

# **Aberdeen European Infrastructure III A Limited**

## **Annual Report and Audited Financial Statements**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

Company Number 12131604



## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

### **TABLE OF CONTENTS**

	Page
Summary of Directors and Organisation	1
Report of the Directors	2-4
Strategic Report	5
Independent Auditor's Report	6-9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14-29

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

### **SUMMARY OF DIRECTORS AND ORGANISATION**

<b>DIRECTORS:</b>	M S Amin G D Cohen I H Wong	(Appointed on 31 July 2019) (Appointed on 31 July 2019) (Appointed on 31 July 2019)
<b>REGISTERED OFFICE:</b>	Bow Bells House 1 Bread Street London England EC4M 9HH	
<b>ADMINISTRATOR AND SECRETARY:</b>	TMF Group Fund Administration (Guernsey) Limited Western Suite Ground Floor Mill Court La Charroterie St Peter Port Guernsey GY1 1EJ	
<b>BANKER:</b>	Lloyds Bank International Limited (Guernsey Branch) Sarnia House Le Truchot St Peter Port Guernsey GY1 4EF	
<b>INDEPENDENT AUDITOR:</b>	PricewaterhouseCoopers CI LLP P.O. Box 321 Royal Bank Place 1 Glatigny Esplanade St Peter Port Guernsey GY1 4ND	
<b>INVESTMENT MANAGER:</b>	Aberdeen Standard Fund Managers Limited Bow Bells House 1 Bread Street London EC4M 9HH	

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

### **REPORT OF THE DIRECTORS**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

The Directors present their annual report and audited financial statements for Aberdeen European Infrastructure III A Limited (the "Company") for the period from incorporation, 31 July 2019, to 31 December 2020.

#### **Incorporation**

The Company was incorporated on 31 July 2019 as Aberdeen European Infrastructure III A Limited. The Company's registration number is 1213604.

#### **Registered office**

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

#### **Financial risk management**

The key risks and uncertainties faced by the Company are managed within the framework established for by Aberdeen Asset Managers Limited (the "Investment Manager"). Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 8 to the financial statements. The Company is funded by Aberdeen European Infrastructure Partners III LP ("AEIP III LP"), and as a result liquidity risk is managed by the Company in conjunction with AEIP III LP.

#### **Results and dividends**

The Company's total comprehensive income for the period was GBP409,738. No dividends were paid during the period.

#### **Future developments**

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

#### **Directors and their interests**

The Directors at the date of this report are as stated on page 1.

#### **Brexit**

The UK left the European Union ("EU") on 31 January 2020 ("Brexit"). The transitional period in which the UK was no longer a member of the EU but was still subject to EU rules and remained a member of the Customs Union, was concluded on 31 December 2020. Following the end of this transition period, a limited trade deal was agreed. However, implications for matters such as imports/exports, investment, taxes etc are evolving. Consequently, there will likely be impacts to many UK businesses as the UK's future trading relationship with the EU remains subject to negotiation. The Directors in conjunction with the Investment Manager will continue to follow developments closely and assess their implications in relation to their contingency planning. The Directors priority is to ensure the Investment Manager is suitably placed to support the Company.

As at 11pm on 31 December 2020, International Financial Reporting Standards as adopted by the European Union ("IFRS") as it existed have been "frozen" into UK law and the Company has utilized the frozen EU-IFRS in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

### **REPORT OF THE DIRECTORS (CONTINUED)**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing the Annual Report and the Audited Financial Statements in accordance with applicable law (i.e. the Companies Act 2006) and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

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

#### **Audit information**

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

#### **Subsequent events**

The Directors have evaluated the impact of all subsequent events on the Company occurring between the end of the reporting date and 29 April 2021, the date the financial statements were available to be issued and have determined that there were no subsequent events to report as at the date of signing this report and the audited financial statements.

