3i Debt Management Investments Limited

Annual report and accounts
for the year to 31 March 2015

Directors' report

The Directors submit their report with the financial statements for the year to 31 March 2015.

Business review

Principal activity

The principal activity of 3i Debt Management Investments Limited (the "Company") is to provide discretionary investment management and investment advice. It also makes capital investment into certain funds under management for regulatory purposes. The Company is domiciled and incorporated in the United Kingdom. The Company acts as a Fund Manager and Investment Advisor for leveraged finance funds (including mezzanine loans and private equity assets), and has 20 funds under management at 31 March 2015 (2014: 17 funds).

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

Directors

The following served as Directors throughout the year and to the date of this report, except where otherwise indicated:

R A Bellis
J R Ghose
P Goody
B R Loomes

Disclosure of information to the auditors

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 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.

Auditors

Ernst & Young LLP remain in office as auditors of the Company in accordance with section 487(2) of the Companies Act 2006.

Directors' report cont.

Statement of Directors' responsibilities

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, the Directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare financial statements in accordance with IFRSs as issued by the International Accounting Standards Board (IASB);
- Follow suitable accounting standards subject to material departures being disclosed and explained in the accounts; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding 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.

Policy for paying creditors

It is the policy of the 3i Group of companies to settle all investment transactions in accordance with the terms and conditions of the relevant markets in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. At the year end, trade creditors represented 3.1 days purchases (2014: 2.9 days).

By Order of the Board

Peter Goody
Director

Date: 25/6/2015

Registered Office:
16 Palace Street
London SW1E 5JD

Strategic Report

Results and business review

Total recognised income after tax for the year amounted to £1,882k (2014: £11,239k). The Directors do not recommend a final dividend for the year ending 31 March 2015 (2014: £nil). Two interim dividends of £625k and £16,000k were paid during the financial year (2014: £nil).

An analysis of the Company's revenue is given in note 1 to the financial statements.

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 Debt Management Limited; itself 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 15.

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.

By order of the board

Peter Goody
Director

Date: 25/6/2015

Registered Office:
16 Palace Street
London SW1E 5JD

Independent auditors' report to the members of 3i Debt Management Investments Limited

We have audited the Company's financial statements for the period ended 31 March 2015 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 L and the related notes 1 to 19. The financial reporting framework that has been applied in their prepartion is applicable law and Interational 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 auditors' 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 auditor

As explained more fully in the Statement of Directors' Responsibilities as 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 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

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 Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 auditors' report to the members of 3i Debt Management Investments Limited

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period 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.

Ernst & Young LLP

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

Date: 25/6/15

3i Debt Management Investments Limited No. 05655607

Statement of comprehensive income

for the year to 31 March 2015

	Notes	2015 £'000	2014 £'000
Revenue	1	38,283	29,200
Operating expenses		(17,348)	(12,818)
Operating profit	2	20,935	16,382
Unrealised loss on valuation of investment	10	(10,425)	-
Interest receivable	6	104	86
Interest payable	7	(578)	(1,107)
Exchange movements		(8,146)	(611)
Fair value movement on derivatives		(5)	(22)
Profit before tax		1,885	14,728
Income taxes	8	(2)	(3,487)
Profit for the year		1,883	11,241
Other comprehensive expense			
Movement in hedge accounting reserve		(1)	(2)
Other comprehensive expense for the year		(1)	(2)
Total comprehensive income for the year		1,882	11,239

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

3i Debt Management Investments Limited No. 05655607

Statement of changes in equity

for the year to 31 March 2015

	Issued capital	Hedge Accounting Reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
As at 31 March 2013	12,000	3	34,931	46,934
Profit for the year	-	-	11,241	11,241
Issued share capital	34,238	-	-	34,238
Contribution for share based payment reserve	-	-	78	78
Movements on hedging instruments	-	(2)	39	37
Total change in equity for the year	34,238	(2)	11,358	45,594
As at 31 March 2014	46,238	1	46,289	92,528
Profit for the year	-	-	1,883	1,883
Issued share capital	46,000	-	-	46,000
Dividend paid	-	-	(16,625)	(16,625)
Contribution for share based payment reserve	-	-	153	153
Movements on hedging instruments	-	(1)	-	(1)
Total change in equity for the year	46,000	(1)	(14,589)	31,410
As at 31 March 2015	92,238	-	31,700	123,938

