Aberdeen Infrastructure Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2015

Company Number 06671204

ABERDEEN INFRASTRUCTURE LIMITED

TABLE OF CONTENTS

SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:	K M Hill M T Smith A L Tennant I H-Y Wong
REGISTERED OFFICE:	9th Floor 20 Churchill Place Canary Wharf London E14 5HJ
ADMINISTRATOR:	State Street (Guernsey) Limited P.O. Box 543 First Floor Dorey Court Admiral Park St Peter Port Guernsey GY1 6HJ
SECRETARY:	State Street (Guernsey) Limited First Floor Dorey Court Admiral Park St Peter Port Guernsey GY1 6HJ
BANKER:	Lloyds Bank International Limited (Guernsey Branch) P.O. Box 123 Sarnia House Le Truchot St Peter Port Guernsey GY1 4EN
INDEPENDENT AUDITORS:	PricewaterhouseCoopers CI LLP P.O. Box 321 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
INVESTMENT MANAGER:	Prior to 1 October 2015 Aberdeen Infrastructure Asset Managers Limited 10 Queens Terrace Aberdeen AB10 1YG From 1 October 2015 Aberdeen Asset Managers Limited 10 Queens Terrace Aberdeen AB10 1YG

REPORT OF THE DIRECTORS
For the year ended 31 December 2015

The Directors present their annual report and audited financial statements for Aberdeen Infrastructure Limited (the "Company") for the year ended 31 December 2015.

Incorporation
The Company was incorporated on 12 August 2008 and is registered as a private company in the UK under the Companies Act 2006. The Company's registration number is 06671204.

Registered office
The Company's registered office is 9th Floor, 20 Churchill Place, Canary Wharf, London, United Kingdom, E14 5HJ.

Financial risk management
The key risks and uncertainties faced by the Company are managed within the framework established for the Investment Manager. Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 11 to the financial statements. The Company is funded by Aberdeen Infrastructure Partners LP Inc. ("AIPLP"), and as a result liquidity risk is managed by the Company in conjunction with AIPLP.

Results and dividends
The Company's total comprehensive income for the year was GBP2,086,549 (2014: loss of GBP1,831,640). No dividends were paid or recomended during the year (2014: GBPnil).

Future developments
The Company remains committed to the business of holding investments and will continue to manage its existing and new investments in the future.

Directors and their interests
The Directors at the date of this report are as stated on page 1, all of whom served throughout the year.

A L Tennant is also a director of Aberdeen Infrastructure Finance GP Limited, which is the general partner of the Company's immediate parent undertaking, AIPLP.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Report of the Directors and audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"). 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.

REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 31 December 2015

Statement of Directors' responsibilities in respect of the financial statements (continued)
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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and enable the Directors to ensure that the financial statements comply with the Companies Act 2006 and IFRSs. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the audited financial statements.

Audit information
The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they each are aware, there is no relevant audit information of which the Company's Independent Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Independent Auditors are aware of that information.

Subsequent events
On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, reported at the Statement of Financial Position date of 31 December 2015.

Going concern
The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors have taken into account all available information about the foreseeable future and consequently the going concern basis is appropriate in preparing the financial statements.

Presentation of accounts
For the year ended 31 December 2014, the Company was entitled to the audit exemption under section 479A of the Companies Act 2006 relating to subsidiary companies, hence comparative figures for the year ended 31 December 2014 are disclosed as unaudited.

Independent Auditors
PricewaterhouseCoopers CI LLP were appointed as Independent Auditors during the period and have indicated their willingness to continue in office, and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board,

I H-Y Wong
Director
05 September 2016

STRATEGIC REPORT
For the year ended 31 December 2015

The Directors present their strategic report on the Company for the year ended 31 December 2015.

Review and principal activity
The Company operates as an investment holding company for its parent, AIPLP, and there has been no change in that activity during the year. The Company holds AIPLP's debt portfolio of high quality, operational, Private Finance Initiative ("PFI")/Public Private Partnerships ("PPP") assets. This portfolio has been funded by the issuance of a Eurobond acquired by AIPLP.

