

Parent company accounts of
6632304 - Aberdeen
Infrastructure (No3) Ltd.

Aberdeen Infrastructure Partners LP Inc.
(Formerly Bank of Scotland Infrastructure
Partners L.P. Inc)

Annual Report and Audited
Consolidated Financial Statements

For the year ended 31 December 2014

Partnership Registration 1120



A04 "A4C0INVG" #129
20/07/2015
COMPANIES HOUSE

A22 "A4ADJKOZ" #153
26/06/2015
COMPANIES HOUSE

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

TABLE OF CONTENTS

	Page
Summary of Officers and Professional Advisers	1
Report of the General Partner	2-3
Independent Auditors' Report	4-5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Net Assets Attributable to the Limited Partners	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10-30

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

SUMMARY OF OFFICERS AND PROFESSIONAL ADVISERS

GENERAL PARTNER:	Aberdeen Infrastructure Finance GP Limited (formerly Uberior Infrastructure Finance GP Limited) First Floor Dorey Court Admiral Court St Peter Port Guernsey GY1 6HJ
DIRECTORS OF THE GENERAL PARTNER:	W Scott M I K Stokes A L Tennant
REGISTERED OFFICE:	First Floor Dorey Court Admiral Park St Peter Port Guernsey GY1 6HJ
ADMINISTRATOR AND DESIGNATED MANAGER:	State Street (Guernsey) Limited P.O. Box 543 First Floor Dorey Court Admiral Park St Peter Port Guernsey GY1 6HJ
BANKERS:	Lloyds Bank International Limited P.O. Box 123 Samia House Le Truchot St Peter Port Guernsey GY1 4EF Bank of Scotland plc Head Office The Mound Edinburgh EH1 1YZ
INDEPENDENT AUDITORS:	PricewaterhouseCoopers CI LLP P.O. Box 321 Royal Bank Place 1 Glatigny Esplanade St Peter Port Guernsey GY1 4ND
INVESTMENT ADVISOR:	Aberdeen Infrastructure Asset Managers Limited (formerly Uberior Fund Manager Limited) 10 Queens Terrace Aberdeen AB10 1XL

ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)

REPORT OF THE GENERAL PARTNER
For the year ended 31 December 2014

The General Partner presents its annual report and audited consolidated financial statements for Aberdeen Infrastructure Partners LP Inc. (the "Fund") for the year ended 31 December 2014

Limited partnership

The Fund was established on 19 November 2008 and is registered as a limited partnership in Guernsey under The Limited Partnership (Guernsey) Law, 1995. On 11 August 2014, the Fund changed its name to Aberdeen Infrastructure Partners LP Inc.

The Fund is a registered closed-ended investment fund domiciled and established as a limited partnership under the laws of Guernsey and pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and The Registered Collective Investment Scheme Rules 2008, issued by the Guernsey Financial Services Commission (the "Commission"). The Commission, in granting registration, has not reviewed the Limited Partnership Agreement ("LPA") but has relied upon specific warranties provided by State Street (Guernsey) Limited, the Fund's designated manager.

Sale of management interest

On 1 May 2014, the Fund's General Partner and Investment Advisor 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 Bank Group PLC to Aberdeen Asset Management PLC. Previously, Lloyds Bank Group PLC held this management interest through entities under common control.

Principal activity

The principal activity is investment holding. There has been no change in that activity during the year.

The Fund's objective is to generate significant long-term investment yield. It aims to achieve this objective by investing in a portfolio of high-quality, operational, Private Finance Initiative ("PFI")/Public Private Partnerships ("PPP") assets. The portfolio is expected to generate long-term, inflation-linked cash flows, principally driven by low-risk, availability-based contracts with government agencies.

Financial risk management

The key risks and uncertainties faced by the Fund are managed within the framework established for the Investment Advisor. Exposures to credit risk, interest rate risk and foreign exchange risk arise in the normal course of the Fund's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 13 to the consolidated financial statements. The Fund's liquidity risk management is delegated to the Investment Advisor.

Results and review of business

The Fund's total comprehensive income for the year was GBP42,556,473 (2013: GBP51,529,117). Income distributions paid during the year amounted to GBP32,392,579 (2013: GBP27,465,924). Capital returned during the year amounted to GBP5,459,342 (2013: GBP3,778,424).

