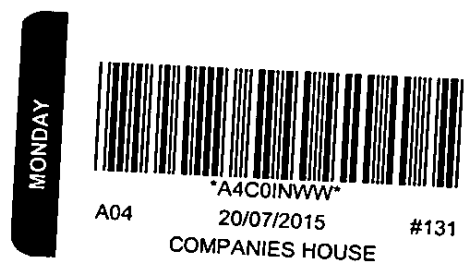


**Aberdeen Infrastructure  
Limited**  
**(Formerly BoS Infrastructure Limited)**  
**Annual Report and Unaudited  
Financial Statements**  
**For the year ended 31 December 2014**



Company Number 06671204

**ABERDEEN INFRASTRUCTURE LIMITED  
(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**SUMMARY OF DIRECTORS AND ORGANISATION**

<b>DIRECTORS:</b>	I B Balfour (resigned on 31 October 2014) K M Hill (appointed on 31 October 2014) M T Smith A L Tennant I H-Y Wong
<b>REGISTERED OFFICE:</b>	9th Floor 20 Churchill Place Canary Wharf London E14 5HJ
<b>ADMINISTRATOR:</b>	State Street (Guernsey) Limited P.O. Box 543 First Floor Dorey Court Admiral Park St Peter Port Guernsey GY1 6HJ
<b>BANKER:</b>	Bank of Scotland plc Head Office The Mound Edinburgh EH1 1YZ
<b>INVESTMENT ADVISOR:</b>	Aberdeen Infrastructure Asset Managers Limited (formerly Uberior Fund Manager Limited) 10 Queens Terrace Aberdeen AB10 1XL

## **ABERDEEN INFRASTRUCTURE LIMITED (FORMERLY BOS INFRASTRUCTURE LIMITED)**

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### **REPORT OF THE DIRECTORS**

**For the year ended 31 December 2014**

The Directors present their annual report and unaudited financial statements for Aberdeen Infrastructure Limited (the "Company") for the year ended 31 December 2014.

#### **Incorporation**

The Company was incorporated on 12 August 2008 and is registered as a private company in England and Wales 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.

#### **Sale of management interest**

On 1 May 2014, the General Partner and Investment Advisor of the Company's immediate parent undertaking, Aberdeen Infrastructure Partners LP Inc. (formerly Bank of Scotland Infrastructure Partners L.P. Inc) ("AIPLP") were sold, as part of a suite of entities, to Aberdeen Asset Management PLC group, as part of a wider transaction. As such the management interest was transferred from Lloyds Banking Group PLC to Aberdeen Asset Management PLC. Previously, Lloyds Banking Group PLC held this management interest through entities under common control.

#### **Financial risk management**

The key risks and uncertainties faced by the Company are managed within the framework established for the Investment Advisor. Exposures to credit risk, liquidity risk, interest rate risk and foreign exchange 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 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 GBP1,831,640 (2013: profit GBP2,258,910). No dividends were paid during the year (2013: 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 (formerly Uberior 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 unaudited 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 ("IFRSs") as adopted by the European Union. 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.

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**REPORT OF THE DIRECTORS (CONTINUED)**  
**For the year ended 31 December 2014**

**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 as adopted by the European Union. 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 unaudited financial statements.

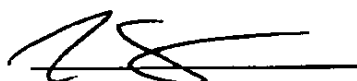
**Subsequent events**

There were no subsequent events to report at the date of signing this report and unaudited financial statements.

**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.

By order of the Board,



I H-Y Wong  
Director  
28 April 2015

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**STRATEGIC REPORT**

**For the year ended 31 December 2014**

The Directors present their strategic report on the Company for the year ended 31 December 2014.

