

Company Registration No. 8169759 (England and Wales)

**ISLAND ROADS INVESTMENT 2 LIMITED**  
**REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# ISLAND ROADS INVESTMENT 2 LIMITED

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# ISLAND ROADS INVESTMENT 2 LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S I Benmussa A F E Judet C De Carmoy W H Snow C Stanbury
<b>Company secretary</b>	Fulcrum Infrastructure Management Limited
<b>Company number</b>	8169759
<b>Registered office</b>	105 Piccadilly London W1J 7NJ
<b>Bankers</b>	The Bank of Tokyo-Mitsubishi UFJ Ltd Ropemaker Place 25 Ropemaker Street London EC2Y 9AN
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

# ISLAND ROADS INVESTMENT 2 LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### INTRODUCTION

Island Roads Investment 2 Limited ("the Company") was incorporated on 7 August 2012 and is a limited company incorporated in Great Britain, registered and domiciled in England and Wales. The Company acts as a financing company within the group headed by Island Roads Investment Limited.

### BUSINESS REVIEW

In the current year, interest continued to be charged on the loan provided to its sister company, Island Roads Services Limited. Island Roads Services Limited operates a private finance initiative contract with the Isle of Wight Council, as described in the Annual Report of that company.

The company receives interest income on its loan to Island Roads Services Limited and pays an equivalent amount of interest on its shareholder loan.

No changes to the company's activities are anticipated in the foreseeable future.

### PRINCIPAL RISKS AND UNCERTAINTIES

Given the nature of the company's operations, it is not itself exposed to significant risks and uncertainties. It is however exposed to the performance of its sister company, Island Road Services Limited, and the ability of that company to repay the intercompany loan and interest thereon. The risks and uncertainties relating to Island Road Services Limited are described in the Annual report and financial statements of that company for the year ended 31 December 2019, which does not form part of this report.

### FINANCIAL RISK MANAGEMENT

The Company's principal assets are the intercompany receivable as discussed above. The Board of Directors is of the opinion that the risk of default is limited.

The company has minimal exposure to interest rate risk as the terms of the interest payable on its borrowings are the same as the interest receivable on the intercompany loan.

To mitigate financial risk and, in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses long term debt finance.

### GOING CONCERN

The Directors have considered a number of factors in determining whether the Company remains a going concern.

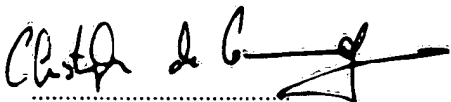
The key factors and related conclusions are summarised below:

Given the long term nature of the company's loans from its ultimate shareholders, the directors have concluded that the company is able to meet its liabilities as they fall due for the foreseeable future and have prepared the financial statements on a going concern basis.

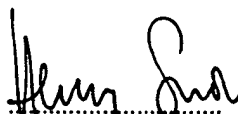
The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

This report was approved by the board of Directors on 28 April 2020 and signed on its behalf.

**On behalf of the Board**



C De Carmoy  
Director



W H Snow  
Director

# ISLAND ROADS INVESTMENT 2 LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors present their annual report on the affairs of Island Roads Investment 2 Limited (the "Company"), together with the audited financial statements, for the year ended 31 December 2019.

### Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors 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.

### Directors

The Directors who served throughout the year, except as noted, were as follows:

S I Benmussa	
A F E Judet	
C H Pitt	(Resigned 20 January 2020)
W H Snow	
C Stanbury	
C De Carmoy	(Appointed 12 September 2019)

### Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

# ISLAND ROADS INVESTMENT 2 LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

### Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Group's auditors are not aware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

### Financial risk management

Financial risk management is covered under Financial Risk Management on page 2 of the Strategic Report.

### Future developments

Future developments are covered under the Business Review in the Strategic Report.

### Independent auditors

PricewaterhouseCoopers LLP were appointed auditors on 1 December 2017.

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the last date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board of Directors on 28 April 2020 and signed on its behalf.



