

**Aberdeen Infrastructure  
Feeder GP Limited**

**Annual Report and Audited  
Financial Statements**

**For the year ended 31 December 2016**

Company Number SC336919

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## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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

|   |   |
|---|---|
| <b>DIRECTORS:</b>                       | K M Hill<br>M T Smith<br>A L Tennant<br>I H-Y Wong  |
| <b>REGISTERED OFFICE:</b>               | 10 Queen's Terrace<br>Aberdeen<br>AB10 1YG  |
| <b>SECRETARY AND<br/>ADMINISTRATOR:</b> | State Street (Guernsey) Limited<br>P.O. Box 543<br>First Floor<br>Dorey Court<br>Admiral Park<br>St Peter Port<br>Guernsey<br>GY1 6HJ |
| <b>INDEPENDENT AUDITOR:</b>             | PricewaterhouseCoopers CI LLP<br>P.O. Box 321<br>Royal Bank Place<br>1 Glatigny Esplanade<br>St Peter Port<br>Guernsey<br>GY1 4ND     |
| <b>BANKER:</b>                          | Lloyds Bank International Limited<br>Sarnia House<br>Le Truchot<br>St Peter Port<br>Guernsey<br>GY1 6HJ                               |
| <b>INVESTMENT MANAGER:</b>              | Aberdeen Asset Managers Limited<br>10 Queen's Terrace<br>Aberdeen<br>AB10 1YG   |

## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

### **REPORT OF THE DIRECTORS**

**For the year ended 31 December 2016**

The Directors present their annual report and audited financial statements for Aberdeen Infrastructure Feeder GP Limited (the "Company") for the year ended 31 December 2016.

The Company qualifies as a small company in accordance with Sections 381-382 of the Companies Act 2006 (the "Act") and the Report of the Directors has therefore been prepared taking into consideration the provisions of Part 15 of the Act. The Company has taken advantage of the exemptions available to small sized entities as defined in the Act.

In preparing this report, the Directors have taken advantage of the small companies exemption provided by Section 418 of the Act and have not prepared a strategic report.

#### **Principal activity**

The Company's principal activity during the year was to act as General Partner to Bosemp Feeder LP (the "Fund"). At the Statement of Financial Position date the Company was an indirect subsidiary of Aberdeen Asset Management PLC ("Aberdeen"). On 14 August 2017 Aberdeen was party to an all-share merger with Standard Life PLC, at which point the Company's ultimate parent undertaking became Standard Life Aberdeen PLC.

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

The Company is not exposed to significant operational risks and operates under the Aberdeen Group risk management framework. The Company is exposed to specific financial risks as described in Note 7. The Directors of the Company meet regularly to consider the risks facing the Company and controls required to manage these risks.

#### **Key performance indicators**

Given the straightforward nature of the business, the Directors believe that analysis using key performance indicators is not necessary or appropriate to understand the development, performance or financial position of the Company.

#### **Business review and future developments**

The Company's total comprehensive income for the year was GBPnil (2015: GBPnil). No dividends were paid during the year (2015: GBPnil).

The Company remains committed to the business of the Fund and will continue to act as General Partner in the future.

#### **Directors**

The Directors at the date of this report are as stated on page 1 and all served during the year, unless otherwise stated.

#### **Audit information**

The Directors who held office at the date of approval of this Report of Directors confirm that, so far as they are each 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.

## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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

**For the year ended 31 December 2016**

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

The Directors are responsible for preparing the Report of the Directors and the audited financial statements in accordance with applicable law and regulations.

The Act requires the Directors to prepare financial statements for each financial year. Under the Act, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"). Under the Act, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 Act and IFRSs. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board,



I H-Y Wong

Director  
28/09/2017

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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**Report on the financial statements**

**Our opinion**

In our opinion, Aberdeen Infrastructure Feeder GP Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**What we have audited**

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

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

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

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Directors. We have nothing to report in this respect.

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

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

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED  
(CONTINUED)**

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

**Our responsibilities and those of the Directors**

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

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

This report, including the 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.

**What an audit of financial statements involves**

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

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

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

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

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



Adrian Peacegood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Auditors  
Guernsey, Channel Islands  
28 September 2017

**ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED****STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2016**

|  | <i>Notes</i> | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|--|--------------|---------------------|---------------------|
| <b>Income</b>                                  |              |                     |                     |
| Bank Interest Income                           |              | 26                  | 26                  |
| Directors' fee Income                          |              | 40,000              | 27,692              |
| Management fee Income                          |              | 27,385              | 27,060              |
| <b>Total Income</b>                            |              | <b>67,411</b>       | <b>54,778</b>       |
| <b>Expenses</b>                                |              |                     |                     |
| Administration fees                            |              | 13,753              | 8,430               |
| Advisory fees                                  | 6            | 40,000              | 27,692              |
| Audit remuneration                             | 3            | 5,150               | 6,180               |
| Management fee Income reimbursement            |              | 5,355               | 9,464               |
| Professional fees                              |              | 3,000               | 3,000               |
| Bank charges                                   |              | 40                  | 12                  |
| Other operating fees                           |              | 113                 | -                   |
| <b>Total expenses</b>                          |              | <b>67,411</b>       | <b>54,778</b>       |
| Profit on ordinary activities before tax       |              | -                   | -                   |
| Tax  |              | -                   | -                   |
| Profit on ordinary activities after tax        |              | -                   | -                   |
| <b>Total comprehensive income for the year</b> |              | <b>-</b>            | <b>-</b>            |
| Attributable to Equity holder:                 |              |                     |                     |
| Total comprehensive income for the year        |              | -                   | -                   |

**Continuing operations**

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2016 and 31 December 2015 relate to continuing operations.

The notes on pages 10 to 16 form part of these financial statements.



**ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED****STATEMENT OF FINANCIAL POSITION  
As at 31 December 2016**

|   | <i>Notes</i> | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|---|--------------|---------------------|---------------------|
| <b>Assets</b>                             |              |                     |                     |
| <b>Current assets</b>                     |              |                     |                     |
| Receivables                               | 4            | 20,645              | 20,000              |
| Cash and cash equivalents                 |              | 45,813              | 40,509              |
| <b>Total current assets</b>               |              | <b>66,458</b>       | <b>60,509</b>       |
| <b>Total assets</b>                       |              | <b>66,458</b>       | <b>60,509</b>       |
| <b>Equity and liabilities</b>             |              |                     |                     |
| <b>Equity</b>                             |              |                     |                     |
| Share capital                             | 5            | 1                   | 1                   |
| Retained earnings                         |              | 2,235               | 2,235               |
| <b>Total equity</b>                       |              | <b>2,236</b>        | <b>2,236</b>        |
| <b>Liabilities</b>                        |              |                     |                     |
| <b>Current liabilities</b>                |              |                     |                     |
| Management fee income received in advance |              | 6,846               | 6,765               |
| Payables and accruals                     | 6            | 57,376              | 51,508              |
| <b>Total liabilities</b>                  |              | <b>64,222</b>       | <b>58,273</b>       |
| <b>Total equity and liabilities</b>       |              | <b>66,458</b>       | <b>60,509</b>       |

The financial statements were authorised for issue by the Board of Directors of the Company on 28 September 2017 and signed on its behalf by:



I H-Y Wong  
Director  
28/09/2017

The notes on pages 10 to 16 form part of these financial statements.

**ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2016**

|   | <b>Share<br/>capital<br/>GBP</b> | <b>Retained<br/>earnings<br/>GBP</b> | <b>Total<br/>equity<br/>GBP</b> |
|---|----------------------------------|--------------------------------------|---------------------------------|
| <b>Balance at 1 January 2015</b>        | <b>1</b>                         | <b>2,235</b>                         | <b>2,236</b>                    |
| Total comprehensive income for the year | -                                | -                                    | -                               |
| <b>Balance at 31 December 2015</b>      | <b>1</b>                         | <b>2,235</b>                         | <b>2,236</b>                    |
| Total comprehensive income for the year | -                                | -                                    | -                               |
| <b>Balance at 31 December 2016</b>      | <b>1</b>                         | <b>2,235</b>                         | <b>2,236</b>                    |

The notes on pages 10 to 16 form part of these financial statements.

**ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED****STATEMENT OF CASH FLOWS****For the year ended 31 December 2016**

|   | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities</b>               |                     |                     |
| Adjusted for:   |                     |                     |
| Total comprehensive income for the year                   | -                   | -                   |
| Increase in receivables                                   | (645)               | (20,000)            |
| Increase in management fee income received in advance     | 81                  | 6,765               |
| Increase in payables and accruals                         | 5,868               | 24,879              |
| <b>Net cash flows generated from operating activities</b> | <b>5,304</b>        | <b>11,644</b>       |
| <b>Net increase in cash and cash equivalents</b>          | <b>5,304</b>        | <b>11,644</b>       |
| Cash and cash equivalents at 1 January                    | 40,509              | 28,865              |
| <b>Cash and cash equivalents at 31 December</b>           | <b>45,813</b>       | <b>40,509</b>       |

The notes on pages 10 to 16 form part of these financial statements.

## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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

**For the year ended 31 December 2016**

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

The Company is domiciled in United Kingdom. The address of its registered office is 10 Queen's Terrace, Aberdeen, AB10 1YG, United Kingdom.

The Company's business activities, together with expected future developments and key risks facing the Company, are detailed in the Report of the Directors.

These financial statements were authorised for issue by the Board of Directors of the Company on 28 September 2017.

#### **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 to all years presented, unless otherwise stated.

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

The financial statements of the Company have been prepared on a going concern basis and in accordance with IFRSs. The Directors have considered the presentational requirements of the Act and amended the format so that the financial statements present each line item in a manner that reflects its nature. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

##### **(a) Standards and amendments to existing standards effective 1 January 2016**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2016 that would be expected to have a material impact on the Company's financial results.

##### **(b) New standards, amendments and interpretations effective after 1 January 2016 and not early adopted**

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. An updated version of IFRS 9 was issued on 10 November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the required accounting period beginning on or after the date advised by the IASB. The effective date in place for IFRS 9 is 1 January 2018.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the financial statements of the Company.

## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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

**For the year ended 31 December 2016**

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

##### **2.2 Going concern**

The Company holds positive net assets and has a positive cash position. The Board believes that the Company holds adequate financial resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

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

###### **Functional and presentation currency**

The Board of Directors consider Pound Sterling ("GBP") as the functional and presentation currency of the Company. This is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company. The Company receives fee income, pays management fees and other operating expenditure in GBP, which is also the currency in which the share capital is denominated.

##### **2.4 Receivables**

Receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. As at 31 December 2016 and 2015, the carrying amounts of the receivables approximate to their fair value.

##### **2.5 Cash and cash equivalents**

Cash and cash equivalents consist of cash balances that are freely available with a maturity of three months or less. As at 31 December 2016 and 2015, the carrying amounts of cash and cash equivalents approximate to their fair value.

##### **2.6 Payables and accruals**

Payables and accruals are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. Payables and accruals are derecognised when the obligation under the liability is discharged, cancelled or expires. As at 31 December 2016 and 2015, the carrying amounts of payables and accruals approximate to their fair value.

##### **2.7 Management fee income**

In accordance with the Limited Partnership Agreement ("LPA") dated 30 September 2011, the Company is entitled to receive, and there shall be allocated to the Company as a first charge on Net Income and Capital Gains, an amount equal to GBP25,000 per annum payable quarterly in advance, which amount shall be increased on the second and each subsequent Accounting Date by reference to the Indexation Factor.

Management fee income is recognised when the right to receive payment is established.

In accordance with the LPA, if the overheads of the Company are less than the management fee income in respect of such period, an amount up to (but not exceeding) the balance shall be applied by the Company to fund any Fund expenses that would otherwise be payable by the Fund.

##### **2.8 Directors' fee income**

Directors' fee income is calculated in accordance with the terms of the Shareholders Agreement and is recognised on an accruals basis. In prior years the Directors' fee income was matched with the Advisory fees expense and not shown on the face of the Statement of Comprehensive Income, however the Directors have elected to disclose the fees on a gross basis in these Financial Statements, for both current and prior year, for clarity purposes (see note 6).

## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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

**For the year ended 31 December 2016**

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

##### **2.9 Expenses**

Expenses are recognised on an accruals basis.

Advisory fees represent the Company's fees payable to Aberdeen Asset Managers Limited in lieu of the provision of services as advisor to the Company.

##### **2.10 Taxation**

The Company is subject to UK corporation tax at 20% on its profits (2015: 20.25%).

##### **2.11 Critical accounting estimates and judgements**

Management have not used any significant accounting estimates or judgements when preparing the financial statements.

#### **3. EXPENSES**

##### **3.1 Audit remuneration**

Fees charged by the Company's Independent Auditor for the audit of the Company's annual accounts for the year ended 31 December 2016 were GBP5,150 (2015: GBP6,180).

##### **3.2 Staff costs**

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

#### **4. RECEIVABLES**

|   | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|---|---------------------|---------------------|
| Directors' fees receivable                | 20,000              | 20,000              |
| Amounts due from Aberdeen Group companies | 645                 | -                   |
|   | <b>20,645</b>       | <b>20,000</b>       |

#### **5. SHARE CAPITAL**

|   | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|---|---------------------|---------------------|
| Authorised                                      |                     |                     |
| Unlimited ordinary shares of GBP1 nominal value | <b>unlimited</b>    | <b>unlimited</b>    |
| Issued and fully paid                           |                     |                     |
| 1 ordinary share of GBP1 nominal value          | <b>1</b>            | <b>1</b>            |

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

## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 December 2016**

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

|   | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|---|---------------------|---------------------|
| Administration fees                     | 3,376               | 3,460               |
| Audit fees                              | 5,000               | 5,000               |
| Amounts due to Aberdeen Group companies | -                   | 9,356               |
| Professional fees                       | 9,000               | 6,000               |
| Advisory fees                           | 40,000              | -                   |
| Directors' fees                         | -                   | 27,692              |
|   | <b>57,376</b>       | <b>51,508</b>       |

Amounts due to Aberdeen Group companies include management fees which are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Fees payable to Aberdeen Asset Managers Limited for the provision of advisory services were disclosed as Directors' fees in the prior year Financial Statements. Going forward the fees payable are disclosed as Advisory fees as this is considered a more accurate description of the service provided. For the purposes of clarity, the Directors have elected to change the presentation of the 2015 comparatives in the Statement of Comprehensive Income and disclose the Advisory fees expense gross rather than matched against Directors' fee income.

#### **7. FINANCIAL RISK MANAGEMENT**

##### **7.1 Financial risk factors**

The objective of the Company is to act as General Partner to the Fund. Certain activities could expose the Company to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

##### **7.1.1 Market risk**

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

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

Price risk is not considered significant because the Company receives a fixed management fee from the underlying fund.

##### **(b) Interest rate risk**

The Company is not directly affected by changes in interest rates, nor do interest rates impact the management fee received from the underlying fund.