**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 credit risk, liquidity risk, interest rate risk and foreign exchange 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  
28 April 2015

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2014**

	<i>Notes</i>	<b>2014 GBP</b>	<b>2013 GBP</b>
<b>Income</b>			
Bank interest income		15,317	12,884
Interest income	<b>3</b>	15,178,015	15,845,899
Reversal of provision for impairment to loans and receivables		-	2,246,436
Net foreign exchange gains		270,095	-
<b>Total income</b>		<b>15,463,427</b>	<b>18,105,219</b>
<b>Expenses</b>			
Administration fees		12,700	-
Eurobond interest	<b>10</b>	15,132,226	15,804,859
Filing and regulatory fees		7,807	-
Legal and professional fees		-	270
Provision	<b>14</b>	2,095,731	-
Other operating expenses		511	140
<b>Total expenses</b>		<b>17,248,975</b>	<b>15,805,269</b>
Operating (loss) / profit		(1,785,548)	2,299,950
Tax	<b>5</b>	46,092	41,040
(Loss) / profit on ordinary activities after tax		(1,831,640)	2,258,910
<b>Total comprehensive (loss) / income for the year</b>		<b>(1,831,640)</b>	<b>2,258,910</b>
Attributable to Equity holders:			
<b>Total comprehensive (loss) / income for the year</b>		<b>(1,831,640)</b>	<b>2,258,910</b>

The notes on pages 10 to 23 form part of these financial statements.

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2014**

	<i>Notes</i>	<b>2014 GBP</b>	<b>2013 GBP</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Loans and receivable			
Debt securities	<b>6</b>	123,585,350	125,897,722
<b>Total non-current assets</b>		123,585,350	125,897,722
<b>Current assets</b>			
Receivables	<b>7</b>	2,762,379	3,047,466
Cash and cash equivalents	<b>8</b>	2,958,263	3,121,183
<b>Total current assets</b>		5,720,642	6,168,649
<b>Total assets</b>		129,305,992	132,066,371
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	<b>9</b>	10,000	10,000
Retained (losses) / earnings		(1,781,833)	49,807
<b>Total (deficit) / equity</b>		(1,771,833)	59,807
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Eurobond capital	<b>10</b>	124,279,850	126,473,566
Provision	<b>14</b>	2,095,731	-
<b>Total non-current liabilities</b>		126,375,581	126,473,566
<b>Current liabilities</b>			
Eurobond interest payable	<b>10</b>	4,688,848	5,487,764
Payables and accruals		4,338	12
Tax payable		9,058	45,222
<b>Total current liabilities</b>		4,702,244	5,532,998
<b>Total liabilities</b>		131,077,825	132,006,564
<b>Total equity and liabilities</b>		129,305,992	132,066,371

The notes on pages 10 to 23 form part of these financial statements.



**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**As at 31 December 2014**

For the year ending 31st December 2014, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**Directors' responsibilities:**

- the Equity holders have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476
- 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 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  
28 April 2015

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2014**

	<b>Share capital GBP</b>	<b>Retained earnings GBP</b>	<b>Total equity / (deficit) GBP</b>
Balance at 1 January 2013	10,000	(2,209,103)	(2,199,103)
Total comprehensive income for the year	-	2,258,910	2,258,910
Balance at 31 December 2013	10,000	49,807	59,807
Balance at 1 January 2014	10,000	49,807	59,807
Total comprehensive loss for the year	-	(1,831,640)	(1,831,640)
Balance at 31 December 2014	10,000	(1,781,833)	(1,771,833)

The notes on pages 10 to 23 form part of these financial statements.

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2014**

	<i>Note</i>	<b>2014 GBP</b>	<b>2013 GBP</b>
<b>Cash flows from operating activities</b>			
Principal repayment from debt securities		2,291,926	2,682,674
Interest income received		15,302,803	15,807,065
Amounts received from related parties		2,500	231,301
Bank interest received		14,806	12,474
Operating expenses paid		(16,181)	-
Tax		(82,256)	(18,138)
<b>Net cash flow generated from operating activities</b>		<b>17,513,598</b>	<b>18,715,376</b>
<b>Cash flows from financing activities</b>			
Eurobond capital paid		(1,923,621)	(2,438,112)
Eurobond interest paid		(15,752,897)	(14,657,191)
<b>Net cash flow used in financing activities</b>		<b>(17,676,518)</b>	<b>(17,095,303)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(162,920)</b>	<b>1,620,073</b>
Cash and cash equivalents at 1 January		3,121,183	1,501,110
Cash and cash equivalents at 31 December	<b>8</b>	<b>2,958,263</b>	<b>3,121,183</b>

The notes on pages 10 to 23 form part of these financial statements.

