

# **Basalt Infrastructure Partners LLP**

**(formerly known as Balfour Beatty Infrastructure Partners LLP)**

Registered Number: OC363892

## **Consolidated Members' Report and Audited Financial Statements**

For the year ended 31 December 2016

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# Basalt Infrastructure Partners LLP

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Registered Number: OC363892

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## **Administrative information**

### **Members**

R Gregor  
S Lowry  
J Neil

### **Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### **Registered office**

2nd Floor  
14-16 Bruton Place  
London  
W1J 6LX

Registered Number: OC363892

## Members' report

For the year ended 31 December 2016

The members present their report and audited consolidated financial statements of Basalt Infrastructure Partners LLP, a Legal Limited Partnership ("the LLP") incorporated and registered in England, and its subsidiary undertakings Basalt Infrastructure Partners LLC, Basalt Infrastructure Partners GP Limited ("GPI"), Basalt Infrastructure Partners II GP Ltd ("GPII"), Basalt Infrastructure Partners GP Member Limited and Basalt Infrastructure Partners GP 2 LLP (collectively "the Group") for the year ended 31 December 2016.

### Change of name

On 4 July 2016, the name of the limited liability partnership was changed from Balfour Beatty Infrastructure Partners LLP to Basalt Infrastructure Partners LLP.

### Principal activity and review of business

The LLP's principal activity is the provision of non-discretionary investment advice to GPI and GPII. The LLP is authorised and regulated by the UK Financial Conduct Authority and registered with the U.S. Securities and Exchange Commission.

The LLP is the sole member of Basalt Infrastructure Partners LLC, an entity formed in the United States on 15 December 2011. Basalt Infrastructure Partners LLC provides investment advisory services to Basalt Infrastructure Partners LLP exclusively, regarding North American investment opportunities for the client investment vehicles, see note 9 for more information.

The LLP is the sole shareholder of GPI which was incorporated on 7 June 2012 in Guernsey. The principal activities of GPI is to act as General Partner of: (i) Basalt Infrastructure Partners L.P.; (ii) Lake AIV, L.P.; (iii) Lake AIV Voting Stock Feeder L.P.; (iv) Lake AIV Non-Voting Stock Feeder, L.P.; (v) Basalt Founder Partner L.P.; (vi) Project Arthur AIV, L.P.; (vii) Project Arthur Voting Stock Feeder, L.P.; (viii) Project Arthur AIV Non-Voting Stock Feeder, L.P.; (ix) Project Arthur AIV BPI Voting Stock Feeder, L.P.; (x) Project Hyperion AIV, L.P.; (xi) Project Hyperion AIV Voting Stock Feeder, L.P. and (xii) Project Hyperion AIV Non-Voting Stock Feeder, L.P. (collectively "Fund I"). GPI also acts as manager of (i) Founder Partner Lake Feeder, LLC; (ii) Founder Partner Lake, LLC; (iii) Project Arthur Founder Partner, LLC; (iv) Project Arthur Founder Partner Feeder, LLC; (v) Project Hyperion Founder Partner, LLC; and (vi) Project Hyperion Founder Partner Feeder, LLC (collectively "Carry Partnerships").

The LLP has a further wholly-owned Guernsey subsidiary Basalt Infrastructure Partners GP Member Limited (BIPGP). Basalt Infrastructure Partners GP Member Limited and GPI formed a new English Limited Liability Partnership, Basalt Infrastructure Partners GP2 LLP. On 23 December 2015, GPI transferred part of its interest, rights and obligations as a general partner in Basalt Infrastructure Partners L.P. and BBIP Founder Partner L.P. to Basalt Infrastructure Partners GP2 LLP.

On 12 October 2016 the LLP established a second Guernsey General Partner subsidiary, GP II, to act as General Partner to Basalt Infrastructure Partners II A L.P.; Basalt Infrastructure Partners II B L.P.; Basalt Infrastructure Partners II C L.P. and Basalt Infrastructure Partners II D L.P. (collectively "Fund II")

GPI and GPII are licensed under Section 4 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended to carry on the restricted activities of fund, investment, securities and asset management, administration, registrars, custodians/trustees and stockbrokers in connection with Category 1 and 2 controlled investments. They are regulated by the Guernsey Financial Services Commission to carry on Controlled Investment Business.

The investment strategy of Fund I and II (together the "Funds") is to target investments primarily in the energy, transport and utility infrastructure sectors in Western Europe and North America. The Funds focus on private sector, mid-market opportunities with enterprise values generally between US\$ 300 million and US\$ 1 billion, and equity commitments of between US\$ 70 million and US\$ 120 million.

