Aberdeen Infrastructure Limited

Annual Report and Audited Financial Statements

For the year ended 31 December 2017

Company Number 06671204

ABERDEEN INFRASTRUCTURE LIMITED

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ABERDEEN INFRASTRUCTURE LIMITED

SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:	K M Hill M T Smith A L Tennant I H-Y Wong
REGISTERED OFFICE:	Bow Bells House 1 Bread Street London England EC4M 9HH
ADMINISTRATOR AND SECRETARY:	State Street (Guernsey) Limited P.O. Box 543 First Floor Dorey Court Admiral Park St Peter Port Guernsey GY1 6HJ
BANKER:	Lloyds Bank International Limited (Guernsey Branch) P.O. Box 136 Sarnia House Le Truchot St Peter Port Guernsey GY1 4EN
INDEPENDENT AUDITOR:	PricewaterhouseCoopers CI LLP P.O. Box 321 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
INVESTMENT MANAGER:	Aberdeen Asset Managers Limited 10 Queens Terrace Aberdeen AB10 1YG

REPORT OF THE DIRECTORS
For the year ended 31 December 2017

The Directors present their annual report and audited financial statements for Aberdeen Infrastructure Limited (the "Company") for the year ended 31 December 2017.

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 "Act"). The Company's registration number is 06671204.

Registered office
The Company's registered office is Bow Bells House, 1 Bread Street, London, England, EC4M 9HH.

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 loss for the year was GBP22,837 (2016: income GBP5,882). No dividends were paid or recommended during the year (2016: 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 and I H-Y Wong are also directors 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 the audited financial statements in accordance with applicable law (i.e. the Companies Act 2006) and regulations.

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

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
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

REPORT OF THE DIRECTORS (CONTINUED)
For the year ended 31 December 2017

Statement of Directors' responsibilities in respect of the financial statements (continued)
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 Auditor is 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 Auditor is aware of that information.

Subsequent events
As at 31 December 2017, the Company held equity interests in the PFI Camden project (PFI Camden (Holdings) Limited). During April 2018, the PFI Camden SPV Directors agreed that liquidating the PFI Camden project was the best course of action following the non-payment of the unitary charge by the Camden Council since November 2017 resulting in the insolvency of the project. It has been determined that only liquidation costs of circa GBP100,000 will be payable by AIPLP. The Investment Advisor does not expect there to be any further impact to AIPLP. The effect of the liquidation will result in the write-down of the PFI Camden Investment to Nil which has a less than 1% impact to the current Net Asset Value of AIPLP and current Investment Value of the Company.

The Directors have evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and 11 July 2018, the date the financial statements were available to be issued and has determined there were no subsequent events to report as at the date of signing this report and the audited financial statements.

Going concern
The Company is currently in a net current liability position of GBP1,268,900. Included in this amount is GBP7,452,832 which relates to Eurobond interest due to the Company's immediate parent, AIPLP. AIPLP has confirmed that notwithstanding the existing terms of the Eurobond, it will not demand repayment of principal or interest until the Company has sufficient resources to continue in existence for the foreseeable future following such payment. The Directors have therefore determined that the Company has sufficient resources to continue in operation for the foreseeable future and that it is appropriate for the financial statements to be prepared on a going concern basis.

Independent Auditor
PricewaterhouseCoopers CI LLP have indicated their willingness to continue in office and a resolution to re-appoint the Independent Auditor will be put forward at the forthcoming Annual General Meeting.

By order of the Board,

Martin Smith

Martin Smith
Director
11 July 2018

STRATEGIC REPORT
For the year ended 31 December 2017

The Directors present their strategic report on the Company for the year ended 31 December 2017.

Results and review of business
The total comprehensive result for the year is set out in the Statement of Comprehensive Income on page 10. The Directors consider the performance of the Company during the year and its financial position at the end of the year, to be in line with the long term expected performance of the project, and its prospects for the future to be satisfactory.

