

Registration number: 08164770

# Infrastructure Investments (No 8) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020

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## **Infrastructure Investments (No 8) Limited**

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## **Infrastructure Investments (No 8) Limited**

### **Company Information as at date of Directors' Report**

**Directors**                    K W Pickard  
                                     H E C Seekings  
                                     C L Pitcher

**Company secretary** E Mendes

**Registered office**    Level 7  
                                 One Bartholomew Close  
                                 Barts Square  
                                 London  
                                 EC1A 7BL

**Auditor**                    KPMG LLP  
                                 Chartered Accountants  
                                 15 Canada Square  
                                 London  
                                 E14 5GL

## **Infrastructure Investments (No 8) Limited**

### **Strategic Report for the Year Ended 31 March 2020**

The strategic report has been prepared for Infrastructure Investments (No 8) Limited (the "Company").

The Directors present their strategic report for the year ended 31 March 2020.

#### **Principal activity**

The principal activity of the Company is that of an investment holding company. The Directors expect the Company to continue this activity in the foreseeable future. The results for the year and financial position of the Company are as shown in the attached financial statements.

#### **Review of business and future developments**

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102, *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* ("FRS 102"), issued by the Financial Reporting Council ("FRC").

As at 31 March 2020 the financial statements show investments in loanstock of £12,178,743 (2019: £12,178,743).

The Company made a loss before taxation of £21,439 in the year ended 31 March 2020 compared with a loss before taxation of £70,279 in the year ended 31 March 2019.

#### **Going concern**

The Company had net current liabilities of £40,716 as at 31 March 2020 and generated a loss for the year then ended of £15,434.

The Directors have assessed going concern by considering areas of financial risk, including the potential downside impacts from Covid-19, and by reviewing cash flow forecasts covering a period of 18 months to 30 September 2021. They also considered the Company's financial resources, including investments in multiple project assets. The projects operate long-term contracts with various public sector customers and suppliers across a range of infrastructure projects. The financing for these projects is non-recourse to the Company.

The Company's indirect parent, Infrastructure Investments Limited Partnership, has provided the Company with written confirmation that it does not intend to withdraw support, including the loan balance, and intends to support the Company to settle its liabilities as and when they fall due for at least 12 months from the approval of these financial statements. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, as at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

Based on this analysis, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of approving these financial statements. Thus, they consider it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

## **Infrastructure Investments (No 8) Limited**

### **Strategic Report for the Year Ended 31 March 2020 (continued)**

#### **Risk management**

Risk is managed on a group basis. This comprises identifying and evaluating the risks that the group faces and ensuring that appropriate controls and processes are in place to manage these risks. It also comprises responsibility for the oversight of the risk management process. An important part of the group risk management framework is to have documented policies and procedures in place.

The Directors of the Company are responsible for ensuring that the Company complies with the group's risk management framework. Assurance as to the effectiveness of and compliance with the risk management framework and internal controls is provided by the group's risk management functions. Further detail is included within Note 4 (see pages 147 - 149) of HICL's March 2020 Annual Report (available at [www.hicl.com](http://www.hicl.com)).

The Directors consider the risk management framework to be appropriate for a company of its size and complexity.

#### **Financial risk management**

The Company is subject to a number of financial risks throughout its business, primarily credit risk and liquidity risk.

##### *Credit risk*

Credit risk is the risk of financial loss if a counterparty fails to meet its obligations to repay outstanding amounts as they fall due. Credit risk arises principally from amounts owed to the Company from the companies it has interest in.

Appropriate credit checks are required to be made on all counterparties to the Company. The Company only deposits money with appropriately rated counterparties.

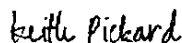
##### *Liquidity risk*

Liquidity risk is the risk that the Company may be unable to meet its payment obligations as they fall due or can only do so at a significantly high cost. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due.

#### **Key performance indicators**

The key performance indicator for the Company is the net assets attributable to shareholders, which at 31 March 2020 were measured at £(40,716) (2019: £(25,282)).

