repayment of short-term borrowings	(165)	(50)
Net cash flow from financing activities	(165)	(50)
Cash flows from investing activities		
Proceeds on liquidation of subsidiary	-	13
Investment in subsidiaries	(5)	-
Net cash flow from investing activities	(5)	13
Change in cash and cash equivalents	-	(43)
Cash and cash equivalents at the start of the year	-	43
Effect of exchange rate fluctuations	-	-
Cash and cash equivalents at the end of the year	-	-

3i Holdings plc

Accounting policies

A Statement of compliance These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union ("IFRS").

These financial statements have been prepared in accordance with and in compliance with the Companies Act 2006.

The IASB has issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates:

		Effective for period beginning on or after
IFRS 9	Financial instruments – classification and measurement	1 January 2015
IAS 32	Amendment to offsetting financial assets and financial liabilities	1 January 2014
IAS 36	Recoverable amount disclosures for non financial assets - amendments to IAS 36	1 January 2014
IAS 39	Novation of derivatives and continuation of hedge accounting - amendments to IAS 39	1 January 2014

The Directors do not anticipate that the adoption of these standards, interpretations and amendments will have a material impact on the financial statements in the period of initial application and has therefore decided not to adopt these amendments early.

B Basis of preparation The financial statements are presented in Sterling, the functional currency of the Company, and all values are rounded to the nearest million pounds (£m) except where otherwise indicated.

Under the provision of Section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary undertaking of 3i Group plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the Company's financial statements are publicly available at its registered office: Palace Street 16, SW1E 5JD.

The preparation of financial statements in conformity with IFRS 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 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. Actual results may differ from these estimates.

3i Holdings plc

Accounting policies

B Basis of preparation (continued) The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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 most significant techniques for estimation are described in the accounting policies below.

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

C Exchange differences

(i) Foreign currency transactions Transactions in currencies that are different from the functional currency of the Company are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. 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 transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to sterling using exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of non-sterling operations The assets and liabilities of operations whose functional currency is not sterling, including fair value adjustments arising on consolidation, are translated to sterling at exchange rates ruling at the balance sheet date. The revenues and expenses of these operations are translated to sterling at rates approximating to the exchange rates ruling at the dates of the transactions. Exchange differences arising on retranslation are recognised directly in a separate component of equity, the translation reserve, and are released upon disposal of the non-sterling operation.

D Cash and cash equivalents Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and short-term deposits as defined above and other short-term highly liquid investments that are readily convertible into cash and are subject to insignificant risk of changes in value, net of bank overdrafts.

E Income taxes Income taxes represent the sum of the tax currently payable, withholding taxes suffered and deferred tax. Tax is charged or credited to the statement of comprehensive income, except where it relates to items charged or created directly to equity, in which case the tax is also dealt with in equity.

The tax currently payable is based on the taxable profit for the year. This may differ from the profit included in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the Company's statement of financial position date.

3i Holdings plc

Accounting policies

E Income taxes (continued) Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit ("temporary differences"), and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable differences arising on investments in subsidiaries and associates, and interests in joint ventures, deferred tax liabilities are recognised except where the Group is able to control reversal of the temporary difference and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, where there are deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that both the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

F Financial instruments Financial instruments are made up of investments, accounts receivable, accounts payable, loans and cash and cash equivalents.

The Directors consider that the fair value of accounts receivable and accounts payable approximate to their carrying value. There are no other financial instruments.

G Interests in Subsidiaries Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, exposure to variable returns and the ability use its power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. Investments in subsidiaries are held at fair value. The fair value of investment in subsidiaries is reviewed on an annual basis and movements in the fair value are recorded through the profit and loss.

H Other receivables Assets, other than those specifically accounted for under a separate policy, are stated at their cost less impairment losses. They are reviewed at each statement of financial position date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated based on expected discounted future cash flows. Any change in the level of impairment is recognised directly in the statement of comprehensive income. An impairment loss is reversed at subsequent statement of financial position dates to the extent that the asset's carrying amount does not exceed its original cost.

I Other payables Liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which we consider to be payable in respect of goods or services received up to the statement of financial position date.