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2014**

**1. GENERAL INFORMATION**

The Company is 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.

On 1 May 2014, the General Partner and Investment Advisor of its immediate parent undertaking were sold, as part of a suite of entities, to Aberdeen Asset Management PLC group, as part of a wider transaction. As such the management interest was transferred from Lloyds Banking Group PLC to Aberdeen Asset Management PLC. Previously, Lloyds Banking Group PLC held this management interest through entities under common control.

These financial statements were authorised for issue by the Board of Directors of the Company on 28 April 2015.

**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 period, unless otherwise stated.

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with IFRSs as adopted by European Union. 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 as adopted by European Union 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 financial statements of the Company have been prepared on a going concern basis.

**(a) Standards and amendments to existing standards effective 1 January 2014**

IFRS 12, 'Disclosure of interests in other entities' is effective for annual periods beginning on or after 1 January 2014. IFRS 12 requires entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some other interests in other entities. Entities are also required to provide more disclosures around certain 'structured entities'. Adoption of the standard has impacted the Company's level of disclosures in certain of the above noted areas, but has not impacted the Company's financial position or results of operations.

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 2014 that would be expected to have a material impact on the Company.

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.1 Basis of preparation (continued)**

**(b) New standards, amendments and interpretations effective after 1 January 2014 and not early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, 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

**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 changes 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.

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**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 'Impairment to loans and receivables'. 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.

**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 stated at amortised cost.

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.

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.10 Taxation**

The Company is subject to corporation tax at 21.50% (2013: 23.25%) 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**

	<b>2014 GBP</b>	<b>2013 GBP</b>
From debt securities	-	14,556,604
Early repayment interest	15,178,015	1,289,295
	<u>15,178,015</u>	<u>15,845,899</u>

**4. AUDITORS' REMUNERATION**

There were no audit fees payable to the Company's Independent Auditors for the year ended 31 December 2014 as the financial statements are unaudited. The prior year audit fee of GBP18,000 was borne by the Immediate Holding Companies proportionately, based on their holdings.

**5. TAX**

	<b>2014 GBP</b>	<b>2013 GBP</b>
<b>Current tax expense</b>		
Current year	<u>46,092</u>	<u>41,040</u>
<b>Reconciliation of effective tax rate</b>		
Average debt securities balance for the year	<u>124,266,827</u>	<u>125,440,796</u>
Margin payment at 12.5 basis points	<u>155,334</u>	<u>156,801</u>
Tax at 21.50% (2013: 23.25%) on margin payment	<u>33,397</u>	<u>36,456</u>
Adjustments to tax	<u>12,695</u>	<u>4,584</u>
Total tax charged in Statement of Comprehensive Income	<u>46,092</u>	<u>41,040</u>

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**6. LOANS AND RECEIVABLES**

	<b>2014 GBP</b>	<b>2013 GBP</b>
<b>Loans and receivables at amortised cost</b>		
A Membership Shares in Aberdeen Infrastructure (No.2) LLP (formerly BoS Infrastructure (No.2) LLP) ("AI(No.2)L")	-	420,913
Debt securities	123,585,350	125,476,809
	<u>123,585,350</u>	<u>125,897,722</u>

**Movements in debt securities**

	<b>2014 GBP</b>	<b>2013 GBP</b>
As at 1 January	125,476,809	124,482,945
Additions	-	1,377,508
Repayments	(1,855,513)	(2,698,174)
Capitalised interest	(35,946)	68,094
Reversal for impairment to loans and receivables	-	2,246,436
As at 31 December	<u>123,585,350</u>	<u>125,476,809</u>

**Movement in A Membership Shares in AI(No.2)L**

	<b>2014 GBP</b>	<b>2013 GBP</b>
As at 1 January	420,913	420,913
Repayments	(420,913)	-
As at 31 December	<u>-</u>	<u>420,913</u>

The Company owns the A Membership Shares in AI(No.2)L. Shareholders of A Membership Shares are entitled to receive all the returns distributed to AI(No.2)L in respect of its debt investment in Direct Route (Fermoy) Holdings Limited.