The results for the year and the financial position at the year end were considered satisfactory by the members.

The members do not anticipate any change in the overall nature of the LLP's principal activity.

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## **Members' report (continued)**

**For the year ended 31 December 2016**

### **Financial position**

The Group's statement of financial position as detailed on page 8 shows a satisfactory position. Members' total interests amounted to \$3,690,000 (2015: \$5,176,000).

### **Policy for members' drawings, subscriptions and repayments of members' capital**

The Amended and Restated Limited Liability Partnership Agreement relating to the LLP (the "LLP Deed"), dated 25 April 2017, details the method of allocation of profits between its Members. Members receive advances of their respective profit shares in advance of the final allocation of profit/(loss) for the year. The amount of such advances is set taking into account the anticipated cash requirements of the Group

### **Going concern**

Having made appropriate enquiries, including considering forecast cash flows, the Members have concluded that the LLP and Group has sufficient liquid resources to meet its obligations as they fall due. As such, the members consider it reasonable to assume that the LLP and Group has adequate resources to continue for the foreseeable future and, for this reason, have adopted the going concern basis in preparing the accounts.

### **Members**

The members of the LLP during the year and up to the date of this report were as follows:

R Gregor \*

S Lowry \*

J Neil

Balfour Beatty Infrastructure Partners Member Limited (resigned 30 June 2016)

\*denotes designated member

### **Statement of disclosure of information to auditors**

So far as each person who was a designated member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report of which the auditor is unaware. Having made enquiries of fellow members, each member has taken all the steps that they are obliged to take as a member in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, were appointed during the year and have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the members' meeting held to approve these financial statements.

On behalf of the members



R Gregor

Designated member

28<sup>th</sup> April 2017

## **Statement of designated members' responsibilities in respect of the financial statements**

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the Group and LLP financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, as applied to limited liability partnerships, the members 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 Group and the LLP and of the profit or loss of the Group and the LLP for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

The members are also responsible for safeguarding the assets of the Group and the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Basalt Infrastructure Partners LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 31 December 2016 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### **What we have audited**

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

- the Consolidated and LLP statement of financial position as at 31 December 2016;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and LLP reconciliation of members' interests for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

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

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 as applicable to limited liability partnerships 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 limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the members**

As explained more fully in the Statement of designated members' responsibilities in respect of the financial statements set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Independent auditors' report (continued)

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

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

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

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

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

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

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



Paul Koziarski (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

28 April 2017

## Consolidated statement of comprehensive income

For the year ended 31 December 2016

	Notes	2016 \$'000	2015 \$'000
<b>Turnover</b>			
General partner's share, management and advisory fees	3	6,544	6,448
Administrative expenses		<u>(4,599)</u>	<u>(5,553)</u>
<b>Operating profit</b>	4	<b>1,945</b>	<b>895</b>
Unrealised loss on the revaluation of liabilities at fair value through profit and loss	11	<u>(52)</u>	<u>-</u>
<b>Profit for the financial year before members' remuneration</b>		<b>1,893</b>	<b>895</b>
Members' remuneration charged as an expense	6	<u>(1,033)</u>	<u>(1,590)</u>
<b>Profit/(loss) for the financial year available for discretionary division among members</b>		<u><b>860</b></u>	<u><b>(695)</b></u>

All activities are derived from continuing operations.

The notes on pages 14 - 27 form an integral part of the financial statements.

There was no other comprehensive income in the current or preceeding year.

## Consolidated statement of financial position

As at 31 December 2016

	Notes	2016 \$'000	2015 \$'000
<b>Fixed assets</b>			
Intangible assets	7	3,861	4,504
Tangible fixed assets	8	<u>220</u>	<u>291</u>
		<b>4,081</b>	<b>4,795</b>
<b>Current assets</b>			
Debtors	10	1,252	721
Cash and cash equivalents	12	<u>411</u>	<u>2,254</u>
		<b>1,663</b>	<b>2,975</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	<u>(2,054)</u>	<u>(2,594)</u>
<b>Net current (liabilities) / assets</b>		<b>(391)</b>	<b>381</b>
<b>Net assets attributable to members</b>		<b>3,690</b>	<b>5,176</b>
<b>Represented by:</b>			
Members' capital classified as a liability		7,838	7,992
Loans and other debts due to members		<u>(3,317)</u>	<u>(1,057)</u>
	14	<b>4,521</b>	<b>6,935</b>
Members' capital classified as equity		68	-
Other reserves classified as equity		<u>(899)</u>	<u>(1,759)</u>
		<b>(831)</b>	<b>(1,759)</b>
		<b>3,690</b>	<b>5,176</b>
<b>Total members' interests</b>			
Amounts due to members		4,521	6,935
Members' other interests		<u>(831)</u>	<u>(1,759)</u>
		<b>3,690</b>	<b>5,176</b>

The notes on pages 14 - 27 form an integral part of the financial statements.