Statement of General Partner's responsibilities in respect of the consolidated financial statements

The General Partner is responsible for preparing the consolidated financial statements for each financial year which give a true and fair view, in accordance with applicable Guernsey Law, the Limited Partnership Agreement and International Financial Reporting Standards ("IFRSs"), of the state of affairs of the Fund and of the profit or loss of the Fund for that year.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

Statement of General Partner's responsibilities in respect of the consolidated financial statements (continued)

In preparing these consolidated financial statements the General Partner is also 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 consolidated financial statements, and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy, at any time, the financial position of the Fund and enable the General Partner to ensure that the consolidated financial statements comply with The Limited Partnerships (Guernsey) Law, 1995 and IFRSs. The General Partner is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The General Partner confirms that it has complied with the above requirements in preparing the consolidated financial statements.

Audit Information

As at the date of approval of the Report of the General Partner, the General Partner confirms that, so far as the General Partner is aware, there is no relevant audit information of which the Fund's Independent Auditors are unaware; and the General Partner has taken all the steps that ought to have been taken as a General Partner to be aware of any relevant audit information and to establish that the Fund's Independent Auditors are aware of that information.

Subsequent events

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

Going concern

The General Partner considers that the Fund has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the General Partner has taken into account all available information about the foreseeable future and consequently the going concern basis is appropriate in preparing the consolidated financial statements.

Independent auditors

A resolution to reappoint the Independent Auditors will be put forward at the forthcoming Annual General Meeting.



M I K Stokes
Director
General Partner
7 April 2015

**INDEPENDENT AUDITORS' REPORT
TO THE LIMITED PARTNERS OF ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the "financial statements") of Aberdeen Infrastructure Partners LP Inc. (formerly Bank of Scotland Infrastructure Partners L.P. Inc) (the "Partnership") which comprise the Consolidated Statement of Financial Position as of 31 December 2014, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Net Assets Attributable to the Limited Partners and the Consolidated Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information

General Partner's Responsibility for the Financial Statements

The General Partner is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") and with the requirements of Guernsey law. The General Partner is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2014, and of the financial performance and cash flows of the Group for the year then ended in accordance with IFRSs and have been properly prepared in accordance with the requirements of The Limited Partnerships (Guernsey) Law, 1995 and the provisions of the Limited Partnership Agreement.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information is as detailed in the Table of Contents.

In our opinion the information given in the Report of the General Partner is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE LIMITED PARTNERS OF ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC) (CONTINUED)**

Report on other Legal and Regulatory Requirements (continued)

This report, including the opinion, has been prepared for and only for the Partnership's Limited Partners as a body in accordance with Section 18 of The Limited Partnerships (Guernsey) Law, 1995 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.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
7 April 2015

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

	<i>Notes</i>	2014 GBP	2013 GBP
Income			
Dividend income		12,894,430	9,737,546
Fund income	3	4,391,077	4,388,507
Interest income	4	15,587,481	16,834,079
Net changes in fair value of financial assets at fair value through profit or loss	6	46,477,956	46,692,092
Reversal of provision for impairment to loans and receivables	8	-	2,246,436
Total income		79,350,944	79,898,660
Expenses			
Administration fees		94,375	98,174
Audit fees		96,868	80,460
Legal and professional fees		12,760	60,110
Management fees	17	903,347	601,506
Net foreign exchange losses		1,140,588	8,415
Provision	16	2,095,731	-
Other operating expenses		10,740	13,115
Total expenses		4,354,409	861,780
Operating profit		74,996,535	79,036,880
Finance costs			
Income distributions	11	(32,392,579)	(27,465,924)
Profit on ordinary activities after distributions and before tax		42,603,956	51,570,956
Tax	5	(47,483)	(41,839)
Profit on ordinary activities after distributions and tax		42,556,473	51,529,117
Total comprehensive income for the year		42,556,473	51,529,117

The notes on pages 10 to 30 form part of these consolidated financial statements.

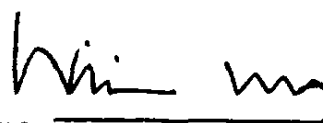
**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

	<i>Notes</i>	2014 GBP	2013 GBP
Assets			
Non-current assets			
Financial assets at fair value through profit or loss			
Equity securities - unlisted	6	276,917,650	244,482,097
Fund interests	6	65,351,899	55,188,560
Loans and receivables			
Debt securities	8	189,963,662	192,816,066
Total non-current assets		532,233,211	492,486,723
Current assets			
Receivables and prepayments	9	8,629,949	8,736,485
Cash and cash equivalents	10	4,441,883	5,015,605
Total current assets		13,071,832	13,752,090
Total assets attributable to the Limited Partners		545,305,043	506,238,813
Liabilities			
Non-current liabilities			
Provision	16	2,095,731	-
Current liabilities			
Payables and accruals		121,978	248,610
Total liabilities		2,217,709	248,610
Net assets attributable to the Limited Partners		543,087,334	505,990,203
Limited Partners' interest represented by:			
Partners' capital	12	400,049,034	405,508,376
Partners' current accounts	12	143,038,300	100,481,827
		543,087,334	505,990,203