**7. RECEIVABLES**

	<b>2014 GBP</b>	<b>2013 GBP</b>
Accrued debt securities interest	2,762,379	2,851,217
Due from AIPLP	-	2,500
Interest receivable from a related party	-	178,249
Loan principal repayments due	-	15,500
	<u>2,762,379</u>	<u>3,047,466</u>



**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**8. CASH AND CASH EQUIVALENTS**

	<b>2014 GBP</b>	<b>2013 GBP</b>
Cash at bank	<u>2,958,263</u>	<u>3,121,183</u>

**9. SHARE CAPITAL**

	<b>2014 GBP</b>	<b>2013 GBP</b>
Authorised, issued and fully paid 10,000 ordinary shares of GBP1.00 each	<u>10,000</u>	<u>10,000</u>

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**

	<b>2014 GBP</b>	<b>2013 GBP</b>
Unsecured redeemable loan notes	<u>124,279,850</u>	<u>126,473,566</u>

**Movements in unsecured redeemable loan notes**

	<b>2014 GBP</b>	<b>2013 GBP</b>
As at 1 January	126,473,566	127,466,077
Issued	-	1,377,507
Repaid	(2,193,716)	(2,665,114)
Capitalised interest	-	295,096
As at 31 December	<u>124,279,850</u>	<u>126,473,566</u>

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.

**ABERDEEN INFRASTRUCTURE LIMITED**  
**(FORMERLY BOS INFRASTRUCTURE LIMITED)**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**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 and ordinary equity 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 Advisor who provides the Board of Directors with investment recommendations. The Investment Advisor'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 Advisor 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.

**(b) Currency risk**

The Company is exposed to currency risk through its issuance of Eurobonds. The Eurobonds are denominated in Pound Sterling but the underlying assets may be denominated in Euro and therefore performance and returns will be affected by any movement in exchange rates. As interest income is received, it is then paid out as Eurobond interest and therefore the effect of fluctuations in foreign exchange rates on the total comprehensive income for the year and net assets attributable to shareholders is nil.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**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 Advisor 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 AIPLP. 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**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 Advisor 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:

	<b>2014 GBP</b>	<b>2013 GBP</b>
Cash and cash equivalents	2,958,263	3,121,183
Debt securities	123,585,350	125,476,809
Membership Shares	-	420,913
Receivables	2,762,379	3,047,466
<b>Total</b>	<b>129,305,992</b>	<b>132,066,371</b>

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

As at 31 December 2014, the Company recorded overdue but not impaired balances of GBPnil (2013: GBP15,500). The table below sets out the internal credit rating of debt securities and membership shares:

	<b>2014 %</b>	<b>2013 %</b>
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 and AI(No.2)L 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.

The clearing and depository operations for the Company's security transactions are concentrated with the Banker. The Banker is a member of a major securities exchange and at 31 December 2014 had a credit rating of A (2013: rating of A). At 31 December 2014, all cash and cash equivalents were placed with the Banker.

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**11. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**11.1 Financial risk factors (continued)**

**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 Advisor.

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.

	<b>Within one year GBP</b>	<b>One to five years GBP</b>	<b>Over 5 years GBP</b>
<b>31 December 2014</b>			
<b>Financial assets</b>			
Loans and receivables	-	-	123,585,350
Receivables	2,762,379	-	-
Cash and cash equivalents	2,958,263	-	-
<b>Total financial assets</b>	<b>5,720,642</b>	<b>-</b>	<b>123,585,350</b>
<b>31 December 2013</b>			
<b>Financial assets</b>			
Loans and receivables	-	-	125,897,722
Receivables	3,047,466	-	-
Cash and cash equivalents	3,121,183	-	-
<b>Total financial assets</b>	<b>6,168,649</b>	<b>-</b>	<b>125,897,722</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**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 5 years GBP
<b>31 December 2014</b>			
<b>Financial liabilities</b>			
Eurobond capital	-	-	124,279,850
Provisions	2,095,731	-	-
Eurobond interest payable	4,688,848	-	-
Payables and accruals	4,338	-	-
Tax payable	9,058	-	-
	<hr/>	<hr/>	<hr/>
Total financial liabilities	6,797,975	-	124,279,850
	<hr/>	<hr/>	<hr/>
<b>31 December 2013</b>			
<b>Financial liabilities</b>			
Eurobond capital	-	-	126,473,566
Eurobond interest payable	5,487,764	-	-
Payables and accruals	12	-	-
Tax payable	45,222	-	-
	<hr/>	<hr/>	<hr/>
Total financial liabilities	5,532,998	-	126,473,566
	<hr/>	<hr/>	<hr/>

