



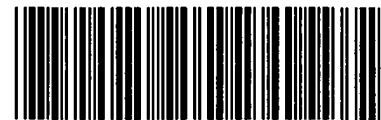
Registration number: 03364976

# InfraRed Capital Partners Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2023

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## **InfraRed Capital Partners Limited**

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## InfraRed Capital Partners Limited

### Company Information

**Directors**            W Crawford  
                             M Dierickx  
                             R Nethercot  
                             G Paris  
                             H Price

**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 Capital Partners Limited**

### **Strategic Report for the Year Ended 31 December 2023**

The directors present their strategic report of InfraRed Capital Partners Limited ("the Company") for the year ended 31 December 2023.

#### **Principal activity**

The principal activity of the Company is to act as the investment manager and adviser to a number of investment funds and investment companies.

#### **Fair review of the business**

The Company's key performance indicators are profit before tax and assets under management ("AuM"). The business performed well during 2023, in the context of a challenging macroeconomic environment. High inflation and rising interest rates have created structural tailwinds for the infrastructure sector in which the business operates. In this market environment, fundraising remains challenging for all of InfraRed's managed funds.

Profit before tax increased 7% in the current year from £18.0m in 2022 to £19.3m. The increase in profitability of £1.31 million is primarily due to an increase of £6.7m in income offset by an increase of £4.5m in operating expenses.

Fund management fees increased by £6.5m (8%) in the year to £87.9m (2022: £81.5m), driven by an increase in fee earning assets under management during the year compared to during the 2022 financial year. The opening AuM for the 2023 financial year was £11.1bn, 24% higher than the opening AuM for 2022 (£8.9bn).

Operating expenses increased 7% in the year to £69.0m from £64.5m. The increase is primarily due to an increase in advisory fees charged to the Company from other group entities.

AuM decreased by £0.6bn (5%) during the year to £10.5bn (2022: £11.1bn), primarily through planned realisations of £0.6bn from InfraRed's value-add funds. The business raised £0.3bn of funds in the year, which was partially offset by FX movements on existing AuM. Whilst the realisations during the year reduced management fees, there was an overall increase in fee revenue due to the higher opening AuM, as noted above.

#### **Duty to report on s172 of the Companies Act 2006**

The success of InfraRed is based upon the performance of the funds it manages. Ensuring that all our stakeholders' needs are met is key to the success of InfraRed. InfraRed meets these needs through ensuring we maintain our track record, create real value for people and their communities in the form of job creation and high-quality buildings and infrastructure that enhance their surroundings and through the integration of Environmental, Social and Governance ("ESG") criteria into our investment process. We aim to achieve compelling investment returns, while delivering the infrastructure that enables communities to thrive. By investing responsibly for the long-term we contribute positively to society now and for future generations.

During 2023, InfraRed made decisions that have long term effects for stakeholders. InfraRed completed its succession planning process during the year with the appointment of Jack Paris as Chief Executive Officer ("CEO"), effective 1 July 2023. During the year, Helen Price was also appointed as InfraRed Chief Financial Officer ("CFO"). Rita Nethercot was appointed General Counsel, effective January 2024.

Along with succession planning, InfraRed continues to invest in its people through a focus on hiring and retaining key talent. InfraRed has also invested heavily in its operations, via IT development and a finance transformation project to implement new systems and upskill roles which will enable scalability of the business.

## **InfraRed Capital Partners Limited**

### **Strategic Report for the Year Ended 31 December 2023 (continued)**

Despite a challenging fundraising market for the infrastructure sector, InfraRed has made further fund closes in 2024 and expects to raise more capital in its funds.

Our committees have had many successes this year: the formation of the InfraRed Women's Network which underpins our diversity, equity and inclusion ambitions, the deployment of the InfraRed Charitable Foundation's first strategic grant with the community engagement committee's support, and the continuation of varied social events which bring us all together.