Approved by the Board on 19 November 2020 and signed on its behalf by:



K W Pickard  
Director

Level 7  
One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

## **Infrastructure Investments (No 8) Limited**

### **Directors' Report for the Year Ended 31 March 2020**

*The Directors present their report and the financial statements for the year ended 31 March 2020.*

#### **Directors of the Company**

The directors who held office during the year were as follows:

K W Pickard

H E C Seekings

C L Pitcher

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

#### **Streamlined Energy and Carbon Reporting ("SECR")**

The Company does not meet the SECR requirements to disclose its energy and carbon information. The Company's energy and carbon information forms part of the SECR disclosures within the HICL Infrastructure PLC annual report.

#### **Results and dividends**

The Company's loss for the year under review is as detailed in the profit and loss account shown in these accounts.

No dividends were paid on Ordinary shares in respect of the year ended 31 March 2020 (2019: £nil).

#### **Disclosure of information to the auditor**

Each person who is a Director at the date of approval of this report confirms that so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**

The auditor KPMG LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Small companies provision statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

**Infrastructure Investments (No 8) Limited**

**Directors' Report for the Year Ended 31 March 2020 (continued)**

Approved by the Board on 19 November 2020 and signed on its behalf by:

*Keith Pickard*

KEITH PICKARD  
Director

Level 7  
One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

## **Infrastructure Investments (No 8) Limited**

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

The directors are responsible for preparing the Annual 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 its profit or loss for that period. In preparing the 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;
- 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 its 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

### **Responsibility statement of the directors in respect of the annual financial report**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report/directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.



**Infrastructure Investments (No 8) Limited**

**Statement of Directors' Responsibilities (continued) in respect of the Annual Report and the Financial Statements**

Approved by the Board on 19 November 2020 and signed on its' behalf by:

*Keith Pickard*

K W Pickard  
Director

Level 7  
One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

## **Independent Auditor's Report to the Members of Infrastructure Investments (No 8) Limited**

### **1 Our opinion is unmodified**

We have audited the financial statements of Infrastructure Investments (No 8) Limited ("the Company") for the year ended 31 March 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 believe that the audit evidence we have obtained is a *sufficient and appropriate basis for our opinion*. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors for the first period ended 31 March 2016. The period of total uninterrupted engagement is for the 4 financial years ended 31 March 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

### **2 Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. *These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.*

## Independent Auditor's Report to the Members of Infrastructure Investments (No 8) Limited (continued)

	The risk	Our response
Valuation of the Company's investment in loan stock of a related party £12.2m (2019: £12.2m)	<b>Recoverability</b> <p>The carrying amount of the company's investment in loan stock of a related undertaking represents 75% (2019: 83%) of the company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgment.</p> <p>However, due to their materiality in the context of company's financial statements, this is considered to be the area that had the greatest effect on our overall audit.</p>	<p>Our procedures included:</p> <p>— Test of Detail: Comparing the carrying amount of 100% of investment in the loan stock to the fair value attributable to external market data to identify whether the carrying amount was in excess of the fair value.</p> <p>— Inquiry of management: Inquiring of management to identify whether there were any other indicators of impairment of the investment in the related undertaking.</p> <p>Our results: We found the valuation of the investment in loan stock to be acceptable</p>
	<b>Disclosure Quality</b> <p>The financial statements explain how the Directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company. That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least 12</p>	<p>Our procedures included:</p> <p>— Our sector experience: We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the company in their cash flow forecasts and the level of downside sensitivities applied using our knowledge of Covid-19 scenarios being applied by other entities.</p> <p>— Funding assessment: Challenging the evidence available to the directors in relation to the financial capacity of the parent entities and the group it heads to provide financial support. This included the inspection of the parent entities and group's latest available financial statements (March 2020), as well as the work performed by the group audit team in respect of the groups' draft financial statements to assess if the parent has the financial capacity to provide financial support. Furthermore, we also considered the going concern and any subsequent events relating to the supporting entity for the year ended 31 March 2020.</p>
Going Concern (Risk since 2019 has increased) refer to page 19 accounting policy		

## **Independent Auditor's Report to the Members of Infrastructure Investments (No 8) Limited (continued)**

— Evaluating Directors' intent:  
Challenging the directors' assessment of the intention of the parent to provide such financial support by considering the group's history of providing support.