The consolidated financial statements were authorised for issue by the Board of the General Partner of the Fund and signed on its behalf by:


M I K Stokes
Director
7 April 2015


W Scott
Director
7 April 2015

The notes on pages 10 to 30 form part of these consolidated financial statements.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE
LIMITED PARTNERS**

For the year ended 31 December 2014

	<i>Notes</i>	2014 GBP	2013 GBP
Net assets attributable to the Limited Partners at 1 January		505,990,203	458,239,510
Return of capital	11, 12	(5,459,342)	(3,778,424)
Total comprehensive Income for the year		42,556,473	51,529,117
Increase in net assets attributable to the Limited Partners		37,097,131	47,750,693
Net assets attributable to the Limited Partners at 31 December		543,087,334	505,990,203

The notes on pages 10 to 30 form part of these consolidated financial statements.

ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)

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

	<i>Note</i>	2014 GBP	2013 GBP
Cash flows from operating activities			
Debt securities principal received		2,354,885	2,682,674
Proceeds from equity securities		3,535,720	4,263,115
Debt securities principal advanced		-	(1,377,508)
Acquisition of equity securities		-	(1,237,437)
Dividend income received		12,894,430	9,737,546
Interest income received		15,727,430	15,807,066
Fund income received		4,391,077	4,388,507
Bank interest received		26,640	19,330
Operating expenses paid		(1,248,165)	(525,423)
Tax		(83,647)	(18,937)
Net cash flow generated from operating activities		37,598,370	33,738,933
Cash flows from financing activities			
Distributions paid		(37,851,921)	(31,244,348)
Net cash flow used in financing activities		(37,851,921)	(31,244,348)
Net (decrease) / increase in cash and cash equivalents before currency adjustment		(253,551)	2,494,585
Effects of exchange rates on cash and cash equivalents		(320,171)	-
Net (decrease) / increase in cash and cash equivalents		(573,722)	2,494,585
Cash and cash equivalents at 1 January		5,015,605	2,521,020
Cash and cash equivalents at 31 December	10	4,441,883	5,015,605

The notes on pages 10 to 30 form part of these consolidated financial statements.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

1. GENERAL INFORMATION

The Fund is a closed-ended investment fund domiciled and established as a limited partnership under the laws of Guernsey. The address of its registered office is First Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 6HJ.

The Fund's investment activities are managed by the General Partner who is advised by the Investment Advisor, with the administration delegated to the Administrator.

A select number of sophisticated investors were offered the opportunity to partner with Bank of Scotland plc, by each investing a minimum of GBP40 million in the Fund. In 2011, Bank of Scotland plc reduced their holding of the Fund's commitments from 50.1% to 10.0%. The Investment Advisor advises the General Partner in relation to the portfolio.

The Fund's capital is represented by the net assets attributable to the Limited Partners.

On 1 May 2014, the Fund's General Partner and Investment Advisor 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 Bank Group PLC to Aberdeen Asset Management PLC. Previously, Lloyds Bank Group PLC held this management interest through entities under common control.

These consolidated financial statements were authorised for issue by the Board of the General Partner of the Fund on 7 April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Fund have been prepared in accordance with IFRSs. The consolidated 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 consolidated financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires the General Partner to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 14.

The consolidated financial statements of the Fund have been prepared on a going concern basis.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

Amendments to IFRS 10, IFRS 12 and IAS 27 on 'Investment entities' are effective for annual periods beginning on or after 1 January 2014. The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. The amendments did not have any significant impact on the Fund as whilst the General Partner has determined that the Fund is an investment entity, it continues to consolidate its subsidiaries on the basis that its subsidiaries are not investment entities, and act as extension of the Fund by providing investment-related services to maximise the investment return. This is described further in Note 14.

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 Fund.

(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 consolidated financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Fund.

2.2 Consolidation

The financial statements of consolidated subsidiaries used to prepare these consolidated financial statements were prepared as at the Fund's reporting date.

Subsidiaries

The consolidated financial statements of the Fund comprise the financial statements of the Fund and its consolidated subsidiaries as at 31 December 2014.

Subsidiaries are entities in which the Fund directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order 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 Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Fund. They are de-consolidated from the date on which control ceases.

The results of the subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the acquisition date or up to the date on which control ceases, as appropriate.