##### **(c) Currency risk**

Currency risk arises on balances denominated in a currency other than GBP. All operations of the Company are denominated in GBP therefore the Company does not have any exposure to currency risk.

## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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

**For the year ended 31 December 2016**

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

##### **7.1 Financial risk factors (continued)**

###### **7.1.2 Credit risk**

Credit risk is the risk of financial loss from a counter party's failure to settle financial obligations as they fall due. The Company's credit risk is concentrated because amounts due are solely from the Funds, however given the nature of the GP's relationship with the funds and given their activities, the Directors consider that the risk of default is small. The maximum exposure to credit risk comprises of cash and cash equivalents and the carrying amount of the financial assets as disclosed in Note 4.

###### **7.1.3 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. The Company receives a management fee on a quarterly basis and does not have significant ad hoc expenses to settle. The only significant expense that the Company is exposed to is the investment advisory fee which is limited to any surplus income after all expenses have been settled.

Any liabilities of the Company incurred in its capacity as general partner of the Fund are met out of the assets of the Fund in accordance with the amended and restated Limited Partnership Agreements dated 30 September 2011.

##### **7.2 Capital risk management**

The capital of the Company is represented by the net assets attributable to its Shareholder. 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 to maintain a strong capital base to support the development of the investment activities of the Company.

#### **8. FINANCIAL INSTRUMENTS BY CATEGORY**

|                               | <b>Loans and<br/>receivables<br/>GBP</b> | <b>Total<br/>GBP</b> |
|-------------------------------|--|----------------------|
| <b>As at 31 December 2016</b> |  |                      |
| <b>Assets</b>                 |  |                      |
| Receivables                   | 20,645                                   | 20,645               |
| Cash and cash equivalents     | 45,813                                   | 45,813               |
|                               | <b>66,458</b>                            | <b>66,458</b>        |



**ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2016****8. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

|                               | <b>Loans and<br/>receivables<br/>GBP</b>                             | <b>Total<br/>GBP</b> |
|-------------------------------|--|----------------------|
| <b>As at 31 December 2015</b> |  |                      |
| <b>Assets</b>                 |  |                      |
| Receivables                   | 20,000   | 20,000               |
| Cash and cash equivalents     | 40,509   | 40,509               |
|                               | <b>60,509</b>  | <b>60,509</b>        |
|                               |  |                      |
|                               | <b>Other financial<br/>liabilities at<br/>amortised cost<br/>GBP</b> | <b>Total<br/>GBP</b> |
| <b>As at 31 December 2016</b> |  |                      |
| <b>Liabilities</b>            |  |                      |
| Payables and accruals         | 57,376   | 57,376               |
|                               |  |                      |
| <b>As at 31 December 2015</b> |  |                      |
| <b>Liabilities</b>            |  |                      |
| Payables and accruals         | 51,508   | 51,508               |

**9. 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.

No dividends were paid during the year (2015: GBPnil).

The Company is the General Partner of the Fund. During the year, the Company received management fees amounting to GBP27,385 (2015: GBP27,060). As at 31 December 2016 and 2015, there were no outstanding amounts owed from the Fund in respect of management fee income. The Company owed the Fund GBP6,846 (2015: GBP6,765) in respect of management fee income received in advance and was owed GBP645 from the fund (2015: GBP9,356 owed to the fund) in respect of the excess of management fee income after all expenses have been settled.

During the year the Company incurred advisory fees amounting to GBP40,000 (2015: GBPnil), which at 31 December 2016 are due and payable to the Investment Manager.

## **ABERDEEN INFRASTRUCTURE FEEDER GP LIMITED**

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

**For the year ended 31 December 2016**

#### **10. ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent is Aberdeen Alternatives (Holdings) Limited and, at the Statement of Financial Position date, the Company's ultimate parent undertaking and controlling party was Aberdeen Asset Management PLC ("AAM PLC"). The accounts of AAM PLC, including the results of the Company, are available to the public and may be obtained from 10 Queens Terrace, Aberdeen, AB10 1YG. On 14 August 2017 Aberdeen was party to an all-share merger with Standard Life PLC, at which point the Company's ultimate parent undertaking became Standard Life Aberdeen PLC.

#### **11. SUBSEQUENT EVENTS**

At the Statement of Financial Position date the Company was an indirect subsidiary of Aberdeen Asset Management PLC ("Aberdeen"). On 14 August 2017 Aberdeen was party to an all-share merger with Standard Life PLC, at which point the Company's ultimate parent undertaking became Standard Life Aberdeen PLC.

**Bosemp Feeder LP**  
**Annual Report and Audited Financial**  
**Statements**

**For the year ended 31 December 2016**

## **BOSEMP FEEDER LP**

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## **BOSEMP FEEDER LP**

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### **SUMMARY OF OFFICERS AND PROFESSIONAL ADVISORS**

**GENERAL PARTNER:** Aberdeen Infrastructure Feeder GP Limited  
10 Queens Terrace  
Aberdeen  
Aberdeenshire  
AB10 1YG

**DIRECTORS OF THE GENERAL PARTNER:** K Hill  
M T Smith  
A L Tennant  
I H Y Wong

**REGISTERED OFFICE:** 10 Queen's Terrace  
Aberdeen  
Aberdeenshire  
AB10 1YG

**ADMINISTRATOR:** State Street (Guernsey) Limited  
P.O. Box 543  
First Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey  
GY1 6HJ

**BANKER:** Lloyds Bank International Limited  
P.O. Box 123  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 4EF

**INDEPENDENT AUDITOR:** PricewaterhouseCoopers CI LLP  
P.O. Box 321  
Royal Bank Place  
1 Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 4ND

**INVESTMENT MANAGER:** Aberdeen Asset Managers Limited  
10 Queens Terrace  
Aberdeen  
Aberdeenshire  
AB10 1YG

## **BOSEMP FEEDER LP**

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### **REPORT OF THE GENERAL PARTNER For the year ended 31 December 2016**

The General Partner presents its annual report and audited financial statements for Bosemp Feeder LP (the "Partnership") for the year ended 31 December 2016.

#### **Limited partnership**

The Partnership was established on 26 September 2011 and is registered as a limited partnership in Scotland under the Limited Partnerships Act 1907.

The General Partner is responsible for ensuring that the Partnership is always operated and managed under the terms of the Limited Partnership Agreement ("LPA"). The General Partner has delegated these responsibilities to the Investment Manager.

#### **Registered office**

The Partnership's registered office is 10 Queens Terrace, Aberdeen, Aberdeenshire, AB10 1YG.

#### **Financial risk management**

The key risks and uncertainties faced by the Partnership 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 Partnership's business. These risks are discussed, and supplementary qualitative and quantitative information are provided in Note 10 to the financial statements. The Partnership's liquidity risk is managed by the Investment Manager.

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

The Partnership's total comprehensive income for the year was GBP29,139,854 (2015: GBP26,714,433). Capital returned during the year amounted to GBP18,381,676 (2015: GBP26,390,081).

#### **Future developments**

The Partnership 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 of the General Partner at the date of this report are as stated on page 1.

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

The General Partner is responsible for preparing the financial statements for each financial year which give a true and fair view, in accordance with applicable law (i.e. the Companies Act 2006 as applied to limited partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), the LPA and International Financial Reporting Standards as adopted by the European Union ("IFRSs"), of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

## **BOSEMP FEEDER LP**

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### **REPORT OF THE GENERAL PARTNER (CONTINUED)** **For the year ended 31 December 2016**

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

*In preparing these 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that disclose with reasonable accuracy, at any time, the financial position of the Partnership and enable the General Partner to ensure that the financial statements comply with applicable law, IFRSs and the LPA. The General Partner is also responsible for safeguarding the assets of the Partnership 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 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 Partnership's Independent Auditor is 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 Partnership's Independent Auditor is aware of that information.

