



3i Debt Management Investments Ltd

Annual report and accounts for the year to 31 March 2016

Registered number : 05655607

FRIDAY



A15 *A5BRRCBC* 22/07/2016 #260
COMPANIES HOUSE

Contents

Directors' report	1 - 2
Strategic report	3
Auditors' report	4 - 5
Statement of comprehensive income	6
Statement of changes in equity	6
Statement of financial position	7
Statement of cash flows	8
Accounting policies	9 - 11
Notes to accounts	12 - 20

Directors' report

The Directors submit their report with the financial statements for the year to 31 March 2016.

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 22 funds under management at 31 March 2016 (2015: 20 funds).

Directors

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

R A Bellis

J R Ghose

P Goody

B R Loomes (resigned on 1 March 2016)

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.

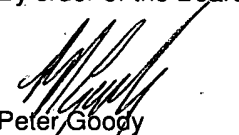
Auditors

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

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

Date: 7/7/2016

Registered office:

16 Palace Street

London SW1E 5JD

Directors' report

Statement of Directors' responsibilities

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

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

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

The Directors have a responsibility for ensuring that proper accounting records are kept which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Strategic report

Results and business review

The Directors present their strategic report for the year ended 31 March 2016.

Total profit for the year amounted to £26,925k (2015: £1,883k) The Directors do not recommend a final dividend for the year (2015: £16,625k).

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 Ltd and is regulated by the FCA. 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 17.

By order of the Board



Peter Goody

Date: 7/7/2016

Registered office:
16 Palace Street
London SW1E 5JD

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

We have audited the financial statements of 3i Debt Management Ltd, for the year ended 31 March 2016 which comprise the Statement of comprehensive income, Statement of changes in equity, Statement of financial position, Statement of cash flows, the Accounting policies A to L and the Notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 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 and Strategic 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 2016 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 Ltd

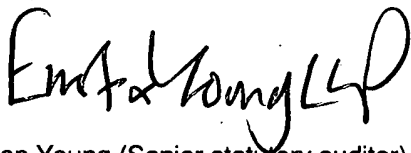
Opinion on other matters prescribed by the Companies Act 2006

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

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.



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

Date:

8/7/16

3i Debt Management Investments Ltd
Statement of comprehensive income

No. 05655607

for the year to 31 March 2016

	Notes	2016 £'000	2015 £'000
Revenue	1	47,245	38,283
Operating expenses	2	(16,733)	(17,348)
Operating profit		30,512	20,935
Unrealised loss on the revaluation of investments		(13,554)	(10,425)
Interest receivable		95	104
Interest payable		(234)	(578)
Fair value movement on derivatives		-	(5)
Exchange movements		10,205	(8,146)
Profit before tax		27,024	1,885
Income taxes	6	(99)	(2)
Profit for the year		26,925	1,883
Other comprehensive expense			
Movement in hedge accounting reserve		-	(1)
Total comprehensive income for the year		26,925	1,882

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

Statement of changes in equity

for the year to 31 March 2016

	Issued share capital £'000	Share based payment reserve £'000	Hedge Accounting Reserve £'000	Other distributable reserve £'000	Total £'000
As at 1 April 2014	46,238	107	1	46,182	92,528
Profit for the year	-	-	-	1,883	1,883
Dividend paid	-	-	-	(16,625)	(16,625)
Issued share capital	46,000	-	-	-	46,000
Share based payments charge	-	153	-	-	153
Movements on	-	-	(1)	-	(1)
Total change in equity for the year	46,000	153	(1)	(14,742)	31,410
As at 31 March 2015	92,238	260	-	31,440	123,938
Profit for the year	-	-	-	26,925	26,925
Share based payments charge	-	62	-	-	62
Exercise of share	-	(4)	-	4	-
Total change in equity for the year	-	58	-	26,929	26,987
As at 31 March 2016	92,238	318	-	58,369	150,925

The notes and accounting policies on pages 9 to 20 form an integral part of these financial statements.