A long-term sustainability-led mindset is integral to how InfraRed operates as it aims to achieve lasting, positive impacts and deliver on its vision of Creating Better Futures. InfraRed has been a signatory of the Principles of Responsible Investment ("PRI") since 2011 and has achieved the highest possible PRI rating for its infrastructure business for eight consecutive assessments, having secured a 5-star rating for the 2023 period. It is also a member of the Net Zero Asset Manager's Initiative and is a Task Force on Climate-related Financial Disclosure ("TCFD") supporter.

#### **Risk management**

The Company is part of the InfraRed Partners LLP group ("the Group"). The Management Committee of the Group 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.

The Group's approach to risk management builds upon the following core principles:

- Authority to manage the business, including internal controls and risk, is delegated from the Management Committee to the Group's CEO.
- The CEO delegates primary responsibility for the risk and controls framework within the Group and independent monitoring and reporting of risks and controls to the Risk Oversight Committee ("ROC") chaired by the CFO.
- The ROC is the principal committee for the monitoring and reporting of risks and controls.
- Significant risk and control issues are reported to the CEO and the board of the Company.

The 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, operational and/or IT and cyber risks. The ROC reviews changes to the Group's quarterly risk matrices, internal control certificates, considers internal and external audit and review findings, any operational incidents, 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: foreign exchange risk, liquidity risk and credit risk.

## **InfraRed Capital Partners Limited**

### **Strategic Report for the Year Ended 31 December 2023 (continued)**

#### **Foreign exchange risk**

Foreign exchange risk is the risk that the Company will sustain losses through adverse movements in currency exchange rates.

Although the Company predominately operates in the UK, a significant amount of its income and a proportion of its expenses are denominated in currencies other than Pounds Sterling. This impacts the Company's exposure to non-sterling income and expenses. The Company monitors foreign currency balances closely to effectively manage foreign currency risk. At least 75% of future management fees receivable in foreign currencies (net of estimated expenses in the same currency) are sold forward for pounds sterling in order to provide certainty over income for at least a twelve-month period. The Company's policy is to hold minimum non-sterling currency to cover operational needs and therefore converts foreign currency on receipt.

#### **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. Fees are received quarterly, with approximately 40% received in advance. The balance sheet of the Group is also largely held in cash with no indebtedness.

#### **Credit risk**

Credit risk is the risk of financial loss if a counterparty fails to meet its obligations to pay outstanding amounts as they fall due.

Credit risk for the Company primarily arises from its own working capital in liquid deposits and from receivables from funds (either directly or indirectly through fellow group companies) managed or advised by the Company.

With regards to working capital in liquid deposits, the Group only deposits money with appropriately rated banks or in appropriately rated liquidity funds. In relation to receivables from funds, credit risk stems largely from insolvency caused by investor default. This underlying risk is mitigated by investors' contractual obligation to commit capital, the forfeiture provisions of limited partnership agreements and the variety and diversity of investors. It is further controlled by an assessment of credit-worthiness prior to accepting investors into Funds.

#### **Environmental and Social Corporate Governance ("ESG")**

InfraRed has developed a targeted approach to sustainability focused on four key strategic priorities - Climate, Environment, Communities and People. These are the areas where we believe our investments and core business can generate the greatest sustainability outcomes. By focusing on these priorities, we aim to realise long-term positive impacts, allowing us to achieve our vision of Creating Better Futures.

InfraRed employs a comprehensive sustainability investment and management framework, based on a foundation of robust guiding principles, ensuring that sustainability is integrated into each stage of the investment process. Creating rigorous sustainability checks at each stage allows InfraRed to identify and reduce possible conflicts of interest between financial return and sustainability impact. The framework spans the pre-investment activities, through to the management of the portfolio and corresponding reporting activities undertaken until the end of the investment life.

## InfraRed Capital Partners Limited

### Strategic Report for the Year Ended 31 December 2023 (continued)

#### Future developments

Growth of the Company will focus on fund management opportunities in specialist markets within infrastructure. The Company seeks to achieve market leading positions in clearly defined segments with high barriers to entry.