Intragroup transactions, balances and intragroup gains on transactions between the Fund and its subsidiaries are eliminated on consolidation. Intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

Subsidiaries (continued)

The integration of subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Fund's share of the identifiable net assets acquired is recorded as goodwill. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicate the need for an impairment, and written down if required. If the cost of acquisition is less than the fair value of the Fund's share of the net assets acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

For acquisitions not meeting the definition of a business, the Fund allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by (a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IAS 39 'Financial Instruments: recognition and measurement'; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

2.3 Foreign currency translation

(a) Functional and presentation currency

The Fund's Limited Partners are from the United Kingdom ("UK"), with the Fund capital denominated in Pound Sterling. The primary activity of the Fund is to invest in UK Infrastructure assets and to offer the Limited Partners a low risk and moderate return. The performance of the Fund is measured and reported to the Limited Partners in Pound Sterling. The General Partner considers Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Fund. The consolidated financial statements are presented in Pound Sterling, the Fund's functional and presentation currency.

(b) Transactions 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 Consolidated Statement of Financial Position date.

Foreign exchange gains and losses arising from translation are included in the Consolidated 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 Consolidated Statement of Comprehensive Income within "Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss".

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets and financial liabilities

(a) Classification

The Fund classifies its investments in equity securities as financial assets at fair value through profit or loss. This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

The Fund did not hold any financial assets or liabilities for trading as at 31 December 2014.

(ii) Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

The Fund's policy requires the Investment Advisor and the General Partner to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(b) Recognition, derecognition and measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Consolidated Statement of Comprehensive Income within 'Net changes in fair value of financial assets and liabilities at fair value through profit or loss' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the Consolidated Statement of Comprehensive Income within 'Dividend income' when the Fund's right to receive payment is established (see Note 2.9).

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets and financial liabilities (continued)

(b) Recognition, derecognition and measurement (continued)

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 Fund 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 Fund upon initial recognition designates as available for sale; or

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

Loans and receivables are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the Consolidated Statement of Financial Position as 'Debt securities'. Interest on loans is included in the Consolidated 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 Consolidated Statement of Comprehensive Income as 'Provision'. If in a subsequent period, there is objective evidence that the Fund will be able to collect all debt securities, the impairment to loans and receivables is reversed through the Consolidated Statement of Comprehensive Income.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair values of equity securities and fund interests are calculated using discounted cash flow models based on future profitability forecasts. In summary, the valuation model will include the review of operational performance against plan and other general operational risk indicators

The valuation methodology employed is based on a discounted cash flow analysis of the future expected equity and loan note cash flows (including all fee income). The fair value for each investment is derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts and an appropriate discount rate. The Investment Advisor exercises its judgment in assessing the expected future cash flows from each investment. Each investee company produces detailed concession life financial models. The Fund's share of those cash flows are then extracted and a discount rate applied. The discount rate applied is subject to the appropriate risk free rate e.g. Indexed Linked Gilts and the projects' performance and risks (e.g. liquidity, currency risks, market appetite) including any risks to project earnings (e.g. predictability and covenant of the concession income), all of which may be differentiated by project phase.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Receivables and prepayments

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

2.6 Cash and cash equivalents

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

2.7 Distributions payable to the Limited Partners

Proposed distributions to the Limited Partners are recognised in the Consolidated Statement of Comprehensive Income when they are appropriately authorised and no longer at the discretion of the Fund. This typically occurs when a proposed distribution is ratified at a General Partner's meeting. The distribution is recognised as a finance cost in the Consolidated Statement of Comprehensive Income. Any capital returned is recognised in the Consolidated Statement of Changes in Net Assets Attributable to the Limited Partners.

2.8 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.

2.9 Interest income, dividend income and fund income

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities at amortised cost.

Dividend income and fund income are recognised when the right to receive payment is established.

2.10 Transaction costs

Transaction costs are costs incurred to acquire financial assets. They include the fees and commissions paid to agents, advisers, brokers and dealers. Other than in respect of loans and receivables, transaction costs, when incurred, are immediately recognised as an expense in the Consolidated Statement of Comprehensive Income.

2.11 Expenses

Expenses are recognised on an accruals basis.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Taxation

✓ The Fund is exempt from income tax on its UK dividend income. The Fund has agreed with HMRC to charge taxation at 21.50% (2013: 23.25%) on 12.5 basis points of the average subordinated debt held by Aberdeen Infrastructure Limited (formerly BoS Infrastructure Limited) ("AIL") at each quarter end. Bank interest earned by AIL and Aberdeen Infrastructure (No.3) Limited (formerly Bank of Scotland Infrastructure (No.3) Limited) ("AI(No.3)L") is charged at 21.50% (2013: 23.25%). The Fund is not subject to Guernsey taxation