3i Debt Management Investments Limited   No. 05655607

Statement of financial position

as at 31 March 2015

	Notes	2015 £'000	2014 £'000
Assets			
Non-current assets			
Investments	10	87,921	33,911
Intangible assets	11	5,378	7,301
		93,299	41,212
Current assets			
Trade & other receivables	12	21,299	46,250
Derivatives financial instruments		-	14
Cash and cash equivalents		30,343	30,249
		51,642	76,513
Total assets		144,941	117,725
Liabilities			
Non - current liabilities			
Trade and other payables	13	11,063	15,270
		11,063	15,270
Current liabilities			
Trade and other payables	13	9,940	9,927
		9,940	9,927
Total liabilities		21,003	25,197
Net assets		123,938	92,528
Equity			
Issued Capital		92,238	46,238
Hedge accounting reserve		-	1
Retained earnings		31,700	46,289
Total equity		123,938	92,528

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

Peter Goody
Director
Date: 25/6/2015

Statement of cash flows

for the year to 31 March 2015

	2015	2014
	£'000	£'000
Cash flow from operating activities		
Profit before tax	1,885	14,728
Adjustments for:		
Amortisation of management contracts	1,923	1,868
Share based payment charge	153	78
Exchange movements	8,146	611
Fair value movement on investments	10,425	-
Fair value movement on derivatives	5	22
Decrease/(Increase) in receivables	25,262	(652)
Decrease in payables	(2,074)	(4,965)
Interest receivable	(104)	(86)
Cash generated from operating activities	45,621	11,604
Interest received	104	86
Net cash movement on derivatives	7	37
Income tax paid	(2,777)	(4,076)
Net cash flow from operating activities	42,955	7,651
Cash flows from investing activities		
Purchase of investments	(71,551)	(34,297)
Net cash flow from investing activities	(71,551)	(34,297)
Cash flow from financing activities		
Dividend paid	(16,625)	-
Issued share capital	46,000	34,238
Net cash flow from financing activities	29,375	34,238
Total change in cash and cash equivalents	779	7,592
Change in cash and cash equivalents	779	7,592
Cash and cash equivalents at the start of the year	30,249	22,956
Effect of exchange rate fluctuations	(685)	(299)
Cash and cash equivalents at the end of the year	30,343	30,249

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 following standards, amendments and interpretations have been issued with implementation dates, which do not impact on these financial statements:

		beginning on or after
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2017

The impact of future standards and amendments on the financial statements is being assessed by the Company.

A Basis of preparation The financial statements are presented in Sterling, the functional currency of the Company.

The preparation of financial statements in conformity with IFRS requires management to make judgments, 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 judgments 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.

B Revenue recognition Revenue arises from Investment Management fees, Investment Advisory fees and incentive fees as well as distributions from CLO investments and income from the warehouse vehicles used to ramp CLO funds prior to close. Investment Management, Investment Advisory and Incentive fee income is recognised on an accrual basis. All revenue derives from operations in Europe.

Statement of compliance

C Foreign exchange Transactions in currencies different from the functional currency of the entity 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. 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 date the fair value was determined.

D Income taxes Income taxes represent the sum of the tax currently payable and deferred tax. Tax is charged or credited in the statement of comprehensive income, except when 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 in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

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 statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

E Investments Portfolio Investments relate to interests in managed CLOs and associated warehouse vehicles, and are recognised on the date on which the investment is made.

The investments are designated as fair value through profit and loss and subsequently carried in the balance sheet at fair value. Fair value is measured using a range of data including original arranging bank models, 3i internal forecasts and models, trading data where available, and data from third-party valuation providers.

Statement of compliance

F Intangible assets Fund management contracts are stated at their fair value at the date of acquisition less their accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight line basis over the estimated life of the fund, typically 5 years.

G Property, Plant and Equipment Vehicles and office equipment are depreciated by equal annual instalments over their estimated useful lives as follows: office equipment five years; computer equipment three years; computer software three years; motor vehicles four years.

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 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 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.

K Share-based payments The Company enters into arrangements that are equity-settled share-based payments with certain employees (including Directors). These are measured at fair value at the date of grant, which is then recognised in the Statement of comprehensive income over the period that employees provide services, generally the period between the start of performance period and the vesting date of the shares. The number of shares expected to vest takes into account the likelihood that performance and services conditions included in the terms of the award will be met.