Consistent with its strategy in growing funds under management in the infrastructure sector, the Company has plans to grow existing funds and launch more funds in future years. The Group is committed to not compromise its management of risk and its capital position in order to achieve growth.

Approved by the Board on .....22nd April 2024..... and signed on its behalf by:

*Helen Price*

.....  
H Price  
Director

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

## **InfraRed Capital Partners Limited**

### **Directors' Report for the Year Ended 31 December 2023**

The directors present their report and the financial statements for the year ended 31 December 2023.

#### **Dividends**

The Directors have declared dividends of £14,400,000 (2022: £8,000,000) in respect of the year ended 31 December 2023 of which £14,400,000 was paid during the year (2022: £nil). 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:

W Crawford (appointed 25 August 2023)

C P Gill (resigned 8 January 2024)

M Dierickx (appointed 6 July 2023)

K Pickard (resigned 31 March 2023)

G Paris (appointed 1 July 2023)

W M F von Guionneau (resigned 1 July 2023)

H Price (appointed 22 May 2023)

The following director was appointed after the year end:

R Nethercot (appointed 8 January 2024)

#### **Engagement with employees, suppliers, customers and others**

Ensuring that all our stakeholders needs are met is key to the success of InfraRed and InfraRed does this through ensuring we maintain our track record, create real value for people and their communities in the form of job creation and high quality buildings and infrastructure. The principal decisions taken by the Company during the financial year are detailed in the Strategic Report (page 2 and 3).

#### **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.

#### **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 5.

#### **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.

## InfraRed Capital Partners Limited

### Directors' Report for the Year Ended 31 December 2023 (continued)

#### Reappointment of auditor

KPMG LLP are deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

Approved by the Board on 22nd April 2024 and signed on its behalf by:

*Helen Price*

.....  
H Price

Director

Registered Office

Level 7

One Bartholomew Close

Barts Square

London

EC1A 7BL

## **InfraRed Capital Partners Limited**

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

The directors are responsible for preparing the strategic report, 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website at [www.ircp.com](http://www.ircp.com). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **InfraRed Capital Partners Limited**

### **Independent Auditor's Report to the Members of InfraRed Capital Partners Limited**

#### **Opinion**

We have audited the financial statements of InfraRed Capital Partners Limited ("the Company") for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows 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 2023 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 the terms of our engagement letter dated 03 March 2022. 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.

## **InfraRed Capital Partners Limited**

### **Independent Auditor's Report to the Members of InfraRed Capital Partners Limited (continued)**

#### **Fraud and 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 directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading minutes of Board meetings.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition as the nature of the industry and Company's operations provide limited opportunities to engage in fraudulent revenue recognition because calculation of the revenue is non-judgemental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included any material post-closing entries and those posted to unusual accounts,
- Evaluating the business purpose of any significant unusual transactions.

##### *Identifying and responding to risks of material misstatement related to 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.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

## **InfraRed Capital Partners Limited**

### **Independent Auditor's Report to the Members of InfraRed Capital Partners Limited (continued)**

Firstly, 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.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-money laundering and financial services regulations including Client Assets, and specific areas of regulatory capital and liquidity and certain aspects of Company legislation, recognizing the nature of the Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *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 fraud 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.

#### **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 that report 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.

## **InfraRed Capital Partners Limited**

### **Independent Auditor's Report to the Members of InfraRed Capital Partners Limited (continued)**

#### **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 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.

**InfraRed Capital Partners Limited**

**Independent Auditor's Report to the Members of InfraRed Capital Partners Limited (continued)**

*Kushan Tikkoo*

.....  
Kushan Tikkoo (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

Date: 23 April 2024  
.....