J Revenue recognition Revenue comprises fee income, dividends and interest and is recognised on an accruals basis. Dividends from equity investments are recognised in the statement of comprehensive income when the shareholders' rights to receive payment have been established except to the extent that dividends, paid out of pre-acquisition reserves, adjust the fair value of the equity instrument.

Notes to the accounts

1 Income from subsidiaries

	2014	2013
	£m	£m
Dividends received from subsidiary undertakings	156	11
Interest income	1	1
	<hr/> 157	<hr/> 12

2 Movements on the fair value of subsidiaries

Fair value adjustments were recorded against the following investments in subsidiaries:

	2014	2013
	£m	£m
Equity investment in other subsidiaries	(117)	67
	<hr/> (117)	<hr/> 67

3 Operating expenses

The auditor's remuneration for the year of £15,000 (2013: £15,000) was borne by 3i plc, a subsidiary.

4 Directors' emoluments

None of the Directors received emoluments in respect of their services to the Company for the year to 31 March 2014 (2013: none). The Directors' services to the Company do not occupy a significant amount of their time.

The Company's contribution to pension schemes on behalf of Directors was £nil (2013: £nil). All pension contributions for the year were borne by 3i plc, a subsidiary of the Company.

The Directors are granted options in shares of 3i Group plc. The fair value for the services provided to the Company by the Directors cannot be reliably estimated and as such no share-based payment charge has been allocated to the Company.

5 Income taxes

	2014	2013
	£m	£m
Current tax		
UK Corporation tax	-	-
	<hr/> -	<hr/> -

Notes to the accounts

5 Income taxes (continued)**Reconciliation of income taxes in the statement of comprehensive income**

The tax charge for the period is different to the standard rate of corporation tax in the UK, currently 23% (2013: 24%), and the differences are explained below:

	2014	2013
	£m	£m
Profit/(loss) before tax	44	61
Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 23% (2013: 24%)	10	15
Effects of:		
Permanent differences	27	16
Non-taxable profits relating to UK dividend income	(36)	(3)
UK tax losses carried forward	(1)	(28)
Total income taxes in the statement of comprehensive income	-	-

At 31 March 2014 the Company had unrecognised deferred tax in relation to tax losses of £42m (2013: £18m). It is considered too uncertain that the Group will generate sufficient taxable profits in the future against which the associated deferred tax assets can be offset and therefore the assets have not been recognised.

6 Interests in Group entities

	2014	2013
	£m	£m
Opening book value	440	386
Additions	13	9
Disposals	-	(24)
Revaluation	(117)	69
Closing book value	336	440

Details of significant Group entities are given in note 11.

7 Other current assets

	2014	2013
	£m	£m
Amounts due from group undertakings	121	100
	121	100

Notes to the accounts

8 Loans and borrowings

	2014 £m	2013 £m
Loans and borrowings are repayable as follows:		
After one year	-	165
	-	165
Principal borrowings include:		
	2014 £m	2013 £m
Rate Maturity		
Committed multi-currency facilities		
£450m ¹		
LIBOR+1.000% 2016	-	165
	-	165
Total loans and borrowings	-	165

¹ Repaid on 18 April 2013

All of the Company's borrowings are repayable in one instalment on the respective maturity dates. None of the Company's borrowings are secured on the assets of the Group.

The Group is subject to a financial covenant on its committed multi-currency facilities, the Asset Cover Ratio, defined as total assets (including cash) divided by loans and borrowings plus derivative financial liabilities. All loans and borrowings were repaid during the year therefore the Asset Cover Ratio is not relevant at 31 March 2014 (2013: 4).

9 Trade and other payables

	2014 £m	2013 £m
Amounts due to group undertakings	363	333
	363	333

10 Share capital

	Number of shares	Amount £m
Called up, allotted and fully paid ordinary shares of £1 each		
At 31 March 2013 and 31 March 2014	1,000,000	1