#### **Subsequent events**

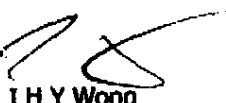
Management has evaluated the impact of all subsequent events on the Partnership occurring between the end of the reporting period and 27 April 2017, the date the financial statements were available to be issued and has determined there were no subsequent events requiring adjustment or additional disclosure at the date of signing this report and the audited financial statements.

#### **Going concern**

The General Partner considers that the Partnership 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 financial statements.

#### **Independent auditor**

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



**I H Y Wong**  
Director  
General Partner  
27 April 2017

## **BOSEMP FEEDER LP**

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### **STRATEGIC REPORT**

**For the year ended 31 December 2016**

The General Partner presents its strategic report on the Partnership for the year ended 31 December 2016.

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

The total comprehensive income for the year is set out in the Statement of Comprehensive Income on page 7. The General Partner considers the performance of the Fund 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 principal activity is investment holding. There has been no change in that activity during the year.

The Partnership's objective is to generate significant long-term investment yield. It aims to achieve this objective from its investments in a portfolio of PFI/PPP assets held via its investments in Aberdeen Infrastructure Partners LP Inc. (the "Fund"), Semperian PPP Investment Partners Holdings Limited ("SPPIP HL") and Aberdeen Sidecar LP Inc. ("Aberdeen Sidecar"). The portfolio is expected to generate long-term, inflation-linked cash flows, principally driven by low-risk, availability-based contracts with government agencies.

The General Partner has responsibility for ensuring the Partnership is always operated and managed under the terms of the LPA. The General Partner has delegated these responsibilities to the Investment Manager.

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

The key risks and uncertainties faced by the Partnership 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 Partnership's business. These risks are discussed, and supplementary qualitative and quantitative information are provided in Note 10 to the financial statements. The Partnership's liquidity risk is managed by the Investment Manager.

#### **Key performance indicators**

The Partnership is a feeder vehicle in which Lloyds Bank Pension Trust (No.1) Limited and Lloyds Bank Pension Trust (No.2) Limited invest, to ultimately invest in a portfolio of PFI/PPP assets. Given the straightforward nature of the business, the Directors of the General Partner are of the opinion that analysis using KPI's is not necessary for the understanding of the development, performance, or position of the business.

By order of the Board,



**I H Y Wong**  
Director  
**General Partner**  
27 April 2017



# **INDEPENDENT AUDITOR'S REPORT TO THE LIMITED PARTNERS OF BOSEMP FEEDER LP**

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## **Report on the financial statements**

### **Our opinion**

In our opinion, Bosemp Feeder LP's financial statements (the "financial statements"):

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

### **What we have audited**

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

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Net Assets Attributable to the Limited Partners for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs and applicable law.

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

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

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

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **General Partner's remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of General Partner's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITOR'S REPORT  
TO THE LIMITED PARTNERS OF BOSEMP FEEDER LP**

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

**Our responsibilities and those of the General Partner**

As explained more fully in the Statement of General Partner's Responsibilities in respect of the financial statements set out on pages 2 and 3, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

**What an audit of financial statements involves**

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

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

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

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

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



Adrian Peacegood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Auditors  
Guernsey  
27 April 2017

**BOSEMP FEEDER LP****STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2016**

|  | <i>Notes</i> | <b>2016<br/>GBP</b>      | <b>2015<br/>GBP</b>      |
|--|--------------|--------------------------|--------------------------|
| <b>Income</b>  |              |                          |                          |
| Fund Income  | <b>3</b>     | 8,337,895                | 7,103,676                |
| Interest income  | <b>4</b>     | 8,552,998                | 8,422,715                |
| Other investment income  |              | 5,355                    | 9,464                    |
| Net changes in fair value of financial assets at fair value through profit or loss | <b>6</b>     | 12,297,216               | 11,230,514               |
| Total income   |              | <u>29,193,464</u>        | <u>26,766,369</u>        |
| <b>Expenses</b>  |              |                          |                          |
| Administration fees  |              | 9,131                    | 9,180                    |
| Audit fees   | <b>5</b>     | 12,360                   | 12,309                   |
| Legal and professional fees  |              | 3,967                    | 3,000                    |
| Management fees  | <b>13</b>    | 27,385                   | 27,060                   |
| Other operating expenses   |              | 767                      | 387                      |
| Total expenses   |              | <u>53,610</u>            | <u>51,936</u>            |
| <b>Total comprehensive income for the year</b>                                     |              | <u><u>29,139,854</u></u> | <u><u>26,714,433</u></u> |

The notes on pages 11 to 29 form part of these financial statements.

**BOSEMP FEEDER LP****STATEMENT OF FINANCIAL POSITION  
As at 31 December 2016**

|  | <i>Notes</i> | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|--|--------------|---------------------|---------------------|
| <b>Assets</b>  |              |                     |                     |
| <b>Non-current assets</b>                                |              |                     |                     |
| Financial assets at fair value through profit or loss    |              |                     |                     |
| Equity securities - unlisted                             | <b>6</b>     | 102,916,019         | 97,660,178          |
| Fund interests   | <b>6</b>     | 145,410,674         | 139,914,201         |
| Loans and receivables                                    |              |                     |                     |
| Debt securities  | <b>7</b>     | 97,411,646          | 97,411,646          |
| <b>Total non-current assets</b>                          |              | <b>345,738,339</b>  | <b>334,986,025</b>  |
| <b>Current assets</b>                                    |              |                     |                     |
| Receivables and prepayments                              | <b>8</b>     | 6,846               | 16,121              |
| Cash and cash equivalents                                |              | 55,625              | 36,897              |
| <b>Total current assets</b>                              |              | <b>62,471</b>       | <b>53,018</b>       |
| <b>Total assets attributable to the Limited Partners</b> |              | <b>345,800,810</b>  | <b>335,039,043</b>  |
| <b>Liabilities</b>                                       |              |                     |                     |
| <b>Current liabilities</b>                               |              |                     |                     |
| Payables and accruals                                    | <b>9</b>     | 20,882              | 17,293              |
| <b>Net assets attributable to the Limited Partners</b>   |              | <b>345,779,928</b>  | <b>335,021,750</b>  |
| <b>Limited Partners' interest represented by:</b>        |              |                     |                     |
| Partners' capital  |              | 189,309,909         | 207,691,585         |
| Partners' current accounts                               |              | 156,470,019         | 127,330,165         |
|  |              | <b>345,779,928</b>  | <b>335,021,750</b>  |

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

  
I H Y Wong  
Director  
27 April 2017

The notes on pages 11 to 29 form part of these financial statements.