The financial statements were approved by the members on 28/1/2017 and were signed on their behalf by:



R Gregor  
Designated member

# Basalt Infrastructure Partners LLP

Registered Number: OC363892

## LLP statement of financial position

As at 31 December 2016

		2016	Restated 2015
	Notes	\$'000	\$'000
<b>Fixed assets</b>			
Intangible assets	7	3,861	4,504
Tangible fixed assets	8	171	221
Investments	9	1,363	77
		<u>5,395</u>	<u>4,802</u>
<b>Current assets</b>			
Debtors	10	766	1,177
Cash and cash equivalents	12	184	1,964
		<u>950</u>	<u>3,141</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(2,605)	(1,858)
<b>Net current (liabilities)/assets</b>		<u>(1,655)</u>	<u>1,283</u>
<b>Net assets attributable to members</b>		<u>3,740</u>	<u>6,085</u>
<b>Represented by:</b>			
Members' capital classified as a liability		7,838	7,992
Loans and other debts due to members		(4,166)	(1,907)
	14	<u>3,672</u>	<u>6,085</u>
<b>Members' capital classified as equity</b>		<u>68</u>	<u>-</u>
		<u>3,740</u>	<u>6,085</u>
<b>Total members' interests</b>			
Amounts due to members		68	6,085
Members' other interests		<u>3,672</u>	<u>-</u>
		<u>3,740</u>	<u>6,085</u>

The notes on pages 14 - 27 form an integral part of the financial statements.

The LLP only profit for the year amounted to \$294,786 (2015: \$443,980).

The financial statements were approved by the members on ~~28/1~~ 28/12/2017 and were signed on their behalf by:



R Gregor  
Designated member

## Consolidated reconciliation of members' interests

For the year ended 31 December 2015

	Equity			Debt			Members' total interests \$'000
	Members' capital classified as equity \$'000	Other reserves \$'000	Total equity \$'000	Members' capital classified as debt \$'000	Other amounts \$'000	Total debt \$'000	
At 1 January 2015	-	(1,064)	(1,064)	8,424	(1,229)	7,195	6,131
Profit for year available for discretionary division among members	-	(695)	(695)	-	-	-	(695)
Members remuneration charged as an expense	-	-	-	-	1,590	1,590	1,590
Drawings	-	-	-	-	(1,347)	(1,347)	(1,347)
Retranslation of members loans	-	-	-	(432)	(71)	(503)	(503)
At 31 December 2015	-	(1,759)	(1,759)	7,992	(1,057)	6,935	5,176

## Consolidated reconciliation of members' interests

For the year ended 31 December 2016

	Equity			Debt			Members' total interests \$'000
	Members' capital classified as equity \$'000	Other reserves \$'000	Total equity \$'000	Members' capital classified as debt \$'000	Other amounts \$'000	Total debt \$'000	
At 1 January 2016	-	(1,759)	(1,759)	7,992	(1,057)	6,935	5,176
Profit for year available for discretionary division among members	-	860	860	-	-	-	860
Members remuneration charged as an expense	-	-	-	-	1,033	1,033	1,033
Additional members loan	-	-	-	1,410	-	1,410	1,410
Drawings	-	-	-	-	(3,255)	(3,255)	(3,255)
Reclassification of loans to equity	68	-	68	(68)	-	(68)	-
Retranslation of members loans	-	-	-	(1,496)	(38)	(1,534)	(1,534)
<b>At 31 December 2016</b>	<b>68</b>	<b>(899)</b>	<b>(831)</b>	<b>7,838</b>	<b>(3,317)</b>	<b>4,521</b>	<b>3,690</b>