Principal risks and uncertainties
The key risks and uncertainties faced by the Company are managed within the framework established for the Investment Manager. Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 11 to the financial statements. The Company is funded by its immediate parent undertaking, AIPLP, and as a result liquidity risk is managed by the Company in conjunction with AIPLP.

Key performance indicators
The Directors of the Company consider its operations to be consistent with those at the level of the immediate holding companies that are managed by the Investment Manager. For this reason, the Company's Directors believe that an analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

By order of the Board,

I H-Y Wong
Director
05 September 2016

Independent auditors' report to the members of Aberdeen Infrastructure Limited

Report on the financial statements

Our opinion

In our opinion, Aberdeen Infrastructure Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Aberdeen Infrastructure Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

A H Peacegood

Adrian Peacegood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Guernsey
05 September 2016

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	2015 GBP	2014 GBP (unaudited)
Income			
Bank interest income		9,563	15,317
Interest income	3	13,736,745	15,178,015
Other income		12	-
Net foreign exchange gains		-	270,095
Total income		13,746,320	15,463,427
Expenses			
Administration fees		12,419	12,700
Eurobond interest	15	13,695,705	15,132,226
Filing and regulatory fees		5,821	7,807
Provision	14	(2,095,731)	2,095,731
Other operating expenses		517	511
Total expenses		11,618,731	17,248,975
Operating profit / (loss)		2,127,589	(1,785,548)
Tax	5	41,040	46,092
Profit / (loss) on ordinary activities after tax		2,086,549	(1,831,640)
Total comprehensive income / (loss) for the year		2,086,549	(1,831,640)
Attributable to Equity holders:			
Total comprehensive income / (loss) for the year		2,086,549	(1,831,640)

The notes on pages 11 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	**2015** **GBP**	**2014** **GBP** **(unaudited)**
Assets			
Non-current assets			
Loans and receivables			
Debt securities	**6**	118,370,131	123,585,350
Total non-current assets		118,370,131	123,585,350
Current assets			
Receivables	**7**	2,651,216	2,762,379
Cash and cash equivalents	**8**	3,387,546	2,958,263
Total current assets		6,038,762	5,720,642
Total assets		124,408,893	129,305,992
Equity and liabilities			
Equity			
Share capital	**9**	10,000	10,000
Retained earnings / (losses)		304,716	(1,781,833)
Total equity / (deficit)		314,716	(1,771,833)
Liabilities			
Non-current liabilities			
Eurobond capital	**10**	118,924,336	124,279,850
Provision	**14**	-	2,095,731
Total non-current liabilities		118,924,336	126,375,581
Current liabilities			
Eurobond interest payable	**10**	5,146,895	4,688,848
Payables and accruals		6,258	4,338
Tax payable		16,688	9,058
Total current liabilities		5,169,841	4,702,244
Total liabilities		124,094,177	131,077,825
Total equity and liabilities		124,408,893	129,305,992

The financial statements were authorised for issue by the Board of Directors of the Company and signed on its behalf by:

I H-Y Wong
Director
05 September 2016

The notes on pages 11 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Share capital GBP	Retained earnings GBP	Total (deficit) / equity GBP
Balance at 1 January 2014	10,000	49,807	59,807
Total comprehensive loss for the year (unaudited)	-	(1,831,640)	(1,831,640)
Balance at 31 December 2014 (unaudited)	10,000	(1,781,833)	(1,771,833)
Balance at 1 January 2015 (unaudited)	10,000	(1,781,833)	(1,771,833)
Total comprehensive income for the year	-	2,086,549	2,086,549
Balance at 31 December 2015	10,000	304,716	314,716