**BOSEMP FEEDER LP****STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE LIMITED PARTNERS**  
**For the year ended 31 December 2016**

|  | <b>Partners'<br/>capital<br/>GBP</b> | <b>Partners'<br/>current<br/>accounts<br/>GBP</b> | <b>Total<br/>GBP</b> |
|--|--------------------------------------|---|----------------------|
| <b>As at 1 January 2015</b>  | 234,081,666                          | 100,615,732                                       | 334,697,398          |
| Return of capital  | (26,390,081)                         | -   | (26,390,081)         |
| Total comprehensive Income for the year                                  | -                                    | 26,714,433  | 26,714,433           |
| (Decrease) / increase in net assets attributable to the Limited Partners | (26,390,081)                         | 26,714,433  | 324,352              |
| <b>As at 31 December 2015</b>  | 207,691,585                          | 127,330,165                                       | 335,021,750          |
| Return of capital  | (18,381,676)                         | -   | (18,381,676)         |
| Total comprehensive Income for the year                                  | -                                    | 29,139,854  | 29,139,854           |
| (Decrease) / increase in net assets attributable to the Limited Partners | (18,381,676)                         | 29,139,854  | 10,758,178           |
| <b>As at 31 December 2016</b>  | 189,309,909                          | 156,470,019                                       | 345,779,928          |

The notes on pages 11 to 29 form part of these financial statements.

**BOSEMP FEEDER LP****STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2016**

|   | <i>Notes</i>  | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|---|---------------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                   |               |                     |                     |
| Proceeds from equity securities - return of capital           | <b>6</b>      | 517,646             | 7,914,683           |
| Proceeds from fund interests - return of capital              | <b>6</b>      | 1,027,256           | 2,929,298           |
| Interest income received                                      |               | 8,552,884           | 8,422,025           |
| Fund income received  |               | 8,337,895           | 7,103,676           |
| Bank interest received  |               | 114                 | 690                 |
| Advances to Aberdeen Infrastructure Feeder GP Limited         |               | -                   | (9,356)             |
| Other investment income received                              |               | 5,355               | 9,464               |
| Operating expenses paid                                       |               | (40,746)            | (38,795)            |
| <b>Net cash flow generated from operating activities</b>      |               | <b>18,400,404</b>   | <b>26,331,685</b>   |
| <b>Cash flows from financing activity</b>                     |               |                     |                     |
| Return of capital   | <b>2.7,10</b> | (18,381,676)        | (26,390,081)        |
| <b>Net cash flow used in financing activity</b>               |               | <b>(18,381,676)</b> | <b>(26,390,081)</b> |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |               | <b>18,728</b>       | <b>(58,396)</b>     |
| Cash and cash equivalents at 1 January                        |               | 36,897              | 95,293              |
| Cash and cash equivalents at 31 December                      |               | 55,625              | 36,897              |

The notes on pages 11 to 29 form part of these financial statements.

## **BOSEMP FEEDER LP**

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

**For the year ended 31 December 2016**

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

The Partnership is established as a limited partnership under the laws of Scotland. The address of its registered office is 10 Queens Terrace, Aberdeen, Aberdeenshire, AB10 1YG.

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

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

These financial statements were authorised for issue by the Board of Directors of the General Partner of the Partnership on 27 April 2017.

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

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

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

The financial statements of the Partnership have been prepared in accordance with applicable law (i.e. the Companies Act 2006 as applied to limited partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), the LPA and IFRSs. The General Partner has considered the presentational requirements of the UK Companies Act 2006 and amended the format so that the financial statements present each line item in a manner that reflects its nature. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The financial statements have been prepared on a going concern basis which assumes that the Partnership will continue in operational existence for the foreseeable future. The General Partner is satisfied that it operates in such a way to ensure the Partnership will continue to be a going concern, given its expected future cash flows from investing activities (Note 10.2).

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying the Partnership'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 11.

##### **(a) Standards and amendments to existing standards effective 1 January 2016**

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 2016 that would be expected to have a material impact on the Partnership.

##### **(b) New standards, amendments and interpretations effective after 1 January 2016 and have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Partnership.

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

**For the year ended 31 December 2016**

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

**2.1 Basis of preparation (continued)**

**(b) New standards, amendments and interpretations effective after 1 January 2016 and have not been early adopted (continued)**

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. An updated version of IFRS 9 was issued on 10 November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the IFRS9 retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Partnership is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the required accounting period beginning on or after the date advised by the IASB. The effective date in place for IFRS 9 is 1 January 2018.

**2.2 Foreign currency translation**

**(a) Functional and presentation currency**

The Partnership's Limited Partners are from the United Kingdom, with the Partnership's capital denominated in Pound Sterling. The primary activity of the Partnership is to invest in the Fund, SPPPIPHL and Aberdeen Sidecar and to offer the Limited Partners a low risk and moderate return. The performance of the Partnership 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 Partnership. The financial statements are presented in Pound Sterling, the Partnership'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 transaction. Foreign currency assets and liabilities, other than financial assets and liabilities at fair value through profit or loss are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date.

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

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

**2.3 Financial assets and financial liabilities**

**(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 General Partner at inception:



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

**For the year ended 31 December 2016**

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

**2.3 Financial assets and financial liabilities (continued)**

**(a) Classification (continued)**

***(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 Partnership did not hold any financial assets or liabilities held for trading as at 31 December 2016 or 31 December 2015.

***(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 Partnership's documented investment strategy.

The Partnership's policy requires 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 Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Partnership 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 liabilities at fair value through profit or loss" in the period in which they arise.

**(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 Partnership uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair value of equity securities is calculated using the 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.

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

**For the year ended 31 December 2016**

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

**2.3 Financial assets and financial liabilities (continued)**

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

The valuation methodology employed is based on a discounted cashflow analysis of the future expected equity and loan note cashflows (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 Manager exercises its judgment in assessing the expected future cash flows from each investment. Each Investee entity produces detailed concession life financial models. The Partnership's share of those cashflows 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.

The Partnership's investments 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 NAV provided;
- 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.

**2.4 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that the Partnership 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 Partnership upon initial recognition designates as available for sale; or
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the Statement of Financial Position as "Debt securities" and are representative of the debt that has been issued by SPPPIPHL and acquired by the Partnership. Interest on loans is included in the Statement of Comprehensive Income and is reported as "Interest Income". In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the Statement of Comprehensive Income as "Impairment to loans and receivables". If in a subsequent period, there is objective evidence that the Partnership will be able to collect all debt securities, the impairment to loans and receivables is reversed through the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2016****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Loans and receivables (continued)**

A provision for Impairment is established when there is objective evidence that the Partnership will not be able to collect all amounts due to be received. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount to be received is impaired. Once a financial asset or a fund of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

*The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument — or, when appropriate, a shorter period — to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the General Partner estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculations which include all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.*

**2.5 Receivables and prepayments**

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

**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 overdraft. As at 31 December 2016 and 31 December 2015, the carrying amounts of cash and cash equivalents approximate their fair value.

**2.7 Distributions payable to the Limited Partners**

Proposed distributions to the Limited Partners are recognised in the Statement of Comprehensive Income when they are appropriately authorised and no longer at the discretion of the Partnership. 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 Statement of Comprehensive Income. Any capital returned is recognised in the Statement of Changes in Net Assets Attributable to the Limited Partners. Subject to Clause 10 of the LPA, net income and capital proceeds shall be distributed in order of priority (after payment of expenses and liabilities of the Partnership) in accordance with Clause 10.1 of the LPA.

**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.

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

**For the year ended 31 December 2016**

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

**2.9 Interest income, fund income and other investment 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 debt securities at amortised cost.

Fund income and other investment income are recognised when the right to receive payment is established.

**2.10 Expenses**

Expenses are recognised on an accruals basis.

**2.11 Taxation**

The Partnership is domiciled in Scotland. Under the current laws of Scotland, there is no income, estate, corporation, capital gains or other taxes payable by the Partnership.

**2.12 Net assets attributable to the Limited Partners**

Ownership interests in the Partnership are in the form of an interest in the net assets attributable to the Limited Partners. Net assets attributable to the Limited Partners are classified as a financial liability, due to a finite life and contractual payment provisions to each of the Limited Partners within the LPA.