— Assessing transparency: We assessed the accuracy and completeness of the matters covered in the going concern disclosure.

### **Our results:**

We found the going concern disclosure without any material uncertainty to be acceptable.

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### **3 Our application of materiality and an overview of the scope of our audit**

Materiality for the financial statements as a whole was set at £165,400 (2019: £147,000, determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding £8,200 (2019: £7,400), in addition to other identified misstatements that warranted reporting on qualitative grounds.

### **4 We have nothing to report on going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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 their 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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). We have nothing to report in this respect.

## **Independent Auditor's Report to the Members of Infrastructure Investments (No 8) Limited (continued)**

### **5 We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

### ***Strategic report and directors' report***

Based solely on our work on the other information:

- 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.

### **6 We have nothing to report on the other 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 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.

### **7 Respective responsibilities**

#### ***Directors' responsibilities***

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements including 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.

## **Independent Auditor's Report to the Members of Infrastructure Investments (No 8) Limited (continued)**

### ***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 other irregularities (see below), 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, other irregularities 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).

### ***Irregularities - ability to detect***

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, through discussion with the directors and other management (as required by auditing standards), 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.

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 and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

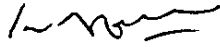
Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### ***8 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.

**Independent Auditor's Report to the Members of Infrastructure Investments  
(No 8) Limited (continued)**



**Ian Griffiths (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

Date: 25 November 2020

## Infrastructure Investments (No 8) Limited

### Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Administrative expenses		<u>(5,350)</u>	<u>(4,150)</u>
<b>Operating loss</b>		<b><u>(5,350)</u></b>	<b><u>(4,150)</u></b>
Interest receivable and similar income	2	1,493,369	1,492,035
Interest payable and similar charges	3	<u>(1,509,458)</u>	<u>(1,558,164)</u>
		<u>(16,089)</u>	<u>(66,129)</u>
<b>Loss before tax</b>		<b><u>(21,439)</u></b>	<b><u>(70,279)</u></b>
Taxation	7	<u>6,005</u>	<u>14,613</u>
<b>Loss for the financial year</b>		<b><u>(15,434)</u></b>	<b><u>(55,666)</u></b>

The above results were derived from continuing operations.

The Company has no other comprehensive income other than the results above.



**Infrastructure Investments (No 8) Limited****(Registration number: 08164770)****Statement of Financial Position as at 31 March 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Non-current assets</b>			
Investments in loanstock	8	12,178,743	12,178,743
<b>Current assets</b>			
Debtors	9	4,279,582	2,778,968
Cash at bank and in hand		<u>22,590</u>	<u>29,273</u>
		4,302,172	2,808,241
<b>Creditors: Amounts falling due within one year</b>	10	<u>(4,342,888)</u>	<u>(2,833,523)</u>
<b>Net current liabilities</b>		<u>(40,716)</u>	<u>(25,282)</u>
<b>Total assets less current liabilities</b>		12,138,027	12,153,461
<b>Creditors: Amounts falling due after more than one year</b>	10	<u>(12,178,743)</u>	<u>(12,178,743)</u>
<b>Net liabilities</b>		<u>(40,716)</u>	<u>(25,282)</u>
<b>Equity</b>			
Called up share capital	11	1	1
Share premium reserve	11	10,008	10,008
Retained reserves		<u>(50,725)</u>	<u>(35,291)</u>
<b>Total equity</b>		<u>(40,716)</u>	<u>(25,282)</u>

Approved and authorised by the Board on 19 November 2020 and signed on its behalf by:



K W Pickard

Director

The notes on pages 18 to 27 form an integral part of these financial statements.

**Infrastructure Investments (No 8) Limited****Statement of Changes in Equity for the Year Ended 31 March 2020**

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained reserves £</b>	<b>Total £</b>
At 1 April 2019	1	10,008	(35,291)	(25,282)
Loss for the year	-	-	(15,434)	(15,434)
At 31 March 2020	<u>1</u>	<u>10,008</u>	<u>(50,725)</u>	<u>(40,716)</u>

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained reserves £</b>	<b>Total £</b>
At 1 April 2018	1	10,008	20,375	30,384
Loss for the year	-	-	(55,666)	(55,666)
At 31 March 2019	<u>1</u>	<u>10,008</u>	<u>(35,291)</u>	<u>(25,282)</u>

The notes on pages 18 to 27 form an integral part of these financial statements.