3. FUND INCOME

	2014 GBP	2013 GBP
Semperian PPP Investment Holdings Limited	4,391,077	4,388,507

4. INTEREST INCOME

	2014 GBP	2013 GBP
From cash and cash equivalents	26,640	19,330
From debt securities	15,560,841	16,814,749
	<u>15,587,481</u>	<u>16,834,079</u>

5. TAX

	2014 GBP	2013 GBP
Current tax expense		
Current year	<u>47,483</u>	<u>41,839</u>
Reconciliation of effective tax rate		
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>36,064</u>
Adjustments to tax	<u>14,086</u>	<u>5,775</u>
Total tax charged in Consolidated Statement of Comprehensive Income	<u>47,483</u>	<u>41,839</u>

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 GBP	2013 GBP
Equity securities - unlisted	276,917,650	244,482,097
Fund Interests	65,351,899	55,188,560
	342,269,549	299,670,657

Net changes in financial assets at fair value through profit or loss

	2014 GBP	2013 GBP
At 1 January	299,670,657	256,217,305
Additions	-	1,237,437
Return of capital	(3,535,720)	(4,263,115)
Net change in fair value of financial assets at fair value through profit or loss	46,477,956	46,692,092
Net foreign exchange losses	(343,344)	(213,062)
As at 31 December	342,269,549	299,670,657

Change in unrealised gain for Level 3 assets held as at year end and included in net changes in fair value of financial assets at fair value through profit or loss

	46,477,956	46,692,092
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	2014		2013	
	Fair value GBP	% of net assets	Fair value GBP	% of net assets
Equity securities - unlisted	276,917,650	50.99	244,482,097	48.32
Fund Interests	65,351,899	12.03	55,188,560	10.90
	342,269,549	63.02	299,670,657	59.22

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

7. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the Fund are as follows:

Subsidiary	Principal activity	Date of incorporation	Country of incorporation	Holding %
Aberdeen Infrastructure (No.2) LLP (formerly BoS Infrastructure (No.2) LLP) ("AI(No.2)LLP")	Investment holding	14 October 2008	England	100
AI(No.3)L	Investment holding	27 June 2008	England	100
AIL	Investment holding	12 August 2008	England	100

AI(No.2)LLP, AI(No.3)L and AIL operate as investment holding companies for their parent, the Fund.

8. LOANS AND RECEIVABLES

	2014 GBP	2013 GBP
Debt securities	189,963,662	192,816,066
Movement in debt securities		
	2014 GBP	2013 GBP
As at 1 January	192,816,066	191,691,168
Additions	-	1,377,508
Loan repayments	(2,339,385)	(2,698,174)
Capitalised interest	(35,946)	68,094
Reversal for impairment to loans and receivables	-	2,246,436
Net foreign exchange (loss) / gain on revaluation of loans and receivables	(477,073)	131,034
As at 31 December	189,963,662	192,816,066

9. RECEIVABLES AND PREPAYMENTS

	2014 GBP	2013 GBP
Interest receivable	8,590,134	8,720,777
Loan principal repayments due	-	15,500
Prepaid management fees	36,610	-
Prepaid other fees	3,205	208
	8,629,949	8,736,485

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

10. CASH AND CASH EQUIVALENTS

	2014 GBP	2013 GBP
Cash at bank	4,441,883	5,015,605

11. DISTRIBUTIONS TO THE LIMITED PARTNERS

Income distributions paid during the year amounted to GBP32,392,579 (2013: GBP27,465,924). Capital returned during the year amounted to GBP5,459,342 (2013: GBP3,778,424).

12. NET ASSETS ATTRIBUTABLE TO THE LIMITED PARTNERS

	Partners' capital GBP	Partners' current accounts GBP	Total GBP
As at 1 January 2014	405,508,376	100,481,827	505,990,203
Return of capital	(5,459,342)	-	(5,459,342)
Total comprehensive income for the year	-	42,556,473	42,556,473
As at 31 December 2014	400,049,034	143,038,300	543,087,334
As at 1 January 2013	409,286,800	48,952,710	458,239,510
Return of capital	(3,778,424)	-	(3,778,424)
Total comprehensive income for the year	-	51,529,117	51,529,117
As at 31 December 2013	405,508,376	100,481,827	505,990,203

13. FINANCIAL RISK MANAGEMENT

13.1 Financial risk factors

The objective of the Fund's financial risk management is to manage and control the risk exposures of its investment portfolio. The General Partner has overall responsibility for overseeing the management of financial risks. The review and management of financial risks are performed by the General Partner, which has documented procedures designed to identify, monitor and manage the financial risks to which the Fund is exposed. This note presents information about the Fund's exposure to financial risks, its objectives, policies and processes for managing risk and the Fund's management of its financial resources.