## InfraRed Capital Partners Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2023

	Note	2023 £	2022 £
Turnover	3	88,267,402	81,584,057
Operating expenses		(69,002,455)	(64,523,400)
(Loss)/gain on sale of real estate business	4	<u>(210,135)</u>	<u>558,545</u>
Operating profit	5	19,054,812	17,619,202
Other interest receivable and similar income	8	786,461	411,587
Interest payable and similar expenses	9	<u>(498,427)</u>	<u>-</u>
Profit before tax		19,342,846	18,030,789
Taxation	11	<u>(4,520,081)</u>	<u>(3,451,324)</u>
Profit for the financial year		14,822,765	14,579,465
Unrealised gain/(loss) on cash flow hedges		844,011	(292,719)
Deferred tax		<u>(211,003)</u>	<u>73,180</u>
<b>Total comprehensive income for the financial year</b>		<u><u>15,455,773</u></u>	<u><u>14,359,926</u></u>

The above results were derived from continuing operations.

The notes on pages 18 to 28 form an integral part of these financial statements.

**InfraRed Capital Partners Limited****(Registration number: 03364976)****Statement of Financial Position as at 31 December 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	12	2,620,150	3,197,489
<b>Current assets</b>			
Debtors	13	27,601,904	32,230,551
Cash at bank and in hand	14	<u>11,026,098</u>	<u>13,103,436</u>
		38,628,002	45,333,987
<b>Creditors: Amounts falling due within one year</b>	15	<u>(12,004,701)</u>	<u>(20,389,418)</u>
<b>Net current assets</b>		<u>26,623,301</u>	<u>24,944,569</u>
<b>Total assets less current liabilities</b>		29,243,451	28,142,058
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>(45,620)</u>	<u>-</u>
<b>Total assets less current liabilities/net assets</b>		<u>29,197,831</u>	<u>28,142,058</u>
<b>Capital and reserves</b>			
Called up share capital	16	3,500,000	3,500,000
Hedging reserve account		461,611	(171,397)
Profit and loss account		<u>25,236,220</u>	<u>24,813,455</u>
<b>Total equity</b>		<u>29,197,831</u>	<u>28,142,058</u>

Approved and authorised by the Board on 22nd April 2024 and signed on its behalf by:

*Helen Price*

.....  
H Price

Director

The notes on pages 18 to 28 form an integral part of these financial statements.

## InfraRed Capital Partners Limited

### Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital £	Hedging reserve account £	Profit and loss account £	Total £
At 1 January 2022	3,500,000	48,142	18,233,990	21,782,132
Profit for the year	-	-	14,579,465	14,579,465
Change in fair value of derivatives used for hedging purposes	-	(292,719)	-	(292,719)
Deferred tax	-	73,180	-	73,180
Dividends	-	-	(8,000,000)	(8,000,000)
At 31 December 2022	<u>3,500,000</u>	<u>(171,397)</u>	<u>24,813,455</u>	<u>28,142,058</u>

	Share capital £	Hedging reserve account £	Profit and loss account £	Total £
At 1 January 2023	3,500,000	(171,397)	24,813,455	28,142,058
Profit for the year	-	-	14,822,765	14,822,765
Change in fair value of derivatives used for hedging purposes	-	844,011	-	844,011
Deferred tax	-	(211,003)	-	(211,003)
Dividends	-	-	(14,400,000)	(14,400,000)
At 31 December 2023	<u>3,500,000</u>	<u>461,611</u>	<u>25,236,220</u>	<u>29,197,831</u>

The notes on pages 18 to 28 form an integral part of these financial statements.

