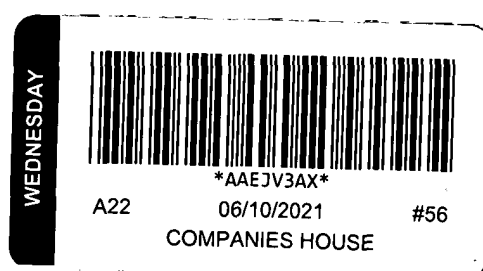


Registration number: 08869691

# Road (Infrastructure) Ireland Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2021



## **Road (Infrastructure) Ireland Limited**

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Registered Number: 08869691

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## **Road (Infrastructure) Ireland Limited**

### **Company Information**

**Directors**                    K W Pickard  
                                     P T Robson  
                                     E T Hunt

**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 2021**

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 2021.

#### **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 2021. The comparative period covers the year from 1 April 2019 to 31 March 2020. 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 2021 the fair value of investments was €70,717,419 (2020: €26,271,308).

The Company made a profit before taxation of €11,160,156 for the year ended 31 March 2021 compared with a profit before taxation of €2,223,901 for the year ended 31 March 2020.

#### **Going concern**

The Company had net current liabilities of €327,791 as at 31 March 2021 and generated a profit for the year then ended of €11,165,928. The net current liability position was as a result of the Company being overpaid on interest income. The overpaid amount is therefore being reflected as a creditor falling due within one year, as this amount will need to be repaid to the correct entity.

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 19 months to 31 October 2022. 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 2021 (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 130- 132) of HICL's March 2021 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 2021 were measured at €67,544,433 (2020: €25,516,904).

Approved by the Board on 4 October 2021 and signed on its behalf by:



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 2021**

The Directors present their report and the financial statements for the year ended 31 March 2021.

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

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

K W Pickard

H E C Seekings (resigned 23 February 2021)

C L Pitcher (resigned 15 January 2021)

E T Hunt - Director (appointed 15 December 2020)

Y Su - Director (appointed 23 February 2021 and resigned 16 April 2021)

The following director was appointed after the year end:

P T Robson (appointed 16 April 2021)

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. Further information can be found on page 39 of the HICL Infrastructure PLC 2021 annual report.

#### **Results and dividends**

The Company's profit for the year under review is as detailed in the profit and loss account shown on page 11 of this report.

Dividend of €2,134,675 was paid on Ordinary shares in respect of the year ended 31 March 2021 (2020: €nil).

#### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year.

#### **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.

## **Road (Infrastructure) Ireland Limited**

### **Directors' Report for the Year Ended 31 March 2021 (continued)**

#### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Approved by the Board on 4 October 2021 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**

### **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.



## **Road (Infrastructure) Ireland Limited**

### **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 2021 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 related notes, 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 2021 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

## **Road (Infrastructure) Ireland Limited**

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

#### **Fraud & breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the Partnership's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering the valuation of Investments and the basis of calculation apportioned for the Company.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet investment valuation targets and our overall knowledge of the control environment, we perform procedures to address the risk that the Company may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition as there is no revenue during the year.

We have identified a fraud risk associated with the valuation of investments and have performed the following procedures:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimate for bias

##### **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

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 and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

## **Road (Infrastructure) Ireland Limited**

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

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

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 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 fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Other information**

The directors are responsible for the other information, which comprises the strategic report and the directors' report. 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;
- in our opinion the information given in the strategic report and the directors' report 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.

## **Road (Infrastructure) Ireland Limited**

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

#### **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 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](http://www.frc.org.uk/auditorsresponsibilities).

#### **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

4 October 2021

**Road (Infrastructure) Ireland Limited****Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 March 2021**

	Note	2021 €	2020 €
Gain on investments	8	<u>11,449,835</u>	<u>2,648,577</u>
<b>Operating profit</b>		<b><u>11,449,835</u></b>	<b><u>2,648,577</u></b>
Interest receivable and similar income	2	166,468	170,422
Interest payable and similar charges	3	(487,466)	(489,220)
Foreign exchange profit/(loss)		31,536	(105,878)
Professional fees & expenses		<u>(217)</u>	<u>-</u>
		<u>(289,679)</u>	<u>(424,676)</u>
<b>Profit before tax</b>		<b><u>11,160,156</u></b>	<b><u>2,223,901</u></b>
Taxation	7	<u>5,772</u>	<u>78,980</u>
<b>Profit for the financial year</b>		<b><u><u>11,165,928</u></u></b>	<b><u><u>2,302,881</u></u></b>

