



Registration number: 8008412

# InfraRed UK Retail General Partner 2 Limited

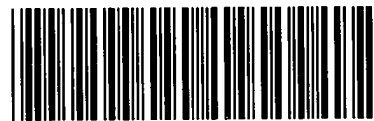
Directors' Report and Financial Statements

for the Year Ended 31 December 2019



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## **InfraRed UK Retail General Partner 2 Limited**

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## **InfraRed UK Retail General Partner 2 Limited**

### **Company Information**

**Directors** C P Gill  
A Katsaros  
T G Thorp

**Company secretary** E Mendes

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

**Banker** HSBC Bank Plc  
8 Canada Square  
London  
E14 5HQ

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

## **InfraRed UK Retail General Partner 2 Limited**

### **Directors' Report for the Year Ended 31 December 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

#### **Principal activity**

The principal activity of the Company is to act as the general partner of InfraRed UK Retail 2 Limited Partnership ("the Partnership"). The Company is responsible for the management and control of the business and affairs of the Partnership as well as certain other management activities provided for in the respective Limited Partnership Agreement.

#### **Strategic report**

The Company has taken advantage of the exemption provided for under section 414B (b) of the Companies Act 2006, and has not produced a strategic report.

#### **Risk management**

The Company is part of the InfraRed Capital Partners (Management) LLP group ("the Group"). The Managing Partners of the Group ("the Managing Partners") are ultimately responsible for the Group's risk management framework, which includes the structure for risk governance or oversight, the identification and assessment of risks, and maintaining an appropriate system of internal controls.

Further to these principles, the Risk Oversight Committee ("ROC") provides oversight and challenge to the Group's reported risk profile, and identifies emerging issues and changes in business conditions that may affect the outlook, e.g. in respect of legal, regulatory or IT risks. The ROC reviews changes to the Group's quarterly risk matrices, considers internal and external audit and review findings, any operational errors and breaches of policy, and receives updates on the progress of agreed action plans.

An important part of the risk management framework is to have documented policies and procedures in place.

The directors consider the Company's 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 liquidity risk and credit 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 by the Partnership and cash balances with banks.

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

## **InfraRed UK Retail General Partner 2 Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

#### **Liquidity risk**

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

The Company monitors its cash flow requirements daily and compares expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. By virtue of receiving the majority of management fees in advance, the Company is inherently liquid. The balance sheet of the Company is also largely held in cash with no indebtedness.

#### **Future developments**

Given the circumstances described in the going concern section below it is expected that the Company will cease trading in the foreseeable future.

#### **Dividends**

The directors have declared dividends of £585 (2018: £485) in respect of the year ended 31 December 2019 of which £585 was paid during the year (2018: £485). Dividends are reflected in the financial statements in the period in which they are declared.

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

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

C P Gill

A Katsaros

T G Thorp

C J Huxtable (resigned 31 July 2020)

The following directors were appointed after the year end:

K Butcher (appointed 16 March 2020)

D C Hudson (appointed 16 March 2020)

S N Jackson (appointed 16 March 2020)

#### **Going concern**

The Company is a General Partner for a single partnership, InfraRed UK Retail 2 Limited Partnership ('the Partnership'), that invests in real estate in the UK. The Company has an unlimited liability for the debts of the Partnership and as a result its status as a going concern is dependent upon that of the Partnership.

The Partnership's sole asset, the Castle Mall Shopping Centre located in Norwich, UK, has been significantly impacted by the effects of Covid-19. The lockdown measures introduced during 2020 by the UK Government exacerbated the already weak retail occupational market, and collection of rents and service charges from tenants has been insufficient to support debt service costs. Further equity investment was considered unviable. On 6 October 2020 a Law of Property Act (LPA) receiver was appointed by the lender to optimise recovery against the secured, limited recourse loan facility. No surplus of funds is expected above the loan facility.

As no further investments are anticipated by the Partnership, and trading of the Partnership and the Company will cease through either liquidation or once the asset is realised, these financial statements have not been prepared on a going concern basis.

## **InfraRed UK Retail General Partner 2 Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

#### **Directors' liabilities**

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.

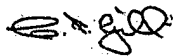
#### **Disclosure of information to the auditor**

Each person who is a director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and the Director has taken all the steps that he or she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

#### **Reappointment of auditor**

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

Approved by the Board on 21-Dec-20 ..... and signed on its behalf by:



.....  
C P Gill  
Director

Registered Office  
Level 7  
One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

## **InfraRed UK Retail General Partner 2 Limited**

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

The directors are responsible for preparing 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 apply them consistently;
- make judgements and accounting 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
- as described in note 2 to the financial statements the Directors have not prepared these accounts on a going concern basis, for the reasons set out in that note.