Fair value is measured by use of an appropriate model which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and any other relevant factors. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of 3i Group plc. The charge is adjusted at each balance sheet date to reflect the actual number of forfeitures, cancellations and leavers during the period. The movement in cumulative charges since the previous balance sheet is recognised in the Statement of comprehensive income, with a corresponding entry in equity.

Share-based payments are in certain circumstances made in lieu of annual cash bonuses or carried interest payments. The cost of the share-based payments is allocated either to operating expenses (bonuses) or carried interest depending on the original driver of the award.

Statement of compliance

L Carried interest and performance fees receivable The Company earns a share of profits ("carried interest") from funds which it manages on behalf of third parties. These profits are earned when the fund meets certain performance conditions.

Schemes are reviewed at the balance sheet date, and an accrual for carried interest receivable is made once the performance conditions would be achieved if the remaining assets in that fund were realised at the carrying value. An accrual is made equal to the Company's share of profits in excess of the performance conditions, taking into account the cash already returned to fund investors and the fair value of assts remaining in the fund.

Carried interest and performance fees payable Carried interest payable is accrued if its performance conditions, measured at the balance sheet date, would be achieved if the remaining assets in that scheme were realised at carrying value. An accrual is made equal to the executive's share of profits in excess of the performance conditions in place in the carried interest scheme, discounted to reflect the likely actual cash payment date, which may be materially later than the time of the accrual.

Notes to the financial statements

1 Revenue

	2015 £'000	2014 £'000
Investment management fees	21,136	19,931
Investment advisory fees	3,617	5,133
Incentive fee Income	6,953	4,037
Distributions	5,128	-
Other income	1,449	99
	38,283	29,200

2 Operating profit

	2015 £'000	2014 £'000
Operating profit is stated after charging:		
Audit fees	14	14
Redundancy costs	48	297
Amortisation of intangible asset	1,923	1,868

3 Staff costs

	2015 £'000	2014 £'000
Wages and salaries	7,947	4,927
Social security costs	366	393
Share based payment	153	78
Pension and other costs	290	306
	8,756	5,704

The average number of employees during the year was as follows:

	2015	2014
	27	32

4 Directors' emoluments

	2015 £'000	2014 £'000
Salaries and benefits	1,034	1,014
Performance-related payments	1,063	959
Contributions to money-purchase pension schemes	35	33
Amounts receivable under long-term incentive plans	3,945	1,920
Directors' emoluments	6,077	3,926

Amounts receivable under long term incentive arrangements include balances accrued on a fair value basis, and which have not yet been realised.

The emoluments of the highest paid director were £4,220k (2014: £2,065k), of which £3,126k (2014: £999k) were payable under the long term incentive arrangements.

5 Share based payment

Deferred Share awards
Certain employees receive awards of deferred shares which vest after three years subject to continued service for that period. These awards are not subject to a performance condition. The fair value of the deferred shares is the share price at the date of the award.

The total cost recognised in the Statement of comprehensive income is shown below:

	2015 £'000	2014 £'000
Share awards	153	78
	153	78

Details of share awards outstanding during the year are as follows:

	2015	2014
Outstanding at start of the year	103,166	30,683
Granted	-	72,483
Exercised	(929)	-
Outstanding at end of the year	102,237	103,166

The cost of share awards is spread over the vesting period of four years. The awards outstanding at the end of the year have a weighted average contractual life of 2.89 years (2014: 3.88 years).

6 Interest income	2015 £'000	2014 £'000
Bank interest receivable	104	86
	104	86

7 Interest payable	2015 £'000	2014 £'000
Interest on inter-goup borrowing	578	1,107
	578	1,107

Notes to the financial statements

8 Income Taxes

	2015 £'000	2014 £'000
Income taxes		
Statement of comprehensive income		
Current tax	550	2,906
Current tax adjustment in relation to prior period	11	26
Deferred tax	(524)	597
Deferred tax adjustment in relation to prior period	(35)	(42)
Total income taxes in the statement of comprehensive income	2	3,487
Statement of changes in equity		
Prior year adjustment through reserves	-	(39)
Total income taxes in the statement of changes in equity	-	(39)

Reconciliation of income taxes in the statement of comprehensive income

The tax for the year is different to the standard rate of corporation tax in the UK 21% (2014: 23%). The differences are explained below:

