

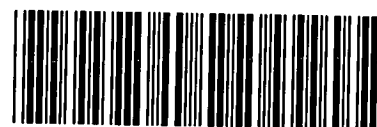


3i plc

Annual report and accounts for the year to 31 March 2022

Registered number: 00397156

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3i plc

No. 00397156

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## Directors' report

The Directors submit their report with the financial statements for the year to 31 March 2022.

## Principal activity

3i plc (the "Company") appointed 3i Investments plc, a fellow subsidiary which is regulated by the FCA to provide investment management services. The Company also provides advisory, administrative and company secretarial services to the group of companies of which 3i Group plc (the "Group") is the ultimate parent company. In return for providing these services the Company receives management and advisory fee income, as well as being entitled to certain performance fees. The various types of revenue the Company receives are detailed further in Note 1 and Note 16 of these financial statements.

## Directors

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

K J Dunn

J S Wilson

J H Halai (appointed on 1 April 2022)

J G Hatchley (appointed on 1 April 2022)

## Dividends

The Directors do not recommend a final dividend for the year (2021: nil).

## Future developments

There has been no change in principal activity in 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 that may constitute an adjusting event.

## 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.

In accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of KPMG LLP as auditors of the Company will be put to the forthcoming Annual General Meeting.

## Financial risk management

The financial risk management objectives, policies and processes which are followed by the Company are set out in the 3i Group plc annual report and accounts which are available at [www.3i.com](http://www.3i.com). The Company's exposure to credit risk, liquidity risk and market risk are set out in Note 18 of these accounts.

## Going concern

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2022. 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.

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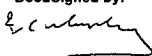
## Directors' report

### Going concern (continued)

The Company is in a net current liability position of £91,675k as of 31 March 2022 (£61,500k 31 March 2021) as it has significant advisory fees due and trade and other payables due within 12 months which are greater than its current assets. Although the Company is in a net current liability position it has a significant receivable from 3i Group plc due to the investment management fees not yet being settled see Note 16 for further details.

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 its investment management, advisory, administrative and secretarial operations for a period of at least twelve months from the date of this report. Our analysis of the going concern of the Company is presented in more detail within the Basis of preparation section of the accounts.

By order of the Board,

DocuSigned by:  
  
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**Jonathan Murphy**  
Company Secretary

Date: 11/05/2022

Registered office:  
16 Palace Street  
London, SW1E 5JD

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## Directors' report

### Statement of Directors' Responsibilities in respect of the Annual Report, Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK adopted international accounting standards.

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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK adopted international accounting standards;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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## Strategic report

The Directors present their Strategic report for the year to 31 March 2022.

### Results and business review

The main key performance indicators are as follows:

	2022 £'000	2021 £'000
Revenue	277,302	198,997
Operating expenses	(187,356)	(131,484)
Re-measurement loss of defined benefit pension plan	(1,467)	(121,742)
Total comprehensive income/(loss) for the year	80,641	(48,475)
Net assets	565,085	464,765

The results for the year and financial position of the Company are included in the financial statements.

The Company's Revenue increased to £277,302k (2021: £198,997k) primarily due to an increase in the investment management fee from 3i Group plc.

Operating expenses increased to £187,356k (2021: £131,484k) due to higher administrative expenses and carried interest and performance fees.

In the prior year, the Company completed a buy-in transaction of the final salary defined benefit plan. As a result the plan is insured and no longer exposed to longevity, interest or inflation risk.

The Directors are satisfied with the performance of the Company for the year.

### Principal risks and uncertainties

The Company is a subsidiary of 3i Holdings 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 key risks faced by the Company are as follows; credit risk, liquidity risk and market risk. For details on the financial risks and how they are managed please refer to Note 18. Non-financial risk faced by the Company includes; external risk, operational risk, investment risk and cybersecurity risk. For details on the non-financial risks and how they are managed please refer to the 3i Group plc annual report.

### 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.

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## Strategic report

## Stakeholder engagement

Who are our stakeholders?	Why are they important?	How do we engage with them and foster business relationships?
Employees and contractors	3i is a people business as our people are critical to the success of the Company in investing capital successfully.	Our approach as a responsible employer is described in the Sustainability report of the 3i Group plc annual report and accounts. The 3i Group plc Directors' report includes details on their engagement with our people. Employees have adapted well to new ways of working and we continue to support them and to maintain strong employee engagement.
Members of the 3i Group Pension Plan	Members of the 3i Group Pension Plan are former and current employees to whom the Company has provided commitments regarding their pension provision.	The Group Finance Director and Group Treasurer meet regularly with the Trustees of the 3i Group Pension Plan and also updates the Trustees on the Group's strategy and financial performance. The Company provides support to the Trustees through the provision of a pension manager and company secretarial services, and practical support through the provision of facilities to meet and communicate.
Third-party professional advisers and service providers (including due diligence providers, operational support providers, law firms, the Registrars, the external auditor and the Company's corporate brokers)	The Company relies on its extensive network of professional advisers and service providers to help it to originate, analyse and execute new investments, to assist with portfolio management and to support the business operations of the Company.	The investment teams, Executive Directors and functional teams lead these relationships and maintain close and regular dialogue with our professional advisers and service providers.
Suppliers	The Company depends on its suppliers to enable it to carry out its office based investment activities.	A central procurement team manages the Company's relationships with its suppliers through standardised procedures and careful management of costs.
Fellow subsidiaries	Group companies provide services to each other which creates value.	We take a long-term responsible approach in providing investment management, advisory, administrative and company secretarial services, to create value for fellow subsidiaries.

By order of the Board,

DocuSigned by:  
  
 2CBA3B2E575647B...  
**Jonathan Murphy**  
 Company Secretary

Date: 11/05/2022  
 Registered office:  
 16 Palace Street  
 London, SW1E 5JD

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 3i PLC

### Opinion

We have audited the financial statements of 3i plc ("the company") for the year ended 31 March 2022 which comprise Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, the Statement of cash flows, and related notes, including the accounting policies A to Q.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 3i PLC

### Fraud and breaches of laws and regulations – ability to detect

*To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:*

- *Enquiring of 3i Group plc Head of Legal and Head of Compliance and reviewing breaches register to assess the impact of any material breaches;*
- *Reading Board minutes.*
- *Considering remuneration incentive schemes and performance targets for management and directors.*

*We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.*

*As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is non-judgmental and straightforward, with limited opportunity for manipulation.*

*We did not identify any additional fraud risks.*

*We also performed procedures including:*

- *Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post year-end closing journals.*

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

*We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.*

*We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.*

*The potential effect of these laws and regulations on the financial statements varies considerably.*

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

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 3i PLC

### Fraud and breaches of laws and regulations – ability to detect (continued)

*Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, employment law, data protection, anti-money laundering, market abuse regulations and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.*

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

*Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify*

*In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.*

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 3i PLC

### Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies 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.