## LLP reconciliation of members' interests

For the year ended 31 December 2016

	Equity		Debt		
	Members' capital classified as equity \$'000	Members' capital classified as debt \$'000	Other amounts \$'000	Total debt \$'000	Members' total interests \$'000
At 1 January 2015	-	8,424	(1,529)	6,895	6,895
Members remuneration charged as an expense	-	-	144	144	144
Drawings	-	-	(750)	(750)	(750)
Retranslation of members loans	-	(432)	(72)	(504)	(504)
At 31 December 2015 as reported	-	7,992	(2,207)	5,785	5,785
Prior year adjustment	-	-	300	300	300
At 31 December 2015 as restated	-	7,992	(1,907)	6,085	6,085
Members remuneration charged as an expense	-	-	295	295	295
Additional members loan	-	1,410	-	1,410	1,410
Drawings	-	-	(2,516)	(2,516)	(2,516)
Retranslation of members loans	-	(1,496)	(38)	(1,534)	(1,534)
Reclassification of loans to equity	68	(68)	-	(68)	-
At 31 December 2016	68	7,838	(4,166)	3,672	3,740

The notes on pages 14 – 27 form an integral part of these financial statements.

## Consolidated statement of cash flows

For the year ended 31 December 2016

	Notes	2016 \$'000	2015 \$'000
<b>Cash flow from operating activities</b>			
Profit for the year		1,893	895
Adjustments for:			
Amortisation of intangible assets	7	643	641
Depreciation of tangible fixed assets	8	76	46
Retranslation of members loans		(1,534)	(504)
Increase in debtors		(531)	(441)
(Decrease)/increase in creditors		(540)	216
<b>Net cash generated from operating activities</b>		<b>7</b>	<b>853</b>
<b>Cash flows from investing activities</b>			
Payments to acquire fixed assets	8	(5)	(270)
<b>Net cash outflow from investing activities</b>		<b>(5)</b>	<b>(270)</b>
<b>Cash flow from financing activities</b>			
Payments to members		(3,255)	(1,346)
Additional loan from members		1,410	-
<b>Net cash outflow from financing activities</b>		<b>(1,845)</b>	<b>(1,346)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,843)</b>	<b>(763)</b>
Cash and cash equivalents at the beginning of year		2,254	3,017
<b>Cash and cash equivalents at the end of year</b>	12	<b>411</b>	<b>2,254</b>

The notes on pages 14 – 27 form an integral part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2016

### 1. Accounting policies

#### 1.1 General information

Basalt Infrastructure Partners LLP is a limited liability partnership registered in England. The registered office and place of business is 14-16 Bruton Place, London, W1J 6LX.

On 4 July 2016, the name of the limited liability partnership was changed from Balfour Beatty Infrastructure Partners LLP to Basalt Infrastructure Partners LLP.

#### 1.2 Basis of accounting

The financial statements have been prepared under the historical costs convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (SORP) issued in April 2014.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies (note 2).

The prior year financial statements have been restated for an overstated employee bonus accrual. Further detail is set out in note 19. As the prior year financial statements were only presented on a standalone basis the only primary statements impacted is the LLP statement of financial position and the LLP statement of reconciliation of members' interests.

The following principal accounting policies have been applied:

#### 1.3 Basis of consolidation

The consolidated financial statements present the results of the LLP and its direct subsidiaries Basalt Infrastructure Partners LLC, Basalt Infrastructure Partners GP Limited and Basalt Infrastructure Partners GP Member Limited and indirect subsidiary, Basalt Infrastructure Partners GP 2 LLP (collectively "the Group") drawn up to 31 December 2016.

Subsidiaries are entities in which the Group directly or indirectly holds the majority of the voting rights, where it determines their financial and business policies and is able to exercise control over them to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. An entity is fully consolidated from the date on which control is transferred to the Group. An entity is removed from that consolidation from the date on which the Group ceases to control that entity.

#### 1.4 Disclosure exemptions

The LLP has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 as applicable to LLPs' has not presented its own Statement of comprehensive income in these financial statements. The profit of the LLP before members' remuneration for the year ended 31 December 2016 was \$294,786 (2015 Restated: \$443,980).

The LLP has taken advantage of the exemption available in para 1.2 of FRS 102 from preparing a cash flow statement, as the LLP is the parent of a group and prepares publicly available consolidated financial statements, which are intended to give a true and fair view and the LLP is included in those consolidated financial statements.

## Notes to the financial statements

For the year ended 31 December 2016

### 1. Accounting policies (continued)

#### 1.5 Going concern

Having made appropriate enquiries, including considering cash flows, the Members have concluded that the LLP and Group has sufficient liquid resources to meet obligations as they fall due. As such the members consider it reasonable to assume that the LLP and Group has adequate resources to continue for the foreseeable future and, for this reason, have adopted the going concern basis in preparing the accounts.

#### 1.6 Revenue recognition

Revenue is recognised on an accruals basis when the services have been performed and all the following conditions are satisfied:-

- the amount of revenue can be measured reliably; and
- it is probable that the Group will receive the consideration due under the contract.