**Infrastructure Investments (No 8) Limited****Statement of Cash Flows for the Year Ended 31 March 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Loss for the year		(15,434)	(55,666)
Adjustments to cash flows			
Interest receivable and similar income		(1,493,369)	(1,492,035)
Interest payable and similar charges		1,509,458	1,558,164
Income tax credit		<u>(6,005)</u>	<u>(14,613)</u>
Net cash flow from operating activities		<u>(5,350)</u>	<u>(4,150)</u>
<b>Cash flows from investing activities</b>			
Group relief received		<u>(1,239)</u>	<u>1,260</u>
Net cash flows from investing activities		<u>(1,239)</u>	<u>1,260</u>
<b>Cash flows from financing activities</b>			
Interest paid		<u>(94)</u>	<u>(68)</u>
Net cash flows from financing activities		<u>(94)</u>	<u>(68)</u>
Net decrease in cash and cash equivalents		(6,683)	(2,958)
Cash and cash equivalents at 1 April		<u>29,273</u>	<u>32,231</u>
Cash and cash equivalents at 31 March		<u><u>22,590</u></u>	<u><u>29,273</u></u>

## **Infrastructure Investments (No 8) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

#### **1 Accounting policies**

##### **1.1 Key accounting policies**

###### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

###### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

###### **Basis of preparation**

The financial statements are prepared using the historical cost basis, except for financial instruments classified at fair value through profit or loss which are stated at their fair values.

The functional and presentational currency of these financial statements is sterling.

The preparation of these financial statements requires the Directors to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that year or the period of the revision and future periods if the revision affects both current and future periods. Note 1.2 Critical accounting judgements, estimates and assumptions, shows which have been applied in the preparation of these financial statements.

The Company is exempt by virtue of FRS 102 section 9.9 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

*Investments in joint ventures are held as part of the investment portfolio and are therefore measured at fair value with changes in fair value recognised in profit or loss.*

The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

## **Infrastructure Investments (No 8) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Going concern**

The financial position of the Company, as well as its business activities and factors likely to affect its future development and position, are described in the Strategic Report on pages 2 to 3. The Company had net current liabilities of £40,716 as at 31 March 2020 and generated a loss for the year then ended of £15,434.

The Directors have assessed going concern by considering areas of financial risk, including the potential downside impacts from Covid-19, and by reviewing cash flow forecasts covering a period of 18 months to 30 September 2021. They also considered the Company's financial resources, including investments in multiple project assets. The projects operate long-term contracts with various public sector customers and suppliers across a range of infrastructure projects. The financing for these projects is non-recourse to the Company.

The Company's indirect parent, Infrastructure Investments Limited Partnership, has provided the Company with written confirmation that it does not intend to withdraw support, including the loan balance, and intends to support the Company to settle its liabilities as and when they fall due for at least 12 months from the approval of these financial statements. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, as at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

Based on this analysis, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of approving these financial statements. Thus, they consider it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Financial assets and liabilities**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## **Infrastructure Investments (No 8) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Basic financial instruments**

###### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

###### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

###### *Interest-bearing receivables classified as basic financial instruments*

Interest-bearing receivables are recognised initially at the present value of future receipts discounted at a market rate of interest. Subsequent to initial recognition, interest bearing loans are stated at amortised cost using the effective interest method, less any impairment losses.

###### *Investments in ordinary shares*

Investments in equity instruments are measured initially at fair value with changes recognised in profit and loss. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits held at call with banks and other short term, highly liquid investments with original maturities of three months or less.

###### *Financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the profit and loss account.

## **Infrastructure Investments (No 8) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Investment income**

Dividends are recognised when the Company's right to receive payment has been established.