**InfraRed Capital Partners Limited****Statement of Cash Flows for the Year Ended 31 December 2023**

	Note	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Profit for the year		14,822,765	14,579,465
Depreciation	5	789,127	1,141,456
Interest receivable and similar income	8	(786,461)	(55,739)
Income tax expense	11	4,520,081	3,451,324
Decrease/(increase) in trade debtors	13	2,411,461	(8,741,704)
(Decrease)/increase in trade creditors	15	(3,021,859)	1,265,299
Profit on sale of real estate business	4	210,135	(558,545)
Cash generated from operating activities		18,945,249	11,081,556
Income taxes received/(paid)		1,012,875	(7,054,090)
Net cash generated from operations		19,958,124	4,027,466
<b>Cash flows from investing activities</b>			
Net proceeds from sale of real estate business	4	(210,135)	558,545
Interest received	8	786,461	55,739
Acquisitions of tangible assets	12	(211,788)	(188,311)
Net cash flows generated from investing activities		364,538	425,973
<b>Cash flows from financing activities</b>			
Dividends paid		(22,400,000)	-
Net cash flows used in financing activities		(22,400,000)	-
Net (decrease)/increase in cash and cash equivalents		(2,077,338)	4,453,439
Cash and cash equivalents at 1 January		13,103,436	8,649,997
Cash and cash equivalents at 31 December		11,026,098	13,103,436

The notes on pages 18 to 28 form an integral part of these financial statements.

## **InfraRed Capital Partners Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **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 have been prepared in compliance with United Kingdom accounting standards, including FRS 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and the Companies Act 2006.

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

These financial statements are presented in Pounds Sterling, the Company's functional currency.

The Company is exempt from the requirement to prepare Group accounts by virtue of section 400 of the Companies Act 2006. The financial statements present information about the Company on an individual basis only.

##### **Going concern**

The Company is the investment manager and investment adviser to a number of investment funds, investment companies and mandates, which invest in infrastructure assets.

The directors perform an annual going concern review that considers the Company's ability to meet its financial obligations as they fall due, and to meet its regulatory capital and liquidity requirements at all times, for a period of at least twelve months after the date that the financial statements are signed. Following the review, the directors are satisfied that the Company is able to manage its financial obligations successfully.

Management performed a review of the operational and financial resilience of the business to support the going concern assessment. The following factors were considered:

- Stress tests on base-case financial projections including a significant loss of fund management fees by greater than 50% and associated impact on the expense base;
- Regulatory capital requirements for the Company based on reduced revenue. Under both scenarios, the Company is able to maintain sufficient regulatory capital.

## **InfraRed Capital Partners Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

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

Based on the above assessment, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Turnover**

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover comprises fund management and advisory and acquisition fees and is recorded on an accruals basis as fees and entitlements fall due.

#### **Finance and expense**

Interest income and interest payable is recognised in the profit and loss account as it accrues on a time-apportioned basis.

#### **Operating expenses**

Operating expenses principally consists of fees charged from other group entities for the provision of intermediary, asset management or advisory services. These services include, but are not limited to the services provided by staff who manage the Company's investment mandates and the associated costs of supporting those operations. The fees charged to the Company are calculated on an agreed formula which represents the fair value of the services provided to the Company.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the costs directly attributable to bringing the assets into use as intended.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Office furniture, fittings and equipment	5 years straight line
IT equipment	3 years straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## **InfraRed Capital Partners Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

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

##### **Derivatives / Hedge accounting**

Derivative financial instruments constitute forward foreign exchange contracts used as a hedge against the variability of future management fees received when converted from their denominated currency to pounds sterling. The instruments are held at fair value. The Company applies the accounting treatment for cash flow hedges described in FRS 102, whereby it takes the change in fair value of the effective portion of the hedge to reserves via other comprehensive income and any ineffective portion directly to profit or loss. The effective portion is then reclassified to profit or loss when the management fees which are being hedged are received.

##### **Investments**

The Company classifies investments in entities it controls as subsidiaries. The Company's investments in subsidiaries are stated at cost less impairment.

##### **Tax**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

##### **Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to profit or loss.

## **InfraRed Capital Partners Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

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

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

Cash and cash equivalents include cash on hand and deposits held on call with banks.

##### **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**

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

##### **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.

##### **Operating leases**

Payments under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Incentives received to enter into an operating lease are credited to profit or loss, to reduce the lease expense, on a straight-line basis over the period of the lease.