The notes on pages 11 to 25 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	Notes	2015 GBP	2014 GBP (unaudited)
Cash flows from operating activities			
Principal repayment from debt securities	6	5,170,445	2,291,926
Interest income received	3	13,892,778	15,302,803
Amounts due from third party		(96)	-
Amounts received from related parties		-	2,500
Bank interest received		9,563	14,806
Operating expenses paid		(16,825)	(16,181)
Tax		(33,410)	(82,256)
Net cash flow generated from operating activities		19,022,455	17,513,598
Cash flows from financing activities			
Eurobond capital paid	10	(5,355,514)	(1,923,621)
Eurobond interest paid		(13,237,658)	(15,752,897)
Net cash flow used in financing activities		(18,593,172)	(17,676,518)
Net increase / (decrease) in cash and cash equivalents		429,283	(162,920)
Cash and cash equivalents at 1 January		2,958,263	3,121,183
Cash and cash equivalents at 31 December	8	3,387,546	2,958,263

The notes on pages 11 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 9th Floor, 20 Churchill Place, Canary Wharf, London, United Kingdom, E14 5HJ.

The Company operates as an investment holding company.

These financial statements were authorised for issue by the Board of Directors of the Company on 05 September 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared on a going concern basis in accordance with IFRSs. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 12.

For the year ended 31 December 2014, the Company was entitled to audit exemption under section 479A of the Companies Act 2006 relating to subsidiary companies, hence comparative figures for the year ended 31 December 2014 are disclosed as unaudited.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the financial statements.

(a) Standards and amendments to existing standards effective 1 January 2015
There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a material impact on the Company.

(b) New standards, amendments and interpretations effective after 1 January 2015 and not early adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company, except the following set out below:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations effective after 1 January 2015 and not early adopted (continued)
IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. An updated version of IFRS 9 was issued on 10 November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standards retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the required accounting period beginning on or after the date advised by the IASB. The effective mandatory date in place for IFRS 9 is 1 January 2018.

2.2 Foreign currency translation

(a) Functional and presentation currency
The operating and investing activities of the Company is denominated in Pound Sterling. As such the performance of the Company is measured and reported in Pound Sterling. The Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company. The financial statements are presented in Pound Sterling, the Company's functional and presentation currency.

(b) Translations and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency assets and liabilities, other than financial assets and liabilities at fair value through profit or loss are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net change in fair value of financial assets and financial liabilities at fair value through profit or loss".

2.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) those that the Company intends to sell immediately or in the short-term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(b) those that the Company upon initial recognition designates as available for sale; or

(c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Loans and receivables (continued)

Loans and receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the Statement of Financial Position as 'Debt securities'. Interest on loans is included in the Statement of Comprehensive Income and is reported as 'Interest income'. In case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the Statement of Comprehensive Income as a 'Provision'. If in a subsequent period, there is objective evidence that the Company will be able to collect all debt securities, the impairment to loans and receivables is reversed through the Statement of Comprehensive Income.

A provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due to be received. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount to be received is impaired. Once a financial asset or a Fund of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument - or, when appropriate, a shorter period - to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the General Partner estimates cash flows considering all contractual calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.4 Receivables

Receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method.

2.5 Cash and cash equivalents

Cash and cash equivalents consist of cash balances that are freely available and other cash balances with an original maturity of three months or less.

2.6 Payables and accruals

Payables and accruals are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate method. Payables and accruals are derecognised when the obligation under the liability is discharged or cancelled or expires.

2.7 Eurobond capital and Eurobond interest

Eurobond capital is a financial liability within the scope of IAS 39 and is classified as an other liability. Other liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition, Eurobond capital is measured at amortised cost using the effective interest rate method.

Eurobond interest is calculated and accrued on the same basis as the interest income received from the Company's debt security investments based on fixed and floating rate subordinated loan notes. The Eurobond interest only becomes payable on receipt of interest income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from debt securities and early repayment interest.

2.9 Expenses

Expenses are recognised on an accruals basis.