Statement of financial position

as at 31 March 2016

	Notes	2016 £'000	2015 £'000
Assets			
Non-current assets			
Investments	9	112,802	87,921
Intangible assets	8	3,134	5,378
Trade and other receivables	10	2,345	2,977
Total non-current assets		118,281	96,276
Current assets			
Trade and other receivables	10	17,871	18,322
Cash and cash equivalents		38,338	30,343
Total current assets		56,209	48,665
Total assets		174,490	144,941
Liabilities			
Non-current liabilities			
Trade and other payables	11	(10,702)	(11,063)
Total non current liabilities		(10,702)	(11,063)
Current liabilities			
Trade and other payables	11	(12,863)	(9,940)
Total current liabilities		(12,863)	(9,940)
Total liabilities		(23,565)	(21,003)
Net assets		150,925	123,938
Equity			
Issued Capital	7	92,238	92,238
Share based payment reserve		318	260
Other distributable reserve		58,369	31,440
Total equity		150,925	123,938

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

Peter Goody

Director

Date:

7/7/2016

Statement of cash flows

for the year to 31 March 2016

	2016	2015
	£'000	£'000
Cash flow from operating activities		
Profit before tax	27,024	1,885
Adjustments for:		
Amortisation of management contracts	2,244	1,923
Share based payment charge	62	153
Fair value movement on investments	13,554	10,425
Decrease in receivables	1,297	25,262
Increase/(Decrease) in payables	1,901	(2,074)
Net cash movement on derivatives	-	7
Fair value movement on derivatives	-	5
Exchange Movements	(10,205)	8,146
Income tax received/(paid)	400	(2,777)
Net cash flow from operating activities	36,277	42,955
Cash flows from investing activities		
Purchase of investments	(60,791)	(71,551)
Return of capital	32,650	-
Net cash flow from investing activities	(28,141)	(71,551)
Cash flow from financing activities		
Dividends paid	-	(16,625)
Issued share capital	-	46,000
Net cash flow from financing activities	-	29,375
Change in cash and cash equivalents	8,136	779
Cash and cash equivalents at the start of the year	30,343	30,249
Effect of exchange rate fluctuations	(141)	(685)
Cash and cash equivalents at the end of the year	38,338	30,343

Accounting policies

for the year ended 31 March 2016

A Statement of compliance

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

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

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

		Effective for period beginning on or after
IFRS	Annual improvements 2010 to 2012 and 2011 to 2013	1 July 2014
IFRS	Annual improvements 2012 to 2014	1 July 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial instruments	1 January 2018

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

B 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 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.

C 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 and the US.

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.

Accounting policies

for the year ended 31 March 2016

E Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and short-term deposits as defined above.

F Income taxes

Income taxes represent the sum of the tax currently payable, withholding taxes suffered and deferred tax. Tax is charged or credited to the statement of comprehensive income, except where it relates to items charged or created directly to equity, in which case the tax is also dealt with in equity. The tax currently payable is based on the taxable profit for the year. This may differ from the profit included in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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 "income taxes".

The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

G Other receivables

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

H 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.

I Share based payments

The Company has equity-settled 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 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.

Accounting policies

for the year ended 31 March 2016

I Share based payments (continued)

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.

J 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.

K Incentive fees receivable

The Company earns an incentive fee from funds which it manages on behalf of third parties. These fees are earned when the fund meets certain performance conditions.

Schemes are reviewed at the balance sheet date, and an accrual for incentive fees receivable is made once the performance conditions have been met or 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 assets remaining in the fund.

Incentive fees payable

Incentive fee 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.

L Intangible

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.

3i Debt Management Investments Ltd

No. 05655607

Notes to the accounts

1 Revenue	2016	2015
	£'000	£'000
Investment Management fees	21,173	21,136
Investment advisory fees	2,748	3,617
Incentive fee income	4,896	6,953
CLO distributions	17,616	5,128
Other income	812	1,449
	47,245	38,283

2 Operating expenses	2016	2015
	£'000	£'000
Staff costs	8,867	8,804
Auditor's remuneration - audit fees	12	14
Amortisation of intangible assets	2,244	1,923
Administrative expenses	5,610	6,606
	16,733	17,347

3 Staff costs	2016	2015
	£'000	£'000
Wages and salaries	7,420	7,280
Social security costs	1,006	1,033
Share based payment	62	153
Pension and other costs	285	290
Redundancy costs	94	48
Total	8,867	8,804

The average number of employees during the year was 25 (2015 :27).