#### **Going concern**

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

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

### **REPORT OF THE DIRECTORS (CONTINUED)**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **COVID-19**

COVID-19 is a developing situation and the assessment of this situation will need continued attention and will evolve over time. The Directors have considered the impact of COVID-19 and where applicable has built this into its fair value modelling which has been reflected in the fair value of the investments in the financial statements.

The rapid development and fluidity of the COVID-19 virus makes it difficult to predict the ultimate impact at this stage. However, the Directors do not underestimate the seriousness of the issue and the inevitable effect it will have on the global economy and many businesses across the world.

The Directors believes that the impact of the virus outbreak will be material on the general economy as initially evidenced by some central banks having already started to act by reducing interest rates and taking other measures. Undoubtedly, this will have implications for the underlying investment portfolio of the Company.

#### **Independent Auditor**

PricewaterhouseCoopers CI LLP were appointed as auditors of the Company by the Directors of the Company on 27 April 2021. Accordingly, a resolution proposing the reappointment of PricewaterhouseCoopers CI LLP as auditors will be put to the members of the Company before the end of the next period for appointing auditors.

By order of the Board,



I H Wong  
Director  
29 April 2021

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

### **STRATEGIC REPORT**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

The Directors present their strategic report on the Company for the period from incorporation, 31 July 2019, to 31 December 2020.

#### **Results and review of business**

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

#### **Principal activity**

The Company operates as an investment holding company for its parent, AEIP III LP, and there has been no change in that activity during the period.

The Company holds an asset still in construction via its investments in Aberdeen European Infrastructure III B Ltd (AEI III B Ltd) and UK PPP Transportation LP (the "Fund"). The Directors do not expect any significant changes or developments to occur regarding the Company's business at the time of approval of the financial statements.

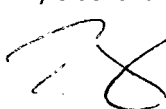
#### **Principal risks and uncertainties**

The key risks and uncertainties faced by the Company are managed within the framework established for the Investment Manager. Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 8 to the financial statements. The Company is funded by its immediate parent undertaking, AEIP III LP, and as a result liquidity risk is managed by the Directors and the Investment Manager in conjunction with AEIP III LP.

#### **Key performance indicators**

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

By order of the Board,



I H Y Wong  
Director  
29 April 2021

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

**Report on the audit of the financial statements**

**Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows for the period from 31 July 2019 to 31 December 2020;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: statement of financial position as at 31 December 2020; statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

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

*Independence*

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

**Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Reporting on other information**

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



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED  
(CONTINUED)**

---

**Reporting on other information (continued)**

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

*Strategic Report and Report of the Directors*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the period ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED  
(CONTINUED)**

---

**Responsibilities for the financial statements and the audit (continued)**

*Auditor's responsibilities for the audit of the financial statements (continued)*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and key judgements impacting the financial statements, specifically the valuation of the investment held at fair value through profit or loss. Audit procedures performed included:

- enquiring with the directors, the regulated investment manager and the regulated third party administrator as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- checking the minutes of meetings of the board of directors for additional matters relevant to the audit;
- testing the disclosures made in the Strategic Report and the Report of the Directors for compliance with the requirements of the Companies Act 2006;
- understanding the design and implementation of controls in operation, and specifically testing the operating effectiveness of the periodic review and approval of the valuation of investments held at fair value through profit or loss;
- enquiring and inspecting documentation regarding: the key assumptions used to determine the underlying variable cash flows models; the basis for discounts rates and macroeconomic assumptions applied; and considering these judgements by benchmarking these to independent market data, including recent market transactions, and using our valuation expert's experience in valuing similar investments. We further challenged the reasonableness of the regulated investment manager's assumptions by comparing these to the assumptions used by peer companies.
- performing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- identifying and testing journal entries considered to be of higher fraud risk, and the evaluation of the business rationale for any significant or unusual transactions identified as being outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED  
(CONTINUED)**

