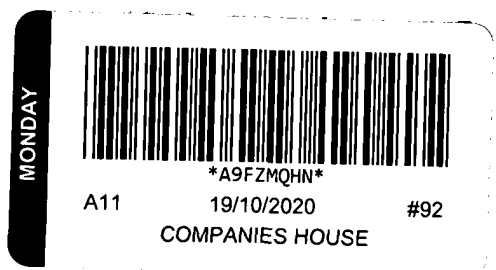


Registration number: 08869691

Road (Infrastructure) Ireland Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020



Road (Infrastructure) Ireland Limited

Contents

Registered Number: 08869691

	Page Number
Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report to the members of Road (Infrastructure) Ireland Limited	6 to 8
Profit and Loss Account and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 to 27

Road (Infrastructure) Ireland Limited

Company Information

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

Road (Infrastructure) Ireland Limited

Strategic Report for the Year Ended 31 March 2020

The strategic report has been prepared for Road (Infrastructure) Ireland 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 has prepared financial statements for the year to 31 March 2020. The comparative period covers the year from 1 April 2018 to 31 March 2019. 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 the Company treats its equity investments as a homogenous investment portfolio, all investments are measured at fair value through profit and loss. As at 31 March 2020 the fair value of investments was €26,271,308 (2019: €23,622,731).

The Company made a profit before taxation of €2,223,901 for the year ended 31 March 2020 compared with a profit before taxation of €4,385,553 for the year ended 31 March 2019.

Going concern

The Company had net current assets of €1,794,457 as at 31 March 2020 and generated a profit for the year then ended of €2,302,881.

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 the investment in a project asset. The project operates a long-term contract with various public sector customers and suppliers. The financing for this project is non-recourse to the Company.

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.

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.

Road (Infrastructure) Ireland Limited

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

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).

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 €25,516,904 (2019: €23,214,023).

Approved by the Board on 1 October 2020 and signed on its behalf by:

Keith Pickard

K W Pickard
Director

Level 7
One Bartholomew Close
Barts Square
London
EC1A 7BL

Road (Infrastructure) Ireland 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 profit 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.

Approved by the Board on 1 October 2020 and signed on its behalf by:



K W Pickard
Director

Level 7
One Bartholomew Close
Barts Square
London
EC1A 7BL

Road (Infrastructure) Ireland Limited

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable 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 the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Road (Infrastructure) Ireland Limited

Opinion

We have audited the financial statements of Road (Infrastructure) Ireland Limited (the 'Company') for the year ended 31 March 2020, which comprise the Profit and Loss Account and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including the accounting policies in note 1.

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 profit 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 have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 company will continue in operation.

Independent Auditor's Report to the Members of Road (Infrastructure) Ireland Limited (continued)

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Directors' responsibilities

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

Auditor's responsibilities

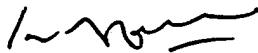
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Road (Infrastructure) Ireland Limited (continued)

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.



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

Date:.....2 October 2020.....

Road (Infrastructure) Ireland Limited**Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 March 2020**

		(As restated)	
	Note	2020 €	2019 €
Gain on investments	8	2,648,577	4,643,334
Operating profit		2,648,577	4,643,334
Interest receivable and similar income	2	170,422	189,887
Interest payable and similar charges	3	(489,220)	(486,734)
Foreign exchange (loss)/profit		(105,878)	39,066
		<u>(424,676)</u>	<u>(257,781)</u>
Profit before tax		2,223,901	4,385,553
Taxation	7	78,980	48,979
Profit for the financial year		<u>2,302,881</u>	<u>4,434,532</u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year other than the results above.

Road (Infrastructure) Ireland Limited**(Registration number: 08869691)****Statement of Financial Position as at 31 March 2020**

		(As restated)	
	Note	2020 €	2019 €
Non-current assets			
Financial assets at fair value through profit and loss	8	26,271,308	23,622,731
Investments in loanstock	9	1,409,939	1,726,729
		<u>27,681,247</u>	<u>25,349,460</u>
Current assets			
Trade and other receivables	10	144,062	62,414
Cash at bank and in hand		1,800,704	2,381,478
		<u>1,944,766</u>	<u>2,443,892</u>
Creditors: Amounts falling due within one year	11	<u>(150,309)</u>	<u>(620,529)</u>
Net current assets		<u>1,794,457</u>	<u>1,823,363</u>
Total assets less current liabilities		<u>29,475,704</u>	<u>27,172,823</u>
Creditors: Amounts falling due after more than one year	11	<u>(3,958,800)</u>	<u>(3,958,800)</u>
Net assets		<u>25,516,904</u>	<u>23,214,023</u>
Equity			
Called up share capital	12	14,997,081	14,997,081
Retained reserves		10,519,823	8,216,942
Total shareholders equity		<u>25,516,904</u>	<u>23,214,023</u>

Approved and authorised by the Board on 1 October 2020 and signed on its behalf by:

K W Pickard

K W Pickard

Director

The notes on pages 13 to 27 form an integral part of these financial statements.