## InfraRed Capital Partners Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 3 Turnover

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

	2023 £	2022 £
Advisory fees	326,234	100,000
Fund management fees	<u>87,941,168</u>	<u>81,484,057</u>
	<u>88,267,402</u>	<u>81,584,057</u>

#### 4 Loss/gain on sale of real estate business

	2023 £	2022 £
(Loss)/gain on sale of real estate business	<u>(210,135)</u>	<u>558,545</u>

The loss in 2023 arose from adjustments to estimated cost of sale accruals on the sale of the real estate business which were made in 2021. The gain in 2022 arose from the release of estimated cost of sale accruals on the sale.

#### 5 Operating profit

Arrived at after charging:

	2023 £	2022 £
Depreciation expense	789,127	1,118,982
Operating lease expense	<u>1,464,191</u>	<u>1,429,002</u>

#### 6 Information regarding directors

The Directors are not remunerated by the Company. The Directors are all partners of Charles II Realisation LLP, which is 20% owner of InfraRed Partners LLP, the intermediate holding company from which Charles II Realisation LLP receives profit allocations which fund the remuneration of the partners of InfraRed Partners LLP.

## InfraRed Capital Partners Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 7 Information regarding employees

The average number of persons employed by the Company during the year was 2 (2022: 2).

The aggregate payroll costs were as follows:

	2023 £	2022 £
Wages and salaries	424,628	840,638
Social security costs	27,263	25,967
	<u>451,891</u>	<u>866,605</u>

#### 8 Other interest receivable and similar income

	2023 £	2022 £
Interest income on bank deposits	786,461	55,739
Foreign exchange gains	-	355,848
	<u>786,461</u>	<u>411,587</u>

Foreign exchange gains primarily relate to foreign exchange gains on intercompany balances.

#### 9 Foreign exchange losses

	2023 £	2022 £
Foreign exchange losses	498,427	-

Foreign exchange losses primarily relate to foreign exchange losses on intercompany balances.

#### 10 Auditor's remuneration

The auditor's remuneration for statutory audit services of this Company for the year was £9,410 (2022: £9,000) and relates solely to amounts paid to KPMG LLP. The auditor's remuneration for statutory audit services paid by the Company on behalf of other group entities of £63,800 (2022: £61,000). The auditor's remuneration for CASS audit services for the year was £20,000 (2022: £13,000).

## InfraRed Capital Partners Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 11 Taxation

Tax charged in the statement of comprehensive income:

	2023 £	2022 £
<b>Current taxation</b>		
UK corporation tax	4,471,038	3,399,967
Adjustments in respect of prior periods	<u>29,577</u>	<u>(1,118,146)</u>
	4,500,615	2,281,821
Foreign tax	<u>-</u>	<u>40</u>
Total current income tax	<u>4,500,615</u>	<u>2,281,861</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	18,314	(66,942)
Effect of changes in tax rates	1,152	(21,139)
Adjustments in respect of prior periods	<u>-</u>	<u>1,257,544</u>
Total deferred taxation	<u>19,466</u>	<u>1,169,463</u>
Tax expense in the income statement	<u>4,520,081</u>	<u>3,451,324</u>

The tax on profit before tax for the year is lower than the pro-rata rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>19,342,846</u>	<u>18,030,789</u>
Corporation tax at standard rate	4,549,543	3,425,850
<b>Effects of:</b>		
Income not taxable for tax purposes	(195,877)	(157,559)
Amounts not deductible for tax purposes	135,686	64,774
Changes in tax rates	1,152	(21,139)
Adjustments in respect of prior periods	<u>29,577</u>	<u>139,398</u>
Total tax charge	<u>4,520,081</u>	<u>3,451,324</u>

## InfraRed Capital Partners Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 11 Taxation (continued)

##### Factors affecting current and future tax charges

The UK corporation tax rate increased from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 and the 25% rate has been applied, where applicable, to deferred tax balances at the balance sheet date.