#### 1.7 Taxation

No provision has been made for taxation in relation to the LLP as each member of the LLP is exclusively liable for any tax liabilities arising out of their interest in the LLP, which will be assessed on the individual members and not the LLP.

Provision is made for corporation tax, in respect of the subsidiaries, at the current rates on the excess of taxable income over allowable expenses and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the date of the Statement of financial position in the countries where the subsidiaries operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the date of the Statement of financial position other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the asset and liability crystallises and are not discounted.

#### 1.8 Operating leases

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term. The value of any rent free periods are amortised over the life of the lease.

#### 1.9 Derivative instruments

The LLP uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value at the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contract is calculated by reference to current forward exchange contracts with similar maturity profiles.

## Notes to the financial statements

For the year ended 31 December 2016

### 1. Accounting policies (continued)

#### 1.10 Foreign currencies

##### Functional and presentation currency

The financial statements have been prepared in United States Dollars (USD) on the basis that the Group's turnover and a significant proportion of its costs are USD denominated and therefore the USD represents the currency of the primary economic environment of the entity in accordance with Section 30 of FRS102 "Foreign currency translation".

Transactions in currencies other than USD are recorded at the rate ruling at the date of the transaction. All monetary assets and liabilities expressed in foreign currencies are retranslated into local currency at rates of exchange ruling at the end of the year. Differences between the translated trading transactions and subsequent cash settlements, or retranslated monetary assets and liabilities, are recorded in the Statement of comprehensive income.

##### Group companies

The subsidiaries have the same functional currency as the LLP being USD.

#### 1.11 Intangible fixed assets

Intangible assets are placement agent fees stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight line basis over the life of the Fund, which is 10 years.

#### 1.12 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

The estimated useful lives range as follows:

Leasehold improvements	-	over the term of the lease
Fixtures and fittings	-	5 years straight line
Computer equipment	-	5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

#### 1.13 Investments

Investments in subsidiary undertakings are stated at cost less any impairment.

## Notes to the financial statements

For the year ended 31 December 2016

### 1. Accounting policies (continued)

#### 1.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### 1.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment, except where repayable on demand.

#### 1.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 1.17 Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the LLP Agreement dated 25 April 2017. Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with Section 22 of FRS 102 'Liabilities and Equity'. A member's participation right results in a liability where there is a contractual obligation on the part of the LLP to deliver cash, or other financial assets, to the member. Amounts subscribed or otherwise contributed by members, for instance members' capital, are classified as equity where the LLP has an unconditional right to avoid delivering cash or other assets to the member (i.e. the right to any payment or repayment is discretionary on the part of the LLP). If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

### 2. Judgements in applying accounting policies and key sources of uncertainty

In applying the Group's accounting policies, the members of the LLP are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The members' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

#### (a) Critical judgements in applying the entity's accounting policies

The members are of the opinion that a reliable fair value cannot be determined for the LLP's investments in its subsidiaries see note 9, and as such these investments have been stated at cost less impairment.

## Notes to the financial statements

For the year ended 31 December 2016

### 2. Accounting policies (continued)

#### (b) Critical accounting estimates and assumptions

The Group 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 within the next financial year are addressed below.

#### Impairment of investment not held at fair value

The members have reviewed the operating results and financial positions of its subsidiaries see note 9 and are confident that there are no indications that the LLP's investments are impaired.

### 3. Turnover

General partner's share ("GPS"), management and advisory fees are stated net of value added tax, and represent fees for investment management and advisory services provided during the year. Fees are recognised on an accruals basis and GPS is presented net of any GPS rebate.

All turnover in the year arose from continuing activities performed in Europe and the United States of America.

The net GPS and management fee from Fund I for the year ended 31st December 2016 amounted to \$5,791,000. The net GPS from Fund II for the year ended 31st December 2016 amounted to \$159,000 and investment advisor fees from the partial disposal of the Fund I's interest in Arca Topco Limited amounted to \$593,000.