Net assets attributable to Limited Partners' capital are carried at amortised cost.

**2.13 General Partner's Share**

Under Clause 9.1 of the LPA, the General Partner shall be entitled to receive from the Partnership an allocation as a first charge on net income and capital gains, an amount per annum payable quarterly in advance, by way of a General Partner's Share ("GPS"). The GPS is linked to the UK retail price index.

**2.14 Allocation of profits and losses**

- a) Subject to clause 9.3 of the LPA, all income, capital gains and capital losses shall (after the allocation of the General Partner's Share) be allocated to the Partners so that the balances on their accounts shall reflect their respective entitlements to receive distributions in accordance with the provisions of Clause 10.1.
- b) If a particular allocation of capital gain and/or income is assumed in computing the tax credits available to the Partners for the purpose of calculating when each Partner has received sums equal to the aggregate of amounts under Clause 10.1 then, notwithstanding any other provision of this Clause 9.3, such capital gain and/or income shall be allocated in accordance with that assumption.
- c) The General Partner shall not be obliged at any time to repay to the Partnership any amount of tax so deducted or withheld under this clause when calculating net income and capital gains.

Net income, net losses, capital gains and losses allocated to each Limited Partner shall be credited or debited to the Limited Partner's income or capital account. Accordingly, the General Partner has determined that all net increases or decreases on assets and liabilities categorised as fair value through profit or loss, will be booked through the capital account.

## **BOSEMP FEEDER LP**

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

**For the year ended 31 December 2016**

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

##### **2.15 Undrawn committed capital**

Undrawn committed capital from the Limited Partners is not shown on the Statement of Financial Position, as undrawn committed capital represents a loan commitment that is scoped out of IAS 39.

#### **3. FUND INCOME**

|  | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|--|---------------------|---------------------|
| Distributions received from the Fund         | 7,800,088           | 6,615,581           |
| Distributions received from Aberdeen Sidecar | 537,807             | 488,095             |
|  | <b>8,337,895</b>    | <b>7,103,676</b>    |

#### **4. INTEREST INCOME**

|                                | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|--------------------------------|---------------------|---------------------|
| From debt securities           | 8,552,884           | 8,422,025           |
| From cash and cash equivalents | 114                 | 690                 |
|                                | <b>8,552,998</b>    | <b>8,422,715</b>    |

#### **5. AUDITOR'S REMUNERATION**

Fees payable to the Partnership's independent auditor for the audit of the Partnership's financial statements for the year ended 31 December 2016 were GBP12,360 (2015: GBP12,309).

#### **6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|  | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|--|---------------------|---------------------|
| Equity securities - unlisted<br>SPPPIPHL | 102,916,019         | 97,660,178          |
| Fund interests                           |                     |                     |
| The Fund                                 | 130,565,357         | 125,471,808         |
| Aberdeen Sidecar                         | 14,845,317          | 14,442,393          |
|  | <b>248,326,693</b>  | <b>237,574,379</b>  |

**BOSEMP FEEDER LP****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2016****6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)****Net changes in fair value of financial assets at fair value through profit or loss**

|   | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|---|---------------------|---------------------|
| As at 1 January   | 237,574,379         | 238,894,666         |
| Return of capital from equity securities  | (517,646)           | (12,550,801)        |
| Return of capital from fund interests   | (1,027,256)         | -                   |
| Net changes in fair value of financial assets at fair value through profit or loss  | 12,297,216          | 11,230,514          |
| As at 31 December   | <u>248,326,693</u>  | <u>237,574,379</u>  |
| 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 | <u>12,297,216</u>   | <u>11,230,514</u>   |

|                              | <b>2016</b>               |                                    | <b>2015</b>               |                                    |
|------------------------------|---------------------------|------------------------------------|---------------------------|------------------------------------|
|                              | <b>Fair value<br/>GBP</b> | <b>% of net<br/>assets<br/>GBP</b> | <b>Fair value<br/>GBP</b> | <b>% of net<br/>assets<br/>GBP</b> |
| Equity securities - unlisted | 102,916,019               | 29.77                              | 97,660,178                | 29.15                              |
| Fund interests               | 145,410,674               | 42.05                              | 139,914,201               | 41.76                              |
|                              | <u>248,326,693</u>        | <u>71.82</u>                       | <u>237,574,379</u>        | <u>70.91</u>                       |

**7. LOANS AND RECEIVABLES**

|                                    | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|------------------------------------|---------------------|---------------------|
| Debt securities<br>SPPPIPHL        | <u>97,411,646</u>   | <u>97,411,646</u>   |
| <b>Movement in debt securities</b> |                     |                     |
|                                    | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
| As at 1 January                    | 97,411,646          | 95,704,826          |
| Acquisition                        | -                   | 1,706,820           |
| As at 31 December                  | <u>97,411,646</u>   | <u>97,411,646</u>   |

As at 31 December 2016 and 31 December 2015, the carrying amounts of loans and receivables approximate their fair value.

## **BOSEMP FEEDER LP**

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

**For the year ended 31 December 2016**

#### **8. RECEIVABLES AND PREPAYMENTS**

|                                      | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|--------------------------------------|---------------------|---------------------|
| Prepayments                          | 6,846               | 6,765               |
| Receivables from the General Partner | -                   | 9,356               |
|                                      | <b>6,846</b>        | <b>16,121</b>       |

As at 31 December 2016 and 31 December 2015, the carrying amounts of receivables and prepayments approximate their fair value.

#### **9. PAYABLES AND ACCRUALS**

|                                    | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|------------------------------------|---------------------|---------------------|
| Administration fees                | 2,237               | 2,293               |
| Audit fees                         | 12,000              | 12,000              |
| Legal and professional fees        | 6,000               | 3,000               |
| Amounts due to the General Partner | 645                 | -                   |
|                                    | <b>20,882</b>       | <b>17,293</b>       |

As at 31 December 2016 and 31 December 2015, the carrying amounts of payables and accruals approximate their fair value.

#### **10. FINANCIAL RISK MANAGEMENT**

The objective of the Partnership'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 Partnership is exposed. This note presents information about the Partnership's exposure to financial risks, its objectives, policies and processes for managing risk and the Partnership's management of its financial resources.

The Partnership owns a commitment in the Fund and Aberdeen Sidecar and subordinated loan notes and equity of SPPPIPHL. These investments are structured at the outset to minimise financial risks of acquiring and holding the investments. The Partnership 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.

##### **10.1 Financial risk factors**

###### **10.1.1 Market risk**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2016****10. FINANCIAL RISK MANAGEMENT (CONTINUED)****10.1 Financial risk factors****10.1.1 Market risk (continued)**

- 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 Partnership has an Investment Manager who provides the General Partner with investment recommendations. The Investment Manager's recommendations are reviewed by the General Partner before the investment decisions are implemented.

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

**(a) Price risk**

Returns from the Partnership's investments are affected by the price at which they are acquired. The value of these investments is calculated as follows:

- i) for the investment in the Fund and Aberdeen Sidecar, based on the Partnership's proportion of the net asset value of the Fund and Aberdeen Sidecar;
- ii) for the investment in SPPPIPHL, based on the discounted value of their expected future cash flows, and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets.

Price risk arises from the Partnership's exposure to unlisted equity securities. The Partnership 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 Partnership'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 GBP102,916,019 (2015: GBP97,660,178). 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 investments as at the Statement of Financial Position date.

