



3i Investments plc

Annual report and accounts for the year to 31 March 2020

Registered number: 03975789

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Directors' report

The Directors submit their report with the financial statements for the year to 31 March 2020.

Principal activity

3i Investments plc (the "Company") acts as the investment manager and adviser to 3i Group plc and its various subsidiaries and to other third parties. The Company carries on all its activities in the UK and has no other branches or subsidiaries. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

Directors

The Directors of the Company during the year and up to the date of this report were:

S A Borrows
K J Dunn
A C B Giddins (resigned on 3 April 2019)
J S Wilson
P J White
P Wirtz (appointed on 1 September 2019)
P D Jong (appointed on 1 September 2019)

Dividends

The Directors do not recommend a final dividend (2019: nil).

Development

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

Events since the balance sheet date

There have been no events since the balance sheet date.

Disclosure of information to the Auditors

Pursuant to s418(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 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 auditors are aware of such information.

As part of the audit tender process conducted by 3i Group plc in 2018, KPMG LLP was selected as the auditor of the Company for the financial year ending 31 March 2021. Ernst & Young LLP will not be re-appointed as the auditors. KPMG LLP will be appointed as the auditors of the Company following the Annual General Meeting of 3i Group plc in June 2020. Further details on the change of auditors can be found in the Annual report and financial statements of 3i Group plc.

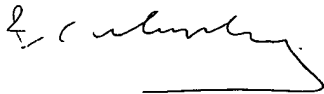
Directors' report

Going concern

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2020. After making the assessment on going concern, the Directors considered it appropriate to prepare the financial statements of the Company on a going concern basis, having considered the impact of coronavirus ("COVID-19") on its current operations and future outlook.

3i Group plc is the ultimate parent undertaking of the Company. 3i Group plc has sufficient financial resources and liquidity and is well positioned to manage business risks in the current economic environment. 3i Group plc can support the Company where necessary to continue operations for a period of at least twelve months from the date of this report.

By order of the Board



Jonathan Murphy
Company Secretary
Date: 13 May 2020
Registered office:
16 Palace Street
London, SW1E 5JD

Directors' report

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and accounts in accordance with applicable United Kingdom law and those International Financial Reporting Standards ("IFRSs") that 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 year. In preparing financial statements the Directors are required to:

- (a) select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- (b) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- (c) provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union 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;
- (d) state that the Company has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- (e) 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.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Strategic report

The Directors present their Strategic report for the year to 31 March 2020.

Results and business review

The Company's management fee is set at £12,800k for investment management services supplied in accordance with its agreement with 3i plc. The Company's costs include the service fee paid to 3i plc for the supply of staff and services and the Company's own tax and regulatory fees.

The main key performance indicators are as follows:

	2020	2019
	£'000	£'000
Total comprehensive income for the year	1,269	1,259
Net assets	24,032	22,763

Principal risks and uncertainties

The Company is a subsidiary of 3i 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 9.

The current coronavirus pandemic ("COVID-19") presents a major global risk to several organisations. In light of these circumstances, due to the nature of the Company being an investment advisor with a fixed management and administration fee, there is expected to be no material impact on the Company's operations and activities. The Directors are satisfied with the performance of the Company for the year.

Duties under Section 172

The Directors of the Company are required to act in accordance with those requirements set out in section 172 of the UK Companies Act 2006 which is summarised below:

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The matters set out in section 172 have been taken into account in Board discussions and decision making in the year.

By order of the Board



Jonathan Murphy
Company Secretary

Date: 13 May 2020
Registered office:
16 Palace Street
London, SW1E 5JD

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

Opinion

We have audited the financial statements of 3i Investments plc for the year ended 31 March 2020 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, the Statement of cash flows, accounting policies A to H and the related notes 1 to 9. 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.

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

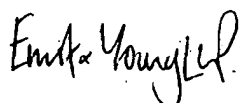
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Emphasis of matter

We draw attention to the Accounting policy B – Basis of preparation, of the financial statements, which describes the economic and operational consequences the Company is facing as a result of COVID-19, which is impacting financial markets. Our opinion is not modified in respect of this matter.



Julian Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 13 May 2020

Statement of comprehensive income

for the year to 31 March 2020

		2020	2019
	Notes	£'000	£'000
Revenue	1	12,800	12,800
Operating expenses	2	(11,600)	(11,600)
Operating profit		1,200	1,200
Finance income		76	66
Impairment of subsidiary loan	6	(7)	(7)
Total comprehensive income for the year		1,269	1,259

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

Statement of changes in equity

for the year to 31 March 2020

	Issued share capital £'000	Retained earnings £'000	Total £'000
As at 1 April 2018	10,000	11,504	21,504
Total comprehensive income for the year	-	1,259	1,259
As at 31 March 2019	10,000	12,763	22,763
Total comprehensive income for the year	-	1,269	1,269
As at 31 March 2020	10,000	14,032	24,032

The notes on pages 13 to 15 form an integral part of these financial statements.