The Fund owns a portfolio of investments predominantly in the subordinated loan notes, ordinary equity and fund interests of PFI/PPP companies. These companies are structured at the outset to minimise financial risks of acquiring and holding the investment. The Fund 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.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (continued)

13.1.1 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 Fund has an Investment Advisor who provides the General Partner with investment recommendations. The Investment Advisor's recommendations are reviewed by the General Partner before the investment decisions are implemented.

The performance of the investments held by the Fund are monitored by the Investment Advisor on a monthly basis and reviewed by the General Partner on a quarterly basis.

(a) Price risk

Returns from the Fund'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 project companies in which the Fund invests conduct their business and pay interest, dividends and principal in Pound Sterling, except for two investments, which conduct their business and pay interest, dividends and principal in Euro. The Fund monitors its foreign exchange exposures using its near term and long-term cash flow forecasts. The Fund's policy is not to use foreign exchange hedging. The Fund's assets denominated in Euro at their carrying amount are summarised below.

	2014	2013
Assets	GBP	GBP
Euro		
Monetary assets	5,827,780	5,869,568
Non-monetary assets	10,830,458	12,509,144

The table below summarises the sensitivity of the Fund's monetary and non-monetary assets to changes in foreign exchange movements at 31 December 2014 and 2013. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% to Pound Sterling, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates. This increase or decrease in the net assets attributable to limited partners arises mainly from a change in the fair value of Euro equity and interest securities that are classified as financial assets at fair value through profit or loss.

ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (continued)

(b) Currency risk - (continued)

	2014	2013
Assets	GBP	GBP
Euro		
Monetary assets	291,389	293,478
Non-monetary assets	541,523	625,457

(c) Interest rate risk

The Fund 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 Fund's cash flows will be subject to variation depending upon changes to base interest rates. The portfolio's cash flows are continually monitored and re-forecast 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 Fund holds debt securities that expose the Fund to fair value interest rate risk. The Fund'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 of the Fund to review on a quarterly basis.

If interest rates on debt securities had been lower on average by 75 basis points over the period, with all other variables held constant, the decrease in net assets attributable to the Limited Partners would have been GBP1,432,208 (2013: GBP1,445,064). If interest rates on debt securities had been higher on average by 75 basis points over the period, the increase in net assets attributable to the Limited Partners would amount to GBP1,432,208 (2013: GBP1,445,064). The Fund considers that 75 basis points is the maximum exposure to a decrease or increase in interest rates that could occur in the foreseeable future, although unlikely.

The Fund has an indirect exposure to changes in interest rates through its investments 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 Fund'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 Fund's overall cash flows are estimated to partially vary with inflation. The effect of these inflation changes do not always immediately flow through to the Fund's cash flows as there is a time lag due to financial models only being updated on a 6 monthly basis.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (continued)

13.1.2 Credit risk

Credit risk is the risk that a counterparty of the Fund will be unable or unwilling to meet a commitment that it has entered into with the Fund. The Fund's direct counterparties are the project companies in which it makes debt investments. The Fund'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 Fund's investments and their subsidiary entities generally receive revenue from government departments, public sector or local authority clients. Therefore a significant portion of the Fund's revenue arises from counterparties of good financial standing.

The Fund is also reliant on the projects' subcontractors continuing to perform their service delivery obligations such that revenues to projects are not disrupted. The Fund 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.

The Directors of the General Partner believe that objective evidence exists that the Fund will be able to collect the principal and interest due on the loans and receivables as such no impairment provision was made on the consolidated financial statements for the years ended 31 December 2014 and 2013.

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

	2014 GBP	2013 GBP
Debt securities	189,963,662	192,816,066
Receivables	8,590,134	8,736,277
Cash and cash equivalents	4,441,883	5,015,605
Total	202,995,679	206,567,948

The cash investments of the Fund are limited to financial institutions of a suitable credit quality.

As at 31 December 2014, the Fund did not record any overdue and impaired balances (2013: GBPnil). The table below sets out the internal credit ratings of equity securities and debt securities:

	2014 %	2013 %
Internal rating – better than satisfactory risk	-	-
Internal rating – satisfactory risk	100	100
Internal rating – viable but monitoring	-	-
Internal rating – high risk	-	-

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1 Financial risk factors (continued)

13.1.2 Credit risk (continued)

The main concentration of credit risk to which the Fund is exposed arises from the Fund's investments in debt securities. However, this risk is spread over 33 debt securities of different investments.

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

In accordance with the Fund's policy, the Investment Advisor monitors the Fund's credit risk exposure on a monthly basis, and the General Partner reviews it on a quarterly basis.