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

|  | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|--|---------------------|---------------------|
| Effect of 10% increase in fair value of equities | 10,291,602          | 9,766,018           |
| Effect of 10% decrease in fair value of equities | (10,291,602)        | (9,766,018)         |

**(b) Currency risk**

The Partnership's investments conduct their business and pay interest and principal in Pound Sterling. The Partnership is not exposed to any currency risk.



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

**For the year ended 31 December 2016**

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

**10.1 Financial risk factors (continued)**

**10.1.1 Market risk (continued)**

**(c) Interest rate risk**

The Partnership has an indirect exposure to changes in interest rates through its investment in the Fund, Aberdeen Sidecar and SPPPIPHL which invest into subordinated loan notes of project companies, some of which are floating rate debt, and therefore the Partnership income received from these investments is subject to fluctuations in the underlying base rate. The investments' cash flows are continually monitored and re-forecasted both over the near future and the long-term (over the whole period of projects' concessions) to analyse the cash flow returns from investments.

The Partnership invests in subordinated loan notes of SPPPIPHL, with fixed interest rate coupons.

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 Partnership holds debt securities that expose the Partnership to fair value interest rate risk. The Partnership's policy requires the Investment Manager to manage this risk by reviewing fluctuations of the interest rate sensitivity gap of financial assets and liabilities on a monthly basis and the General Partner of the Partnership to review on a quarterly basis.

If interest rates on debt securities had been higher or lower on average by 75 basis points over the year, with all other variables held constant, the increase or decrease in net assets attributable to the Limited Partners would have been GBP730,587 (2015: GBP720,986). The Partnership 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.

**(d) Inflation risk**

The Partnership's underlying investments 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 Partnership'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 Partnership's cash flows as there is a time lag due to financial models only being updated on a 6 monthly basis.

**10.1.2 Credit risk**

Credit risk is the risk that a counterparty of the Partnership will be unable or unwilling to meet a commitment that it has entered into with the Partnership. The Partnership's near term cash flow forecasts are used to monitor the timing of cash receipts from project counterparties. The Partnership's investments receive revenue from government departments, public sector or local authority clients. Therefore a significant portion of the Partnership's revenue ultimately arises from counterparties of good financial standing.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2016****10. FINANCIAL RISK MANAGEMENT (CONTINUED)****10.1 Financial risk factors (continued)****10.1.2 Credit risk (continued)**

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 Statement of Financial Position and as set out below:

|                           | <b>2016<br/>GBP</b> | <b>2015<br/>GBP</b> |
|---------------------------|---------------------|---------------------|
| Debt securities           | 97,411,646          | 97,411,646          |
| Receivables               | -                   | 9,356               |
| Cash and cash equivalents | 55,625              | 36,897              |
| <b>Total</b>              | <b>97,467,271</b>   | <b>97,457,899</b>   |

The main concentration of risk to which the Partnership is exposed arises from the Partnership's investments in debt securities. However, the Investment Manager considers that the risk of default is small, and the capital repayments will be made in accordance with the agreed terms and conditions.

Cash transactions are limited to Lloyds Bank which is a subsidiary of a financial institution with a long term debt credit rating of A (2015: A), as rated by the rating agency, Standard & Poor's. All debt investments represent private debt investments executed in accordance with the investment objective of the Partnership.

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

**10.1.3 Liquidity risk**

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

The Partnership's investments are in debt, equity securities and fund interests in which there is no listed 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 following table illustrates the expected liquidity of assets held and undrawn capital commitments:

**BOSEMP FEEDER LP****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2016

**10. FINANCIAL RISK MANAGEMENT (CONTINUED)****10.1 Financial risk factors (continued)****10.1.3 Liquidity risk (continued)**

| <b>As at 31 December 2016</b>                | <b>Undrawn<br/>Capital<br/>commitment<br/>GBP</b> | <b>Less than 1<br/>month<br/>GBP</b> | <b>1-12 months<br/>GBP</b> | <b>More than 12<br/>months<br/>GBP</b> |
|--|---|--------------------------------------|----------------------------|--|
| Total assets and undrawn capital commitments | -   | -                                    | 62,471                     | 345,738,339                            |
| <b>As at 31 December 2015</b>                |   |                                      |                            |  |
| Total assets and undrawn capital commitments | -   | -                                    | 53,018                     | 334,986,025                            |

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

The table below analyses the Partnership'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 Partnership has no immediate plans to exit any of its positions in its portfolio of investments. When the General Partner is of the view that the disposal of certain investments is relatively certain; the associated net assets attributable to the partners, in so far as they may be distributed, will be disclosed in the appropriate liquidity category as noted below.

|   | <b>On demand<br/>GBP</b> | <b>Less than 1<br/>year<br/>GBP</b> | <b>Between 1<br/>and 3 years<br/>GBP</b> | <b>More than<br/>3 years<br/>GBP</b> | <b>Total<br/>GBP</b> |
|---|--------------------------|-------------------------------------|--|--------------------------------------|----------------------|
| <b>As at 31 December 2016</b>                   |                          |                                     |  |                                      |                      |
| <b>Liabilities</b>                              |                          |                                     |  |                                      |                      |
| Payables and accruals                           | -                        | 20,882                              | -  | -                                    | 20,882               |
| Net assets attributable to the Limited Partners | -                        | -                                   | -  | 345,779,928                          | 345,779,928          |
|   | -                        | 20,882                              | -  | 345,779,928                          | 345,800,810          |

## **BOSEMP FEEDER LP**

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

**For the year ended 31 December 2016**

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

##### **10.1 Financial risk factors (continued)**

###### **10.1.3 Liquidity risk (continued)**

|   | <b>On demand<br/>GBP</b> | <b>Less than 1<br/>year<br/>GBP</b> | <b>Between 1<br/>and 3 years<br/>GBP</b> | <b>More than<br/>3 years<br/>GBP</b> | <b>Total<br/>GBP</b> |
|---|--------------------------|-------------------------------------|--|--------------------------------------|----------------------|
| <b>As at 31 December 2015</b>                         |                          |                                     |  |                                      |                      |
| <b>Liabilities</b>                                    |                          |                                     |  |                                      |                      |
| Payables and accruals                                 | -                        | 17,293                              | -  | -                                    | 17,293               |
| Net assets<br>attributable to the<br>Limited Partners | -                        | -                                   | -  | 335,021,750                          | 335,021,750          |
|   | -                        | 17,293                              | -  | 335,021,750                          | 335,039,043          |

##### **10.2 Capital risk management**

The capital structure of the Partnership consists of partners' capital and partners' capital accounts.

The General Partner's policy when managing capital is to safeguard the Partnership'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 Partnership may require each Limited Partner to make interest free advances to the Partnership equal to its further commitment. The Partnership is not subject to externally imposed capital requirements.

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

##### **10.3 Fair value estimation**

The Partnership's investments in the Fund and Aberdeen Sidecar are valued based on the latest available NAV of the Fund and Aberdeen Sidecar, as determined by the Fund's and Aberdeen Sidecar's General Partners. The Partnership reviews the details of the reported information obtained from the Fund and Aberdeen Sidecar and considers:

- the liquidity of the Fund and Aberdeen Sidecar or their underlying investments;
- the value date of the NAV provided;
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Fund's and Aberdeen Sidecar's advisors.

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

**For the year ended 31 December 2016**

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

**10.3 Fair value estimation (continued)**

For SPPPIPHL for which there is no active market, the Partnership 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 and debt securities for which markets were or have been inactive during the financial year. The Partnership 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. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. A detailed discounted cash flow valuation methodology is disclosed in Note 2.3 (c).