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 Directors and the Investment Manager 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,

Martin Smith

Martin Smith
Director
11 July 2018

Independent auditor's report to the members of Aberdeen Infrastructure Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aberdeen Infrastructure Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of cash flows, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

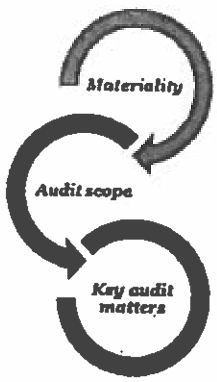
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality

- We determined overall materiality for the purposes of the audit to be £1,238,000, based on 1% of total assets.

Audit scope

- Aberdeen Infrastructure Limited (the "Company") operates as an investment holding vehicle for its parent, Aberdeen Infrastructure Partners LP ("AIPLP"). The bookkeeping and administration of the Company are delegated to and carried out by State Street (Guernsey) Limited (the "Administrator"). Financial statements of the Company are prepared by the Administrator and then reviewed by the representatives of the Investment Manager and approved by the Board of Directors of the Company.
- We performed the audit of the Company for the year ended 31 December 2017. Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Key audit matters

- Carrying value of debt securities

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Carrying value of debt securities The Company is a wholly owned subsidiary of AIP LP. It holds subordinated debt in a portfolio of Private Finance Initiative ("PFI") and Public Private Partnerships ("PPP") projects valued at £117,604,932 ("debt securities"). Please refer to Note 6 of the financial statements which illustrates the movements in debt securities for the financial year. As described in the Critical Accounting Estimates and Judgement's Note (Note 12 in the financial statements), these debt securities are accounted for at amortised cost. The Directors assess these debt securities for impairment as part of the quarterly valuation process. This valuation process includes the use of a discounted cash flow analysis to assess if the carrying value of the debt securities might be impaired. The present value of expected future cash flows is derived from using reasonable assumptions and forecasts and an appropriate discount rate. The carrying value of these debt securities has been assessed as a key audit matter due to the significant judgement required and assumptions applied in determining the appropriate values of the projects in which the debt securities are held. The key areas of judgement concern the following factors in the valuation methodology: • Discount rates – the determination of the appropriate discount rate for each project that is reflective of current market and industry conditions (i.e. macro-economic assumptions such as interest rates, inflation rates, the effects of the political developments and trends on these assumptions) and the specific risks as applicable to each project; • Forecast future cash flows – enhancements made to underlying project cash flows to enhance or change the timings of cash flows from the PFI/PPP infrastructure projects.	**Controls evaluation** We obtained an understanding of the design and implementation of controls in operation over the project valuation, and tested the operating effectiveness of the periodic review and approval of the quarter-end valuations prepared by the Investment Manager and reviewed by the Aberdeen Alternatives Pricing Committee ("Pricing Committee"). We have not identified any exceptions as a result of the controls evaluation procedures described above. We selected a sample of projects to address significant variable cash flow risk and performed the following procedures: ***Assumptions applied in project valuation:*** Our internal valuation experts have provided support in our testing of macroeconomic inputs applied to the detailed discounted future cash flow models produced by project companies for the lenders ("lender models"), and the discount rates for respective simplified models containing the cash flows relevant to the Company only ("simplified models") produced by the Investment Manager. We assessed the assumptions used to determine the underlying variable cash flows in the lender models, including assumptions that require significant judgement or are subject to complex regulatory requirements with the assistance provided by internal valuation experts, and identified no exceptions from this assessment. ***Integrity of valuation models:*** The audit engagement team verified the appropriateness of the design of the lender models with the modelling expertise provided by the internal valuation experts and we tested the integrity of the respective simplified models for the sampled projects with no exceptions noted by: - Reconciling the gross project cash flows from lender to simplified models; - Recalculating simplified cash flows by applying the Company's ownership share to the gross lender model cash flows; - Recalculating the net present value of the projects by applying the respective discount rates approved by the Pricing Committee and verified by us, and reconciling it to the underlying Company balances.