---

**Responsibilities for the financial statements and the audit (continued)**

*Use of this report*

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

**Other required reporting**

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Adrian Peacegood BA(Hons) FCA (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Auditors  
Guernsey, Channel Islands  
29 April 2021

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

### **STATEMENT OF COMPREHENSIVE INCOME**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

	<b>Period from 31-Jul-19 to 31-Dec-20 GBP</b>
<b>Income</b>	
Net change in fair values of financial assets at fair value through profit or loss	430,028
Total income	<b>430,028</b>
<b>Expenses</b>	
Administration fees	12,690
Audit fees	5,000
Professional fees	2,600
Total expenses	20,290
Profit on ordinary activities before tax	409,738
Tax	-
Profit on ordinary activities after tax	409,738
<b>Total comprehensive income for the period</b>	<b>409,738</b>
Attributable to Equity holder:	
Total comprehensive income for the period	409,738

The notes on pages 14 to 29 form part of these financial statements

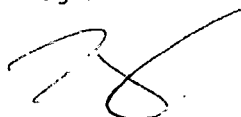
## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

### **STATEMENT OF FINANCIAL POSITION**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

	<i>Notes</i>	<b>2020 GBP</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss		
Fund interest	<b>4</b>	4,814,569
Investment in subsidiaries	<b>4</b>	430,029
<b>Total non-current assets</b>		<b>5,244,598</b>
<b>Current assets</b>		
Accounts receivable related parties		1
<b>Total current assets</b>		<b>1</b>
<b>Total assets</b>		<b>5,244,599</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	<b>7</b>	1
Retained earnings		409,738
<b>Total equity</b>		<b>409,739</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Payables and accruals	<b>6</b>	4,834,860
<b>Total current liabilities</b>		<b>4,834,860</b>
<b>Total equity and liabilities</b>		<b>5,244,599</b>

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



**I H Y  
Wong**  
Director  
29 April 2021

The notes on pages 14 to 29 form part of these financial statements

**ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

**STATEMENT OF CHANGES IN EQUITY****For the period from incorporation, 31 July 2019, to 31 December 2020**

	Share capital GBP	Retained earnings GBP	Total equity GBP
<b>Balance as at 31 July 2019*</b>	-	-	-
Share capital issued	1	-	1
Total comprehensive income for the period	-	409,738	409,738
<b>Balance at 31 December 2020</b>	<b>1</b>	<b>409,738</b>	<b>409,739</b>

\*The Company was incorporated on 31 July 2019

The notes on pages 14 to 29 form part of these financial statements

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

### **STATEMENT OF CASH FLOWS**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

	<i>Notes</i>	<b>2020 GBP</b>
<b>Cash flows from operating activities</b>		
Profit on ordinary activities before tax		409,738
Net change in fair values of financial assets at fair value through profit or loss		(430,028)
Non-cash transactions*		(4,814,569)
Movement in payables and accruals*		4,834,860
Movement in receivables		(1)
<b>Net cash flow used in operating activities</b>		-
<b>Net increase / (decrease) in cash and cash equivalents</b>		-
Cash and cash equivalents at 31 July 2019		-
Cash and cash equivalents at 31 December 2020		-

**Non-cash investing and financing transactions:**

\* The short-term loan of GBP4,814,569 was a non-cash transaction and represents the payment for fund interest acquisition in UK PPP Transportation LP by the immediate parent of the Company.

The notes on pages 14 to 29 form part of these financial statements

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **1. GENERAL INFORMATION**

Aberdeen European Infrastructure III A Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Bow Bells House, 1 Bread Street, London, England, EC4M 9HH.

The Company operates as an investment holding company.

These financial statements were authorised for issue by the Board of Directors of the Company on 29 April 2021.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **2.1 Basis of preparation**

The financial statements of the Company have been prepared on a going concern basis in accordance with applicable law (i.e. the Companies Act 2006) and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Following the end of the Brexit transition, as at 11pm on 31 December 2020, International Financial Reporting Standards as adopted by the European Union ("IFRS") as it existed have been "frozen" into UK law and the Fund has utilised the frozen EU-IFRS in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 8.

