

Investec Investment Trust PLC

Report and Financial Statements
31 March 2015

Investec Investment Trust PLC

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DIRECTORATE AND CORPORATE INFORMATION

BOARD OF DIRECTORS

A J Barnes
T R Chanter
B M Johnson
C S Heyworth
K P McKenna

SECRETARY

D Miller

AUDITOR

Ernst & Young LLP
1 More London Place
London SE1 2AF

REGISTRARS

Computershare Investor Services PLC
P O Box 82
The Pavilions
Bridgewater Road
Bristol BS99 7NH

COMPANY REGISTRATION

Registration Number 00328206
Registered Office:
2 Gresham Street
London EC2V 7QP

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 March 2015.

BUSINESS REVIEW

The loss for the year, after taxation is £63,000 (2014: loss £63,000)

The principal activity of Investec Investment Trust PLC (the "company") is to source funds from the financial markets for group activities and it will continue to operate in this capacity for the foreseeable future. The company's 3.5 per cent and 5 per cent cumulative preference shares are listed on the London Stock Exchange.

The company's ultimate parent is Investec plc. The company's parent company, Investec Group Investments (UK) Limited, a wholly owned subsidiary of Investec plc, owns all of the company's ordinary shares, £266,586 nominal of the company's 3.5 per cent cumulative preference shares and £96,612 nominal of the company's 5 per cent cumulative preference shares.

The preference shares are classified as a liability and not equity (refer to note 1, Accounting Policies).

The company had no employees in the current year or prior year.

Given the straight forward nature of the business the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or financial position of the business.

At 31 March 2015 the company had net assets of £25,894,000 (2014: £25,957,000)

PRINCIPAL RISKS AND UNCERTAINTIES

The company's financial risks are managed at the Investec plc group level. Surplus liquidity arising from time to time was loaned by the company during the year in which it arose on an interest free basis to its immediate parent company. The loan is repayable on demand and the company has the right, at any time and at its sole discretion, to charge interest thereon at a commercial rate. Preference dividend payments are funded from the loan. The company's exposure to financial risks is further discussed in note 12.

By order of the board



Brian Johnson
Director
26 June 2015

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2015.

DIVIDENDS

The directors do not recommend the payment of a final ordinary dividend for the year ended 31 March 2015 (2014 - £nil). Dividends paid on the preference shares in the year amounted to £62,772 (2014: £62,772).

DIRECTORS AND THEIR INTERESTS

The current directors of the company are listed on page 1. Mr B M Johnson was appointed as a director of the company on 16 July 2014. Messrs C S Heyworth and K P McKenna were appointed as directors of the company on 8 December 2014. Mr S M Burgess resigned as a director of the company on 28 November 2014. According to the register of directors' interests, no director holding office at 31 March 2015 had any beneficial interest in the shares of the company during the year.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the company's auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors confirm that, to the best of each person's knowledge:

- (a) the financial statements in this report, which have been prepared in accordance with UK GAAP and the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- (b) the directors' report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face.

DIRECTORS' INDEMNITY AND DIRECTORS' & OFFICERS' LIABILITY INSURANCE

The company maintains a Directors' and Officers' Liability Insurance policy. In accordance with the Company's Articles of Association, the board may also indemnify a director from the assets of the company against any costs or liability incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the company provide cover for fraudulent or dishonest actions by the directors. However, costs may be advanced to directors for their defence in investigations or legal actions.

CORPORATE GOVERNANCE

The company has issued preference shares that are listed on the London Stock Exchange. The company is part of the Investec Plc group and is therefore subject to the group's system of risk management, internal control and financial reporting. The corporate governance statements and disclosures, as required by section 7.2.1. of the Disclosure and Transparency Rules are detailed in the Investec Plc consolidated financial statements which are publicly available at www.investec.com.

GOING CONCERN

On the basis of current financial projections the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the annual financial statements.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

The directors confirm that there were no significant events occurring after the balance sheet date to the date of this report that would meet the criteria to be disclosed in the financial statements for the year ended 31 March 2015.

ANNUAL GENERAL MEETING AND AUDITOR

Ernst & Young LLP have indicated their willingness to continue in office as auditor of the company. A resolution to re-appoint Ernst & Young LLP as auditor will be proposed at the next Annual General Meeting.