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 2021**

	Note	2021 €	2020 €
<b>Non-current assets</b>			
Financial assets at fair value through profit and loss	8	70,717,419	26,271,308
Investments in loanstock	9	<u>1,113,605</u>	<u>1,409,939</u>
		<u>71,831,024</u>	<u>27,681,247</u>
<b>Current assets</b>			
Trade and other receivables	10	135,728	144,062
Cash at bank and in hand		<u>124,785</u>	<u>1,800,704</u>
		260,513	1,944,766
<b>Creditors: Amounts falling due within one year</b>	11	<u>(588,304)</u>	<u>(150,309)</u>
<b>Net current (liabilities)/assets</b>		<u>(327,791)</u>	<u>1,794,457</u>
<b>Total assets less current liabilities</b>		71,503,233	29,475,704
<b>Creditors: Amounts falling due after more than one year</b>	11	<u>(3,958,800)</u>	<u>(3,958,800)</u>
<b>Net assets</b>		<u>67,544,433</u>	<u>25,516,904</u>
<b>Equity</b>			
Called up share capital	12	8,551,082	14,997,081
Retained reserves		<u>58,993,351</u>	<u>10,519,823</u>
<b>Total shareholders equity</b>		<u>67,544,433</u>	<u>25,516,904</u>

Approved and authorised by the Board on 4 October 2021 and signed on its behalf by:

*K W Pickard*K W Pickard  
Director

**Road (Infrastructure) Ireland Limited****Statement of Changes in Equity for the Year Ended 31 March 2021**

	<b>Share capital</b> €	<b>Retained reserves</b> €	<b>Total</b> €
At 1 April 2020	14,997,081	10,519,823	25,516,904
Profit for the year	-	11,165,928	11,165,928
Dividends	-	(2,134,675)	(2,134,675)
Shares issued in the year	32,996,276	-	32,996,276
Capital reduction	(49,997,250)	49,997,250	-
Bonus share issue	10,554,975	(10,554,975)	-
At 31 March 2021	<u>8,551,082</u>	<u>58,993,351</u>	<u>67,544,433</u>

	<b>Share capital</b> €	<b>Retained reserves</b> €	<b>Total</b> €
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>

The notes on pages 15 to 29 form an integral part of these financial statements.

**Road (Infrastructure) Ireland Limited****Statement of Cash Flows for the Year Ended 31 March 2021**

	<b>Note</b>	<b>2021 €</b>	<b>2020 €</b>
<b>Cash flows from operating activities</b>			
Profit for the year		11,165,928	2,302,881
Adjustments to cash flows			
Gain on investments		(11,449,835)	(2,648,577)
Interest receivable and similar income		(166,468)	(170,422)
Interest payable and similar charges		487,466	489,220
Income tax expense/(credit)		(5,772)	(78,980)
Foreign exchange (gains)/losses		(31,536)	105,878
Net cash flow from operating activities		(217)	-
<b>Cash flows from investing activities</b>			
Interest received		604,463	212,949
Principal received		296,334	316,791
Group relief received		14,106	-
Investment in equity	8	(32,996,276)	-
Investment in loanstock	9	(8,338,639)	-
Net cash flows from investing activities		(40,420,012)	529,740
<b>Cash flows from financing activities</b>			
Interest paid on loan notes	3	(487,466)	(489,220)
Proceeds from issue of share capital	12	32,996,276	-
Proceeds from transfer of loanstock	9	8,338,639	-
Repayment of short term borrowing from parent company		-	(515,417)
Dividend paid		(2,134,675)	-
Net cash flows from financing activities		38,712,774	(1,004,637)
Net decrease in cash and cash equivalents		(1,707,455)	(474,897)
Cash and cash equivalents at 1 April 2020		1,800,704	2,381,478
Effect of exchange rate fluctuations on cash held		31,536	(105,877)
Cash and cash equivalents at 31 March 2021		124,785	1,800,704

The notes on pages 15 to 29 form an integral part of these financial statements.