### 4. Operating profit

Operating profit is stated after charging:

Group	2016 \$'000	2015 \$'000
Amortisation	643	641
Depreciation	76	46
Auditors' remuneration:		
-fees payable to the auditors for the audit of the parent LLP and consolidated financial statements	33	21
-fees payable to the auditors for the audit of the subsidiary financial statements	28	12
Operating lease rentals for land and buildings	408	450
Foreign exchange gains	(1,627)	(430)

### 5. Staff costs

Group	2016 \$'000	2015 \$'000
Wages and salaries	2,770	2,397
Social security costs	149	242
Other pension costs	67	48
	<u>2,986</u>	<u>2,687</u>

## Notes to the financial statements

For the year ended 31 December 2016

### 5. Staff costs (continued)

The average monthly number of employees during the year was as follows:

Group	2016 No.	2015 No.
Legal	1	1
Administration	2	2
Investment management	10	9
	<u>13</u>	<u>12</u>

### 6. Members' remuneration

Profit automatically divided under the terms of the LLP Deed is recognised as an expense in the statement of comprehensive income as incurred under the heading "Members' remuneration charged as an expense".

Group	2016 \$'000	2015 \$'000
Profit for the financial year before members' remuneration and profit share and available for division among members	<u>1,893</u>	<u>895</u>
Members remuneration charged as an expense	<u>(1,033)</u>	<u>(1,590)</u>
Profit for the year attributable to the member with the largest entitlement	<u>738</u>	<u>595</u>

The average number of members in the year was 4.

## Notes to the financial statements

For the year ended 31 December 2016

### 7. Intangible asset

<b>Group &amp; LLP</b>	<b>Capitalised Placement fees \$'000</b>
<b>Cost:</b>	
At 1 January 2016	5,950
Additions	-
<b>At 31 December 2016</b>	<b>5,950</b>
<b>Depreciation:</b>	
At 1 January 2016	1,446
Charge for the year	643
<b>At 31 December 2016</b>	<b>2,089</b>
<b>Net book value:</b>	
<b>At 31 December 2016</b>	<b>3,861</b>
At 31 December 2015	4,504

## Notes to the financial statements

For the year ended 31 December 2016

### 8. Tangible fixed assets

Group	Leasehold improvements \$'000	Fixture and fittings \$'000	Computer equipment \$'000	Total \$'000
<b>Cost:</b>				
At 1 January 2016	265	66	26	357
Additions	5	-	-	5
<b>At 31 December 2016</b>	<b>270</b>	<b>66</b>	<b>26</b>	<b>362</b>
<b>Depreciation:</b>				
At 1 January 2016	33	22	11	66
Charge for the year	54	16	6	76
<b>At 31 December 2016</b>	<b>87</b>	<b>38</b>	<b>17</b>	<b>142</b>
<b>Net book value:</b>				
<b>At 31 December 2016</b>	<b>183</b>	<b>28</b>	<b>9</b>	<b>220</b>
At 31 December 2015	232	44	15	291

<b>LLP</b>	<b>Leasehold improvements \$'000</b>
<b>Cost:</b>	
At 1 January 2016	248
Additions	-
<b>At 31 December 2016</b>	<b>248</b>
<b>Depreciation:</b>	
At 1 January 2016	27
Charge for the year	50
<b>At 31 December 2016</b>	<b>77</b>
<b>Net book value:</b>	
<b>At 31 December 2016</b>	<b>171</b>
At 31 December 2015	221

## Notes to the financial statements

For the year ended 31 December 2016

### 9. Investments

LLP	2016 \$'000	2015 \$'000
At 1 January	77	77
Additions	1,286	550
Impairment	-	(550)
	<u>1,363</u>	<u>77</u>

The LLP's holding of investments is as follows:

	2016 \$'000	2015 \$'000
Basalt Infrastructure Partners LLC	1,267	-
Basalt Infrastructure Partners GP Limited	77	77
Basalt Infrastructure Partners GP Member Limited	-	-
Basalt Infrastructure Partners II GP Limited	19	-
<b>At 31 December</b>	<u><b>1,363</b></u>	<u><b>77</b></u>

The investment in Basalt Infrastructure Partners LLC (formerly known as Balfour Beatty Infrastructure Partners LLC), a limited liability company incorporated in the United States in which it acts as the Managing Member and holds 100% (2015: 100%) of the voting rights. The subsidiary's principal activity is the provision of investment management, investment advisory and marketing support services to the LLP in respect of various funds and investment accounts.

During the year, the LLP made a capital contribution of \$1,267,346 (2015: \$550,000) into Basalt Infrastructure Partners LLC. During the prior year, the LLP impaired its investment by \$550,000.

The investment in Basalt Infrastructure Partners GP Limited (formerly known as Balfour Beatty Infrastructure Partners GP Limited), a company incorporated in Guernsey in which it acts as the Managing Member and holds 100% (2015: 100%) of the voting rights. The subsidiary's principal activity is the provision of investment management, investment advisory and marketing support services in respect of various funds and investment accounts.