The Company meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for the investments in subsidiaries at fair value through profit and loss.

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

##### **2.2.1 Investment Entity**

The Company has determined that it meets the definition of an Investment Entity per IFRS 10 as the following conditions exist:

- a) The Company has obtained funds for the purpose of providing investors with professional investment management services;
- b) The Company's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income; and
- c) The investments are measured and evaluated on a fair value basis.



## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

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

##### **2.2.2 Subsidiary**

Where the Company is deemed to control an underlying portfolio company either directly or indirectly through a holding company subsidiary and whether the control be via voting rights or through the ability to direct the relevant activities in return for access to a significant portion of the variable gains and losses derived from those relevant activities, the underlying portfolio company and its results are not consolidated and are instead reflected at fair value through the profit or loss.

The Company does not have any other direct subsidiaries other than those determined to be Investment Entities. The Investment Entity subsidiary investment is measured at fair value through profit or loss and is not consolidated in accordance with IFRS 10.

The Company operates as an investment structure whereby the Company (via its subsidiary) invests and commits to invest into various portfolio companies. As at 31 December 2020, there were no outstanding capital commitment obligations with respect to specific portfolio company acquisitions and no amounts due to the portfolio company for unsettled purchases.

Movements in the fair value of the Company's underlying portfolio company directly and indirectly held via the Investment Entity subsidiary may expose the Company to potential gains or losses.

#### **2.3 Foreign currency translation**

##### **(a) Functional and presentation currency**

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

##### **(b) Translations and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency assets and liabilities, other than financial assets and liabilities at fair value through profit or loss are translated into the functional currency using the exchange rate prevailing at the reporting date.

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

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

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

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

##### **2.4 Financial assets and financial liabilities at fair value through profit or loss**

###### **(a) Classification**

Financial assets and financial liabilities are classified as held for trading or designated as at fair value through profit or loss by the Board of the Directors at inception:

###### ***(i) Financial assets***

The Directors classify the investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information, and it uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

###### ***(ii) Financial liabilities***

The Company's policy requires the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis (Note 8), together with other related financial information. Assets and liabilities in this category are classified as current assets and current liabilities if they are expected to be realised within 12 months of the balance sheet date. Those not expected to be realised within 12 months of the balance sheet date will be classified as non-current.

###### **(b) Recognition, derecognition and measurement**

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

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company 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 Statement of Comprehensive Income within "Net changes in fair value of financial assets and financial 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 Statement of Comprehensive Income within "Dividend income" when the Company's right to receive payments is established.

###### **(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.

Where portfolio investments are held through subsidiary holding companies, the net assets of the holding company are added to the value of the portfolio investment being assessed to produce the fair value of the holding company held by the Company.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

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

##### **2.4 Financial assets and financial liabilities at fair value through profit or loss (continued)**

###### **(c) Fair value estimation (continued)**

The Company's investment in fund investments are valued based on the latest available net asset value (NAV) of the fund investments, as determined by the funds' general partners. The Investment Manager reviews the details of the reported information obtained from the fund investments and considers:

- the liquidity of the fund investments or its underlying investments;
- the value date of the net asset value (NAV) provided; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the advisors to the fund investments.

##### **2.5 Investments in subsidiaries**

A subsidiary is an entity that is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where the Company is deemed to control an underlying portfolio company either directly or indirectly through a holding company subsidiary and whether the control be via voting rights or through the ability to direct the relevant activities in return for access to a significant portion of the variable gains and losses derived from those relevant activities, the underlying portfolio company and its results are not consolidated and are instead reflected at fair value through profit or loss. As at 31 December 2020 the Company is directly invested in one such portfolio company.

The Company does not have any other direct subsidiaries other than that determined to be an Investment Entity. Investment Entity subsidiary investment is measured at fair value through profit or loss and is not consolidated in accordance with IFRS 10. Dividends from the investment are recognised in profit or loss.