Road (Infrastructure) Ireland Limited**Statement of Changes in Equity for the Year Ended 31 March 2020**

	Share capital and share premium €	Retained reserves €	Total €
At 1 April 2019	14,997,081	8,216,942	23,214,023
Profit for the year	-	2,302,881	2,302,881
At 31 March 2020	<u>14,997,081</u>	<u>10,519,823</u>	<u>25,516,904</u>

	Share capital and share premium €	Retained reserves €	Total €
At 1 April 2018	462,368	3,782,410	4,244,778
Profit for the year (per 2019 accounts)	-	4,513,622	4,513,622
Shares issued in the year	14,534,713	-	14,534,713
Restatement effect	-	(79,090)	(79,090)
At 31 March 2019	<u>14,997,081</u>	<u>8,216,942</u>	<u>23,214,023</u>

The notes on pages 13 to 27 form an integral part of these financial statements.

Road (Infrastructure) Ireland Limited**Statement of Cash Flows for the Year Ended 31 March 2020**

		(As restated)	
	Note	2020 €	2019 €
Cash flows from operating activities			
Profit for the year		2,302,881	4,434,532
Adjustments to cash flows			
Gain on investments		(2,648,577)	(4,643,334)
Interest receivable and similar income		(170,422)	(189,887)
Interest payable and similar charges		489,220	486,734
Income tax credit		(78,980)	(48,979)
Foreign exchange losses/(gains)		105,878	(39,066)
Net cash flow from operating activities		-	-
Cash flows from investing activities			
Interest and principal received		529,740	518,092
Investment in equity		-	(14,680,060)
Investment in loanstock	9	-	(8,433,512)
Net cash flows from investing activities		529,740	(22,595,480)
Cash flows from financing activities			
Interest paid on loan notes		(489,220)	(486,734)
Proceeds from issue of loans and borrowings	11	-	8,433,512
(Repayment)/issue of short term borrowing (to)/from parent company		(515,417)	515,417
Share issue	12	-	14,534,713
Net cash flows from financing activities		(1,004,637)	22,996,908
Net (decrease)/increase in cash and cash equivalents		(474,897)	401,428
Cash and cash equivalents at 1 April 2019		2,381,478	1,949,216
Effect of exchange rate fluctuations on cash held		(105,877)	30,834
Cash and cash equivalents at 31 March 2020		1,800,704	2,381,478

The notes on pages 13 to 27 form an integral part of these financial statements.

Road (Infrastructure) Ireland Limited

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

1 Accounting policies

Road (Infrastructure) Ireland Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 08869691 and the registered address is One Bartholomew Close, Barts Square, London, EC1A 7BL.

These financial statements were prepared in accordance with Financial Reporting Standard 102, *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* ("FRS 102"). The presentation currency of these financial statements is Euro.

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 Euro.

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.

Road (Infrastructure) Ireland Limited

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

1 Accounting policies (continued)

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

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 assets of €1,794,457 as at 31 March 2020 and generated a profit for the year then ended of €2,302,881.

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 the investment in a project asset. The project operates a long-term contract with various public sector customers and suppliers. The financing for this project is non-recourse to the Company.

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.

Prior period errors

The balance sheet for 2019 has been restated to incorporate the loanstock onsale between the Company and Infrastructure Investments Limited Partnership, which occurred in February 2019, but was omitted from the prior year accounts. The net effect after accounting for this change is a reduction in net assets of €79,090.

The differences are reconciled below:

	(Per signed accounts)	(As restated)	Differences
	2019 €	2019 €	2019 €
Gain on investments	4,643,334	4,643,334	-
Operating profit	4,643,334	4,643,334	-
Interest receivable and similar income	287,529	189,887	(97,642)
Interest payable and similar charges	(486,734)	(486,734)	-
Foreign exchange (loss)/profit	39,066	39,066	-
	(160,139)	(257,781)	(97,642)
Profit/(loss) before tax	4,483,195	4,385,553	(97,642)
Taxation	30,427	48,979	18,552
Profit/(loss) for the financial year	4,513,622	4,434,532	(79,090)