DocuSigned by:



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

Chartered Accountants

15 Canada Square

Canary Wharf

London E14 5GL

Date: 11/05/2022

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**Statement of comprehensive income**

for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Revenue	1	277,302	198,997
Operating expenses	2	(187,356)	(131,484)
<b>Operating profit</b>		89,946	67,513
Interest paid		(14)	(338)
Finance costs on lease liability		(186)	(239)
Finance (expense)/income on pension plan	6	(774)	3,695
Exchange movements		(5,864)	2,636
<b>Profit before tax</b>		83,108	73,267
Income taxes	7	(1,000)	-
<b>Profit for the year</b>		82,108	73,267
<b>Other comprehensive income that will not be reclassified to the income statement</b>			
Re-measurement of defined benefit pension plan	6	(1,467)	(121,742)
<b>Total comprehensive income/(loss) for the year</b>		80,641	(48,475)

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

**Statement of changes in equity**

for the year ended 31 March 2022

	Issued share capital £'000	Share based payment reserve £'000	Retained earnings £'000	Total £'000
<b>As at 1 April 2020</b>	110,000	32,746	351,968	494,714
Total comprehensive loss for the year	-	-	(48,475)	(48,475)
Share based payments	-	18,526	-	18,526
Exercise of share awards	-	(17,838)	17,838	-
<b>Total change in equity for the year</b>	-	688	(30,637)	(29,949)
<b>As at 31 March 2021</b>	110,000	33,434	321,331	464,765
Total comprehensive income for the year	-	-	80,641	80,641
Share based payments	-	19,679	-	19,679
Exercise of share awards	-	(20,418)	20,418	-
<b>Total change in equity for the year</b>	-	(739)	101,059	100,320
<b>As at 31 March 2022</b>	110,000	32,695	422,390	565,085

The accounting policies and notes on pages 13 to 31 form an integral part of these financial statements.

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**Statement of financial position**

as at 31 March 2022

	Notes	2022 £'000	2021 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		10,000	10,000
Property, plant and equipment	9	3,179	4,197
Right of use asset	11	8,291	10,150
Retirement benefit surplus	6	52,808	55,019
Intangible assets	8	6,358	7,770
Amounts due from group undertakings	14	647,851	520,501
<b>Total non-current assets</b>		<b>728,487</b>	<b>607,637</b>
<b>Current assets</b>			
Trade and other receivables	12	32,505	16,159
Current income tax receivable		-	750
Amounts due from group undertakings	14	3,458	2,558
Cash and cash equivalents		4,667	3,478
<b>Total current assets</b>		<b>40,630</b>	<b>22,945</b>
<b>Total assets</b>		<b>769,117</b>	<b>630,582</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liability	11	(5,292)	(7,512)
Trade and other payables	13	(41,592)	(45,773)
Amounts due to group undertakings	15	(23,611)	(26,855)
Provisions		(1,232)	(1,232)
<b>Total non-current liabilities</b>		<b>(71,727)</b>	<b>(81,372)</b>
<b>Current liabilities</b>			
Lease liability	11	(2,898)	(2,629)
Current income tax payable		(1,000)	-
Trade and other payables	13	(84,714)	(48,080)
Amounts due to group undertakings	15	(43,693)	(33,736)
<b>Total current liabilities</b>		<b>(132,305)</b>	<b>(84,445)</b>
<b>Total liabilities</b>		<b>(204,032)</b>	<b>(165,817)</b>
<b>Net assets</b>		<b>565,085</b>	<b>464,765</b>
<b>Equity</b>			
Issued share capital	10	110,000	110,000
Share based payment reserve		32,695	33,434
Retained earnings		422,390	321,331
<b>Total equity</b>		<b>565,085</b>	<b>464,765</b>

The accounting policies and notes on pages 13 to 31 form an integral part of these financial statements.

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

DocuSigned by:

James Hatchley

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**James Hatchley**

Director

Date: 11/05/2022

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**Statement of cash flows**

for the year ended 31 March 2022

	2022 £'000	2021 £'000
<b>Cash flow from operating activities</b>		
Profit before tax	83,108	73,267
Adjustments for:		
Depreciation on property, plant and equipment and right of use assets	3,946	4,036
Amortisation of intangible assets	1,412	1,412
Finance costs on lease liability	186	239
Share based payment charge	19,679	18,526
Increase in receivables due from group undertakings	(150,313)	(58,124)
Decrease in payables due to group undertakings	39,054	(29,588)
Re-measurement of defined benefit pension plan	(1,467)	(121,742)
Decrease in defined benefit pension plan surplus	2,211	117,768
Exchange movements	5,864	(2,636)
<b>Net cash flow from operating activities</b>	<b>3,680</b>	<b>3,158</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(390)	(828)
Disposal of property, plant and equipment	-	15
<b>Net cash flow from investing activities</b>	<b>(390)</b>	<b>(813)</b>
<b>Cash flow from financing activities<sup>1</sup></b>		
Leases paid	(1,967)	(2,576)
Finance costs on lease liability	(145)	(239)
<b>Net cash flow from financing activities</b>	<b>(2,112)</b>	<b>(2,815)</b>
<b>Change in cash and cash equivalents</b>	<b>1,178</b>	<b>(470)</b>
<b>Cash and cash equivalents at the start of the year</b>	<b>3,478</b>	<b>3,975</b>
Effect of exchange rate fluctuations	11	(27)
<b>Cash and cash equivalents at the end of the year</b>	<b>4,667</b>	<b>3,478</b>

<sup>1</sup> See Note 11 for details.

The accounting policies and notes on pages 13 to 31 form an integral part of these financial statements.

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## Accounting policies

### A. Statement of compliance

These financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards.

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 2022. No other standards or interpretations have been issued that are expected to have a material impact on the Company's financial statements.