Movements in the fair value of the Company's underlying portfolio company held via the Investment Entity subsidiary and the existence of unfunded commitments may expose the Company to potential gains or losses.

##### **2.6 Cash and cash equivalents**

Cash and cash equivalents consist of cash balances that are freely available and other cash balances with an original maturity of three months or less, and bank overdrafts. As at 31 December 2020, the carrying amounts of cash and cash equivalents approximate their fair value.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

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

##### **2.7 Receivables**

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.

Such assets are short term in nature and the carrying value of these assets is considered to be approximate to their fair value. At each reporting date, the company should measure the loss allowance on the receivable amounts at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company should measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance might be required. If the credit risk increases to the point that it is considered to be credit-impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit-impaired.

##### **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 Expenses**

Expenses are accounted on an accruals basis.

##### **2.10 Taxation**

The Company is exempt from income tax on its UK dividend income. Income from any other sources is taxable at 19%. Current tax, including UK corporation tax, is reflected at amounts to be recovered or paid using the tax rate and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Directors have determined there were no deferred tax assets or liabilities at 31 December 2020.

#### **3. AUDITOR'S REMUNERATION**

Fees charged by the Company's Independent Auditor for the audit of the Company's financial statements for the period 31 December 2020 were GBP5,000.

## ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period from incorporation, 31 July 2019, to 31 December 2020

#### 4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 GBP
Fund interest	4,814,569
Investment in subsidiary	430,029
	<u>5,244,598</u>

Fund interest relates to the direct investment in UK PPP Transportation LP.

#### Net change in fair values of financial assets at fair value through profit or loss

	2020 GBP
At 31 July 2019	-
Additions	4,814,570
Net change in fair values of financial assets at fair value through profit or loss	<u>430,028</u>
As at 31 December 2020	<u>5,244,598</u>
Change in unrealised gain for Level 3 assets held as at year end and included in net change in fair value of financial assets at fair value through profit or loss	<u>430,028</u>

	2020 Fair value GBP	% of net assets
Fund interest	4,814,569	92
Investment in subsidiary	430,029	8
Total	<u>5,244,598</u>	<u>100</u>

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**

The subsidiary of the Company is as follows:

<b>Subsidiary</b>	<b>Registered office address</b>	<b>Principal activity</b>	<b>Date of incorporation</b>	<b>Country of incorporation</b>	<b>Holding %</b>
Aberdeen European Infrastructure III B Ltd	Bow Bells House 1 Bread Street London England EC4M 9HH	Investment holding	31 July 2019	United Kingdom	100%

Fund interest of the Company is as follows:

UK PPP Transportation Limited Partnership	1st Floor Connaught House 1 Burlington Road Dublin 4 Ireland	Investment holding	26 November 2019	Ireland	100%
---	--	--------------------	------------------	---------	------

The Company operates as an investment holding company for its parent, AEIP III LP. The Company holds the Fund's equity portfolio of high quality PFI/PPP assets.

The Company's investment into Aberdeen European Infrastructure III B Limited forms part of its investment portfolio into infrastructure projects.

The Company invested GBP1 into the equity of Aberdeen European Infrastructure III B Limited. As at 31 December 2020 there were no capital commitment obligations. The authorised and issued share capital of GBP1 was due to Aberdeen European Infrastructure III B Limited as at the end of the reporting period.

#### **5. RECEIVABLES AND PREPAYMENTS**

**2020  
GBP**

Due from AEIP III LP

1

The balance from AEIP III LP relates to the share capital invested by the the Limited Partner.

As at 31 December 2020, the carrying amounts of receivables and prepayments approximate their fair value.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **6. PAYABLES AND ACCRUALS**

	<b>2020 GBP</b>
Loan due to AEIP III LP	4,814,569
Audit fees	5,000
Administration fees	3,162
Professional fees	2,600
Due to AEIP III GP	3,203
Due to AEIP III LP	6,325
Due to AEI III B Ltd	1
	<u>4,834,860</u>

The loan due to AEIP III LP is unsecured, payable on demand and does not incur interest.