##### **Interest receivable and interest payable**

Interest income is recognised in the profit and loss account as it accrues on a time-apportioned basis, using the effective interest rate of the instrument concerned as calculated on acquisition or origination date.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Income tax**

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### **1.2 Critical accounting judgements, estimates and assumptions**

In the application of the Company's accounting policies, which are described in Note 1.1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

#### **1.3 Financial instruments**

##### **Risk management**

The objective of the Company's financial risk management is to manage and control the risk exposures of its investments. The review and management of financial risks are delegated to InfraRed Capital Partners Limited, the appointed Operator of the Company's parent entity, Infrastructure Investments Limited Partnership. The Operator has documented procedures designed to identify, monitor and manage the financial risks to which the Company is exposed. This note presents information about the Company's exposure to financial risks, its objectives, policies and processes for managing risk and the Company's management of its financial resources.

## **Infrastructure Investments (No 8) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Interest rate risk**

The Company invests in subordinated loanstock of project companies, usually with fixed interest rate coupons. Where floating rate debt is owned the primary risk is that the Company's cash flows will be subject to variation depending upon changes to base interest rates. The Investments' cash flows are continually monitored and reforecasted both over the near future (five year time horizon) and the long-term (over whole period of projects' concessions) to analyse the cash flow returns from investment(s).

The Company has an indirect exposure to changes in interest rates through its investment in project companies, which are financed by senior debt. Senior debt financing of project companies is generally either through floating rate debt, fixed rate bonds or index linked bonds. Where senior debt is floating rate, the projects typically have concession length hedging arrangements in place, which are monitored by the project companies' managers, finance parties and boards of Directors. Floating rate debt is hedged using fixed floating interest rate swaps.

##### **Inflation risk**

The Company's project companies are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation where possible to minimise the risks of mismatch between income and costs due to movements in inflation indexes. The Company's overall cashflows vary with inflation, although they are not directly correlated as not all flows are indexed. The effects of these inflation changes do not always immediately flow through to the Company's cashflows, particularly where a project's loanstock debt carries a fixed coupon and the inflation changes flow through by way of changes to dividends in future periods.

##### **Market risk**

Returns from the Company's investments are affected by the price at which they are acquired. The value of these investments will be a function of the discounted value of their expected future cash flows, and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets.

##### **Currency risk**

The projects in which the Company invests, all conduct their business in the United Kingdom and pay loan interest, loan principal, dividends and fees in sterling.



## **Infrastructure Investments (No 8) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Credit risk**

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company.

The Company's key direct counterparties are the project companies in which it makes investments. The Company's near term cash flow forecasts are used to monitor the timing of cash receipts from project counterparties. Underlying the cash flow forecast are project Company cash flow models, which are regularly updated by project companies, for the purposes of demonstrating the projects' ability to pay interest and dividends based on a set of detailed assumptions. Many of the Company's investment and subsidiary entities generally receive revenue from government departments, and public sector or local authority clients. Therefore a significant portion of the Company's investments' revenue is with counterparties of good financial standing.

The Company is also reliant on the project's subcontractors continuing to perform their service delivery obligations such that revenues to projects are not disrupted. Management of this risk is undertaken by the Operator of Infrastructure Investments Limited Partnership. The credit standing of subcontractors is reviewed, and the risk of default estimated for each significant counterparty position. Monitoring is on-going, and period end positions are reported to the General Partner.

The Company is subject to credit risk on its loans, receivables, cash and deposits. The Company's cash and deposits are held with a variety of well-known banks. The credit quality of loans and receivables within the investment portfolio is based on the financial performance of the individual portfolio companies. For those assets that are not past due, it is believed that the risk of default is small and capital repayments and interest payments will be made in accordance with the agreed terms and conditions of the investment. Fair value adjustments, or "loan impairments", are made when the net present value of the future cash flows predicted to arise from the asset, discounted using the effective interest rate method, implies non-recovery of all or part of the Company's loan investment. In these cases a loan impairment is recorded equal to the valuation shortfall.

The Company's maximum exposure to credit risk over financial assets is the carrying value of those assets in the balance sheet. The Company does not hold any collateral as security.

##### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due. The Company ensures it maintains adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company's investments are predominantly funded by share capital and medium term debt funding.

The Company's investments are generally in private companies in which there is no listed market and therefore such investment would take time to realise and there is no assurance that the valuations placed on the investments would be achieved from any such sale process.