.....  
C De Carmoy  
Director



.....  
W H Snow  
Director

# ***Independent auditors' report to the members of Island Roads Investment 2 Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Island Roads Investment 2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2019; the Statement of comprehensive income, the Statement of cash flows, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Paul Nott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
29 April 2020



# ISLAND ROADS INVESTMENT 2 LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Operating result		-	-
Interest income		(1,984,168)	(1,460,760)
Finance costs	6	1,984,168	1,460,760
Result before taxation		-	-
Income tax expense		-	-
Result and total comprehensive income for the year		-	-

The income statement has been prepared on the basis that all operations are

continuing operations. The notes on pages 11 to 15 form part of these financial statements.

# ISLAND ROADS INVESTMENT 2 LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

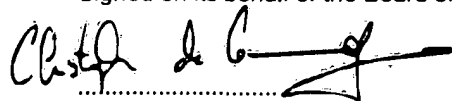
	Note	2019 £	2018 £
<b>Non-current assets</b>			
Other receivables	8	20,818,475	18,878,044
<b>Current assets</b>			
Trade and other receivables	8	524,740	481,002
Cash and cash equivalents		1	1
		<u>524,741</u>	<u>481,003</u>
<b>Current liabilities</b>			
Trade and other payables	10	(524,740)	(481,002)
Loans from group undertakings	13	-	-
<b>Net current assets</b>		<u>1</u>	<u>1</u>
<b>Non-current liabilities</b>			
Borrowings	9	(20,818,475)	(18,878,044)
<b>Net assets</b>		<u>1</u>	<u>1</u>
<b>Equity</b>			
Called up share capital	11	1	1
Retained earnings		-	-
<b>Total equity</b>		<u>1</u>	<u>1</u>

All equity is attributable to equity holders of the parent.

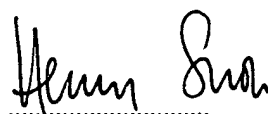
The notes on pages 11 to 15 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 28 April 2020.

Signed on its behalf of the Board of Directors:



C De Carmoy  
Director



W H Snow  
Director

# ISLAND ROADS INVESTMENT 2 LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

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	Called up Share Capital	Retained earnings	Total equity
	£	£	£
<b>Balance at 1 January 2018</b>	<b>1</b>	<b>-</b>	<b>1</b>
	<hr/>	<hr/>	<hr/>
<b>Year ended 31 December 2018:</b>			
Result and total comprehensive income for the year	-	-	-
<b>Balance at 31 December 2018</b>	<b>1</b>	<b>-</b>	<b>1</b>
	<hr/>	<hr/>	<hr/>
Result and total comprehensive income for the year	-	-	-
<b>Balance at 31 December 2019</b>	<b>1</b>	<b>-</b>	<b>1</b>
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 15 form part of these financial statements.

# ISLAND ROADS INVESTMENT 2 LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
<b>Net cash inflow from operating activities</b>		-	-
<b>Net cash used in investing activities</b>		-	-
Loans made to group companies		-	(17,898,286)
<b>Net cash used in investing activities</b>		-	(17,898,286)
Proceeds from new loans		-	17,898,286
<b>Net cash inflow from financing activities</b>		-	17,898,286
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at start of year		1	1
<b>Cash and cash equivalents at end of year</b>		1	1

The notes on pages 11 to 15 form part of these financial statements.

# ISLAND ROADS INVESTMENT 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

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

Cash and cash equivalents in Statement of Financial Position comprise cash at bank and short term deposits with original maturity of six months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash and short term deposits as defined above, net of bank overdrafts.

#### **1.3 Share capital**

Ordinary shares are classified as equity instruments on the basis that they evidence a residual interest in the assets of the Company after deducting all of its liabilities.

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

Financial assets comprise intercompany loans receivable. They are measured initially at fair value and subsequently at amortised cost using the effective interest method and after taking account of expected credit losses.

Financial liabilities comprise of loans payable. They are measured initially at fair value and subsequently at amortised cost using the effective interest method.

#### **1.5 Critical accounting judgements and estimates**

There are no critical accounting judgements or estimates that the directors believe are significant in the context of these financial statements.

### **2 General information**

Island Roads Investment 2 Limited is a company incorporated in the United Kingdom. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activity is set out in the Directors' Report.

### **3 GOING CONCERN**

The Directors have considered a number of factors in determining whether the Company remains a going concern.