The balances to AEIP III GP and AEIP III LP relates to short term loans utilised for expenses. They are unsecured, payable on demand and do not incur interest.

The balance due to AEI III B Ltd relates to the share capital invested in the entity.

As at 31 December 2020, the carrying amounts of the payables and accruals approximate their fair value.

#### **7. SHARE CAPITAL AND SHARE PREMIUM**

	<b>2020 GBP</b>
Authorised and issued	<u>1</u>

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

#### **8. FINANCIAL RISK MANAGEMENT**

##### **8.1 Financial risk factors**

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

The Company owns one investment predominantly in the ordinary equity of PFI/PPP companies. This company is structured at the outset to minimise financial risks of acquiring and holding the investment. The Company primarily focuses its risk management on the direct financial risks of acquiring and holding the investment, but continues to monitor the indirect financial risks of the underlying project through representation, where appropriate, on the Board of the project company and the receipt of regular financial and operational performance reports.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **8. FINANCIAL RISK MANAGEMENT**

##### **8.1 Financial risk factors**

###### **8.1.1 Market risk**

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

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

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

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

###### **(a) Price risk**

Returns from the Company's investments are affected by the price at which they are acquired. The

At the reporting date the carrying value of the investments in Subsidiary and fund interest amounted to GBP5,244,598. 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 its investments in Subsidiary and fund interest as at the reporting date.

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

	<b>2020 GBP</b>
Effect of 10% increase in fair value of investments	524,460
Effect of 10% increase in fair value of investments	(524,460)

###### **(b) Currency risk**

The project company in which the Company invests conducts its business and pay interest, dividends and principal in GBP. The Company is not exposed to any currency risk.

###### **(c) Interest rate risk**

The Company is not directly affected by changes in interest rate risk, except as part of the exercise to value its unlisted investments.



## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **8. FINANCIAL RISK MANAGEMENT**

##### **8.1 Financial risk factors**

###### **8.1.1 Market risk**

###### **(d) Inflation risk**

The Company's project company is generally structured so that contractual income and costs are either wholly or partially linked to specific inflation where possible to minimise the risks of a mismatch between income and costs due to movements in inflation indexes. The Company's overall cash flows are estimated to partially vary with inflation. The effect of these inflation changes do not always immediately flow through to the Company's cash flows as there is a time lag due to financial models only being updated on a 6 monthly basis.

###### **8.1.2 Credit risk**

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's investment is in the form of equity and whilst future cash flows are anticipated (in the form of dividends and fund income), there are no commitments or obligations to receive future payments and therefore there is no direct credit risk from this investment holding.

The maximum exposure to credit risk over financial assets is the carrying value of those assets in the Statement of Financial Position and as set out below:

	<b>2020 GBP</b>
Accounts receivable related parties	1
	<u>1</u>

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

As at 31 December 2020, the Company did not have any overdue and impaired balances. The table below sets out the internal credit rating of fund interest:

	<b>2020 %</b>
Internal rating – better than satisfactory risk	-
Internal rating – satisfactory risk	100
Internal rating – viable but monitoring	-
Internal rating – high risk	-

Cash transactions are limited to the Lloyds Bank which is a subsidiary of a financial institution with Long term debt credit rating of A+, as rated by the rating agency, Standard & Poor's. At 31 December 2020, all cash and cash equivalents were placed with the Lloyds Bank.

In accordance with the Company's policy, the Investment Manager monitors the Company's credit risk exposure on a monthly basis, and the Directors review it on a quarterly basis.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **8. FINANCIAL RISK MANAGEMENT**

##### **8.1 Financial risk factors**

###### **8.1.3 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due. The Company's activity is predominantly funded by long-term funding, as it is closed ended and hence the shareholders do not have the option to redeem their investments in the Company. The Company is exposed to limited liquidity risk. The Company's liquidity risk is managed in conjunction with AEIP III LP.