4 Directors' emoluments	2016	2015
	£'000	£'000
Salaries and benefits	1,104	1,034
Bonuses, incentive fees and performance fees	980	1,063
Contributions to money-purchase pension schemes	-	35
Amounts receivable under long-term incentive plans	3,825	3,449
	5,909	5,581

Notes to the accounts

4 Directors' emoluments(continued)

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 £3,237 (2015: £2,987k), of which £2,424 (2015: £2,026k) 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.

Performance based awards

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

	2016 £'000	2015 £'000
Share awards	62	153
	62	153

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

	2016 £'000	2015 £'000
Outstanding at start of the year	102,237	103,166
Exercised	-	(929)
Outstanding at end of the year	102,237	102,237

The awards outstanding at the end of the year have a weighted average contractual life of 1.89 years (2015: 2.89 years). The cost of share awards is spread over the vesting period of four years.

6 Income taxes

	2016 £'000	2015 £'000
Statement of comprehensive income		
Current tax	-	550
Current tax adjustment in relation to prior period	(533)	11
Deferred tax	90	(524)
Deferred tax adjustment in relation to prior period	542	(35)
Total income taxes in the statement of comprehensive income	99	2

Notes to the accounts

6 Income taxes(continued)

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 20% (2015 :21%). The differences are explained below:

	2016 £'000	2015 £'000
Profit before tax	27,024	1,885
Profit before tax multiplied by rate of corporation tax in the UK of 20% (2015:21%)	5,405	396
Expenses not deductible for tax purposes	25	137
Effect of change in deferred tax rate	124	149
Prior year adjustment	8	(24)
Group relief received for nil consideration	(5,463)	(656)
Total income taxes in the statement of comprehensive income	99	2

Deferred tax

	Statement of financial position	Statement of comprehensive income
	2016 £'000	2016 £'000
Deferred income tax asset		
Decelerated capital allowances	14	9
Long term incentive plan	2,331	624
Deferred income tax asset	2,345	-
Deferred income tax charge in the statement of comprehensive income	-	632

	Statement of financial position	Statement of comprehensive income
	2015 £'000	2015 £'000
Deferred income tax asset		
Decelerated capital allowances	22	-
Long term incentive plan	2,955	559
Deferred income tax asset/(liability)	2,977	-
Deferred income tax charge/(credit) in the statement of comprehensive income	-	559

The UK Government announced as part of the Finance (No 2) Act 2015, which received Royal Assent on 18 November 2015, that the main rate of corporation tax rate would be reduced from 20% to 19% from 1 April 2017 and further to 18% from 1 April 2020. This will affect the rate at which future UK cash tax will be payable and the rate at which deferred tax assets are expected to reverse.

Notes to the accounts

6 Income taxes(continued)

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly. The maximum effect of this rate change on the deferred tax asset carried forward at 31 March 2016 is £246,819.

7 Share capital

	Number of shares	Amount £'000
--	-----------------------------	-------------------------

(i) Ordinary shares

Called up, allotted and fully paid ordinary shares of £1 each	92,238	92,238
---	--------	--------

At 31 March 2016 and 31 March 2015

These shares were ordinary shares with no additional rights attached to them.

8 Intangible assets

In August 2012, the Company acquired the rights to manage five European Collateralised Loan Obligations from Invesco Management Incorporated for a consideration of £10,258K. The consideration for the management contracts were impaired by £608k during the year following a review of expected future cashflows.

	2016 £'000	2015 £'000
Opening cost	10,258	10,258
Closing cost	10,258	10,258
Opening accumulated amortisation	4,880	2,957
Charge for the year	2,244	1,923
Closing accumulated amortisation	7,124	4,880
Net book value	3,134	5,378

9 Investments

	Unquoted CLO fund investments £'000	Unquoted CLO warehouse investments £'000	Total £'000
At 31 March 2014	33,911	-	33,911
Additions	57,031	14,520	71,551
Foreign exchange movement	(10,425)	(12)	(10,437)
Fair value movements	(7,104)	-	(7,104)
At 31 March 2015	73,413	14,508	87,921
Additions	42,661	18,130	60,791
Return of capital	-	(32,650)	(32,650)
Foreign exchange movement	10,282	12	10,294
Fair value movements	(13,554)	-	(13,554)
At 31 March 2016	112,802	-	112,802

Notes to the accounts

9 Investments (continued)

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 (2015: 100% level 3). Level 3 inputs are sensitive to assumptions made when ascertaining fair value as described in accounting policy note J. Investments held at 31 March 2016 were valued 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.