	2015 £'000	2014 £'000
Profit before tax	1,885	14,728
Profit before tax multiplied by rate of corporation tax in the UK of 21% (2014: 23%)	396	3,387
Effects of:		
Expenses not deductible for tax purposes	137	27
Effect of change in deferred tax rate	149	230
Prior year adjustment	(24)	(16)
Group relief received for nil consideration	(656)	(141)
Total income taxes in the statement of comprehensive income	2	3,487

Notes to the financial statements

8 Income Taxes (continued)

Deferred tax

	Balance sheet	Statement of comprehensive income	Statement of changes in equity
	2015	**2015**	**2015**
	£'000	**£'000**	**£'000**
Deferred income tax asset			
Decelerated capital allowances	22	-	-
Long term incentive plan	2,955	559	-
Deferred income tax asset	2,977	559	-
Deferred income tax charge in the statement of comprehensive income	-	-	-

	Balance sheet	Statement of comprehensive income	Statement of changes in equity
	2014	**2014**	**2014**
	£'000	**£'000**	**£'000**
Deferred income tax asset			
Decelerated capital allowances	22	7	-
Long term incentive plan	2,396	548	-
Deferred income tax asset/(liability)	2,418	555	-
Deferred income tax charge/(credit) in the statement of comprehensive income	-	555	-

Deferred income tax calculated using the expected rate of corporation tax in the UK of 20% (2014: 21%).

Notes to the financial statements

9 Property, plant and equipment

All fixed assets have been fully depreciated and therefore have a carrying value of nil (2014: nil).

10 Investments

	Unquoted equity investments £'000	Unquoted loan investments £'000	Total £'000
At 31 March 2013	-	-	-
Additions	34,297	-	34,297
Exchange movements	(386)	-	(386)
At 31 March 2014	33,911	-	33,911
Additions	57,031	14,520	71,551
Revaluation	(10,425)	-	(10,425)
Exchange movements	(7,104)	(12)	(7,116)
At 31 March 2015	73,413	14,508	87,921

The Company classifies financial instruments measured at fair value in the investments according to the following hierarchy

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted equity instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	
Level 3	Inputs that are not based on observable market data	Unquoted equity instruments and loan instruments

The company's investments are all level 3 (2014: 100% level 3). Level 3 inputs are sensitive to assumptions made when ascertaining fair value as described in accounting policy note E. Investments held at 31 March 2015 were valued using using a range of data including original arranging bank models, 3i internal forecasts and models, trading data where available, and data from third-party valuation providers.

Notes to the financial statements

11 Intangible assets

In August 2012, the Company acquired the rights to manage five European Collateralised Loan Obligation Management contracts from Invesco Management Incorporated for a consideration of £10,258K. These are amortised on a straight line basis over a 5.5 year period.

	£'000
Opening cost	10,258
Closing cost	10,258
Opening accumulated amortisation	2,957
Charge for the year	1,923
Closing accumulated amortisation	4,880
Net book amount 31 March 2015	5,378
Net book amount 31 March 2014	7,301

12 Trade and other receivables

	2015 £'000	2014 £'000
Deferred tax	2,977	2,418
Prepayments and accrued income	6,341	6,207
Amounts owed by group undertakings	772	28,260
VAT recoverable	11	-
Corporation Tax	1,000	-
Carry receivable	10,198	9,365
	21,299	46,250

Notes to the financial statements

13 Trade and other payables

Non current liabilities	2015	2014
	£'000	£'000
Loans with group undertakings *	-	7,619
Long term incentive bonus	8,012	7,651
Carry Payable	3,051	-
	11,063	15,270

Current liabilities	2015	2014
	£'000	£'000
Amounts owed to group undertakings	1,418	129
Loan with group undertakings*	1,951	-
Other taxes and social security costs	107	126
Carry payable	1,484	3,505
Corporation Tax	-	1,216
Accruals and deferred income	4,980	4,951
	9,940	9,927

* 3i Debt Management Investments Limited has a €2.7m (initial loan principle €14m) interest bearing loan in place with its parent, 3i Debt Management Limited. The loan is repayable in full on or before 22 November 2022.The loan is expected to be repaid within one year and has therefore been shown within current liabilities.