The Company's investments are generally in private companies for which there is no active market and, therefore, such investments would take time to realise and there is no assurance that the valuations placed on the investments would be achieved from any such sale process.

The Company's investment project has borrowings which rank senior to the Company's own investments in this project company. The senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the project. Debt raised by the investment company from third parties is without recourse to the Company.

The Company manages its liquidity risk by maintaining cash levels to fund short term operating expenses.

The Company operates as an investment structure whereby the Company invests and commits to invest into various portfolio companies. As at 31 December 2020, there were no outstanding capital commitment obligations with respect to specific portfolio company acquisitions and no amounts due to the portfolio companies for unsettled purchases.

The following table illustrates the expected liquidity of assets held and undrawn capital commitments:

<b>As at 31 December 2020</b>	<b>Less than 1 month GBP</b>	<b>1-12 months GBP</b>	<b>More than 12 months GBP</b>
Total assets	1	-	5,244,598

The amounts in the table are the contractual undiscounted cash flows.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. At present the Company has no immediate plans to exit the position in the investment. When the Board of the Directors are of the view that the disposal of the investment is relatively certain; the total equity, in so far as it may be distributed, will be disclosed in the appropriate liquidity category as noted below.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **8. FINANCIAL RISK MANAGEMENT**

##### **8.1 Financial risk factors**

###### **8.1.3 Liquidity risk (continued)**

**As at 31 December 2020**

	<b>On demand GBP</b>	<b>Less than 1 year GBP</b>	<b>Between 1 and 3 years GBP</b>	<b>More than 3 years 3 years GBP</b>	<b>Total GBP</b>
<b>Liabilities</b>					
Payables and accruals	-	4,834,860	-	-	4,834,860

##### **8.2 Capital risk management**

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

The Board of Directors and Investment Manager monitor capital on the basis of the value of shareholder's equity.

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

##### **8.3 Fair value estimation**

The Company 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).

Underlying investments held are still under construction therefore fair value has been approximated to be the cost of the investments.

The carrying value less impairment provision of 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 Company for similar financial instruments.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **8. FINANCIAL RISK MANAGEMENT**

##### **8.3 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 Company. The Company 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 Company's investments measured at fair value:

	<b>Level 1 GBP</b>	<b>Level 2 GBP</b>	<b>Level 3 GBP</b>	<b>Total GBP</b>
<b>As at 31 December 2020</b>				
Fund interest	-	-	4,814,569	4,814,569
Investment in subsidiary	-	-	430,029	430,029
	-	-	5,244,598	5,244,598

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.

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

---

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **8. FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### **8.3 Fair value estimation (continued)**

###### **Valuation – the Subsidiary and fund interest**

In determining the fair value of the Subsidiary and fund interest, the Company relies on the valuation as reported in the latest available financial accounting information and the underlying valuations of the investment.

The Investment Manager is responsible for monitoring the performance of the Subsidiary and the fund interest and reporting such performance to the Directors. Where the information provided by the Subsidiary's and fund interest's Administrator is not considered appropriate by the Investment Manager and Directors, the Investment Manager will make amendments to the net asset value ("NAV") obtained as noted above in order to recommend a carrying value that more appropriately reflects the fair value at the Fund reporting date.

No interrelationships between unobservable input used in the Company's valuation of its Level 3 fund interest have been identified.

The Company has recognised unrealised gain of GBP430,028 (2019: n/a) on its Level 3 investments, these are included in the Statement of Comprehensive Income as net changes in fair value of financial assets through profit or loss.

As at 31 December 2020, the carrying amount of the investment in subsidiary at NAV of GBP430,029 (2019: n/a) and investment in fund interest at cost of GBP4,814,569 (2019: n/a) approximates their fair value.