Signed on behalf of the board



Brian Johnson
Director
26 June 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTEC INVESTMENT TRUST PLC

We have audited the financial statements of Investec Investment Trust PLC for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement as set out on page 5, 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.



Michael-John Albert (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

29th June 2015

Investec Investment Trust PLC

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2015

		31 March	31 March
		2015	2014
	Notes	£000	£000
Interest payable	4	(63)	(63)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(63)	(63)
Taxation	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(63)	(63)

The above activities are derived from continuing operations.

There are no recognised gains or losses in either year other than those reflected through the profit and loss account.

There is no material difference between the results disclosed in the profit and loss account for the current or prior year and the results on an unmodified historical cost basis.

The accompanying notes form an integral part of these financial statements.

Investec Investment Trust PLC

BALANCE SHEET

as at 31 March 2015

	Notes	31 March 2015 £000	31 March 2014 £000
CURRENT ASSETS			
Debtors: Amounts falling due within one year	6	27,594	27,657
Creditors: Amounts falling due within one year	7	(55)	(55)
NET CURRENT ASSETS		27,539	27,602
Creditors: Amounts falling due after one year	8	(1,645)	(1,645)
NET ASSETS		25,894	25,957
CAPITAL AND RESERVES			
Called up share capital	9	14,436	14,436
Profit and loss account	10	11,458	11,521
TOTAL EQUITY SHAREHOLDER'S FUNDS	11	25,894	25,957

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 7 to 12 were approved by the board on 26 June 2015 and signed on its behalf by:



Kevin McKenna
Director

Investec Investment Trust PLC

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2015

1. ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice and on a going concern basis. The financial statements have been prepared under the historical cost convention.

With effect from 1 April 2015 the company will be producing its financial statements in accordance with FRS 101. FRS 101 forms part of the new UK financial reporting regime and allows UK qualifying subsidiaries to apply EU adopted International Financial Reporting Standards ('IFRS') but with reduced disclosure. There is not expected to be a material impact of this change on valuation or measurement.

Cash flow statement

The company is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1 (revised), because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its ultimate parent undertaking, Investec plc.

Classification of preference shares as debt

The preference shares issued by the company create a financial liability as defined by Financial Reporting Standard 25 as they contain a contractual obligation to deliver cash and are therefore presented as a liability in the balance sheet. Shares classified as debt are initially measured at fair value net of transaction costs and thereafter at amortised cost until extinguished on redemption. The corresponding dividends relating to the preference shares classified as a liability are charged as interest expense in the profit and loss account on an accruals basis.

Disclosure of financial instruments

The directors have taken advantage of the disclosure exemptions available to subsidiary undertakings in Financial Reporting Standard 29.

Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be sustainable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured at a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Related party transactions

The company has taken advantage of the exemptions available in Financial Reporting Standard 8 from disclosing transactions with related parties which are wholly owned members of the Investec plc group.

2. AUDITOR'S REMUNERATION

In the current year, the auditor's remuneration of £15,602 (2014: £15,335) in respect of the audit of the company's financial statements has been borne by another group company. Statutory information for other services provided by the company's auditor is given in the consolidated financial statements of its ultimate parent company which are publicly available. There were no non-audit services provided to the company during the year and in the prior year.

Investec Investment Trust PLC

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2015

3. EMOLUMENTS OF DIRECTORS

The directors were employed and remunerated as directors or executives of Investec plc and its subsidiaries ("the Investec plc group") in respect of their services to the Investec plc group as a whole and their remuneration has been paid by other group companies. It is estimated that the remuneration for their services to the company in the year totalled £19,583 (2014: £15,000). The company had no employees during the year (2014: none).

4. INTEREST PAYABLE

The interest payable represents the dividend paid and accrued on the cumulative preference shares classified as financial liabilities and comprises the following:

		31 March 2015 £000	31 March 2014 £000
Dividends paid			
3.5 per cent cumulative preference shares	1 June	7	7
3.5 per cent cumulative preference shares	1 December	23	23
5 per cent cumulative preference shares	15 May	2	2
5 per cent cumulative preference shares	15 November	9	9
Dividends payable			
3.5 per cent cumulative preference shares		15	15
5 per cent cumulative preference shares		7	7
		<u>63</u>	<u>63</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	31 March 2015 £000	31 March 2014 £000
Taxation	<u>-</u>	<u>-</u>

The effective tax rate for the year is different from the standard rate of UK corporation tax, due to the following reconciling items:

	2015 £000	2014 £000
Tax credit on loss on ordinary activities at 21% (2014: 23%)	(13)	(14)
Non deductible expenses	13	14
	<u>-</u>	<u>-</u>

The headline rate of UK corporation tax reduced from 23% to 21% on 1 April 2014 and, through the enactment of Finance Act 2013, reduced further to 20% from 1 April 2015.