*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 Partnership 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 Manager and approved by the General Partner periodically.

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

**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.

## BOSEMP FEEDER LP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2016

#### 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 10.3 Fair value estimation (continued)

The determination of what constitutes 'observable' input requires significant judgement by the Partnership. The Partnership 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 Partnership's investments measured at fair value:

|                               | Level 1<br>GBP | Level 2<br>GBP | Level 3<br>GBP | Total<br>GBP |
|-------------------------------|----------------|----------------|----------------|--------------|
| <b>As at 31 December 2016</b> |                |                |                |              |
| Equity securities - unlisted  | -              | -              | 102,916,019    | 102,916,019  |
| Fund interests                | -              | -              | 145,410,674    | 145,410,674  |
|                               | -              | -              | 248,326,693    | 248,326,693  |
| <b>As at 31 December 2015</b> |                |                |                |              |
| Equity securities - unlisted  | -              | -              | 97,660,178     | 97,660,178   |
| Fund interests                | -              | -              | 139,914,201    | 139,914,201  |
|                               | -              | -              | 237,574,379    | 237,574,379  |

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.

The following summarises the valuation technique and input used for equity securities categorised in Level 3 as at 31 December 2016 and 2015.

|                               | Fair Value<br>GBP | Valuation<br>technique  | Significant<br>unobservable<br>input   | Range of<br>discount rate<br>applied |
|-------------------------------|-------------------|---|--|--------------------------------------|
| <b>As at 31 December 2016</b> |                   |   |  |                                      |
| Equity securities - unlisted  | 102,916,019       | Discounted<br>cash flow   | Discount<br>rate                       | 7.36%-7.50%                          |
|                               |                   | <b>Reasonable<br/>possible<br/>shift<br/>(absolute<br/>value)</b> | <b>Change in<br/>valuation<br/>GBP</b> |                                      |
| <b>As at 31 December 2015</b> |                   |   |  |                                      |
| Equity securities - unlisted  |                   | 5%<br>movement in<br>discount rate                                | 6,894,176                              |                                      |

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

For the year ended 31 December 2016

**10. FINANCIAL RISK MANAGEMENT (CONTINUED)****10.3 Fair value estimation (continued)**

|                               | Fair value<br>GBP | Valuation<br>technique                                 | Significant<br>unobservable<br>input | Range of<br>discount rate<br>applied |
|-------------------------------|-------------------|--|--------------------------------------|--------------------------------------|
| <b>As at 31 December 2015</b> |                   |  |                                      |                                      |
| Equity securities - unlisted  | 97,660,178        | Discounted<br>cash flow                                | Discount<br>rate                     | 7.43%-7.65%                          |
|                               |                   | Reasonable<br>possible<br>shift<br>(absolute<br>value) | Change in<br>valuation<br>GBP        |                                      |
| <b>As at 31 December 2015</b> |                   |  |                                      |                                      |
| Equity securities - unlisted  |                   | 5%<br>movement in<br>discount rate                     | 7,104,975                            |                                      |

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

No interrelationships between unobservable input used in the Partnership's valuation of its Level 3 equity securities have been identified.

The Partnership has recognised unrealised gains of GBP12,297,216 (2015: GBP11,230,514) 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.

**10.4 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 in the current reporting period.

**11. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Investment Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

*(a) Fair value of equity securities and fund interests*

The Partnership may, from time to time, hold financial instruments that are not quoted in active markets such as the unlisted equity securities and fund interests. Fair values of such instruments are determined by using valuation techniques (see Note 12.3). Where valuation techniques are used to determine fair values, they are periodically validated and reviewed by the Investment Manager and approved by the General Partner.

**BOSEMP FEEDER LP****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****For the year ended 31 December 2016****11. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)***(b) Debt securities*

Debt securities are not quoted in an active market and are accounted for at amortised cost. The Directors of the Investment Manager assess the recoverability of these debt securities through the use of cash flow models of the underlying entities (see Note 12.3 and 2.3 (c)). As at the year end, management consider the carrying amount of the debt securities to approximate their fair values.

**12. FINANCIAL INSTRUMENTS BY CATEGORY**

|                               | <b>Loans and<br/>receivables<br/>GBP</b> | <b>Designated<br/>at fair value<br/>through<br/>profit or loss<br/>GBP</b> | <b>Total<br/>GBP</b> |
|-------------------------------|--|--|----------------------|
| <b>As at 31 December 2016</b> |  |  |                      |
| <b>Assets</b>                 |  |  |                      |
| Equity securities - unlisted  | -  | 102,916,019  | 102,916,019          |
| Fund interests                | -  | 145,410,674  | 145,410,674          |
| Debt securities               | 97,411,646                               | -  | 97,411,646           |
| Cash and cash equivalents     | 55,625                                   | -  | 55,625               |
|                               | <b>97,467,271</b>                        | <b>248,326,693</b>   | <b>345,793,964</b>   |

|                               | <b>Loans and<br/>receivables<br/>GBP</b> | <b>Designated<br/>at fair value<br/>through<br/>profit or loss<br/>GBP</b> | <b>Total<br/>GBP</b> |
|-------------------------------|--|--|----------------------|
| <b>As at 31 December 2015</b> |  |  |                      |
| <b>Assets</b>                 |  |  |                      |
| Equity securities - unlisted  | -  | 97,660,178   | 97,660,178           |
| Fund interests                | -  | 139,914,201  | 139,914,201          |
| Debt securities               | 97,411,646                               | -  | 97,411,646           |
| Receivables                   | 9,356                                    | -  | 9,356                |
| Cash and cash equivalents     | 36,897                                   | -  | 36,897               |
|                               | <b>97,457,899</b>                        | <b>237,574,379</b>   | <b>335,032,278</b>   |



## **BOSEMP FEEDER LP**

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

**For the year ended 31 December 2016**

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

|                               | <b>Other<br/>financial<br/>liabilities at<br/>amortised<br/>GBP</b> | <b>Liabilities at<br/>fair value<br/>through<br/>profit or loss<br/>GBP</b> | <b>Total<br/>GBP</b> |
|-------------------------------|---|---|----------------------|
| <b>As at 31 December 2016</b> |   |   |                      |
| <b>Liabilities</b>            |   |   |                      |
| Payables and accruals         | 20,882  | -   | 20,882               |
| <b>As at 31 December 2015</b> |   |   |                      |
| <b>Liabilities</b>            |   |   |                      |
| Payables and accruals         | 17,293  | -   | 17,293               |

#### **13. 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.

Management fees of GBP27,385 (2015: GBP27,060) relating to the year ended 31 December 2016 were charged by the General Partner of which GBPNil (2015: GBPNil) remained outstanding as at 31 December 2016. Management fees amounting to GBP6,846 (2015: GBP6,765) have been prepaid by the Partnership. The General Partner owed GBPNil (2015: GBP9,356) to the Partnership in relation to excess Management fees received by the General Partner.

#### **14. STAFF COSTS**

The Partnership has no employees and therefore did not incur staff costs in the period.

#### **15. ULTIMATE CONTROLLING PARTY**

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

#### **16. UNDRAWN COMMITMENTS**

As at 31 December 2016 the Partnership had undrawn commitments of GBPNil (2015: GBPNil).

#### **17. SUBSEQUENT EVENTS**

Management has evaluated the impact of all subsequent events on the Partnership occurring between the end of the reporting period and 27 April 2017, the date the financial statements were available to be issued and has determined there were no subsequent events requiring adjustment or additional disclosure at the date of signing this report and the audited financial statements.