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 and prepared under the going concern basis.

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 Holdings plc which in turn is a wholly owned subsidiary undertaking of 3i Group plc, and both companies are incorporated in Great Britain and registered in England and Wales. 3i Group plc prepares consolidated accounts, within which the results of the Company are incorporated. Copies of the 3i Group plc financial statements are publicly available at its registered office: 16 Palace Street, London, 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.

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

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

3i plc has a significant relationship with 3i Group plc due to 3i Group plc being the ultimate parent company. The Company is a significant operational subsidiary of the Group as the provider of investment management, advisory, administrative and company secretarial services to the Group. The Company has positive net assets, is profit making and cash generative due to the revenue it generates from management and advisory fees. The Company has no direct exposure to Russia or Ukraine, therefore this has no significant impact on the going concern of the Company. The Company is in a net current liability position as it has significant advisory fees due and trade and other payables due within 12 months which are greater than its current assets. Although the Company is in a net current liability position it has a significant receivable from 3i Group plc due to the investment management fees not yet being settled see Note 16 for further details. The Group has historically provided support to subsidiaries where required. In considering the going concern of the Company, the Directors have considered the going concern assessment of 3i Group plc performed by the Directors of the Group.

3i plc

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## Accounting policies

### B. Basis of preparation (continued)

#### Going Concern

The Group's going concern assessment has modelled a number of severe, yet plausible, individual and combined stress scenarios over a three-year period to March 2025. The scenarios include the consideration of the potential impact of a disrupted recovery in the wake of Covid-19 in which persistent inflation and supply chain disruption leads into a recession, as well as the impact of a significant downturn event specifically on the Group's largest asset. These scenarios include a range of estimated impacts, primarily based on providing additional support to portfolio companies. The scenarios are most sensitive to a delay in realisations which contribute to liquidity of the Group. A key judgement applied is the extent of recessionary impacts alongside the likely recovery profile of portfolio companies. The severe scenarios include assumptions modelling a combined scenario of a recessionary environment modelled alongside the impact of a significant downturn event on the Group's largest asset and the impact of climate change on the underlying portfolio. The results of each of the stress test scenarios indicate that the Group is able to meet its obligations as they fall due for a period of at least 12 months from the date of approval of the Group financial statements and consequently have considered it appropriate to prepare these financial statements on a going concern basis.

The Company continues to generate its revenue from several entities inside and outside the Group. In considering going concern, the Directors have reviewed the capital liquidity and financial position of the Company, including future plans. Having performed this assessment and having reviewed the Group assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have considered it appropriate to prepare these financial statements on a going concern basis.

#### C. Revenue recognition

Revenue comprises various types of advisory and management fee income, predominantly received from fellow subsidiaries and calculated in line with the relevant agreements. In addition the Company receives advisory and performance fee income from 3i Infrastructure plc. Revenue is recognised in accordance with IFRS 15, see Note 1 for further details.

#### 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. Property, plant and equipment

Office improvements are depreciated by equal annual instalments, over the shorter of their estimated useful lives and the lease term. Office equipment is depreciated by equal annual instalments over its estimated useful life as follows: office equipment five years; computer hardware three to five years; computer software three to five years.



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## Accounting policies

### F. 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.

### G. 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.

### H. Provisions

Provisions are recognised when the Company has a present obligation of uncertain timing or amount as a result of past events, and it is probable that the Company will be required to settle that obligation and a reliable estimate of that obligation can be made. The provisions are measured at the Directors' best estimate of the amount to settle the obligation at the Statement of financial position date, and are discounted to present value if the effect is material. Changes in provisions are recognised in the Statement of comprehensive income for the year.

### I. 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 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.

### J. Investment in subsidiaries

Subsidiaries of the Company are accounted for at cost less permanent impairment. Impairment is recognised if the carrying amount of the investment in subsidiary in the Company's financial statements exceeds the adjusted carrying amount of the subsidiary's net assets in the subsidiary's financial statements. The adjusted carrying amount of the subsidiary is measured with reference to the entities Net Asset Value after adjusting for intercompany balances and subsidiary investments at the end of each reporting period. Impairment movements are presented in profit or loss.

### K. Trade and other receivables and Amounts due from group undertakings

Trade and other receivables and Amounts due from group undertakings 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 Operating expenses. 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 18.

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## Accounting policies

### **L. Trade and other payables and Amounts due to group undertakings**

Trade and other payables and Amounts due to group undertakings, 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.

### **M. Leases**

Leases where the lessee has the right to control and direct the use of an asset are classified as finance leases in line with IFRS 16. At commencement of a lease, a lease liability and right of use asset is recognised in the Statement of financial position. The lease liability is measured as the present value of future lease payments discounted using the incremental rate of borrowing. Subsequently, the carrying amount of the lease liability is increased by the interest charge and decreased by cash payments of the lease. A right of use asset is recognised at cost less accumulated depreciation and impairment losses, with depreciation charged on a straight line basis over the life of the lease. Depreciation is recognised within Operating expenses and interest expense is recognised within Interest paid within the Statement of comprehensive income.

### **N. Employee retirement benefits**

Payments to defined contribution retirement benefit plans are charged to the Statement of comprehensive income as they fall due.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit method with actuarial valuations being carried out at each Statement of financial position date. Interest on the net defined benefit asset/liability, calculated using the discount rate used to measure the defined benefit obligation, is recognised in the Statement of comprehensive income. Re-measurement gains or losses are recognised in full as they arise in other comprehensive income.

A retirement benefit deficit is recognised in the Statement of financial position to the extent that the present value of the defined benefit obligations exceeds the fair value of plan assets. A retirement benefit surplus is recognised in the Statement of financial position where the fair value of plan assets exceeds the present value of the defined benefit obligations limited to the extent that the Company can benefit from that surplus.

### **O. Share based payments**

The Company has equity-settled and cash-settled share based payment transactions with certain employees. Equity-settled schemes 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 the performance period and the vesting date of the shares. The number of shares expected to vest takes into account the likelihood that performance and service 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 Statement of financial position date to reflect the actual number of forfeitures, cancellations and leavers during the period. The movement in cumulative charges since the previous Statement of financial position is recognised in the Statement of comprehensive income, with a corresponding entry in equity.