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.

## **InfraRed UK Retail General Partner 2 Limited**

### **Independent Auditor's Report to the Members of InfraRed UK Retail General Partner 2 Limited**

#### **Opinion**

We have audited the financial statements of InfraRed UK Retail General Partner 2 Limited ("the Company") for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We 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.

#### **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on a going concern basis for the reason set out in that note.

Our opinion is not modified in respect of this matter.

#### **Directors' report**

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



## **InfraRed UK Retail General Partner 2 Limited**

### **Independent Auditor's Report to the Members of InfraRed UK Retail General Partner 2 Limited (continued)**

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.

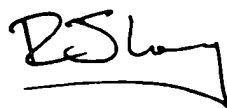
#### **Auditor's responsibilities**

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](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.



Richard Long (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

Date: 21 December 2020

**InfraRed UK Retail General Partner 2 Limited****Statement of Comprehensive Income for the Year Ended 31 December 2019**

|   | Note | 2019<br>£          | 2018<br>£         |
|---|------|--------------------|-------------------|
| Turnover  | 3    | -                  | 1,000             |
| Operating expenses  |      | <u>(35)</u>        | <u>-</u>          |
| Operating (loss)/profit   |      | <u>(35)</u>        | <u>1,000</u>      |
| (Loss)/profit before tax  |      | (35)               | 1,000             |
| Taxation  | 6    | <u>7</u>           | <u>(190)</u>      |
| (Loss)/profit for the financial year                            |      | <u>(28)</u>        | <u>810</u>        |
| <b>Total comprehensive (loss)/income for the financial year</b> |      | <u><u>(28)</u></u> | <u><u>810</u></u> |

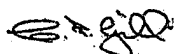
The above results were derived from continuing operations.

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

**InfraRed UK Retail General Partner 2 Limited****(Registration number: 8008412)****Statement of Financial Position as at 31 December 2019**

|   | Note | 2019<br>£  | 2018<br>£    |
|---|------|------------|--------------|
| <b>Current assets</b>                                 |      |            |              |
| Debtors   | 7    | 7          | -            |
| Cash at bank and in hand                              |      | <u>290</u> | <u>1,100</u> |
|   |      | 297        | 1,100        |
| <b>Creditors:</b> Amounts falling due within one year | 8    | <u>-</u>   | <u>(190)</u> |
| <b>Net assets</b>                                     |      | <u>297</u> | <u>910</u>   |
| <b>Capital and reserves</b>                           |      |            |              |
| Called up share capital                               | 9    | 100        | 100          |
| Profit and loss account                               |      | <u>197</u> | <u>810</u>   |
| <b>Total equity</b>                                   |      | <u>297</u> | <u>910</u>   |

Approved and authorised by the Board on 21-Dec-20 ..... and signed on its behalf by:



.....  
C P Gill  
Director

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

**InfraRed UK Retail General Partner 2 Limited****Statement of Changes in Equity for the Year Ended 31 December 2019**

|                     | <b>Share capital<br/>£</b> | <b>Profit and<br/>loss account<br/>£</b> | <b>Total<br/>£</b> |
|---------------------|----------------------------|--|--------------------|
| At 1 January 2018   | 100                        | 485                                      | 585                |
| Profit for the year | -                          | 810                                      | 810                |
| Dividends           | -                          | (485)                                    | (485)              |
| At 31 December 2018 | <u>100</u>                 | <u>810</u>                               | <u>910</u>         |

|                     | <b>Share capital<br/>£</b> | <b>Profit and<br/>loss account<br/>£</b> | <b>Total<br/>£</b> |
|---------------------|----------------------------|--|--------------------|
| At 1 January 2019   | 100                        | 810                                      | 910                |
| Loss for the year   | -                          | (28)                                     | (28)               |
| Dividends           | -                          | (585)                                    | (585)              |
| At 31 December 2019 | <u>100</u>                 | <u>197</u>                               | <u>297</u>         |

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

## **InfraRed UK Retail General Partner 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

#### **1 General information**

The company is a private company limited by share capital, incorporated in United Kingdom.

The address of its registered office is:

Level 7  
One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

#### **2 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

These financial statements have been prepared using the historical cost convention.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The results of the company are included in the consolidated financial statements of InfraRed Capital Partners (Management) LLP which are available from [www.ircp.com](http://www.ircp.com).

##### **Going concern**

The Company is a General Partner for a single partnership InfraRed UK Retail 2 Limited Partnership ('the Partnership'), that invests in real estate in the UK. The Company has an unlimited liability for the debts of the Partnership and as a result its status as a going concern is dependent upon that of the Partnership.