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

Key audit matter	*How our audit addressed the key audit matter*
	Other Procedures: In addition to the aforementioned procedures, within our sample we have performed the following on the cash flow models with no exceptions noted: - We tested historical accuracy of forecasting by comparing the historical forecast relevant cash flows from the projects to the actual figures; - We inspected the latest respective financial statements of the projects in the sample for evidence of impairment indicators and inconsistencies with the lender and simplified models.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1,238,000
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above £61,900 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 2 and 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

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.

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

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Adrian Peacegood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Guernsey, Channel Islands
11 July 2018

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	2017 GBP	2016 GBP
Income			
Bank interest income		43	3,910
Interest income	3	13,798,437	13,434,144
Other income		-	310
Net gains on loans and receivables		-	32,148
Total income		13,798,480	13,470,512
Expenses			
Administration fees		12,522	12,609
Audit fees	4	4,200	12,000
Eurobond interest	9, 14	13,738,437	13,365,748
Filing and regulatory fees		6,118	4,545
Other operating expenses		40	58
Professional fees		-	1,274
Total expenses		13,761,317	13,396,234
Operating profit		37,163	74,278
Tax	5	60,000	68,396
(Loss) / profit on ordinary activities after tax		(22,837)	5,882
Total comprehensive (loss) / income for the year		(22,837)	5,882
Attributable to Equity holders:			
Total comprehensive (loss) / income for the year		(22,837)	5,882

The notes on pages 14 to 27 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 GBP	2016 GBP
Assets			
Non-current assets			
Loans and receivables			
Debt securities	6	117,604,932	118,080,105
Total non-current assets		117,604,932	118,080,105
Current assets			
Receivables and prepayments	7	4,875,408	3,424,167
Cash and cash equivalents		1,366,982	3,152,457
Total current assets		6,242,390	6,576,624
Total assets		123,847,322	124,656,729
Equity and liabilities			
Equity			
Share capital	8	10,000	10,000
Retained earnings		287,761	310,598
Total equity		297,761	320,598
Liabilities			
Non-current liabilities			
Eurobond capital	9	116,038,271	116,697,746
Total non-current liabilities		116,038,271	116,697,746
Current liabilities			
Eurobond interest payable	9	7,452,832	5,956,992
Payables and accruals	10	9,325	1,662,557
Tax payable		49,133	18,836
Total current liabilities		7,511,290	7,638,385
Total liabilities		123,549,561	124,336,131
Total equity and liabilities		123,847,322	124,656,729

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

Martin Smith

Martin Smith
Director
11 July 2018

The notes on pages 14 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Share capital GBP	Retained earnings GBP	Total equity/(deficit) GBP
As at 1 January 2016	10,000	304,716	314,716
Total comprehensive income for the year	-	5,882	5,882
As at 31 December 2016	10,000	310,598	320,598
Total comprehensive loss for the year	-	(22,837)	(22,837)
As at 31 December 2017	10,000	287,761	297,761

The notes on pages 14 to 27 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	Notes	2017 GBP	2016 GBP
Cash flows from operating activities			
Acquisitions of debt securities	6	(96,916)	(1,650,000)
Repayment of debt securities		415,568	1,984,521
Other income received		-	310
Interest income received	3	12,503,616	12,616,703
Amounts due from third party		-	96
Amounts (paid to) / received from related parties	14	(1,650,000)	1,650,000
Bank interest received		43	3,910
Operating expenses paid		(26,011)	(24,288)
Tax		(29,703)	(66,248)
Net cash flow generated from operating activities		11,116,597	14,515,004
Cash flows from financing activities			
Eurobond capital paid	9	(659,475)	(2,226,590)
Eurobond interest paid	9	(12,242,597)	(12,523,503)
Net cash flow used in financing activities		(12,902,072)	(14,750,093)
Net decrease in cash and cash equivalents		(1,785,475)	(235,089)
Cash and cash equivalents at 1 January		3,152,457	3,387,546
Cash and cash equivalents at 31 December		1,366,982	3,152,457

The notes on pages 14 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

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 Bow Bells House, 1 Bread Street, London, England, EC4M 9HH.