Road (Infrastructure) Ireland Limited

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

1 Accounting policies (continued)

	(Per signed accounts)	(As restated)	Differences
	2019 €	2019 €	2019 €
Non-current assets			
Financial assets at fair value through profit and loss	23,622,731	23,622,731	-
Investments in loanstock	9,634,684	1,726,729	(7,907,955)
	<u>33,257,415</u>	<u>25,349,460</u>	<u>(7,907,955)</u>
Current assets			
Trade and other receivables	46,532	62,414	15,882
Cash at bank and in hand	2,381,478	2,381,478	-
	<u>2,428,010</u>	<u>2,443,892</u>	<u>15,882</u>
Creditors: Amounts falling due within one year	<u>(8,433,512)</u>	<u>(620,529)</u>	<u>7,812,983</u>
Net current (liabilities)/assets	<u>(6,005,502)</u>	<u>1,823,363</u>	<u>7,828,865</u>
Total assets less current liabilities	27,251,913	27,172,823	(79,090)
Creditors: Amounts falling due after more than one year	<u>(3,958,800)</u>	<u>(3,958,800)</u>	<u>-</u>
Net assets/(liabilities)	<u>23,293,113</u>	<u>23,214,023</u>	<u>(79,090)</u>
Equity			
Called up share capital	14,997,081	14,997,081	-
Retained reserves	8,296,032	8,216,942	(79,090)
Total shareholders equity	<u>23,293,113</u>	<u>23,214,023</u>	<u>(79,090)</u>

Foreign currency

Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the re-translation of unsettled monetary assets and liabilities are recognised immediately in the profit and loss account.

Road (Infrastructure) Ireland Limited

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

1 Accounting policies (continued)

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.

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.

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.

Road (Infrastructure) Ireland Limited

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

1 Accounting policies (continued)

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.

Investment income

Dividend income is recognised when the Company's entitlement to receive payment is established. Gains/(losses) on investments comprise the change in fair value of the investments held.

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.

Road (Infrastructure) Ireland Limited

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

1 Accounting policies (continued)

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.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are valued by discounting future cash flows from investments in equity (dividends and equity redemptions) to the Company at an appropriate discount rate. In determining the discount rate, regard is had to relevant long-term government bond yields, specific risks associated with the nature of the underlying asset and geographic location of the underlying investment, and the evidence of recent transactions.

All equity investments are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with those used in the prior year. This valuation uses key assumptions which are benchmarked from a review of recent comparable market transactions in order to arrive at a fair market value. Valuations are performed on a six-monthly basis every September and March for all investments. For the valuation of the underlying infrastructure investments, the Directors have also obtained an independent opinion from a third-party expert with experience in valuing these types of investments, supporting the reasonableness of the valuation.

The weighted average discount rate applied in the March 2020 valuation was 7.2%. The discount rate is considered to be the most significant estimate through which an increase or decrease would have a material impact on the fair value of the Investments at fair value through profit or loss.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation.

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.

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).

Road (Infrastructure) Ireland Limited

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

1 Accounting policies (continued)

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 Ireland and pay loan interest, loan principal, dividends and fees in Euros.

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.

Road (Infrastructure) Ireland Limited

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

1 Accounting policies (continued)

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.

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.

Road (Infrastructure) Ireland Limited**Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)****1 Accounting policies (continued)****Classification of financial instruments**

	(As restated)	
	2020	2019
	€	€
Financial assets		
Designated at fair value through profit or loss:		
Investments	26,271,308	23,622,731
Financial assets at fair value	<u>26,271,308</u>	<u>23,622,731</u>
At amortised cost:		
Investments in loanstock	1,409,939	1,726,729
Cash and cash equivalents	1,800,704	2,381,478
Debtors	<u>144,062</u>	<u>62,414</u>
Financial assets at amortised cost	<u>3,354,705</u>	<u>4,170,621</u>
Financial liabilities		
At amortised cost:		
Loans and borrowings	<u>4,109,109</u>	<u>4,579,329</u>
Financial liabilities at amortised cost	<u>4,109,109</u>	<u>4,579,329</u>

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.

2 Other interest receivable and similar income

	(As restated)	
	2020	2019
	€	€
Interest receivable from investments	<u>170,422</u>	<u>189,887</u>

Road (Infrastructure) Ireland 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	488,068	486,533
Bank charges	1,152	201
	<u>489,220</u>	<u>486,734</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 €4,100 and has been borne by a group undertaking (2019: €2,905).