Notes to the accounts

11 Group entities

Significant subsidiaries

Name	Country of incorporation	Issued and fully paid share capital	Principal activity	Registered office
3i International Holdings	England and Wales	2,715,973 ordinary shares of £10	Holding Company	16 Palace Street London SW1E 5JD
3i plc	England and Wales	110,000,000 ordinary shares of £1	Services	
3i Investments plc	England and Wales	10,000,000 ordinary shares of £1	Investment manager	
3i Europe plc	England and Wales	500,000 ordinary shares of £1	Investment adviser	
3i Nordic plc	England and Wales	500,000 ordinary shares of £1	Investment adviser	
Gardens Pension Trustees Limited	England and Wales	100 ordinary shares of £1	Pension fund trustee	
3i BIFM Investments Limited	England and Wales	2,570,000 ordinary shares of £1	Investment manager	375 Park Avenue Suite 3001 New York NY 10152, USA
3i Corporation	USA	15,000 shares of common stock (no par value)	Investment manager	
3i Deutschland Gesellschaft für IndustriebeteiligungenmbH	Germany	€ 25,564,594	Investment manager	

The significant subsidiaries noted above are all wholly owned by the Company.

On 8 November 2013 3i Holdings Plc acquired 100% of the share capital of Barclays Infrastructure Funds Management Limited ("BIFML"). The acquisition formed part of the Group's strategy to build its Infrastructure business and to grow external AUM. At the time of the transaction, BIFML was managing c. £780 million of AUM, comprising two active funds. Both of the funds mainly invest in Private Public Partnerships, Private Finance Initiative projects and other infrastructure related projects with similar characteristics in the UK and Europe ("PPP"). BIFML has four fully owned subsidiaries that serve as General Partners for these and other funds within the structure.

The Directors are of the opinion that the number of undertakings in respect of which the Company is required to disclose information under Schedule 4 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is such that compliance would result in information of excessive length being given. Full information will be annexed to the Company's next annual return.

Notes to the accounts

12 Parent undertaking and controlling party

The Company's immediate and ultimate parent undertaking and controlling party is 3i Group plc which is incorporated in Great Britain and registered in England and Wales. Copies of the Group financial statements, which include the Company, are available from 16 Palace Street, London, SW1E 5JD.

13 Related parties

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions impacting the statement of comprehensive income are disclosed in note 1 and note 2.

Those transactions with Directors of the Company are disclosed in the Directors' Report and note 4. The Company has no other key management personnel. Each of these categories of related parties and their impact on the financial statements is detailed below.

Parent company

The Company has an outstanding balance payable with its parent company.

	2014 £m	2013 £m
Payable at year end	(188)	(2)

Subsidiaries

The Company has outstanding balances payable to its subsidiary companies.

	2014 £m	2013 £m
Payable at year end	(175)	(331)

Notes to the accounts

14 Financial risk management

The company is a subsidiary of 3i Group plc. The Group sets objectives, policies and processes for managing and monitoring risk as set out in the Directors' report in the 3i Group plc annual report.

The capital structure of the Company consists of equity, external loans and intercompany loans which are due on demand. The Company is free to transfer capital to the parent company subject to maintaining sufficient reserves to meet statutory obligations.

Credit risk

The Directors do not believe that there is significant credit risk arising on the Company's debtors as these amounts are due from other Group companies and are repayable on demand.

Liquidity risk

Liquidity risk is managed at the Group level as discussed in the Directors' report in the 3i Group plc annual report. The Company's current liabilities are principally intercompany loans due on demand.

Market risk

(i) Currency risk

The Company has currency exposure to Euros, US Dollars, Swedish Kronor and other sundry currencies combined is shown in the table on the following page.

Notes to the financial statements

14 Financial risk management (continued)

At 31 March 2014	2014 Sterling	2014 Euro	2014 US Dollar	2014 SEK	2014 Other	2014 Total
	£m	£m	£m	£m	£m	£m
Assets	313	89	4	51	-	457
Liabilities	(265)	-	(98)	-	-	(363)
Net assets/(liabilities)	48	89	(94)	51	-	94

Sensitivity analysis

Impact on exchange movements in the statement of comprehensive income assuming a 10% movement in exchange rates against sterling

-	10	(10)	6	-	6
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At 31 March 2013	2013 Sterling	2013 Euro	2013 US Dollar	2013 SEK	2013 Other	2013 Total
	£m	£m	£m	£m	£m	£m
Assets	363	111	66	-	-	540
Liabilities	(384)	-	(168)	55	(1)	(498)
Net assets/(liabilities)	(21)	111	(102)	55	(1)	42

Sensitivity analysis

Impact on exchange movements in the statement of comprehensive income assuming a 10% movement in exchange rates against sterling

-	12	(11)	6	-	7
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