2.10 Taxation

The Company is subject to corporation tax at 20.25% (2014: 21.50%) on its profits. Quarterly tax payments are made to HMRC based on a margin equivalent to 12.5 basis points on the average outstanding principal balance of the Company's debt security investments. These payments are then subtracted from the annual tax amount computed and the excess amount owed is paid to HMRC after the annual tax return has been filed.

3. INTEREST INCOME

	2015 GBP	2014 GBP (unaudited)
Interest income from debt securities	13,736,745	15,178,015

4. AUDITORS' REMUNERATION

There were no audit fees payable to the Company's Independent Auditors for the year ended 31 December 2015 (2014:GBPnil).

5. TAX

	2015 GBP	2014 GBP (unaudited)
Current tax expense		
Current year	41,040	46,092
Reconciliation of effective tax rate		
Average debt securities balance for the year	119,854,681	124,266,827
Margin payment at 12.5 basis points	149,818	155,334
Tax at 20.25% (2014: 21.50%) on margin payment	30,338	33,397
Adjustments to tax	10,702	12,695
Total tax charged in Statement of Comprehensive Income	41,040	46,092

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

6. LOANS AND RECEIVABLES

	2015 GBP	2014 GBP (unaudited)
Loans and receivables at amortised cost		
Debt securities	118,370,131	123,585,350

Movements in debt securities

	2015 GBP	2014 GBP (unaudited)
As at 1 January	123,585,350	125,476,809
Repayments	(5,215,219)	(1,855,513)
Capitalised interest	-	(35,946)
As at 31 December	118,370,131	123,585,350

As at the year ended 31 December 2015 and 2014, the carrying amount of loans and receivables approximate their fair value.

7. RECEIVABLES

	2015 GBP	2014 GBP (unaudited)
Accrued debt securities interest	2,606,346	2,762,379
Amounts due from third party	96	-
Loan principal repayments due	44,774	-
	2,651,216	2,762,379

As at the year ended 31 December 2015 and 2014, the carrying amount of receivables approximate their fair value.

8. CASH AND CASH EQUIVALENTS

	2015 GBP	2014 GBP (unaudited)
Cash at bank	3,387,546	2,958,263

As at the year ended 31 December 2015 and 2014, the carrying amount of cash and cash equivalents approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

9. SHARE CAPITAL

	2015 GBP	2014 GBP (unaudited)
Authorised, issued and fully paid		
10,000 ordinary shares of GBP1.00 each	10,000	10,000

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 meetings of the Company.

10. EUROBOND CAPITAL

	2015 GBP	2014 GBP (unaudited)
Unsecured redeemable loan notes	118,924,336	124,279,850

Movements in unsecured redeemable loan notes

	2015 GBP	2014 GBP (unaudited)
As at 1 January	124,279,850	126,473,566
Repaid	(5,355,514)	(2,193,716)
As at 31 December	118,924,336	124,279,850

On 4 November 2008, the Company created and issued unsecured redeemable loan notes. The aggregate nominal value of the loan notes constituted by the debt instrument shall not exceed GBP150,000,000 (or the Euro equivalent of GBP150,000,000). Each loan note is issued as fully paid at par in denomination of any amount being an integral multiple of GBP1 or, as the case may be, EUR1. The loan notes, as and when issued, rank equally as an unsecured obligation of the Company. Unless previously redeemed, the Company shall redeem the loan notes in full at par on the maturity date, being 31 December 2035. Interest is calculated and accrued on the same basis as the interest received from the underlying loan notes of the Company's debt securities.

The aggregate nominal value of GBP150,000,000 unsecured redeemable loan notes were admitted to the official list of the Channel Islands Securities Exchange on 5 February 2009.

During the year, the Company incurred Eurobond interest expenses of GBP13,695,705 (2014: GBP15,123,226), with GBP5,146,895 (2014: GBP4,688,848) outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

11. FINANCIAL RISK MANAGEMENT

11.1 Financial risk factors

The objective of the Company's financial risk management is to manage and control the risk exposures of its investment portfolio. The Directors have overall responsibility for overseeing the management of financial risks. The review and management of financial risks are performed by the Company, which 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.