The Company operates as an investment holding company.

These financial statements were authorised for issue by the Board of Directors of the Company on 11 July 2018.

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 applicable law (i.e. the Companies Act 2006) and IFRSs. The Directors has considered the presentational requirements of the UK Companies Act 2006 and amended the format so that the financial statements present each line item in a manner that reflects its nature. 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.

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.

The Company is currently in a net current liability position of GBP1,268,900. Included in this amount is GBP7,452,832 which relates to Eurobond interest due to the Company's immediate parent, AIPLP. AIPLP has confirmed that notwithstanding the existing terms of the Eurobond, it will not demand repayment of principal or interest until the Company has sufficient resources to continue in existence for the foreseeable future following such payment. The Directors have therefore determined that the Company has sufficient resources to continue in operation for the foreseeable future and that it is appropriate for the financial statements to be prepared on a going concern basis.

(a) Standards and amendments to existing standards effective 1 January 2017

Amendments to IAS 7, 'Statement of Cash Flows' became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Fund's financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2017 that have a material effect on the financial statements of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations effective after 1 January 2017 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, 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.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued on 24 July 2014. 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 IFRS 9 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 effective date in place for IFRS 9 is 1 January 2018. IFRS 9 also introduces a new expected credit loss impairment model. No material impact is expected from the application of the new impairment model. Pursuant to the issue and impending adoption of IFRS 9 (Financial Instruments), management have assessed the current classification of the financial instruments disclosed in the financial statements and have concluded that no change is required to be made as the classification of financial instruments as they currently stand is in line with the new standards recommendations.

2.2 Foreign currency translation

(a) Functional and presentation currency
The operating and investing activities of the Company is denominated in Pound Sterling ("GBP"). As such the performance of the Company is measured and reported in GBP. The Directors consider GBP 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 GBP, 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.

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;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Loans and receivables (continued)

(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.

Loans and receivables are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs 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 Company 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 Directors estimates cash flows considering all contractual calculations which include 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 and prepayments

Receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. Prepayments are amounts paid in advance and amortised over the relevant period.

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, and bank overdraft. As at 31 December 2017 and 31 December 2016, the carrying amounts of cash and cash equivalents approximate their fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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% (2016: 20%) 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.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Directors have determined there were no deferred tax assets or liabilities at 31 December 2017 (31 December 2016: none).

3. INTEREST INCOME

	2017 GBP	2016 GBP
Interest income from debt securities	13,798,437	13,434,144

4. AUDITOR'S REMUNERATION

Fees charged by the Company's Independent Auditor for the audit of the Company's financial statements for the year ended 31 December 2017 amounted to GBP4,200 (2016: GBP12,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

5. TAX

	2017 GBP	2016 GBP
Current tax expense		
Current year	60,000	68,396
Reconciliation of effective tax rate		
Average debt securities balance for the year	117,662,082	227,926,914
Margin payment at 12.5 basis points	147,078	284,909
Tax at 20% (2016: 20%) on margin payment	29,416	56,982
Adjustments to tax	30,584	11,414
Total tax charged in Statement of Comprehensive Income	60,000	68,396

6. LOANS AND RECEIVABLES

	2017 GBP	2016 GBP
Loans and receivables at amortised cost		
Debt securities	117,604,932	118,080,105

Movements in debt securities

	2017 GBP	2016 GBP
As at 1 January	118,080,105	118,370,131
Acquisitions	96,916	1,650,000
Repayments	(572,089)	(1,940,026)
As at 31 December	117,604,932	118,080,105

As at the year ended 31 December 2017 and 2016, the carrying amounts of loans and receivables approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

7. RECEIVABLES AND PREPAYMENTS

	2017 GBP	2016 GBP
Accrued debt securities interest	4,718,608	3,423,787
Loan principal repayments due	156,800	279
Prepayments	-	101
	4,875,408	3,424,167

As at the year ended 31 December 2017 and 2016, the carrying amounts of receivables approximate their fair value.