13.1.3 Equity risk

Equity risk arises from the Fund's exposure to unlisted equity shares. The Fund undertakes a full assessment of each entity's potential for value creation prior to entering into a new transaction. Thereafter, the performance of each investment is continually monitored and action taken as deemed appropriate in the circumstances. Further information about the Fund's sensitivity to changes in the fair value of equity securities is set out below.

At the reporting date the carrying value of equity securities amounted to GBP276,917,650 (2013: GBP244,482,097). For investments carried at fair value through profit or loss, changes in fair value would have a direct impact on total comprehensive income for the year. The table below sets out the sensitivity of total comprehensive income for the year to a 10% change in fair value of equity securities as at the Consolidated Statement of Financial Position date.

Effect of equity fair values on total comprehensive income for the year:

	2014 GBP	2013 GBP
Effect of 10% increase in fair value of equities	27,691,765	24,448,210
Effect of 10% decrease in fair value of equities	(27,691,765)	(24,448,210)

13.1.4 Liquidity risk

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

ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.1.4 Liquidity risk (continued)

The Fund's investments are generally in private companies for which there is no active market and, therefore, such investment 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 Fund's investment companies have borrowings which rank senior to the Fund's own investments in these project companies. The senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the projects. Debt raised by the investment companies from third parties is without recourse to the Fund.

13.2 Capital risk management

The capital structure of the Fund consists of partners' capital and partners' current accounts.

The General Partner's policy when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for the Limited Partners and to sustain the future development of the business. In order to maintain or adjust the capital structure, the Fund may call undrawn capital from the Limited Partners or raise medium/long-term third party debt. Neither the Fund nor any of its subsidiaries are subject to externally imposed capital requirements. The Fund may recall distributions made to the Limited Partners also in accordance with Section 4.4 of the LPA.

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

13.3 Fair value estimation

The Fund uses the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is given to risk-free rates, the specific risks of each investment and the evidence of recent transactions. A detailed discounted cash flow valuation methodology is disclosed on Note 2.4 (c).

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The models used to determine fair values are validated and reviewed by the Investment Advisor and approved by the General Partner periodically.

The carrying value less impairment provision of receivables and prepayments and payables and accruals is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.3 Fair value estimation (continued)

Fair value hierarchy

The fair value hierarchy consists of the following three levels:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' input requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, the Fund's investments measured at fair value.

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
As at 31 December 2014				
Equity securities - unlisted	-	-	276,917,650	276,917,650
Fund Interests	-	-	65,351,899	65,351,899
	-	-	342,269,549	342,269,549
	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
As at 31 December 2013				
Equity securities - unlisted	-	-	244,482,097	244,482,097
Fund Interests	-	-	55,188,560	55,188,560
	-	-	299,670,657	299,670,657

There were no transfers between Level 1 and Level 2 during the year. Reconciliations of Level 3 balances are disclosed in the relevant notes as indicated below. The effect of different economic assumptions on the fair value of the Level 3 assets is disclosed in this Note 13.

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.3 Fair value estimation (continued)

The following summarises the valuation techniques and inputs used for equity securities and fund interests categorised in Level 3 as at 31 December 2014 and 2013.

	Fair value GBP	Valuation technique	Unobservable input	Weighted average input
As at 31 December 2014				
Equity securities - unlisted	276,917,650	Discounted cash flow	Cost of capital	7.86%
Fund Interests	65,351,899	Discounted cash flow	Cost of capital	7.78%
		Reasonable possible shift (absolute value)	Change in valuation GBP	
Equity securities - unlisted		5% decrease in discount rate	16,040,286	
Fund Interests		5% decrease in discount rate	4,741,799	
	Fair value GBP	Valuation technique	Unobservable input	Weighted average input
As at 31 December 2013				
Equity securities - unlisted	244,482,097	Discounted cash flow	Cost of capital	8.37%
Fund Interests	55,188,560	Discounted cash flow	Cost of capital	8.57%

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

13.3 Fair value estimation (continued)

	Reasonable possible shift (absolute value)	Change in valuation GBP
As at 31 December 2013		
Equity securities - unlisted	5% decrease in discount rate	16,917,833
Fund Interests	5% decrease in discount rate	5,080,730

The change in valuation disclosed in the above table shows the direction a decrease in the respective input variables would have on the valuation result. For equity securities and fund interests decreases in cost of capital would lead to an increase in estimated value.

No interrelationships between unobservable inputs used in the Fund's valuation of its Level 3 equity securities and fund interests have been identified.