The investment in Basalt Infrastructure Partners GP Member Limited (formerly known as BBPGP Member Limited), a limited liability company incorporated in Guernsey in which it acts as the Managing Member and holds 100% (2015: 100%) of the voting rights. The subsidiary's principal activity is the provision of investment management, investment advisory and marketing support services in respect of various funds and investment accounts.

During the year, the LLP made a capital contribution of £1 (2015: £Nil) into Basalt Infrastructure Partners GP Member Limited.

## Notes to the financial statements

For the year ended 31 December 2016

### 9. Investments (continued)

The investment in Basalt Infrastructure Partners II GP Limited a limited liability company incorporated in Guernsey in which it acts as the Managing Member and holds 100% (2015: 100%) of the voting rights. The subsidiary's principal activity is the provision of investment management, investment advisory and marketing support services in respect of various funds and investment accounts.

During the year, the LLP made a capital contribution of £15,000 (2015: £Nil) into Basalt Infrastructure Partners II GP Limited.

#### Impairment of investment not held at fair value

The members have reviewed the operating results and financial positions of its subsidiaries and are confident that there are no indications that the LLP's investments are impaired.

### 10. Debtors

	Group 2016 \$'000	LLP 2016 \$'000	Group 2015 \$'000	LLP 2015 \$'000
<b>Due within one year</b>				
Trade debtors	42	15	9	8
Amounts due from Group entities	-	69	-	-
Amounts due from related parties	228	-	171	-
Other debtors	544	262	93	53
Prepayments and accrued income	438	420	448	1,116
	<b>1,252</b>	<b>766</b>	<b>721</b>	<b>1,177</b>

Amounts due from Group entities and related parties are unsecured, interest free and payable in the short-term.

No deferred tax asset has been recognised for the LLC due to uncertainty over recoverability.

### 11. Derivative financial instruments

Group & LLP	2016 \$'000	2015 \$'000
As at 1 January	-	-
Unrealised loss on the revaluation of financial liabilities at fair value through profit or loss	52	-
<b>As at 31 December</b>	<b>52</b>	<b>-</b>

As at 31 December 2016, the LLP held forward foreign exchange contracts to hedge currency exposure of future expenses to be incurred in GBP. The notional principal amount of the contracts was \$3,400,000 (£2,754,790) (2015: \$Nil and £Nil) with a contractual redemption value of £2,712,174 (2015: £Nil). The contracts are to be settled during 2017.

## Notes to the financial statements

For the year ended 31 December 2016

### 12. Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following balances:

	<b>Group</b>	<b>LLP</b>	<b>Group</b>	<b>LLP</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total cash and cash equivalents</b>	<b>411</b>	<b>184</b>	<b>2,254</b>	<b>1,964</b>

### 13. Creditors

	<b>Group</b>	<b>LLP</b>	<b>Group</b>	<b>Restated LLP</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Due within one year</b>				
Trade creditors	131	21	157	157
Amounts due to Group entities	-	1,388	-	-
Amounts due to related parties	-	-	-	-
Derivative financial instruments (note 11)	52	52	-	-
Other creditors	65	53	-	-
Accruals and deferred income	1,806	1,091	2,437	1,701
	<b>2,054</b>	<b>2,605</b>	<b>2,594</b>	<b>1,858</b>

Amounts due to Group entities and related parties are unsecured, interest free and payable in the short-term.

### 14. Loans and other debts due to members

<b>Group</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amounts due to members</b>	<b>4,521</b>	<b>6,935</b>

  

<b>LLP</b>	<b>2016</b>	<b>Restated 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amounts due to members</b>	<b>3,672</b>	<b>6,085</b>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up. All amounts due to members are interest free and repayable on demand.

## Notes to the financial statements

For the year ended 31 December 2016

### 15. Operating lease commitments

At 31 December 2016, the group had future minimum rentals under non-cancellable operating leases as set out below:

	2016 \$'000	2015 \$'000
<b>Minimum rentals payable</b>		
Within one year	405	450
Between two and five years	<u>633</u>	<u>1,189</u>

### 16. Related party transactions

Transactions between the LLP and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group financial statements. Transactions which have led to outstanding balances at the year end between the LLP and its subsidiaries are disclosed in note 10 debtors and note 13 creditors.

Basalt Infrastructure Partners GP Limited a subsidiary of Basalt Infrastructure Partners LLP acts as general partner of: (i) Fund Partnership; (ii) AIV LP; (iii) AIV Voting; (iv) AIV Non-Voting; and (v) Founder LP.