A deferred tax asset has not been recognised in respect of capital losses carried forward of £137,712 (2014: £137,712) as there is insufficient evidence that the loss will be recovered.

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The amount represents a loan to the company's immediate parent company on an interest free basis. The loan is repayable upon demand and the company has the right, at any time and at its sole discretion, to charge interest thereon at a commercial rate.

Investec Investment Trust PLC

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2015

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2015 £000	31 March 2014 £000
Other creditors	<u>55</u>	<u>55</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31 March 2015 £000	31 March 2014 £000
1,300,000 3.5 per cent cumulative preference shares of £1 each (1.75p each dividend) authorised, issued, allotted and fully paid up	1,300	1,300
345,438 5 per cent cumulative preference shares of £1 each (2.5p each dividend) authorised, issued, allotted and fully paid up	<u>345</u>	<u>345</u>
	<u>1,645</u>	<u>1,645</u>

The 3.5 per cent cumulative preference shares and the 5 per cent cumulative preference shares carry the following rights:

- holders are entitled to fixed cumulative preferential dividends at the rates of 3.5 per cent and 5 per cent per annum respectively. Payment of such dividends is due on 1 June and 1 December each year in the case of the 3.5 per cent preference shares and 15 May and 15 November each year in the case of the 5 per cent preference shares;
- holders are entitled to the amounts paid up on the preference shares together with all arrears of the respective cumulative preferential dividends on a winding up of the company, in priority to the Ordinary shareholders;
- holders are not entitled to attend or vote at general meetings of the company, save in specific circumstances, principally where the business to be transacted affects their rights as preference shareholders; and
- there is no prescribed redemption or repayment date for either class of preference shares.

9. CALLED UP SHARE CAPITAL

	31 March 2015 £000	31 March 2014 £000
Authorised 60,000,000 (2014: 60,000,000) ordinary shares of 25p each	<u>15,000</u>	<u>15,000</u>
Issued, allotted and fully paid 57,744,387 (2014: 57,744,387) ordinary shares of 25p each	<u>14,436</u>	<u>14,436</u>

10. RESERVES

	Profit and loss account £000
Balance at the beginning of the year	11,521
Loss for the year	<u>(63)</u>
Balance at the end of the year	<u>11,458</u>

Investec Investment Trust PLC

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2015

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	31 March 2015 £000	31 March 2014 £000
Opening equity shareholder's funds	25,957	26,020
Loss for the year	<u>(63)</u>	<u>(63)</u>
Closing equity shareholder's funds	<u>25,894</u>	<u>25,957</u>

12. RISK MANAGEMENT

As a subsidiary of Investec plc, the company falls under the Investec Group's Risk Management Framework which is set out in the Investec plc and Investec Limited 2015 combined consolidated financial statements, Risk Management and Corporate Governance report.

Credit risk

The company has no exposure to credit risk other than on the loan advanced to the parent undertaking.

Liquidity risk

The company's only financial obligations in the foreseeable future are payment of dividend on the preference shares and administrative expenses. The company is able to recall the loan to the parent undertaking (or part thereof) at any time and therefore does not foresee any risk of being unable to meet its financial commitments.

Interest rate risk

The company has a fixed interest obligation in respect of the dividend on the preference shares and is therefore not exposed to fluctuation in interest rates. The loan to the parent is interest free. However, the company has the right at any time and at its sole discretion to charge interest thereon at a commercial rate.

Capital Management

The company manages and monitors its capital on an ongoing basis and with consideration for the ongoing commitments of the entity. The company is not regulated and therefore it is not subject to any capital adequacy requirements.

13. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Investec Group Investments (UK) Limited.

The company's ultimate parent undertaking and controlling party is Investec plc, a company incorporated in the United Kingdom and registered in England and Wales. Investec Bank plc is the smallest group and Investec plc is the largest group in which the results of the company are consolidated. The consolidated financial statements of Investec plc and Investec Bank plc are available to the public and may be obtained from Investec plc at 2 Gresham Street, London, EC2V 7QP.