The Company owns a portfolio of investments predominantly in subordinated loan notes of PFI/PPP companies. These companies are structured at the outset to minimise financial risks of acquiring and holding the investment. The Company primarily focuses its risk management on the direct financial risks of acquiring and holding the portfolios, but continues to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the Boards of the project companies and the receipt of regular financial and operational performance reports.

11.1.1 Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from changes in external market factors such as:

- interest rates (interest rate risk);
- foreign exchange rates (currency risk); and
- equity markets (other price risk).

The investments are susceptible to market price risk arising from uncertainties about future values of the instruments. The Company has an Investment Manager who provides the Board of Directors with investment recommendations. The Investment Manager's recommendations are reviewed by the Board of Directors before the investment decisions are implemented.

The performance of the investments held by the Company are monitored by the Investment Manager on a monthly basis and reviewed by the Board of Directors on a quarterly basis.

(a) Price 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.

Price risk arises from investments in listed and unlisted equity shares. The Company has no listed or unlisted equity shares thus no sensitivity to price risk is considered to exist.

(b) Currency risk
The project companies in which the Company invests conduct their business and pay interest, dividends and principal in Pound Sterling. The Company is not exposed to any currency risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.1 Market risk (continued)

(c) Interest rate risk

The Company invests in subordinated loan notes 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 portfolio's cash flows are continually monitored and reforecast both over the near future and the long-term (over the whole period of projects' concessions) to analyse the cash flow returns from investments.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Company holds debt securities that expose the Company to fair value interest rate risk. The Company's policy requires the Investment Manager to manage this risk by reviewing fluctuations of the interest rate sensitivity gap of financial assets and liabilities on a monthly basis and the General Partner to review on a quarterly basis. As interest income is received, it is then paid out as Eurobond interest and therefore the effect of fluctuations in interest rates on the total comprehensive income for the year and net assets attributable to shareholders is nil.

The Company has an indirect exposure to changes in interest rates through its investment in project companies, which are in part financed by senior debt. Senior debt financing of project companies is generally either through floating rate debt or fixed interest rate bonds. Where senior debt is financed through floating rate debt, the projects typically have concession length hedging arrangements in place, which are monitored by the project companies' managers, finance parties and boards of directors.

(d) 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 a mismatch between income and costs due to movements in inflation indexes. The Company's overall cash flows are estimated to partially vary with inflation. The effect of these inflation changes does not always immediately flow through to the Company's cash flows as there is a time lag due to financial models only being updated on a 6 monthly basis.

11.1.2 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 direct counterparties are the project companies in which it makes debt 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 forecasts are project companies 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 investments and their subsidiary entities generally receive revenue from government departments, public sector or local authority clients. Therefore a significant portion of the Company's revenue arises from counterparties of good financial standing.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.2 Credit risk (continued)

The Company is also reliant on the projects' subcontractors continuing to perform their service delivery obligations such that revenues to projects are not disrupted. The Company has a subcontractor counterparty monitoring procedure in place. The credit standing of subcontractors is reviewed and the risk of default estimated for each significant counterparty position. Monitoring is ongoing and period end positions are reported to the Investment Manager on a quarterly basis.

With the exception of the provision recorded in 2014 as disclosed in Note 14, which was reversed in full during 2015, the Directors of the General Partner believe that objective evidence exists that the Company will be able to collect the principal and interest due on the loans and receivables and as such no impairment provision was made on the financial statements for the years ended 31 December 2015 and 2014.

No classes within trade and receivables contain impaired assets. The maximum exposure to credit risk over financial assets is the carrying value of those assets in the Statement of Financial Position as set out below:

	2015 GBP	2014 GBP (unaudited)
Debt securities	118,370,131	123,585,350
Receivables	2,651,216	2,762,379
Cash and cash equivalents	3,387,546	2,958,263
Total	124,408,893	129,305,992

The cash of the Company is limited to financial institutions of a suitable credit quality.