#### 12 Tangible assets

	Office furniture and fittings £	Other tangible assets £	Total £
<b>Cost or valuation</b>			
At 1 January 2023	5,822,368	3,827,742	9,650,110
Additions	-	211,788	211,788
Disposals	<u>(188,952)</u>	<u>(2,667,286)</u>	<u>(2,856,238)</u>
At 31 December 2023	<u>5,633,416</u>	<u>1,372,244</u>	<u>7,005,660</u>
<b>Depreciation</b>			
At 1 January 2023	3,105,190	3,347,431	6,452,621
Charge for the year	465,802	323,325	789,127
Eliminated on disposal	<u>(188,952)</u>	<u>(2,667,286)</u>	<u>(2,856,238)</u>
At 31 December 2023	<u>3,382,040</u>	<u>1,003,470</u>	<u>4,385,510</u>
<b>Carrying amount</b>			
At 31 December 2023	<u>2,251,376</u>	<u>368,774</u>	<u>2,620,150</u>
At 31 December 2022	<u>2,717,178</u>	<u>480,311</u>	<u>3,197,489</u>

## InfraRed Capital Partners Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 13 Debtors

	2023 £	2022 £
Trade debtors	557,179	85,000
Amounts owed by related parties	23,107,896	25,165,967
Other debtors	724,476	1,485,265
Prepayments	2,458,061	2,522,841
Deferred tax assets	138,816	369,285
Derivatives - foreign exchange forward contracts	615,476	-
Corporation tax receivable	-	2,602,193
	<u>27,601,904</u>	<u>32,230,551</u>

#### 14 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	<u>11,026,098</u>	<u>13,103,436</u>

#### 15 Creditors

	2023 £	2022 £
<b>Due within one year</b>		
Amounts due to related parties	4,355,628	15,312,439
Corporation tax	2,911,298	-
Other payables	858,306	834,029
Derivatives - foreign exchange forward contracts	-	228,536
Accruals	<u>3,879,469</u>	<u>4,014,414</u>
	<u>12,004,701</u>	<u>20,389,418</u>
<b>Due after one year</b>		
Deferred cash awards	<u>45,620</u>	<u>-</u>

#### 16 Share capital

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

	No.	2023 £	No.	2022 £
Ordinary shares of £1 each	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>

## InfraRed Capital Partners Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 17 Derivatives - hedge accounting

The Company uses forward foreign exchange contracts in order to hedge against the variability of future income and expense denominated in currencies other than GBP. The Company places 12 month forward contracts on a rolling quarterly basis equal to an amount of the forecast income of the Company in the relevant foreign currency less any forecast expenses due in that currency.

The forward foreign exchange contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs and are classified as level 2. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:EUR.

The fair value of forward foreign exchange contracts is disclosed in the debtors and creditors notes. During the year the Company recycled profits of £79,922 (2022: losses £944,757) to the profit or loss against management fees received.

#### 18 Obligations under leases and hire purchase contracts

At 31 December, the Company had commitments under non-cancellable operating leases as follows:

	2023 £	2022 £
Within one year	1,647,483	1,650,623
In more than one year, but not more than five years	6,510,188	6,531,341
After five years	8,680,251	10,307,798
Total	<u>16,837,922</u>	<u>18,489,762</u>

#### 19 Related party transactions

As a wholly owned subsidiary of InfraRed Partners 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 wholly owned group companies.

Agincourt (1) LLP is a subsidiary of the Company under the Companies Act by virtue of the LLP Deed. The Company is responsible for the management and control of the business and affairs of Agincourt (1) LLP.

## **InfraRed Capital Partners Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **20 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 Sun Life Financial Inc, with a registered address of 1 York Street, Toronto, Ontario, Canada, M5J 0B6, 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.

#### **21 Subsequent events**

There were no events post the statement of financial position date requiring disclosure in these financial statements.