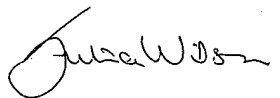
Statement of financial position

as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Assets			
Current assets			
Trade and other receivables	6	13,318	12,126
Cash and cash equivalents		10,714	10,637
Total assets		24,032	22,763
Equity			
Issued share capital	5	10,000	10,000
Retained earnings		14,032	12,763
Total equity		24,032	22,763

The notes on pages 13 to 15 form an integral part of these financial statements.

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


Julia Wilson

Director

Date: 13 May 2020

Statement of cash flows

for the year to 31 March 2020

	2020	2019
	£'000	£'000
Cash flow from operating activities		
Interest income received	77	65
Net cash flow from operating activities	77	65
Change in cash and cash equivalents	77	65
Cash and cash equivalents at the start of the year	10,637	10,572
Cash and cash equivalents at the end of the year	10,714	10,637

The notes on pages 13 to 15 form an integral part of these financial statements.

Accounting policies

A. Statement of compliance

These financial statements have been prepared and approved by the Directors in accordance with all relevant IFRSs as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by IFRS Interpretations Committee, endorsed by the European Union ("EU").

The Company did not implement the requirements of any other standards or interpretations that were in issue; these were not required to be adopted by the Company for the year ended 31 March 2020. No other standards or interpretations have been issued that are expected to have a material impact on the Company's financial statements.

These financial statements have been prepared in accordance with Companies Act 2006. The Company is a public limited company incorporated and domiciled in England and Wales.

B. Basis of preparation

The financial statements are presented in sterling, the functional currency of the Company and rounded to the nearest thousand unless otherwise stated. The financial statements are prepared on a going concern basis.

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.

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.

Going Concern

On 30 January 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. COVID-19 presents the biggest risk to the global economy and to individual companies since the 2008 financial crisis and has had a severe impact on economic growth forecasts worldwide. The impacts of COVID-19 are not all apparent yet, and the position will remain fluid until the length and extent of the crisis become clearer.

The Directors continue to monitor the impact of COVID-19 using information available to the date of issue of these financial statements. As part of this assessment, the Directors have reviewed the assessment of going concern at the Group level, which has modelled a number of adverse scenarios, to assess the potential impact COVID-19 may have on the Group's operations and liquidity. The Group has sufficient financial resources and liquidity and is well placed to manage business risks in the current economic environment and can continue operations to support the Company where necessary. Having reviewed this assessment the Directors considered it appropriate to prepare these financial statements on a going concern basis.

Accounting policies

C. Revenue recognition

The Company recognises management fee income when it has the right to receive the income in accordance with the management agreement and it is highly probable a significant reversal will not occur. Interest income is recognised when the Company has the right to receive interest. Revenue is recognised in accordance with IFRS 15.

D. Foreign currency transactions

Transactions in currencies 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 Statement of financial position date are translated to sterling at the exchange rate ruling at that date. 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 date the fair value was determined.

E. 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.

F. Issued share capital

Ordinary shares issued by the Company are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs net of tax are deducted from equity.

G. Income taxes

Income taxes represent the sum of the tax currently payable, withholding taxes suffered and deferred taxes. Tax is charged or credited to the Statement of comprehensive income, except where it relates to items charged or credited 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.

To enable the tax charge to be based on the profit for the year, deferred tax is provided in full on temporary timing differences, at the rates of tax expected to apply when these differences crystallise. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which temporary differences can be set off. All deferred tax liabilities are offset against deferred tax assets in accordance with the provisions of IAS 12.

The carrying amount of deferred tax assets is reviewed at each Statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

IFRIC 23 has been adopted and applied to the recognition and measurement of uncertain tax provisions during the year. However, it is noted that the adoption of IFRIC 23 has had no material impact on the provisions held as at the year end.

H. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less expected credit loss allowance under IFRS 9. Impairment losses are presented as net impairment losses within Impairment of subsidiary loan. Subsequent recoveries of amounts previously impaired are credited against the same line item. A description of the Company's expected credit loss policy is disclosed within Note 9.

3i Investments plc

Notes to the accounts

No. 03975789

1. Revenue	2020 £'000	2019 £'000
Management fee from parent company, 3i plc	12,800	12,800
Total	12,800	12,800

Management fees are earned from providing management services to 3i plc. The revenue is recognised in line with the services provided and is billed quarterly. At 31 March 2020, £13,314k of management fees are outstanding within Trade and other receivables in the Statement of financial position (2019: £12,121k).