Basalt Infrastructure Partners GP Limited has also been appointed to act as the manager of (i) Lake AIV Feeder,LLC; (II) Founder Partner Lake Feeder,LLC; and (iii) Founder Partner Lake,LLC.

In its capacity as general partner and manager, Basalt Infrastructure Partners GP Limited is entitled to receive GPS and Management Fees.

During the year, the Group had the following transactions with the above related parties:

	2016 \$'000	2015 \$'000
<b>Income</b>		
GPS		
Fund I	8,674	9,267
Carry Partnerships	1	1
BIP A & C	<u>159</u>	<u>-</u>
	<u>8,834</u>	<u>9,268</u>
 GPS		
Fund I	<u>(2,883)</u>	<u>(2,824)</u>
	<u>(2,883)</u>	<u>(2,824)</u>
	<u>5,951</u>	<u>6,444</u>
 <b>Receivables</b>		
Loans receivable-Basalt Founder Partner LP	183	146
AIV LP	20	10
Other	25	12
	<u>-</u>	<u>3</u>
	<u>228</u>	<u>171</u>

## Notes to the financial statements

For the year ended 31 December 2016

### 16 Related party transactions (continued)

	2016 \$'000	2015 \$'000
<b>Expenses</b>		
Administration fees	50	47
Directors fees	61	15
	<u>111</u>	<u>62</u>
<b>Accrued expenses</b>		
Administration fees	<u>33</u>	<u>15</u>
<b>Current Assets</b>		
Due from BIP II A LP & BIP II C LP	<u>33</u>	<u>15</u>

Key management personal are considered to be the members of the LLP and the costs have been disclosed in the consolidated reconciliation of members' interests and the members' remuneration note 6.

### 17. Ultimate controlling party

The members are considered to be the controlling parties.

### 18. Subsidiary claiming audit exemption

Basalt Infrastructure Partners GP Member Ltd, a limited company registered in Guernsey, registration number 61415, is exempt from the requirements to have an audit of its individual accounts under section 479A of the Companies Act 2006.

In order for this exemption to be granted, the LLP have guaranteed the liabilities of Basalt Infrastructure Partners GP Member Ltd and would be liable for the debt in the event of a default. The guarantee will be in place until the debt is fully satisfied. The members are considered to be the controlling parties.

Basalt Infrastructure Partners GP 2 LLP, an LLP registered in England, registration number OC403534, is exempt from the requirement to have an audit of its individual accounts under section 479A of the Companies Act 2006.

In order for this exemption to be granted, the LLP have guaranteed the liabilities of Basalt Infrastructure Partners GP 2 LLP and would be liable for the debt in the event of a default. The guarantee will be in place until the debt is fully satisfied. The members are considered to be the controlling parties.

## Notes to the financial statements

For the year ended 31 December 2016

### 19. Prior period restatement

The prior period restatement is in respect of an overstated employee bonus accrual of Basalt Infrastructure Partners LLP amounting to \$299,828.

A summary of the adjustments is as follows

	LLP \$'000
<b>Total profit attributable</b>	
As previously reported for the period ended 31 December 2015	144
Prior period adjustment	300
Restated for the period ended 31 December 2015	<u>444</u>
<b>Loans and other debt due to members</b>	
As previously reported for the period ended 31 December 2015	(2,207)
Prior Period adjustment	300
Restated for the period ended 31 December 2015	<u>(1,907)</u>

### 20. Subsidiary undertakings

Direct	Controlling/ Ownership Interest	Registered Office
Basalt Infrastructure Partners LLC	100%	60 East 42nd Street, Suite 3020, New York NY 10165
Basalt Infrastructure Partners GP Limited	100%	First Floor, Dorey court, Admiral Park, St Peter Port, Guernsey, GY1 6HJ
Basalt Infrastructure Partners GP Member Limited	100%	First Floor, Dorey court, Admiral Park, St Peter Port, Guernsey, GY1 6HJ
Basalt Infrastructure Partners II GP Limited	100%	East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP
Basalt Infrastructure Partners II UK 1 Limited	100%	6th Floor, 5 St Andrew Street, London, EC4A 3AE
Basalt Infrastructure Partners II UK 2 Limited	100%	6th Floor, 5 St Andrew Street, London, EC4A 3AE
<b>Indirect</b>		
Basalt Infrastructure Partners GP2 LLP	100%	2nd Floor, 14-16 Bruton Place, London, W1J 6LX
Basalt Infrastructure Partners II GP2 LLP	100%	Forum 3 Solent Business Park Whiteley, Fareham, Hampshire, PO15 7FH