## Road (Infrastructure) Ireland Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 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 2021 (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 liabilities of €327,791 as at 31 March 2021 and generated a profit for the year then ended of €11,165,928. The net current liability position was as a result of the Company being overpaid on interest income. The overpaid amount is therefore being reflected as a creditor falling due within one year, as this amount will need to be repaid to the correct entity.

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 19 months to 31 October 2022. 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.

##### **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.

##### **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.

## Road (Infrastructure) Ireland Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (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.

###### *Investment in loanstock*

The Company invests in subordinated debt loanstock which is measured and held at amortised cost. This is assessed against fair value at HICL Infrastructure PLC level if impairment is needed.

###### *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.

###### *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.

## **Road (Infrastructure) Ireland Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

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

##### **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. From time to time, the Directors may choose to issue bonus shares or perform a capital reduction in order to create distributable reserves.

##### **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.

##### **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.

## **Road (Infrastructure) Ireland Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

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

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 2021 valuation was 6.8%. 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).

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.

## **Road (Infrastructure) Ireland Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

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

##### **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 2021 (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 2021 (continued)

#### 1 Accounting policies (continued)

##### Classification of financial instruments

	2021 €	2020 €
<b>Financial assets</b>		
<b>Designated at fair value through profit or loss:</b>		
Investments	70,717,419	26,271,308
Financial assets at fair value	<u>70,717,419</u>	<u>26,271,308</u>
<b>At amortised cost:</b>		
Investments in loanstock	1,113,605	1,409,939
Cash and cash equivalents	124,785	1,800,704
Debtors	135,728	144,062
Financial assets at amortised cost	<u>1,374,118</u>	<u>3,354,705</u>
<b>Financial liabilities</b>		
<b>At amortised cost:</b>		
Loans and borrowings	4,547,104	4,109,109
Financial liabilities at amortised cost	<u>4,547,104</u>	<u>4,109,109</u>

#### 2 Other interest receivable and similar income

	2021 €	2020 €
Interest receivable from investments	<u>166,468</u>	<u>170,422</u>

#### 3 Interest payable and similar expenses

	2021 €	2020 €
Interest payable on loan from related parties	486,734	488,068
Bank charges	732	1,152
	<u>487,466</u>	<u>489,220</u>

#### 4 Directors' remuneration

The Directors' emoluments are borne by a group undertaking. The Directors performed no material qualifying services to the Company during the current or preceding years.



## Road (Infrastructure) Ireland Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 5 Auditor's remuneration

The auditor's remuneration for the current financial year is estimated at €4,564 and has been borne by a group undertaking (2020: €4,100).

#### 6 Employees

The Company had no employees during the financial year (2020: nil).

#### 7 Taxation

Tax credited in the profit and loss account:

	2021 €	2020 €
<b>Current taxation</b>		
UK corporation tax	<u>(5,772)</u>	<u>(78,980)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

	2021 €	2020 €
Profit before tax	<u>11,160,156</u>	<u>2,223,901</u>
Corporation tax at standard rate	2,120,430	422,541
Effect of revenues exempt from taxation	(2,076,934)	(503,230)
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	<u>(49,268)</u>	<u>1,709</u>
Total tax credit	<u>(5,772)</u>	<u>(78,980)</u>

#### Factors affecting current and future tax charges

The Government has confirmed an increase to the UK corporation tax rate from 19% to 25%, with effect from 1 April 2023. In addition, the 19% rate will continue to apply to companies with profits of not more than £50,000, with marginal relief for profits of up to £250,000. The company is expected to be subject to the 25% UK corporation tax rate, once enacted. This measure is not regarded as being substantively enacted, as such the 19% rate has been applied to deferred tax balance sheet amounts.

**Road (Infrastructure) Ireland Limited****Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)****8 Investments at fair value through profit and loss**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Brought forward	26,271,308	23,622,731
Gain on valuation	11,449,835	2,648,577
Additions	32,996,276	-
<b>Carrying amount at period end</b>	<u><u>70,717,419</u></u>	<u><u>26,271,308</u></u>
<b>This is represented by:</b>		
Greater than one year	<u>70,717,419</u>	<u>26,271,308</u>
<b>Carrying amount at period end</b>	<u><u>70,717,419</u></u>	<u><u>26,271,308</u></u>

During the year, the Company purchased an additional 50% equity interest in the M17/M18 Gort to Tuam Motorway project at a cost of €32,996,276.