2. Operating expenses	2020 £'000	2019 £'000
Service fee to 3i plc	(11,600)	(11,600)
Total	(11,600)	(11,600)

The auditor's remuneration for the year of £15,300 (2019: £15,300) was borne by the parent company, 3i plc.

3. Directors' emoluments

The Directors of the Company are also Directors of fellow subsidiaries and receive remuneration from either 3i plc or 3i Investments (Luxembourg) S.A. Mrs J S Wilson and Mr S A Borrows are also Directors of the ultimate parent company. The table below shows the total emoluments received by the Directors from these fellow subsidiaries.

	2020 £'000	2019 £'000
Salaries and benefits	2,754	2,887
Bonuses	1,222	1,400
Share based payments	10,589	11,669
Total	14,565	15,956

Emoluments, including share based payments, attributable to the highest paid Director were £5,065k (2019: £4,494k).

The Directors do not receive any emoluments from the Company and do not believe it is practicable to apportion the above amounts to their services as Directors of the Company. The Directors' services to the Company do not occupy a significant amount of their time.

4. Income taxes

Reconciliation of income taxes in the Statement of comprehensive income

The tax charge for the year is different to the standard rate of corporation tax in the UK, currently 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before tax	1,269	1,259
Profit before tax multiplied by rate of corporation tax in the UK of 19% (2019: 19%)	241	239
Effects of:		
Non deductible impairment	1	1
Taxable income not included in the income statement	-	86
Utilisation of tax losses claimed as group relief for nil consideration	(242)	(326)
Total income taxes in the Statement of comprehensive income	-	-

3i Investments plc

Notes to the accounts

No. 03975789

4. Income taxes (Continued)

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. This rate has been used to calculate the deferred tax assets and liabilities as at the year end, and will affect the future corporation tax liability of the Group.

5. Issued share capital

	Number of shares	Amount £'000
Authorised ordinary shares of £1 each	10,000,000	
Called up, allotted and fully paid ordinary shares of £1 each		
At 31 March 2020 and 31 March 2019	10,000,000	10,000

6. Trade and other receivables

	2020 £'000	2019 £'000
Current assets		
Amounts due from group undertakings	13,314	12,121
Other receivables	4	5
Total	13,318	12,126

Under IFRS 9 an expected credit loss of £73k has been recognised as at 1 April 2019. During the year an impairment of £7k has been recognised in Impairment of subsidiary loan within the Statement of comprehensive income, see Note 9 for details. The carrying amount is a reasonable approximation of fair value.

7. Related parties

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. There were no transactions with Directors of the Company. The Company's key management personnel are the Directors. Each of these categories of related parties and their impact on the financial statements is detailed in the table below:

Parent company

Investment management arrangements

Total fees received for investment management services are detailed below:

	2020 £'000	2019 £'000
Management fee for the year	12,800	12,800
Of which receivable at the end of the year	13,314	12,121

Administration arrangements

Total fees paid for administration services, including any amounts of accrued fees due at the end of the year, are detailed below:

	2020 £'000	2019 £'000
Administration fee for the year	11,600	11,600

8. Parent undertaking and controlling party

The Company's immediate parent undertaking is 3i plc.

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

9. Financial risk management

The Company's ultimate parent company is 3i Group plc. 3i Group plc sets objectives, policies and processes for managing and monitoring risk as set out in the Directors' report in the 3i Group plc Annual report. This note provides further information on the specific risks faced by the Company.

Financial risk

The capital structure of the Company consists of equity and intercompany loans. As an investment firm regulated by the FCA, the Company's regulated capital requirement is reviewed regularly by the Board. The last submission to the FCA demonstrated a capital surplus in excess of the FCA's prudential rules.

Credit risk

The Directors do not believe that there is significant credit risk on the Company's cash and receivables. The majority of the Company's cash and deposits are held with AAA rated money market funds. IFRS 9 requires the Company to recognise expected credit losses ("ECLs") on its Trade receivables and Cash and cash equivalents.

The loss reconciliation for Amounts due from group undertakings is as follows:

	Amounts due from group undertakings
	£'000
Opening ECLs as at 1 April 2019	73
Increase in ECLs recognised in profit or loss during the year	7
ECLs as at 31 March 2020	80

The ECL has been calculated based on the probability of the receivable going into default. The Company has adopted the simplified approach and the loss allowance shown is based on lifetime ECLs. Cash and cash equivalents are also subject to the requirements of IFRS 9, the identified impairment loss is negligible.

Liquidity risk

The majority of the Company's commitments are governed by a fixed-cost intercompany contract with its parent company which is covered entirely by intercompany fee income. These arrangements lead to low liquidity risk.