As at 31 December 2015, the Company did not record any overdue and impaired balances (2014: GBPnil). The table below sets out the internal credit rating of debt securities and membership shares:

	2015 %	2014 %
Internal rating – better than satisfactory risk	-	-
Internal rating – satisfactory risk	100	100
Internal rating – viable but monitoring	-	-
Internal rating – high risk	-	-

The main concentration of credit risk to which the Company is exposed arises from the Company's investments in debt securities as disclosed in Note 6. However, this risk is spread over 33 debt securities of different investments. The Company is also exposed to counterparty credit risk on cash and cash equivalents and receivables balances.

Cash transactions are limited to the Banker who is a subsidiary of a financial institution with Long term debt credit rating of A (2014: A), as rated by the rating agency, Standard & Poor's. At 31 December 2015, all cash and cash equivalents were placed with the Banker.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.2 Credit risk (continued)

In accordance with the Company's policy, the Investment Manager monitors the Company's credit risk exposure on a monthly basis, and the Immediate Parent Undertaking, AIPLP, reviews it on a quarterly basis.

11.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they 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's activity is funded by long-term funding, as it is closed ended and hence the shareholders do not have the option to redeem their investments in the Company. The Company is exposed to limited liquidity risk. The management of liquidity risk is delegated to the Investment Manager.

The Company's investments are generally in private companies for which there is no active market and, therefore, those investments 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 is subject to liquidity risk on the Eurobond capital issued and Eurobond interest accrued. However, this risk is mitigated in accordance with the debt instrument which states Eurobond capital and interest will only be paid to the holders once the equivalent amounts have been received from the underlying investment portfolio. In addition the maturity date of the Eurobond is 31 December 2035.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Within one year GBP	One to five years GBP	Over five years GBP
31 December 2015			
Financial assets			
Loans and receivables	-	-	118,370,131
Receivables	2,651,216	-	-
Cash and cash equivalents	3,387,546	-	-
Total financial assets	6,038,762	-	118,370,131

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.3 Liquidity risk (continued)

	Within one year GBP	One to five years GBP	Over five years GBP
31 December 2014 (unaudited)			
Financial assets			
Loans and receivables	-	-	123,585,350
Receivables	2,762,379	-	-
Cash and cash equivalents	2,958,263	-	-
Total financial assets	5,720,642	-	123,585,350

	Within one year GBP	One to five years GBP	Over five years GBP
31 December 2015			
Financial liabilities			
Eurobond capital	-	-	118,924,336
Eurobond interest payable	5,146,895	-	-
Payables and accruals	6,258	-	-
Tax payable	16,688	-	-
Total financial liabilities	5,169,841	-	118,924,336

	Within one year GBP	One to five years GBP	Over five years GBP
31 December 2014 (unaudited)			
Financial liabilities			
Eurobond capital	-	-	124,279,850
Provisions	2,095,731	-	-
Eurobond interest payable	4,688,848	-	-
Payables and accruals	4,338	-	-
Tax payable	9,058	-	-
Total financial liabilities	6,797,975	-	124,279,850

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.3 Liquidity risk (continued)

The Company operates as an investment structure whereby the Fund invests and commits to invest into various portfolio companies. As at 31 December 2015, there were no outstanding capital commitment obligations with respect to specific portfolio company acquisitions and no amounts due to the portfolio companies for unsettled purchases.

11.2 Capital risk management

The capital of the Company is represented by the net assets attributable to its shareholder. The amount of net assets attributable to its shareholder may change as the Company may adjust the amount of dividends paid to its shareholder, return capital to its shareholder, issue new shares or sell assets to reduce capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

The Board of Directors and Investment Manager monitor capital on the basis of the value of net assets attributable to its shareholders.