The key factors and related conclusions are summarised below:

Given the long term nature of the company's loans from its ultimate shareholders, the directors have concluded that the company is able to meet its liabilities as they fall due for the foreseeable future and have prepared the financial statements on a going concern basis.

# ISLAND ROADS INVESTMENT 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 4 Information regarding Directors and employees

The Company had no employees during the current and preceding financial year.

No emoluments were payable to the Directors of the Company during the current and preceding financial year.

5 Interest income	2019 £	2018 £
Interest on loans to group undertakings	1,984,168	1,460,760

6 Finance costs	2019 £	2018 £
Interest on loan notes	1,984,168	1,460,760

### 7 Income Tax expense

Given its result for the year of £nil (2018: nil), the company has no tax charge (2018 - £nil).

### 8 Trade and other receivables

	Current 2019 £	2018 £	Non-current 2019 £	2018 £
Amounts due from fellow group undertakings	524,740	481,002	20,818,475	18,878,044

The amounts shown above are classified as loans and receivables and are therefore measured at amortised cost.

No significant receivable balances are impaired at the reporting end data. The fair value of the above balances approximate their carrying value.

### 9 Borrowings

	2019 £	2018 £
Unsecured borrowings at amortised cost		
Loan notes	20,818,475	18,878,044

# ISLAND ROADS INVESTMENT 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Borrowings

(Continued)

#### Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Non-current liabilities	20,818,475	18,878,044
	<u>20,818,475</u>	<u>18,878,044</u>

The borrowings shown above attract interest at a fixed rate of 10% and are repayable as shown in note 12

### 10 Trade and other payables

	Current 2019 £	2018 £
Accruals	<u>524,740</u>	<u>481,002</u>

### 11 Called up share capital

	2019 £	2018 £
<b>Authorised</b>		
1 (2018:1) ordinary share of £1 (2018 : £1)	<u>1</u>	<u>1</u>
<b>Allotted, called up and fully paid</b>		
1 (2018:1) ordinary share of £1 (2018 : £1)	<u>1</u>	<u>1</u>

# ISLAND ROADS INVESTMENT 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Financial instruments

#### Capital risk management

The company has managed its capital such that debt payable is offset by loans receivable on equivalent terms. The company has minimal net equity.

The company also minimises its exposure to interest rate risk through this structure. The company's only credit risk is through its loan to a fellow group undertaking, which in turn is exposed to its contract with the Isle of Wight Council. Management considers that as the counterparty is a UK Council there is minimal credit risk.

The company's loans payable and receivable are initially recognised at fair value and subsequently at amortised cost. The company has no financial instruments held at fair value.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	£	£	£	£	£	£
<b>31 December 2019</b>							
Fixed interest rate instruments	10.00	0	0	1,096,000	14,213,032	33,941,000	49,250,032
<b>Total</b>		<b>0</b>	<b>0</b>	<b>1,096,000</b>	<b>14,213,032</b>	<b>33,941,000</b>	<b>49,250,032</b>

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	£	£	£	£	£	£
<b>31 December 2018</b>							
Fixed interest rate instruments	10.00	0	0	0	15,309,032	33,941,000	49,250,032
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>15,309,032</b>	<b>33,941,000</b>	<b>49,250,032</b>



# **ISLAND ROADS INVESTMENT 2 LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **13 Related party transactions**

At year end the Company had a gross outstanding loan receivable from a fellow subsidiary of £20,818,475 (2018: £18,878,044) and an equivalent loan payable to related parties Vinci Highways S.A.S (50%) and Meridiam Infrastructure Finance II S.a.r.l (50%) with interest payable at 10% and the Company has incurred £1,984,168 (2018: £1,460,760) of interest and fees associated with these loans.

The cost of the Company's annual return fee and its audit fee were borne by the parent company without any right of reimbursement.

No guarantees have been given or received (2018: none).

### **14 Ultimate controlling party**

The Company's immediate parent company is Island Roads Investment Limited.

The Directors regard Island Roads Investment Limited, a company incorporated and domiciled in England and Wales, as the ultimate parent company and the ultimate controlling party.

Island Roads Investment Limited is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up, a company incorporated in Great Britain and registered in England and Wales whose office is 4th Floor, 105 Piccadilly, London, W1J 7NJ.