14 Share capital

	Number of shares	Amount of shares
	'000	£'000
Called up, allotted and fully paid ordinary shares of £1 each		
At 31 March 2014	46,238	46,238
Issued ordinay shares of £1 each	46,000	46,000
At 31 March 2015	92,238	92,238

15 Financial risk management

The Company's ultimate parent company is 3i Group plc, who 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.

The capital structure of the Company consists of equity and cash and cash equivalents. 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. The following risk management policies have been consistently applied throughout the year.

15 Financial risk management (continued)

Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's credit exposure is to its investments in CLO funds, debtors and bank balances. The CLO investment is monitored monthly for value loss and debtors and cash balances are frequently monitored for size and age. Subordinate fees that are not expected to be received for the foreseeable future have been fully provided for. This situation is monitored closely, and the Board is updated regularly. The Company also manages the Credit Risk of each fund, and this is controlled by the terms of reference relating to the Investment Committee, the policies and procedures relating to each fund, and the legal documentation to each fund.

Interest rate risk

The Company is exposed to interest rates on banking deposits held in the ordinary course of business, and on the balance drawn on the credit facility provided by fellow subsidiary entity.

Liquidity risk

The procedure throughout the year has been to maintain sufficient liquidity in line with FCA regulations. 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 amounts owed to Group undertakings and staff remuneration.

Foreign exchange risk

The Company's revenue is denominated in USD and Euros, and is subject to exchange rate risk. The exchange rate and non-sterling cash balances are monitored regularly to mitigate this risk. The Company's market risk is predominantly due to the Euro currency exposure relating to its Euro CLO investment, management fee receivables, deposits and forward foreign exchange contracts. A +/- 10% movement on the Euro against sterling would lead to a net +/-£7,527k (2014: +/- £4,106k) impact in the statement of comprehensive income.

Operational risk

Operational risk is mitigated by the Company through the application of written procedures, and the adoption of operational risk monitoring and measurement standards. Furthermore, the Company is also subject to independent internal audit monitoring.

16 Parent undertaking and controlling party

The Company's immediate parent undertaking is 3i Debt Management Ltd.

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.

Notes to the financial statements

17 Related parties

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with Directors of the Company are disclosed in 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.

The Company has a service level agreement with 3i Plc for the provision of support services to the Company.

Parent company

Borrowing arrangements

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

	2015 £'000	2014 £'000
Payable/(Receivable) at the end of the year	1,004	(19,029)

Borrowing arrangements

The Company has an intercompany loan with its parent that accrues interest at 12% p.a

	2015 £'000	2014 £'000
Loan and accrued interest at the end of the year	1,951	7,619

Fellow subsidiaries

Advisory arrangements

The Company receives management fees from Palace street 1 Limited, a fellow subsidiary, as shown below:

	2015 £'000	2014 £'000
Management fees received during the year	306	289
Balance due at the end of the year	34	642

Notes to the financial statements

18 Hedge accounting

The Company previously used forward foreign exchange contracts to hedge the Euro denominated senior management fee cash flows that it receives, these all closed out in the year.

During the year to 31 March 2015 an exchange loss (2014: loss) on the forward foreign exchange contracts of £5,000 (2014: £7,000) was recognised in other comprehensive income. A gain of £14,000 (2014: gain £46,000) was reclassified from equity to exchange movements within the profit for the year. The counter party for the forward foreign exchange contracts was 3i Group plc and they were therefore related party transactions. The contracts have been transacted at market rates.

19 Pension scheme

Employees of the Company are entiltled to join the 3i Group defined contribution retirement benefit plan, the assets of the plan are held seperately from those of the Company. There were payments of £nil due to the plan at the balance sheet date (2014: £nil). Historic pension scheme allocations that employees were entitled to join are held seperately from those of the Company.

20 Country by country reporting (Unaudited)

The *Capital Requirements (Country-by-Country Reporting) Regulations 2013* apply to the Company and information required to be published by these regulations is set out below.

The principal activity of 3i Debt Management Investments Ltd (the "Company") is to provide investment management and advisory services to various debt funds. The Company carries on its principal activities in the UK and has no overseas offices or branches. The Company also does not have any subsidiaries.

	2015	**2014**
	£'000	**£'000**
Turnover	38,283	29,200
Profit before tax	1,885	14,728
Corporation tax paid	2,777	4,076
Public subsidies received	-	-

The average number of full time equivalent employees of the Company during the period was 27 (2014:32).