**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 Advisor monitor capital on the basis of the value of net assets attributable to its shareholders.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Investment Advisor 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 Advisor 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 made a provision of GBP2,095,731 for an onerous contract provision. This represents the Board of Directors' best estimate of the future losses to be incurred in this contract.

**13. FINANCIAL INSTRUMENTS BY CATEGORY**

	<b>Loans and receivables GBP</b>	<b>Designated at fair value through profit or loss GBP</b>	<b>Total GBP</b>
<b>As at 31 December 2014</b>			
<b>Assets</b>			
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
	<u>129,305,992</u>	<u>-</u>	<u>129,305,992</u>
<b>As at 31 December 2013</b>			
<b>Assets</b>			
Debt securities	125,476,809	-	125,476,809
Membership shares	420,913	-	420,913
Receivables	3,047,466	-	3,047,466
Cash and cash equivalents	3,121,183	-	3,121,183
	<u>132,066,371</u>	<u>-</u>	<u>132,066,371</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2014**

**13. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

	<b>Other financial liabilities at amortised GBP</b>	<b>Liabilities at fair value through profit or loss GBP</b>	<b>Total GBP</b>
<b>As at 31 December 2014</b>			
<b>Liabilities</b>			
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
	<b>6,797,975</b>	<b>124,279,850</b>	<b>131,077,825</b>
<b>As at 31 December 2013</b>			
<b>Liabilities</b>			
Eurobond capital	-	126,473,566	126,473,566
Eurobond interest payable	5,487,764	-	5,487,764
Payables and accruals	12	-	12
Tax payable	45,222	-	45,222
	<b>5,532,998</b>	<b>126,473,566</b>	<b>132,006,564</b>

**14. PROVISION**

During 2014, a provision of GBP2,095,731 was made for an onerous contract under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' relating to the Tyne Tunnel 2 subordinated debt commitment. The Board of 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.

**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 (2013: 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 GBP124,279,850 (2013: GBP126,473,566), which is held by AIPLP. During the year, the Company issued additional Eurobond capital of GBPnil (2013: GBP1,672,603), and repaid GBP2,193,716 (2013: GBP2,665,114) of Eurobond capital. There are no amounts owed by AIPLP (2013: GBPnil), which represent Eurobond capital issued in respect of investments made.

As at 31 December 2014, the Company was owed GBPnil (2013: GBP2,500) by AIPLP in respect of expenses paid by the Company on behalf of AIPLP.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 December 2014**

**15. RELATED PARTY TRANSACTIONS (CONTINUED)**

During the year, the Company incurred Eurobond interest expenses of GBP15,132,226 (2013: GBP15,804,859), with GBP4,688,848 (2013: GBP5,487,764) outstanding at the year end.

The Company has a related party relationship with Aberdeen Infrastructure (No.2) LLP, as entities under common control. During the year, the Company received repayment of its direct investment in the A Membership Shares in AI(No.2)L amounting to GBP420,913 (2013: GBPnil). At the year end, the Company had an intercompany debtor amounting to GBPnil (2013: GBP178,249) with AI(No.2)L.

**16. STAFF COSTS**

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

**17. ULTIMATE PARENT UNDERTAKING**

As at 31 December 2014, the Company's immediate parent undertaking is AIPLP. The Directors of the Company consider there to be no ultimate controlling party.

**18. SUBSEQUENT EVENTS**

There were no subsequent events to report at the date of signing this report and the unaudited financial statements.