8. SHARE CAPITAL

	2017 GBP	2016 GBP
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.

9. EUROBOND CAPITAL

	2017 GBP	2016 GBP
Unsecured redeemable loan notes	116,038,271	116,697,746

Movements in unsecured redeemable loan notes

	2017 GBP	2016 GBP
As at 1 January	116,697,746	118,924,336
Repayment	(659,475)	(2,226,590)
As at 31 December	116,038,271	116,697,746

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.

9. EUROBOND CAPITAL (CONTINUED)

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

During the year, the Company incurred Eurobond interest expenses of GBP13,738,437 (2016: GBP13,365,748), with GBP7,452,832 (2016: GBP5,956,992) outstanding at the year end.

10. PAYABLES AND ACCRUALS

	2017 GBP	2016 GBP
Administration fees	4,550	3,349
Audit fees	1,275	6,000
Filing and regulatory fees	3,500	3,208
Amounts due to related parties (Note 14)	-	1,650,000
	9,325	1,662,557

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 Directors, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.1 Market risk (continued)

(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 GBP. The Company is not exposed to any currency risk.

(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 Directors 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.

If interest rates on debt securities had been higher or lower on average by 75 basis points over the year, with all other variables held constant, the increase or decrease in net assets attributable to members would have been GBP882,466 (2016: GBP877,138). The Company considers that 75 basis points is the maximum exposure to a decrease or increase in interest rates that could occur in the foreseeable future, although unlikely.

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.

The Company's Eurobond loan notes bear interest on the same basis as the interest income received from the Company's debt security investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.1 Market risk (continued)

(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 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.

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.

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:

	2017 GBP	2016 GBP
Debt securities	117,604,932	118,080,105
Receivables	4,875,408	3,424,066
Cash and cash equivalents	1,366,982	3,152,457
Total	123,847,322	124,656,628

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.2 Credit risk (continued)

As at 31 December 2017, the Company did not record any overdue and impaired balances (2016: GBPnil). The table below sets out the internal credit rating of debt securities and membership shares:

	2017	2016
	%	%
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 (2016: 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 Lloyds Bank which is a subsidiary of a financial institution with Long term debt credit rating of A (2016: A), as rated by the rating agency, Standard & Poor's. At 31 December 2017, all cash and cash equivalents were placed with the Lloyds Bank.

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 Company is currently in a net current liability position of GBP1,268,900. Included in this amount is GBP7,452,832 which relates to Eurobond interest due to the Company's immediate parent, AIPLP. AIPLP has confirmed that notwithstanding the existing terms of the Eurobond, it will not demand repayment of principal or interest until the Company has sufficient resources to continue in existence for the foreseeable future following such payment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

11.1.3 Liquidity risk (continued)

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 2017			
Financial assets			
Loans and receivables	-	-	117,604,932
Receivables	4,875,408	-	-
Cash and cash equivalents	1,366,982	-	-
Total financial assets	6,242,390	-	117,604,932
31 December 2016			
Financial assets			
Loans and receivables	-	-	118,080,105
Receivables	3,424,066	-	-
Cash and cash equivalents	3,152,457	-	-
Total financial assets	6,576,523	-	118,080,105

	Within one year GBP	One to five years GBP	Over five years GBP
31 December 2017			
Financial liabilities			
Eurobond capital	-	-	116,038,271
Eurobond interest payable	7,452,832	-	-
Payables and accruals	9,325	-	-
Tax payable	49,133	-	-
Total financial liabilities	7,511,290	-	116,038,271
31 December 2016			
Financial liabilities			
Eurobond capital	-	-	116,697,746
Eurobond interest payable	5,956,992	-	-
Payables and accruals	1,662,557	-	-
Tax payable	18,836	-	-
Total financial liabilities	7,638,385	-	116,697,746

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

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 2017, 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.