The Partnership's sole asset, the Castle Mall Shopping Centre located in Norwich, UK, has been significantly impacted by Covid-19. Lockdown conditions have exacerbated the already ailing retail occupational market, and collection from tenants has been insufficient to support debt service costs. No further equity investment was viable. On 6 October 2020 a Law of Property Act (LPA) receiver was appointed by the lender to optimise recovery against the secured, limited recourse loan facility. No surplus of funds is expected above the loan facility.

As no further investments are anticipated by the Partnership, and trading of the Partnership and the Company will cease through either liquidation or once the asset is realised, these financial statements have not been prepared on a going concern basis.

## **InfraRed UK Retail General Partner 2 Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Turnover**

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover comprises the Company's priority profit share entitlements from the Partnership.

##### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Investment in qualifying partnership**

The Company is the general partner to InfraRed UK Retail 2 Limited Partnership, a limited partnership registered in England and Wales. The registered address of the Partnership is Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL. The Partnership is dealt with on a consolidated basis in the financial statements of InfraRed Capital Partners (Management) LLP, the Company's ultimate controlling party.

##### **Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

##### **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.

##### **Judgements**

When preparing the financial statements, it is the directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent. There are no accounting policies that are deemed critical to the Company's results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## InfraRed UK Retail General Partner 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### Cash flow statement

The Company is a wholly-owned subsidiary of InfraRed Capital Partners (Management) LLP and is included in the consolidated financial statements of InfraRed Capital Partners (Management) LLP. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102.1.12.

#### 3 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

|                       | 2019 | 2018  |
|-----------------------|------|-------|
|                       | £    | £     |
| Priority profit share | -    | 1,000 |

#### 4 Information regarding directors and employees

Directors are not remunerated by the Company. The directors are all partners of InfraRed Capital Partners (Management) LLP ("LLP"), the ultimate controlling party and are remunerated through profit shares from the LLP.

The number of persons employed by the Company during the year was nil (2018: nil).

#### 5 Auditor's remuneration

The auditor's remuneration for statutory audit services for the year was £3,160 (2018: £2,700), and was borne by a fellow group subsidiary and relates solely to amounts paid to KPMG LLP.

## InfraRed UK Retail General Partner 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 6 Taxation

Tax charged in the income statement:

|                         | 2019<br>£  | 2018<br>£  |
|-------------------------|------------|------------|
| <b>Current taxation</b> |            |            |
| UK corporation tax      | <u>(7)</u> | <u>190</u> |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

|                                  | 2019<br>£   | 2018<br>£    |
|----------------------------------|-------------|--------------|
| (Loss)/profit before tax         | <u>(35)</u> | <u>1,000</u> |
| Corporation tax at standard rate | <u>(7)</u>  | <u>190</u>   |
| <b>Effects of:</b>               |             |              |
| Total tax (credit)/charge        | <u>(7)</u>  | <u>190</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.

#### 7 Debtors

|                            | 2019<br>£ | 2018<br>£ |
|----------------------------|-----------|-----------|
| Corporation tax receivable | <u>7</u>  | <u>-</u>  |
|                            | <u>7</u>  | <u>-</u>  |

#### 8 Creditors

|                            | 2019<br>£ | 2018<br>£  |
|----------------------------|-----------|------------|
| <b>Due within one year</b> |           |            |
| Corporation tax            | <u>-</u>  | <u>190</u> |



## InfraRed UK Retail General Partner 2 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 9 Share capital

##### Allotted, called up and not fully paid shares

|                            | No.        | 2019<br>£  | No.        | 2018<br>£  |
|----------------------------|------------|------------|------------|------------|
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

#### 10 Related party transactions

As a wholly owned subsidiary of Charles II Realisation LLP (formerly InfraRed Capital Partners (Management) LLP), the Company has taken advantage of the exemption granted by FRS 102.33.1A not to disclose related party transactions between it and other fellow wholly owned group companies.

#### 11 Parent and ultimate parent undertaking

The immediate parent undertaking of the Company is InfraRed Capital Partners (HoldCo) Limited.

The ultimate parent undertaking of the Company is Charles II Realisation LLP (formerly InfraRed Capital Partners (Management) LLP), with a registered address of Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL, which is the largest group which consolidates the results of the Company.

The smallest group is InfraRed Partners LLP, with a registered address of Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL, which also consolidates the results of the Company.

The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

The ultimate parent company changed as noted below in note 12.

#### 12 Subsequent events

On 1 July 2020, 80% of InfraRed Partners LLP was acquired by the group headed by Sun Life Financial Inc, a Canadian incorporated company which is now the ultimate parent undertaking.

On 6 October 2020 a Law of Property Act (LPA) receiver was appointed by the lender to optimise recovery against the secured, limited recourse loan facility held by the Partnership.