Liabilities arising from cash-settled share based payment transactions are recognised in the Statement of comprehensive income over the vesting period. They are fair valued at each reporting date. The cost of cash-settled share based payment transactions are adjusted for the forfeitures of the participants' rights that no longer meet the plan requirements as well as for early vesting.

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## Accounting policies

### P. Carried interest and performance fees

#### Carried interest and performance fees receivable

The Company earns performance fees from the investment management services it provides to 3i Infrastructure plc ("3iN") when 3iN's total return for the year exceeds a specified threshold. These fees are calculated on an annual basis and paid in three equal instalments over three years. The second and third instalments will only be recognised and received if either (a) 3iN's performance in the year in which the instalment is paid also triggers payment of a performance fee in respect of that year, or (b) if 3iN's performance over the three years starting with the year in which the performance fee is earned exceeds a specified threshold. In accordance with IFRS 15, revenue from performance fees is recognised when it is sufficiently certain that there will not be a significant reversal, which is usually at the end of the relevant financial year, when the calculation is finalised and agreed.

#### Carried interest and performance fees payable

The Company offers investment executives the opportunity to participate in the returns from investments subject to certain performance conditions. "Carried interest and performance fees payable" is the term used for amounts payable to executives on these investment-related transactions.

A variety of asset pooling arrangements are in place so that participants may have an interest in one or more carried interest plans and participants include current and former investment participants. Carried interest payable is accrued if its performance conditions, measured at the balance sheet date, would be achieved if the remaining assets in that plan were realised at fair value. An accrual is made equal to the participants' share of profits in excess of the performance conditions in place in the carried interest plan, discounted to reflect the likely actual cash payment date, which may be materially later than the time of the accrual.

The Infrastructure performance fee is accrued based on the expected award. A significant proportion of the amount awarded is deferred over time and may be granted in 3i Group plc shares. This is recognised over the vesting period in line with the requirements of IFRS 2 or IAS 19, depending on the type of award.

### Q. Intangible assets

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangibles are amortised on a straight line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method is reviewed at least at the end of each reporting period. The amortisation expense is recognised in operating expenses in the Statement of comprehensive income.

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## Notes to the accounts

## 1. Revenue

	2022	2021
	£'000	£'000
a) Investment management fees from 3i Group plc	148,004	106,417
b) Investment advisory fees	7,500	7,500
c) Performance fees from 3i Infrastructure plc	25,878	7,918
d) Management fees from 3i Infrastructure plc	43,997	25,387
e) Management fees	39,172	33,873
f) Investment fees	4,499	3,425
g) Other income	8,252	3,877
h) Dividend received from 3i Investments plc	-	10,600
<b>Total</b>	<b>277,302</b>	<b>198,997</b>

The Company appointed 3i Investments plc, a fellow subsidiary which is regulated by the FCA, to provide investment management services.

a) Investment management fees are earned from providing administration services and management services provided to 3i Group plc, the ultimate parent company. These services are provided by the Company and 3i Investments plc, respectively. The fee comprises of a portfolio fee, calculated as a percentage of the cost of 3i Group plc's investment portfolio, an administration fee, calculated as a percentage mark up on the costs incurred by the Company in providing the administration services and a performance fee, calculated as a mark up on performance fees paid by the Company to the investment team. The fee is calculated and billed at the end of the year and the income is recognised over the year, in line with the services provided. See Note 16 for the receivable outstanding with 3i Group plc at the end of the year.

b) Investment advisory fees are earned from providing advisory services to 3i Investments plc, a fellow subsidiary. The fee is fixed and billed at the end of the year and the income is recognised over the year, in line with the services provided. There is no advisory fee receivable at the end of the year as it is netted with the management fee payable see Note 16 for the amount accrued at the year end.

c) The Company also earns a performance fee from the services 3i Investments plc provides to 3i Infrastructure plc ("3iN") when 3iN's total comprehensive income for the year exceeds a specified threshold. The fee is calculated on an annual basis and paid within 3 months. Revenue from the fee is recognised once it is sufficiently certain that there will not be a significant reversal, which is usually at the end of the year when the calculation is finalised and agreed. See Note 16 for the 3iN performance fee outstanding at the year end.

d) Management fees from 3i Infrastructure plc are earned from management services provided by 3i Investments plc to 3iN. The revenue is recognised over the year in line with the services provided and is billed and paid quarterly, see Note 16 for the 3iN management fee outstanding at the year end.

e) Management fees are earned from management services provided by 3i investments plc to general partners and other companies within the Group. The revenue is recognised in line with the services provided and is billed quarterly. £692k of management fees are outstanding within Trade and other receivables and Amounts due from group undertakings in the Statement of financial position at 31 March 2022 (2021: £713k).

f) Investment fees include negotiation fees earned for providing services relating to one off transactions, such as when a portfolio company is bought, sold or refinanced. The revenue is recognised in line with the services provided. No negotiation fees is outstanding within Trade and other receivables in the Statement of financial position at 31 March 2022 (2021: £344k).

g) Other income includes monitoring fees, directors fees and other fee income which is recognised in line with the services provided. £2,389k of other income is outstanding within Trade and other receivables in the Statement of financial position at 31 March 2022 (2021: £717k).

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**1. Revenue (continued)**

h) Dividends are received from fellow subsidiaries of the Company and are recognised when the Company's right to receive payment is established.

**2. Operating expenses**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs	77,119	69,887
Auditor's remuneration - audit fees <sup>1</sup>	2,263	2,056
Amortisation of intangible assets	1,412	1,412
Depreciation on property, plant and equipment and right of use assets	3,946	4,036
Carried interest and performance fees	33,450	(2,232)
Administrative expenses	69,166	56,325
<b>Total</b>	<b>187,356</b>	<b>131,484</b>

<sup>1</sup> 3i plc pays the auditor's remuneration for the group and some of its subsidiaries. The auditor's remuneration for the 3i plc audit in the year was £30k (2021: £29k). There are no non-audit fees.

**3. Staff costs**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	39,336	36,342
Social security costs	11,441	10,970
Share based payments	24,439	20,614
Pension and other costs	1,903	1,857
Redundancy costs	-	104
<b>Total</b>	<b>77,119</b>	<b>69,887</b>

The average number of employees during the year was 152 (2021:152).