6 Employees

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

7 Taxation

Tax credited in the profit and loss account:

	2020 €	(As restated) 2019 €
Current taxation		
UK corporation tax	<u>(78,980)</u>	<u>(48,979)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

Road (Infrastructure) Ireland Limited**Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)****7 Taxation (continued)**

	(As restated)	
	2020	2019
	€	€
Profit before tax	<u>2,223,901</u>	<u>4,385,553</u>
Corporation tax at standard rate	422,541	833,255
Effect of revenues exempt from taxation	(503,230)	(882,234)
Increase in UK and foreign current tax from adjustment for prior periods	<u>1,709</u>	<u>-</u>
Total tax credit	<u>(78,980)</u>	<u>(48,979)</u>

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 at fair value through profit and loss

	2020	2019
	€	€
Brought forward	23,622,731	4,299,336
Gain on valuation	2,648,577	4,643,334
Additions	-	14,680,061
Carrying amount at period end	<u>26,271,308</u>	<u>23,622,731</u>
This is represented by:		
Greater than one year	<u>26,271,308</u>	<u>23,622,731</u>
Carrying amount at period end	<u>26,271,308</u>	<u>23,622,731</u>

All equity investments are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with those used in the prior year. This valuation uses key assumptions which are benchmarked from a review of recent comparable market transactions in order to arrive at a fair market value. Valuations are performed on a six-monthly basis every September and March for all investments. For the valuation of the underlying infrastructure investments, the Directors have also obtained an independent opinion from a third-party expert with experience in valuing these types of investments, supporting the reasonableness of the valuation. The weighted average discount rate applied in the March 2020 valuation was 7.2%.

Road (Infrastructure) Ireland Limited**Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)****8 Investments at fair value through profit and loss (continued)**

The following economic assumptions were used in the discounted cash flow valuations at 31 March 2020:

Eurozone (CPI) inflation rates	2.0% p.a.
Eurozone deposit interest rates	0.0% p.a. to March 2023, 1.0% p.a. thereafter
Euro/Sterling exchange rate	0.89 for all future periods
Eurozone corporation tax rate	Ireland 12.5%
GDP growth rate	(5.0%) in March 2020, 4% in March 2021, 1.8% p.a. thereafter

At 31 March 2019:

Eurozone (CPI) inflation rates	1.0% p.a. to 2019, 2.0% p.a. thereafter
Eurozone deposit interest rates	0.5% p.a. to March 2022, 1.5% p.a. thereafter
Euro/Sterling exchange rate	0.86 for all future periods
Eurozone corporation tax rate	Ireland 12.5%
GDP growth rate	1.8% p.a.

Road (Infrastructure) Ireland Limited

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

8 Investments at fair value through profit and loss (continued)

The Company's investments include:

Company	Registered Address	Percentage of Shared Held *		Year End	Capital & Reserves €'000	Profit & Loss €'000
		Mar-20	Mar-19			
Directroute (Tuam) Holdings Limited	Wilton Works, Naas Road, Clondalkin, Dublin 22, Ireland	50%**	50% **	31/12/2018	100	-
Directroute (Tuam) Limited	Wilton Works, Naas Road, Clondalkin, Dublin 22, Ireland	50%	50%	31/12/2018	(51,144)	7,918

* All investments listed above are ordinary shares.

** Denotes a direct shareholding.

Road (Infrastructure) Ireland Limited**Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)****9 Investments in loanstock**

	(As restated)	
	2020	2019
	€	€
Investment in loanstock	<u>1,409,939</u>	<u>1,726,729</u>

10 Debtors

	(As restated)	
	2020	2019
	€	€
Group relief receivable	<u>144,062</u>	<u>62,414</u>
	<u>144,062</u>	<u>62,414</u>

11 Creditors

	(As restated)	
	2020	2019
	€	€
Due within one year		
Due to related party	105,112	620,529
Prepayments	<u>45,197</u>	<u>-</u>
	<u>150,309</u>	<u>620,529</u>
Due after one year		
Amounts due to related parties	<u>3,958,800</u>	<u>3,958,800</u>

Amounts due to related parties of €3,958,800 was issued in the year ended 31 March 2018 by a related party at a coupon of 12.30% per annum to mature in 2042.

Road (Infrastructure) Ireland Limited

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

12 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	€	No.	€
Ordinary shares of £1 each	<u>12,838,580</u>	<u>14,997,081</u>	<u>12,838,580</u>	<u>14,997,081</u>

13 Parent and ultimate parent undertaking

The Company's immediate parent is Infrastructure Investments Trafalgar Limited, 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.

14 Non adjusting events after the financial period

On 10th July, the Company entered into an agreement to purchase the remaining 50% of the M17/18 project for a total consideration of €41m.