The Fund has recognised unrealised gains of GBP46,477,956 on its Level 3 investments, these are included in the consolidated statement of comprehensive income as net changes in fair value of financial assets through profit or loss

13.4 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

14. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The General Partner 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) Fair value of equity securities and fund interest

The Fund may, from time to time, hold financial instruments that are not quoted in active markets such as the unlisted equity securities and fund interest. Fair values of such instruments are determined by using valuation techniques (see Note 13.3). Where valuation techniques are used to determine fair values, they are validated and reviewed by the Investment Advisor and approved by the General Partner periodically.

(b) Debt securities

Debt securities are not quoted in an active market and are accounted for at amortised cost. The Directors of the General Partner assess the recoverability of these debt securities through the use of cash flow models of the underlying entities (see Note 13.3).

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

14. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Provision

During the year, the Fund made a provision of GBP2,095,731. This represents the General Partner's best estimate of the potential losses to be incurred in this contract.

(d) Consolidation of subsidiaries

With the Fund's adoption and application of the Amendments to IFRS 10, IFRS 12 and IAS 27 on Investment entities, the General Partner has determined that, whilst they consider the Fund to be an Investment entity, the Fund's subsidiaries are not Investment entities and act as an extension of the Fund by providing investment-related services to maximise the Investment return. As a result, the Fund continues to consolidate its subsidiaries.

15. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables GBP	Designated at fair value through profit or loss GBP	Total GBP
As at 31 December 2014			
Assets			
Equity securities - unlisted	-	276,917,650	276,917,650
Fund interests	-	65,351,899	65,351,899
Debt securities	189,963,662	-	189,963,662
Receivables	8,590,134	-	8,590,134
Cash and cash equivalents	4,441,883	-	4,441,883
	202,995,679	342,269,549	545,265,228
As at 31 December 2013			
Assets			
Equity securities - unlisted	-	244,482,097	244,482,097
Fund interests	-	55,188,560	55,188,560
Debt securities	192,816,066	-	192,816,066
Receivables	8,736,277	-	8,736,277
Cash and cash equivalents	5,015,605	-	5,015,605
	206,567,948	299,670,657	506,238,605

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

15. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Other financial liabilities at amortised cost GBP	Liabilities at fair value through profit or loss GBP	Total GBP
As at 31 December 2014			
Liabilities			
Provision	2,095,731	-	2,095,731
Payables and accruals	121,978	-	121,978
	<u>2,217,709</u>	<u>-</u>	<u>2,217,709</u>
As at 31 December 2013			
Liabilities			
Payables and accruals	248,610	-	248,610
	<u>248,610</u>	<u>-</u>	<u>248,610</u>

16. PROVISION

During 2014, a provision of GBP2,095,731 was made against Tyne Tunnel 2 subordinated debt. The Directors of the General Partner 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.

17. 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 General Partner is entitled to receive a management fee equivalent to a certain percentage per annum of net asset value of all investments that are not realised as at year end for managing the affairs of the Partnership.

Management fees of GBP2,167,253 (2013: GBP1,456,305) were charged by the General Partner during the year. These fees are offset by the directors' fees received directly by the General Partner from underlying investments of the Fund. Any management fees not covered by these directors' fees are expensed in the Consolidated Statement of Comprehensive Income.

At the year end, the Fund was owed by the General Partner management fees of GBP36,610 (2013: owed GBP95,043).

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

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

18. ULTIMATE CONTROLLING PARTY

The Directors of the General Partner do not consider there to be any one ultimate controlling party.

19. UNDRAWN COMMITMENTS

As at 31 December 2014 the Fund had undrawn commitments of GBP100,000 (2013: GBP100,000).

20. COMMITMENTS AND CONTINGENCIES

✓ The subsidiaries of the Fund have taken exemption from annual audit and the Fund has provided guarantee on the outstanding liabilities of the subsidiaries until they are satisfied in full.

21. SUBSEQUENT EVENTS

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

**ABERDEEN INFRASTRUCTURE PARTNERS LP INC.
(FORMERLY BANK OF SCOTLAND INFRASTRUCTURE PARTNERS L.P. INC)**

APPENDIX I: LIST OF ABERDEEN INFRASTRUCTURE PARTNERS LP INC.'S SUBSIDIARY COMPANIES

For the year ended 31 December 2014

This is an addendum to the audited financial statements of the Fund listing all of its subsidiary companies and whether or not they took advantage of the audit exemption under Section 479A of the Companies Act 2006.

Aberdeen Infrastructure Limited (formerly BOS Infrastructure Limited)	Took advantage of the audit exemption
Aberdeen Infrastructure (No 2) LLP (formerly BOS Infrastructure (No 2) LLP)	Took advantage of the audit exemption
Aberdeen Infrastructure (No. 3) Limited (formerly BOS Infrastructure (No 3) Limited)	Took advantage of the audit exemption