The Company's investments have borrowings which rank senior to the Company's own investments into the companies. This senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the projects. Debt raised by the investment companies from third parties is without recourse to the Company.

## Infrastructure Investments (No 8) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 1 Accounting policies (continued)

##### Fair value estimation

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

##### *Non-derivative financial instruments*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses the income approach, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions.

##### Classification of financial instruments

	2020 £	2019 £
<b>Financial assets</b>		
<b>Designated at fair value through profit or loss:</b>		
<b>At amortised cost:</b>		
Investments in loanstock	12,178,743	12,178,713
Cash and cash equivalents	22,590	29,273
Debtors	<u>4,279,582</u>	<u>2,778,968</u>
Financial assets at amortised cost	<u>16,480,915</u>	<u>14,986,984</u>
<b>Financial liabilities</b>		
<b>At amortised cost:</b>		
Loans and borrowings	<u>16,521,631</u>	<u>15,012,266</u>
Financial liabilities at amortised cost	<u>16,521,631</u>	<u>15,012,266</u>

#### 2 Other interest receivable and similar income

	2020 £	2019 £
Interest receivable from investments	<u>1,493,369</u>	<u>1,492,035</u>

## Infrastructure Investments (No 8) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 3 Interest payable and similar expenses

	2020 £	2019 £
Interest payable on loan from related parties	1,509,364	1,558,096
Bank charges	94	68
	<u>1,509,458</u>	<u>1,558,164</u>

#### 4 Directors' remuneration

The Directors performed no material qualifying services to the Company during the current or preceding year.

#### 5 Auditor's remuneration

The auditor's remuneration for the current financial year is estimated at £12,433 and has been borne by a group undertaking (2019: £9,000).

#### 6 Employees

The Company had no employees during the financial year (2019: nil).

#### 7 Taxation

Tax credited in the profit and loss account:

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	(4,073)	(13,353)
UK corporation tax adjustment to prior periods	<u>(1,932)</u>	<u>(1,260)</u>
	<u>(6,005)</u>	<u>(14,613)</u>

## Infrastructure Investments (No 8) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 7 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2019: 19%)

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	(21,439)	(70,279)
Corporation tax at standard rate	(4,073)	(13,353)
Adjustments in respect of prior periods	(1,932)	(1,260)
Total tax credit	(6,005)	(14,613)

#### Factors affecting current and future tax charges

The Government have confirmed the UK corporation tax rate will remain at 19% from 1 April 2020. This measure (cancelling the enacted cut to 17%) has been made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

#### 8 Investments in loanstock

	2020 £	2019 £
Brought forward	12,178,743	12,178,743
Carrying amount at year end	12,178,743	12,178,743

The £12,178,743 relates to fixed rate unsecured loan notes held at 10.20% per annum due to mature in 2060.

#### 9 Debtors

	2020 £	2019 £
Group relief receivable	18,687	11,443
Accrued interest receivable	4,260,895	2,767,525
	4,279,582	2,778,968

## Infrastructure Investments (No 8) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

#### 10 Creditors

	2020 £	2019 £
<b>Due within one year</b>		
Accrued interest owed to related party	<u>4,342,888</u>	<u>2,833,523</u>
<b>Due after one year</b>		
Amounts due to related parties	<u>12,178,743</u>	<u>12,178,743</u>

The £12,178,743 relates to fixed rate unsecured loan notes listed on The International Stock Exchange in Guernsey at 10.075% per annum, held by Infrastructure Investments Limited Partnership and to mature in 2060.

#### 11 Share capital

##### Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Share capital of £1 each	1	1	1	1
Share premium of £1 each	<u>10,008</u>	<u>10,008</u>	<u>10,008</u>	<u>10,008</u>
	<u>10,009</u>	<u>10,009</u>	<u>10,009</u>	<u>10,009</u>

#### 12 Parent and ultimate parent undertaking

The Company's immediate parent is Infrastructure Investments Limited Partnership, incorporated in England and Wales.

The ultimate controlling party is HICL Infrastructure PLC, incorporated in England and Wales.

The financial statements of HICL Infrastructure PLC are available to the public and may be obtained from Companies House.