There were no changes in the Company's approach to capital management during the year.

12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Investment Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

(a) Debt securities

Debt securities are not quoted in an active market and are accounted for at amortised cost. The Board of Directors of the Investment Manager assess the recoverability of these debt securities through the use of cash flow models of the underlying entities.

(b) Provision

During the year, the Company reversed a provision of GBP2,095,731 made in 2014, as disclosed in Note 14. This represents the Board of Directors' best estimate that they will be able to collect the principal and interest due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

13. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables GBP	Designated at fair value through profit or loss GBP	Total GBP
As at 31 December 2015			
Assets			
Debt securities	118,370,131	-	118,370,131
Receivables	2,651,216	-	2,651,216
Cash and cash equivalents	3,387,546	-	3,387,546
	124,408,893	-	124,408,893

	Loans and receivables GBP	Designated at fair value through profit or loss GBP	Total GBP
As at 31 December 2014 (unaudited)			
Assets			
Debt securities	123,585,350	-	123,585,350
Receivables	2,762,379	-	2,762,379
Cash and cash equivalents	2,958,263	-	2,958,263
	129,305,992	-	129,305,992

	Other financial liabilities at amortised GBP	Liabilities at fair value through profit or loss GBP	Total GBP
As at 31 December 2015			
Liabilities			
Eurobond capital	118,924,336	-	118,924,336
Eurobond interest payable	5,146,895	-	5,146,895
Payables and accruals	6,258	-	6,258
Tax payable	16,688	-	16,688
	124,094,177	-	124,094,177

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

13. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Other financial liabilities at amortised GBP	Liabilities at fair value through profit or loss GBP	Total GBP
As at 31 December 2014 (unaudited)			
Liabilities			
Eurobond capital	124,279,850	-	124,279,850
Provisions	2,095,731	-	2,095,731
Eurobond interest payable	4,688,848	-	4,688,848
Payables and accruals	4,338	-	4,338
Tax payable	9,058	-	9,058
	131,077,825	-	131,077,825

14. PROVISION

During 2014, a provision of GBP2,095,731 was made against Tyne Tunnel 2 subordinated debt. The Directors assessed the fair value of the project and recognised this provision, which represents their best estimate of the potential losses to be incurred under this contract. During 2015, the Directors fully reversed the said provision of GBP2,095,731 following an updated valuation of the project. The Directors believe that objective evidence exists that the principal and interest due on the loan balances will ultimately be settled in full.

15. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company's immediate parent is AIPLP. No dividends were paid during the year (2014: GBPnil). The Company created unsecured redeemable loan notes ("Eurobond capital") with an aggregate nominal value of up to GBP150,000,000. At the year end, the Eurobond capital issued by the Company was GBP118,924,336 (2014: GBP124,279,850), which is held by AIPLP. During the year, the Company issued additional Eurobond capital of GBPnil (2014: GBPnil), and repaid GBP5,355,514 (2014: GBP2,193,716) of Eurobond capital. There are no amounts owed by AIPLP (2014: GBPnil), which represent Eurobond capital issued in respect of investments made.

During the year, the Company incurred Eurobond interest expenses of GBP13,695,705 (2014: GBP15,132,226), with GBP5,146,895 (2014: GBP4,688,848) outstanding at the year end.

The Company has a related party relationship with Aberdeen Infrastructure (No.2) LLP ("AI(No.2)L"), as entities under common control. In 2014, the Company received repayment of its direct investment in the A Membership Shares in AI(No.2)L amounting to GBP420,913. There are no such repayment in the current year.

16. STAFF COSTS

The Company has no employees other than the Directors, who did not receive any remuneration.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2015

17. ULTIMATE PARENT UNDERTAKING

As at 31 December 2015, the Company's immediate parent undertaking is AIPLP. The Directors of the Company consider there to be no ultimate controlling party.

18. SUBSEQUENT EVENTS

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, reported at the Statement of Financial Position date of 31 December 2015.