**4. Directors' emoluments**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and benefits	1,115	1,092
Bonuses and performance fees	380	369
Share based payments	2,309	1,969
<b>Total</b>	<b>3,804</b>	<b>3,430</b>

During the year the Directors exercised 240,337 (2021: 313,852) share awards at an average price of 1,396p (2021:948p). No retirement benefits accrued to Directors (2021: nil) under the defined benefit scheme. Emoluments, including share based payments, attributable to the highest paid director were £2,381k (2021: £2,201k).

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**5. Share based payments**

The Company has equity-settled and cash-settled share-based payment transactions with certain employees. Equity-settled schemes are measured at fair value at the date of grant, which is then recognised in profit or loss over the period that employees provide services, generally the period between the start of the performance period and the vesting date of the shares. The number of share awards expected to vest takes into account the likelihood that performance and service 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 current share price, the risk-free interest rate, the expected volatility of the share price over the life of the award 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 year. The movement in cumulative charges since the previous balance sheet is recognised in profit and loss, with a corresponding entry in equity.

Liabilities arising from cash-settled share-based payment transactions are recognised in profit or loss over the vesting period. They are fair valued at each reporting date. The cost of cash settled share-based payment transactions is adjusted for the forfeitures of the participants' rights that no longer meet the plan requirements as well as for early vesting.

To ensure that employees' interests are aligned with shareholders, a significant amount of variable compensation paid to higher earning employees is deferred into shares that vest over a number of years. For legal, regulatory or practical reasons certain participants may be granted cash settled awards under these schemes, which are intended to replicate the financial effects of a share award without entitling the participant to acquire shares. The weighted average fair value grant price for cash settled awards granted during the year was 1,252p (31 March 2021: 890p) and the reporting price for these awards at 31 March 2022 was 1,389p (31 March 2021: 1,154p). The carrying amount of liabilities arising from cash settled awards at 31 March 2022 is £13,008k (31 March 2021: £12,082k). The total equity settled share based payment reserve at 31 March 2022 is £32,695k (31 March 2021: £33,434k).

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Equity settled share awards <sup>1</sup>	19,679	18,526
Cash settled share awards	4,783	2,143
<b>Total</b>	<b>24,462</b>	<b>20,669</b>

<sup>1</sup> Credited to equity.

**Movements in share awards**

The number of equity and cash settled share-based awards outstanding as at 31 March is as follows:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Outstanding at the start of the year	10,062,012	6,700,820
Granted	2,482,423	6,480,993
Exercised	(2,928,179)	(2,759,102)
Forfeited	(86,684)	(302,414)
Lapsed	(171,187)	(58,285)
<b>Outstanding at the end of year</b>	<b>9,358,385</b>	<b>10,062,012</b>
Weighted average remaining contractual life of awards outstanding in years	2.2	2.5
Weighted average fair value of awards granted (pence)	1,021	766
Weighted average market price at date of exercise (pence)	1,245	843
<b>Exercisable at the end of the year</b>	<b>15,381</b>	<b>15,381</b>

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**5. Share based payments (continued)****Performance Share Award**

Performance Share Awards are granted to employees and Executive Directors under the 3i Group Discretionary Share Plan 2020 (and predecessor rules).

**Employees**

Performance Share Awards granted to employees (other than Executive Directors) after the financial year end are subject to performance conditions based on absolute and relative Total Shareholder Return over three financial years. Awards performance vest, to the extent they satisfy the performance conditions, following the three-year performance period and are then released in the third year from the date of grant together with a payment equal to the dividends which would have been paid on the released shares during the period from grant to release. The method of settlement can either be equity or cash depending on the type of award. The equity awards are measured using the Monte Carlo model. The model simulates the Total Shareholder Return which has been incorporated into the fair value at grant date by applying a discount to the valuation obtained.

**Executive Directors**

Performance Share Awards granted to Executive Directors after the financial year end are subject to performance conditions based on absolute and relative Total Shareholder Return over three financial years. Awards performance vest, to the extent they satisfy the performance conditions, following the three-year performance period. Outstanding Executive Director awards granted up to and including 2019 are released, to the extent they have performance vested, together with a payment equal to the value of the dividends which would have been paid on the released shares during the period from grant to release as to 50% in year three and 25% in each of years four and five. Executive Director Performance Share Awards granted from 2020 onwards are released, to the extent they have performance vested, in the fifth year from the date of grant together with a payment equal to the value of the dividends that would have been paid on the released shares during the period from grant to release. The method of settlement is equity. These awards are measured using the Monte Carlo model. The model simulates the Total Shareholder Return which has been incorporated into the fair value at the grant date by applying a discount to the valuation obtained.

**Restricted Share Awards**

Restricted Share Awards are granted under the 3i Group Deferred Bonus Plan 2020 (and predecessor rules) and are granted to employees and Executive Directors after the financial year end and are subject to continued service conditions. The shares subject to the awards are transferred to the participants on grant subject to forfeiture if the service condition is not fulfilled and cease to be subject to forfeiture in equal proportions over the three years following grant or over four years in the case of certain such awards granted to members of the Executive Committee. Cash dividends are received by participants on the shares during the period in which they remain subject to forfeiture. The method of settlement can either be equity or cash depending on the type of award. The equity awards are measured using the Black Scholes model.

**Deferred Share Award**

Deferred Share Awards were granted under the 3i Group Deferred Bonus Plan and were subject to continued service conditions. Subject to fulfilment of the service conditions awards vested in the third year following grant and were exercisable in the third to tenth years following grant. Deferred Share Awards are no longer being made and all outstanding awards have vested.

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**5. Share based payments (continued)****Infrastructure Performance Fee Award**

Infrastructure Performance Fee Share awards are granted to employees in the Infrastructure team under the 3i Special Share Award Plan. Awards are granted to employees after the financial year end and are subject to performance conditions based on receipt by 3i plc of certain instalments of performance fees payable by 3i Infrastructure plc under the terms of its Investment Management Agreement with 3i. The shares vest and are released, subject to satisfying the performance conditions, in equal instalments in the first and second years after grant together with payments equal to the value of the dividends which would have been paid on the released shares during the period from grant to release. If the performance condition is not met in year one, the award does not lapse but is retested in year two when some or all of the shares may vest. The method of settlement can either be equity or cash depending on the type of award. The equity awards are measured using the Black Scholes model.