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 2021 valuation was 6.8%.

**Road (Infrastructure) Ireland Limited****Notes to the Financial Statements for the Year Ended 31 March 2021 (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 2021:

Eurozone (CPI) inflation rates	2.0% p.a.
Eurozone deposit interest rates	0.0% p.a. to March 2025, 0.25% p.a. thereafter
Euro/Sterling exchange rate	0.85 for all future periods
Eurozone corporation tax rate	Ireland 12.5%
GDP growth rate	(9.0%) in 2020, 5.5% in 2021, 4.0% in 2022, 1.8% p.a. thereafter

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 2020, 4.0% in 2021, 1.8% p.a. thereafter

**Road (Infrastructure) Ireland Limited****Notes to the Financial Statements for the Year Ended 31 March 2021 (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-21	Mar-20			
Directroute (Tuam) Holdings Limited	M17/18 Operations Centre, Furzy Park, Athenry, Co Galway	100%**	50% **	31/12/2019	100	-
Directroute (Tuam) Limited	M17/18 Operations Centre, Furzy Park, Athenry, Co Galway	100%	50%	31/12/2019	(48,024)	3,120

\* 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 2021 (continued)****9 Investments in loanstock**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Brought forward	1,409,939	1,726,730
Additions	8,338,639	-
Transfer to parent undertaking	(8,338,639)	-
Loanstock repayments	<u>(296,334)</u>	<u>(316,791)</u>
<b>Carrying amount at period end</b>	<b><u>1,113,605</u></b>	<b><u>1,409,939</u></b>

**10 Debtors**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
Group relief receivable	<u>135,728</u>	<u>144,062</u>
	<b><u>135,728</u></b>	<b><u>144,062</u></b>

**11 Creditors**

	<b>2021</b>	<b>2020</b>
	<b>€</b>	<b>€</b>
<b>Due within one year</b>		
Due to related party	588,304	105,112
Prepayments	<u>-</u>	<u>45,197</u>
	<b><u>588,304</u></b>	<b><u>150,309</u></b>
<b>Due after one year</b>		
Amounts due to related parties	<b><u>3,958,800</u></b>	<b><u>3,958,800</u></b>

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 2021 (continued)****12 Share capital****Allotted, called up and fully paid shares**

	<b>2021</b>		<b>2020</b>	
	<b>No.</b>	<b>€</b>	<b>No.</b>	<b>€</b>
Ordinary shares of £1 each	12,838,580	14,997,081	12,838,580	14,997,081
Issue of share capital of £1 each	29,614,321	32,996,276	-	-
Bonus share issue of £1 each	9,500,000	10,554,975	-	-
Share capital reduction of £1 each	<u>(45,000,000)</u>	<u>(49,997,250)</u>	<u>-</u>	<u>-</u>
	<u>6,952,901</u>	<u>8,551,082</u>	<u>12,838,580</u>	<u>14,997,081</u>

During the year, the Company issued share capital of €32,996,276 in order to fund the purchase of an additional equity interest in the M17/M18 Gort to Tuam Motorway project. The Company also undertook a bonus share issue and subsequent capital reduction during the year, as outlined in the table above, in order to increase its level of retained reserves.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

## **Road (Infrastructure) Ireland Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **13 Related parties**

The Operator of the Company is InfraRed Capital Partners Limited ("IRCP"). IRCP has been appointed as the Operator of the Company by the General Partner, Infrastructure Investments General Partner Limited, a sister subsidiary of IRCP. IRCP is responsible for the day-to-day operations of Road Infrastructure (Ireland) Limited.

On 1 July 2020, InfraRed Capital Partners Limited ("IRCP") was acquired by Sun Life Financial Inc. (together with its subsidiaries and joint ventures, "Sun Life"). IRCP has remained a distinct business under SLC Management, the alternatives asset manager of Sun Life. This transaction saw Sun Life take an 80% stake in IRCP with a put and call option for the IRCP owners' remaining equity interest, exercisable after four and five years respectively.

#### **14 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.