10 Trade and other receivables

Non-current assets	2016 £'000	2015 £'000
Deferred tax	2,345	2,977
	2,345	2,977

Current assets

	2016 £'000	2015 £'000
Prepayments and accrued income	5,706	6,341
Amounts owed by group undertakings	1,003	307
VAT recoverable	-	11
Corporate tax debtor	1,600	1,465
Incentive fee receivable	9,562	10,198
	17,871	18,322

11 Trade and other payables

Non current liabilities	2016 £'000	2015 £'000
Long term incentive bonus	8,016	8,012
Incentive fee payable	2,686	3,051
	10,702	11,063

Notes to the accounts

11 Trade and other payables (continued)

Current liabilities	2016	2015
	£'000	£'000
Amounts owed to group undertakings	2,933	1,418
Loan with group undertakings*	2,381	1,951
Other taxes and social security costs	103	107
VAT payable	43	-
Incentive fee payable	1,566	1,484
Other payables	5,837	4,980
	12,863	9,940

* 3i Debt Management Investments Limited has a €3m (initial loan principle €14m) 12% 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.

12 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 payable balance with its parent company.

	2016	2015
	£'000	£'000
Payable at the end of the period	2,441	1,004

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

	2016	2015
	£'000	£'000
Loan and accrued interest at the end of the period	2,381	1,951

Fellow subsidiaries and affiliated entities*Advisory and management arrangements*

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

	2016	2015
	£'000	£'000
Fees incurred during the year	1,011	1,037
Fees received for the year	54	306

Notes to the accounts

Outstanding balances

The Company has receivables and payables from fellow subsidiaries of:

	2016	2015
	£'000	£'000
Amounts due from subsidiaries	322	305
Amounts due to subsidiaries	2,192	2,365

13 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 and online at www.3i.com.

14 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 prior year.

In the prior year an exchange loss on the forward foreign exchange contracts of £5,000 was recognised in other comprehensive income and a gain of £14,000 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 were transacted at market rates.

15 Pension scheme

Employees of the Company are entitled to join the 3i Group defined contribution retirement benefit plan, the assets of the plan are held separately from those of the Company. There were payments of £nil due to the plan at the balance sheet date (2015: £nil). Historic pension scheme allocations that employees were entitled to join are held separately from those of the Company.

16 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.

	2016	2015
	£'000	£'000
Turnover	47,245	38,283
Profit before tax	27,024	1,885
Corporation tax (received)/paid	(400)	2,777

The average number of full time equivalent employees of the Company during the period was 25 (2015:27).

Notes to the accounts

17 Financial risk management**Financial risks**

The Company's ultimate parent company is 3i Group plc, who sets objectives, policies and processes for managing and monitoring capital and 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.

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.

The Company's cash is held on demand in AAA rated money market funds and on short-term deposit with banks with a credit rating of A- or higher. The Company's investments in CLO subordinated notes do not have a credit rating.

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.

The table below shows the maturity of the Company's financial liabilities

	Due within 1 year £'000	Due between 1 and 2 years £'000	Due between 2 and 5 years £'000	Total £'000
As at 31 March 2016				
Long term incentive plan	3,078	2,884	5,132	11,094
Incentive fee payable	1,566	2,668	18	4,252
Loan with group undertakings	2,381	-	-	2,381
Amounts owed to group undertakings	2,933	-	-	2,933
Other payables	2,905	-	-	2,905
	<u>12,863</u>	<u>5,552</u>	<u>5,150</u>	<u>23,565</u>

Notes to the accounts

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.

A 100 basis points movement, based on the closing balance sheet position over a 12 month period, would lead to a change in total comprehensive income of £383k.

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 +/-£13,454k (2015: +/- £7,527k) 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.