**Measurement of fair values**

The fair value of the plans have been measured using both the Monte Carlo model and Black Scholes model for equity share awards. The inputs used in the measurement of the grants are based on the following assumptions:

	Monte Carlo model		Black Scholes Model	
	2022	2021	2022	2021
Share price at grant date (pence)	1,220	849	1,282	870
Fair value at grant date (pence)	499	250	1,177	777
Exercise price (pence)	—	—	—	—
Expected volatility (weighted average)	28.2%	26.0%	30.8%	30.9%
Expected life (weighted average)	4 years	4 years	3 years	3 years
Dividend yield	0.0%	0.0%	3.0%	4.0%
Risk free interest rate	0.16%	0.02%	0.22%	0.01%

Expected volatility was determined by reviewing share price volatility for the expected life of each option up to the date of grant.

**6. Retirement benefits****(i) Defined contribution plans**

The Company operates a defined contribution retirement benefit plan for qualifying employees. The assets of this plan are held separately from those of the Company. The total expense recognised in the Statement of comprehensive income is £1,903k (2021: £1,857k), which represents the contributions payable to this plan. There were no outstanding payments due to this plan at the Statement of financial position date.

**(ii) Defined benefit plans**

The Company operates a final salary defined benefit plan for qualifying employees of its subsidiaries in the UK ("the Plan"). The Plan is approved by HMRC for tax purposes and is operated separately from the Company and managed by an independent set of Trustees, whose appointment is determined by the Plan's documentation.

Membership of the Plan has not been offered to new employees joining 3i since 1 April 2006. The Plan was closed to the future accrual of benefits by members with effect from 5 April 2011, although the final salary link is maintained on existing accruals. 3i employees who are members of the Plan have been invited to join the Group's defined contribution plan with effect from 6 April 2011. The defined benefit plan is a funded scheme, the assets of which are independent of the Company's finances and administered by the Trustees. The Trustees are responsible for managing and investing the Plan's assets and for monitoring the Plan's funding position.

The valuation of the Plan has been updated on an IAS 19 basis by an independent qualified actuary as at 31 March 2022.



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**6. Retirement benefits (continued)**

The amount recognised in the Statement of financial position in respect of the Company's defined benefit plan is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	641,436	710,467
Fair value of the Plan assets	(722,679)	(795,112)
Asset restriction	28,435	29,626
Retirement benefit surplus in respect of the Plan	(52,808)	(55,019)

A retirement benefit surplus is recognised in respect of the Plan on the basis that the Company is entitled to a refund of any remaining surplus once all benefits have been settled in the expected course. The asset restriction relates to tax that would be deducted at source in respect of a refund of the Plan surplus.

Amounts recognised in the Statement of comprehensive income in respect of the Plan are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Included in finance income on pension plan</b>		
Interest (expense)/income on net defined benefit asset	(774)	3,695
<b>Included in other Comprehensive income</b>		
Re-measurement loss	(3,221)	(187,295)
Asset restriction	1,754	65,553
Total re-measurement loss and asset restriction	(1,467)	(121,742)
Total	(2,241)	(118,047)

The total re-measurement loss recognised in other comprehensive income was £1,467k (2021: £121,742k).

Changes in the present value of the defined benefit obligation were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	710,467	691,683
Interest on plan liabilities	13,214	15,068
Re-measurement (loss)/gain		
– loss from change in demographic assumptions	(764)	(9,711)
– (loss)/gain from change in financial assumptions	(53,534)	97,950
– experience gains/(loss)	2,186	(11,006)
Benefits paid	(30,133)	(73,517)
Closing defined benefit obligation	641,436	710,467

Changes in the fair value of the Plan assets were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of the Plan assets	795,112	957,509
Interest on plan assets	13,003	20,903
Actual return on plan assets less interest on plan assets	(55,333)	(110,062)
Employer contributions	1,819	279
Expenses	(1,789)	-
Benefits paid	(30,133)	(73,517)
Closing fair value of the Plan assets	722,679	795,112

Contributions paid to the Plan are related party transactions as defined by IAS 24 Related party transactions.

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**6. Retirement benefits (continued)**

The fair value of the Plan assets at the Statement of financial position date is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Annuity contract	642,423	709,083
Liquidity fund	78,936	84,346
Others	1,320	1,683
	<b>722,679</b>	<b>795,112</b>

In May 2020, the Plan's Trustees completed a £650 million buy-in transaction with Legal & General, an insurance policy that is designed to provide cash flows that exactly match the value and timing of the benefits payable to the members it covers. This insurance policy, alongside previous buy-in policies entered into with Pension Insurance Corporation and Legal & General in March 2017 and February 2019 respectively, means that the Plan benefits of all members are now insured and 3i as sponsor, is no longer exposed to longevity, interest or inflation risk and therefore funding requirements.

On an IAS 19 basis, the fair value of the insurance policy will match the present value of the liabilities being insured. The Trustees of the Plan will consider in due course whether to move to a buy-out, which would involve converting the buy-in policies held within the Plan into individual annuity policies in the names of Plan members.

The Plan's assets do not include any of the Company's own equity instruments nor any property in use by the Company.

Changes in the asset restriction were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Opening asset restriction	29,626	93,039
Interest on asset restriction	563	2,140
Re-measurements	(1,754)	(65,553)
Closing asset restriction	<b>28,435</b>	<b>29,626</b>

The principal assumptions made by the actuaries and used for the purpose of the year end valuation of the Plan were as follows:

	<b>2022</b>	<b>2021</b>
Discount rate	2.7%	1.9%
Expected rate of pension increases	0% to 3.9%	0% to 3.5%
Retail Price Index (RPI) inflation	3.8%	3.4%
Consumer Price Index (CPI) inflation	3.0%	2.6%

In addition, it is assumed that members exchange 25% of pension for lump sum at retirement on the conversion terms in place at 31 March 2022 with an allowance for the terms to increase in future. The duration of the Plan's defined benefit obligation at the accounting date was around 17 years.

The post-retirement mortality assumption used to value the benefit obligation at 31 March 2022 is 90% of the base mortality tables allowing for improvements in line with the CMI 2021 core projections with a long-term annual rate of improvement of 1.75% (2021: 90% of the base mortality tables, allowing for improvements in line with CMI 2020 core projections with a long-term annual rate of improvement of 1.75%). The life expectancy of a male member reaching age 60 in 2042 (2021: 2041) is projected to be 32.6 (2021: 32.6) years compared to 30.8 (2021: 30.8) years for someone reaching 60 in 2022.