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. The key judgement in the models include:

• Discount rates – the determination of the appropriate discount rate for each project that is reflective of current market and industry conditions (i.e. interest rates, inflation rates, the effects of the political developments and trends on these assumptions) and the specific risks as applicable to each project;

• Forecast future cash flows – enhancements made to underlying project cash flows to enhance or change the timings of cash flows from the PFI/PPP infrastructure projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

13. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables GBP	Designated at fair value through profit or loss GBP	Total GBP
As at 31 December 2017			
Assets			
Debt securities	117,604,932	-	117,604,932
Receivables	4,875,408	-	4,875,408
Cash and cash equivalents	1,366,982	-	1,366,982
	123,847,322	-	123,847,322
As at 31 December 2016			
Assets			
Debt securities	118,080,105	-	118,080,105
Receivables	3,424,066	-	3,424,066
Cash and cash equivalents	3,152,457	-	3,152,457
	124,656,628	-	124,656,628

	Other financial liabilities at amortised GBP	Liabilities at fair value through profit or loss GBP	Total GBP
As at 31 December 2017			
Liabilities			
Eurobond capital	116,038,271	-	116,038,271
Eurobond interest payable	7,452,832	-	7,452,832
Payables and accruals	9,325	-	9,325
Tax payable	49,133	-	49,133
	123,549,561	-	123,549,561
As at 31 December 2016			
Liabilities			
Eurobond capital	116,697,746	-	116,697,746
Eurobond interest payable	5,956,992	-	5,956,992
Payables and accruals	1,662,557	-	1,662,557
Tax payable	18,836	-	18,836
	124,336,131	-	124,336,131

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

14. 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 (2016: 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 GBP116,038,271 (2016: GBP116,697,746), which is held by AIPLP. During the year, the Company issued additional Eurobond capital of GBPnil (2016: GBPnil), and repaid GBP659,475 (2016: GBP2,226,590) of Eurobond capital. There are no amounts owed by AIPLP (2016: GBPnil), which represent Eurobond capital issued in respect of investments made.

During the year, the Company incurred Eurobond interest expenses of GBP13,738,437 (2016: GBP13,365,748), with GBP7,452,832 (2016: GBP5,956,992) outstanding at the year end.

The Company has a related party relationship with Aberdeen Infrastructure (No 2) LLP ("AI(No 2)L") and Aberdeen Infrastructure (No.3) Limited ("AI(No.3)L"), as entities under common control.

During the year, the Company repaid all the GBP1,650,000 which was loaned from AI(No.3)L to fund the further acquisition of subordinated debt loan notes in the underlying project company. There are no outstanding related party payables at year end.

15. STAFF COSTS

The Company has no employees. The Directors of the Company waived their right to receive director remuneration.

16. ULTIMATE PARENT UNDERTAKING

As at 31 December 2017, the Company's immediate parent undertaking is AIPLP. The Directors of the Company consider there to be no ultimate controlling party.

17. SUBSEQUENT EVENTS

As at 31 December 2017, the Company held equity interests in the PFI Camden project (PFI Camden (Holdings) Limited). During April 2018, the PFI Camden SPV Directors agreed that liquidating the PFI Camden project was the best course of action following the non-payment of the unitary charge by the Camden Council since November 2017 resulting in the insolvency of the project. It has been determined that only liquidation costs of circa GBP100,000 will be payable by AIPLP. The Investment Advisor does not expect there to be any further impact to AIPLP. The effect of the liquidation will result in the write-down of the PFI Camden Investment to Nil which has a less than 1% impact to the current Net Asset Value of AIPLP and current Investment Value of the Company.

Management has evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and 11 July 2018, the date the financial statements were available to be issued and has determined there were no additional subsequent events to report as at the date of signing this report and the audited financial statements.