##### **8.4 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. There were no such transfers during the current reporting period.

#### **9. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Board of Directors 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.

##### **Judgements**

By virtue of the Company's status as an Investment Entity and the exemption provided by IAS 28 and IFRS 11 as well as the adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), investments are designated upon initial recognition to be accounted for at fair value through profit or loss.

In determining the Company's status as an Investment Entity in accordance with IFRS 10, the Company considered the following:

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **9. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

##### **Judgements (continued)**

Fund interests are not quoted in an active market and are accounted for at fair value through profit or loss. AEIP III LP assesses the fair value of its fund interest through the use of cash flow models of the underlying entities. The key estimates in the models include:

- a) The Company has raised capital to invest in infrastructure investments and to provide the shareholder with investment management services with respect to these infrastructure investments;
- b) The Company intends to generate capital and income returns from its infrastructure investments which will, in turn, be distributed in accordance with the authorisation; and
- c) The Company evaluates its infrastructure investments' performance on a fair value basis, in accordance with the policies set out in these financial statements.

Although the Company met all three defining criteria, the Directors have also assessed the business purpose of the Company, the investment strategies for the infrastructure investments, the nature of any earnings from the infrastructure investments and the fair value models. The Directors made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an Investment Entity versus those of the Company. The Directors determined that the Company meets the definition of an Investment Entity.

##### **Estimates**

The Company recognises its investments at fair value which includes the fair value of each of the individual project companies and holding companies in which the Company holds a direct investment. Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to relevant long-term government bond yields, specific risks and the evidence of recent transactions. The General Partner has satisfied itself that PPP or similar investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes. As of 31 December 2020, the fair value of the underlying project investment held by the Subsidiary and Fund interest, approximates the cost of the investment as it is still in the construction phase.

#### **10. FINANCIAL INSTRUMENTS BY CATEGORY**

At 31 December 2020, the Company held the following classes of financial instruments that are measured at fair value. For all other assets and liabilities, their carrying value approximates to fair value.

	<b>Financial assets at amortised cost GBP</b>	<b>Designated at fair value through profit or loss GBP</b>	<b>Total GBP</b>
<b>As at 31 December 2020</b>			
<b>Assets</b>			
Fund interest	-	4,814,569	4,814,569
Investment in subsidiary	-	430,029	430,029
Receivables	1	-	1
	<b>1</b>	<b>5,244,598</b>	<b>5,244,599</b>

## **ABERDEEN EUROPEAN INFRASTRUCTURE III A LIMITED**

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

**For the period from incorporation, 31 July 2019, to 31 December 2020**

#### **10. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

	<b>Financial liabilities at amortised cost GBP</b>	<b>Financial liabilities at fair value through profit or loss GBP</b>	<b>Total GBP</b>
<b>As at 31 December 2020</b>			
<b>Liabilities</b>			
Payables and accruals	4,834,860	-	4,834,860

#### **11. RELATED PARTY TRANSACTIONS**

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

The Company's immediate parent is AEIP III LP. No dividend was declared to AEIP III LP during the period.

AEIP III LP settled some operational expenses incurred by the Company. Intercompany receivables and payables have been disclosed as per note 5 and note 6.

The short term loan of GBP4,814,569 disclosed as per note 6, was a non-cash transaction and represents the payment for fund interest acquisition in UK PPP Transportation LP by the immediate parent of the Company.

#### **12. STAFF COSTS**

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

#### **13. ULTIMATE CONTROLLING PARTY**

As at 31 December 2020, the Company's immediate parent undertaking is AEIP III LP. The Directors of the Company consider there to be no ultimate controlling party.

#### **14. SUBSEQUENT EVENTS**

The Directors have evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and 29 April 2021, the date the financial statements were available to be issued and have determined that there were no subsequent events requiring adjustment or additional disclosure at the date of signing this report and the audited financial statements.