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**6. Retirement benefits (continued)**

As the Plan was closed to future accrual of benefits by members with effect from 5 April 2011, the Company ceased to make regular contributions to the Plan in the year to 31 March 2012. The latest triennial valuation for the Plan was completed in September 2020, based on the position as at 30 June 2019. The outcome was an actuarial surplus of £89 million. This valuation is produced for funding purposes and is calculated on a different basis to the IAS 19 valuation net asset of £53 million which is shown in the Note above. In light of the results of the triennial valuation, the third buy-in policy secured with Legal & General, which took place after the triennial valuation date and the Plan's resulting strong financial position, it was agreed it was not necessary for the Company to make any contributions to the Plan.

For the year to 31 March 2022 the defined benefit surplus is not impacted by changes in assumptions and sensitivity assumptions are nil (2021: nil), this is because the defined benefit obligation is matched by annuity contracts following the third and final buy-in policy secured with Legal & General.

**7. Income taxes**

	2022 £'000	2021 £'000
<b>Current taxes</b>		
UK Corporation tax	1,000	-
<b>Total income taxes in the Statement of comprehensive income</b>	1,000	-

**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% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before tax	83,108	73,267
Profit before tax multiplied by rate of corporation tax in the UK of 19% (2021: 19%)	15,791	13,921
Effects of:		
Expenses not deductible for tax purposes	717	(2,296)
Bonus accrual/payments relating to overseas employees	808	(1,190)
Utilisation of tax losses claimed as group relief for nil consideration	(15,373)	(10,644)
Utilisation of previously unrecognised deferred tax	(943)	209
<b>Total income taxes in the Statement of comprehensive income</b>	1,000	-

In the Finance Bill 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. This new law was substantively enacted on 24 May 2021. 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.

At 31 March 2022 the Company had deductible temporary differences of £56,738k (2021: £58,922k) for which no deferred tax asset has been recognised (made up of fixed asset temporary differences of £6,307k, share schemes of £31,285k and other short term temporary differences of £19,145k). It is considered uncertain that there will be sufficient taxable profits in the future against which the associated deferred tax assets can be offset and therefore the assets have not been recognised.

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**8. Intangible assets****Intellectual property,  
books and records  
£'000****Cost:**

1 April 2021	13,065
31 March 2022	13,065

**Accumulated amortisation:**

1 April 2021	5,295
Charge for the year	1,412
31 March 2022	6,707

**Net book value**

31 March 2022	6,358
31 March 2021	7,770

The intangible assets consists of management contacts relating to 3i Managed Infrastructure Acquisitions LP ("MIA"). The useful life is based on the expected period over which income will be generated from managing MIA. This useful life has been assessed as nine years, which is the minimum period for which fee income is expected to be received. The remaining amortisation period is four years.

**9. Property, plant and equipment**

	<b>Office improvements £'000</b>	<b>Office equipment £'000</b>	<b>Total £'000</b>
<b>Cost:</b>			
1 April 2020	3,995	8,993	12,988
Additions	18	810	828
Disposals	(15)	-	(15)
31 March 2021	3,998	9,803	13,801
Additions	-	390	390
31 March 2022	3,998	10,193	14,191
<b>Accumulated depreciation:</b>			
1 April 2020	1,518	6,588	8,106
Charge for the year	513	985	1,498
31 March 2021	2,031	7,573	9,604
Charge for the year	505	903	1,408
31 March 2022	2,536	8,476	11,012
<b>Net book value</b>			
31 March 2022	1,462	1,717	3,179
31 March 2021	1,967	2,230	4,197

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**10. Issued share capital**

	<b>Number of shares</b>	<b>Amount £'000</b>
Authorised ordinary shares of £1 each	110,000,000	
Called up, allotted and fully paid ordinary shares of £1 each		
At 31 March 2022 and 31 March 2021	110,000,000	110,000

**11. Leases**

The Company leases its offices under finance leases. All leases are non-cancellable, with option to extend or terminate the agreed lease term. During the year, the following amounts in respect of finance leases were recognised in the financial statements.

**Right of use assets**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Opening balance	10,150	12,688
Right of use asset modification	679	-
Depreciation expense	(2,538)	(2,538)
<b>31 March</b>	<b>8,291</b>	<b>10,150</b>

**Lease liabilities**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Opening balance	10,141	12,717
Lease payments	(2,112)	(2,815)
Lease accrued	(704)	-
Lease modification	679	-
Interest expense	186	239
<b>31 March</b>	<b>8,190</b>	<b>10,141</b>

Lease liabilities of £5,292k (2021: £7,512k) are due in greater than one year.

**11. Leases (continued)****Amount recognised in the Statement of cash flows**

During the year, the total cash outflow for leases of £2,112k (2021: £2,815k) was recognised in the Statement of cash flows.

**Amount recognised in profit or loss**

During the year, £2,538k (2021: £2,538k) was recognised in Operating expenses relating to depreciation of the ROU asset and £186k (2021: £239k) was recognised in Interest paid relating to effective interest on the lease liability.

**12. Trade and other receivables**

	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Current assets</b>		
Performance fee receivable (Note 16)	25,878	7,878
Other receivables	4,886	6,277
Prepayments and accrued income	1,741	2,004
<b>Total</b>	<b>32,505</b>	<b>16,159</b>

Under IFRS 9 no expected credit losses have been recognised, see Note 18 for details.

The carrying amount is a reasonable approximation of fair value.

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**13. Trade and other payables**

2022	2021
£'000	£'000

**Non-current liabilities**

Carry payable	(41,592)	(45,773)
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**Current liabilities**

Accruals	(33,565)	(18,571)
Other taxes and social security costs	(950)	(1,047)
Carry payable	(35,795)	(16,538)
Other payables	(14,404)	(11,924)
<b>Total</b>	<b>(84,714)</b>	<b>(48,080)</b>

The carrying amount is a reasonable approximation of fair value.

**14. Amounts due from group undertakings**

2022	2021
£'000	£'000

**Non-current assets**

Amounts due from group undertakings	647,851	520,501
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**Current assets**

Amounts due from group undertakings	3,458	2,558
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Under IFRS 9 an expected credit loss of £544k has been recognised (2021: decrease of £256k) within Operating expenses within the Statement of comprehensive income, see Note 18 for details.

The carrying amount is a reasonable approximation of fair value.

**15. Amounts due to group undertakings**

2022	2021
£'000	£'000

**Non-current liabilities**

Amounts due to group undertakings	(23,611)	(26,855)
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**Current liabilities**

Amounts due to group undertakings	(43,693)	(33,736)
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**16. Related parties**

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Each of these categories of related parties and their impact on the financial statements is detailed below. The Company's key management personnel are the Directors.

**Ultimate parent company***Management, administrative and secretarial arrangements*

Total fees charged for management, administrative and secretarial services to 3i Group plc are detailed below:

	2022 £'000	2021 £'000
Management, administrative and secretarial fees charged for the year	148,004	106,417
Outstanding at the end of the year	647,851	520,501

**Subsidiaries***Advisory fees*

Total fees charged for the provision of advisory services to 3i Investments plc are detailed below:

	2022 £'000	2021 £'000
Advisory fee for the year	7,500	7,500

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**16. Related parties (continued)***Management arrangements*

Total fees incurred for management services from 3i Investments plc are detailed below:

	2022	2021
	£'000	£'000
Management fees incurred for the year	(8,300)	(8,300)
Of which accrued at the end of the year <sup>1</sup>	(10,994)	(14,194)

<sup>1</sup> The accrual is the net of the advisory and administration fee.

**Fellow subsidiaries and affiliated entities***Advisory and management arrangements*

Total fees incurred for advisory and management services from fellow subsidiary and affiliated entities are detailed below:

	2022	2021
	£'000	£'000
Fees incurred during the year	(24,228)	(27,980)
Fees recognised during the year	44,199	37,567

*Outstanding balances*

The Company has receivables and payables from fellow subsidiaries of:

	2022	2021
	£'000	£'000
Amounts due from subsidiaries	3,448	2,558
Amounts due to subsidiaries	(56,309)	(46,397)

*Management and performance fees*

Management and performance fees receivable from 3i Infrastructure plc are detailed below.

	2022	2021
	£'000	£'000
Management fees recognised during the year	43,997	25,387
Of which receivable at the end of the year	1,028	254
Performance fees recognised during the year	25,878	7,918
Of which receivable at the end of the year	25,878	7,878

**17. Parent undertaking and controlling party**

The Company's immediate parent undertaking is 3i Holdings 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](http://www.3i.com).

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**18. 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 risks**

The capital structure of the Company consists of equity and intercompany loans. There is sufficient capital in the Company to cover liabilities and the Company is free to transfer capital to the parent company subject to maintaining sufficient reserves to meet statutory obligations.

**Financial Liabilities**

	Due within 1 year	Due between 1 and 2 years	Due between 2 and 5 years	Total
As at 31 March 2022	£'000	£'000	£'000	£'000
<b>Gross commitments</b>				
Lease liabilities	2,898	2,989	2,303	8,190
Trade and other payables	84,714	-	-	84,714
Amount due to group undertaking	43,693	-	-	43,693
<b>Total</b>	<b>131,305</b>	<b>2,989</b>	<b>2,303</b>	<b>136,597</b>

Carry payable of £41,592k within Trade and other payables in Note 13 has no stated maturity as it results from investment related transactions and it is not possible to identify with certainty the timing of when the investments will be sold. Amounts due to group undertakings within non-current liabilities of 23,611k has no stated maturity as it results from advisory fees and it is not possible to identify with certainty the timing of when the liability will be paid.

**Credit risk**

The Company is subject to credit risk on its receivables and cash and deposits. The Company's cash and deposits are held with a variety of well-rated counterparties. Credit risk is managed on a Company basis, third-party revenue is required to be settled in cash, mitigating the credit risk and there are no significant concentrations of credit risk.

IFRS 9 requires the Company to recognise expected credit losses ("ECLs") on its Amounts due from group undertakings, 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
<b>Opening ECLs as at 1 April 2021</b>	<b>2,758</b>
Increase in ECLs recognised in profit or loss during the year	544
<b>ECLs as at 31 March 2022</b>	<b>3,302</b>

The ECL has been calculated based on the probability of the receivable going into default. The ECL is adjusted to reflect both current and forward looking information as well as credit spreads affecting the ability to settle the receivable. The Company has adopted the simplified approach and the loss allowance shown is based on lifetime ECLs. The increase in the ECL for the year is due to an increase in amounts due from group undertakings.

Trade and other receivables and Cash and cash equivalents are also subject to the requirements of IFRS 9, the identified impairment loss is negligible.



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**18. Financial risk management (continued)****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 Amounts owed to group undertakings and staff remuneration including carry payable.

**Market risk**

The Company is not exposed to significant market risk as it does not hold fixed or floating rate loans or liabilities or investments which are exposed to market fluctuations.

**Sensitivity analysis**

31 March 2022	Sterling £'000	US dollar £'000	Euro £'000	Others £'000	Total £'000
Net assets/(liabilities)	532,253	(101,806)	140,190	(5,552)	565,085

Assuming a 10% movement in exchange rates against sterling:

Impact on exchange movements in the Statement of comprehensive income

Total	-	(11,312)	14,870	(618)	2,940
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31 March 2021	Sterling £'000	US dollar £'000	Euro £'000	Others £'000	Total £'000
Net assets/(liabilities)	421,957	(81,060)	128,309	(4,441)	464,765

Assuming a 10% movement in exchange rates against sterling:

Impact on exchange movements in the Statement of comprehensive income

Total	-	(9,007)	13,393	(493)	3,893
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**19. Subsidiaries and related undertakings**

The Companies Act 2006 requires disclosure of certain information about the Company's related undertakings and this is set out below. Related undertakings are subsidiaries, joint ventures, associates and other significant holdings. In this context, significant means either a shareholding greater than or equal to 20% of the nominal value of any class of shares or a book value greater than 20% of the Company's assets.

The Company's related undertakings at 31 March 2022 are listed below:

Description	Holding / share class	Registered address
<b>Subsidiaries</b>		
3i Investments plc	100% ordinary shares	16 Palace Street, London, SW1E 5JD, UK

**20. Post balance sheet events**

There have been no events subsequent to the balance sheet date identified which would require adjustment to these financial statements.