

COMPANY REGISTRATION NO. 06137875 (England and Wales)

BUSINESS MORTGAGE FINANCE 6 PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019

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BUSINESS MORTGAGE FINANCE 6 PLC

COMPANY INFORMATION

Directors	Mr B Sumam Ms C Bidel Mr M Speight
Secretary	Sanne Group Secretaries (UK) Limited
Company number	06137875
Registered office	Asticus Building 2nd Floor 21 Palmer Street London SW1H 0AD
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
Banker	Barclays Bank Plc One Churchill Place London E14 5HP
Solicitor	Clifford Chance 10 Upper Bank Street London E14 5JJ

BUSINESS MORTGAGE FINANCE 6 PLC

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BUSINESS MORTGAGE FINANCE 6 PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2019

The directors present The Strategic Report for the year ended 30 November 2019.

Business Review

The Company continues to hold a mortgage portfolio as part of the legacy Commercial First programme of securitisations.

Risk Management and Control

The Company seeks to manage the risks that arise from its activities. The risk framework in which the Company operates was documented in the Offering Circular together with an assessment of how the Company would mitigate the risks through the use of financial derivatives. (Copies of the Offering Circular document can be obtained by written request from the address in note 14).

The principal risk left within the business is liquidity and credit risk, liquidity risk which is the risk that the Company will not have sufficient liquid funds to meet its liabilities as they fall due. The previous deterioration in the commercial mortgage market means that the future estimated cashflows received from the Company's assets are expected to be less than originally expected and that might affect the Company's ability to repay all its creditors. Furthermore the liquidity risk has been mitigated with cash reserves and liquidity facilities with external parties.

The credit risk reflects the risk that the underlying borrowers or other transaction parties will not meet their obligations as they fall due. The Company's principal business objective rests on the performance of a commercial loan portfolio. Although the underlying mortgage loans are secured by a charge over commercial premises in the UK, the Company considers the evaluation of a borrower's ability to service a loan according to its terms to be the principal factor in assessing the credit risk.

In addition, there is also risk that an enforcement notice is issued which results in the transaction being wound up. This means the Company then will not be able to realise its assets and discharge liabilities accordingly. (Detailed further in note 1.2).

Future Developments

During the year the underlying mortgage portfolio continues to produce sufficient cashflows to meet the senior notes interest payments and default rates have reduced.

The directors believe that the Company will continue to meet the scheduled repayment dates for the loan notes during 2019 using cash generated from the mortgage portfolio.

Coronavirus Risk

The Coronavirus outbreak is a new risk to the global economy and in particular in the UK where there could be potential staff shortages and disruption to the business supply chain, as well as UK government intervention. The business continues to monitor real-time developments arising from the rapid spread of the virus.

Key management are closely monitoring UK Finance and relevant regulatory guidance and where appropriate implementing changes to our forbearance policies in order to support our customers who are impacted by Coronavirus. These include the adoption of measures to support the government's recent announcement on payment holiday up to three months.

The Company has considered the Coronavirus adverse impact on its business model. The Company appointed servicing outsourcers have taken measurement to ensure staff safety while continuing to provide the support that customers require. The business has also been in constant communication with its key suppliers, to ensure they can continue to provide the service required during this time. The Company believe through these measures it will be able to continue serving its customers throughout this period.

At this time, given the general uncertainty, it is difficult to provide any degree of clarity on the potential implications to the Company arising from Coronavirus or the UK government's and/or relevant regulator's current or future responses to tackling the situation. The management team continue to manage the Company on a prudent basis and to monitor the situation carefully.

Key Performance Indicators

The Company's sole purpose was to provide funding for a portfolio of mortgages. The portfolio is closed and is now in run off.

The principal balance of the Loan, a key performance indicator, held by the Company before any impairment provisions decreased from £128,662k at 30 November 2018 to £110,603k at November 2019 due to the effect of early redemption options availed by the underlying Loans borrowers, scheduled amortisation and write offs.

This principal balance is net of write-offs of £1656k (2018: £928k) and capital repayments of £15,563k (2018: £17,274k).

The impairment provision held against the Loans at the year end, to cover any shortfall on realisation of proceeds from the sale of the underlying properties was £3,037k as at November 2019 compared to £2,821k as of November 2018. At the year end the balance of the Notes outstanding amounted to £210,481k (2018: £238,396k).

Other key performance indicators are the credit rating assigned to the Class A notes.

During the year the rating was upgraded by Fitch from AA (January 2018) to AA+ (January 2019).

On behalf of the Board



Mr B Sumam
Director

1st September 2020

BUSINESS MORTGAGE FINANCE 6 PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2019

The directors present their annual report and financial statements for the year ended 30 November 2019

Principal activities

The principal activity of the Company continued to be that of holding a mortgage portfolio as part of the Commercial First programme of securitisations.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B Sumam	(Appointed 8 March 2016)
Mr M Speight	(Appointed 24 April 2018)
Ms C Bidel	(Appointed 14 December 2018)
Mr J Saout	(Resigned 14 December 2018)

None of the directors have any beneficial interest in the ordinary share capital of the Company.

Employees

The Company has employed no staff during the period under review. None of the directors received any remuneration or emoluments from the Company in respect of qualifying services provided to the Company.

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial Instruments

The financial instruments held by the Company are made up of securitised assets, borrowings and cash that arise directly from its operations.

The Company has also entered into a derivative transaction; an interest rate swap, the purpose of which is to manage the interest rate risk arising from the Company's operations and funding.

The Company's policy is that it has not, and will not trade in financial instruments.

The directors' review of and policies for managing each of the risks are summarised as follows.

Liquidity Risk

The Company's policy is to manage liquidity risk by matching the timing of cash receipts from mortgage assets with those of the cash payments due on the loan notes. The cash generated means that the directors consider that they will be able to pay any interest due on all classes of loan notes and repayment of principal due on the most senior notes.

Interest Rate Risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company has used derivative financial instruments to mitigate any residual interest rate risk, details of which are set out in the offering circular.

Foreign Currency Risk

Foreign currency risk exists where assets and liabilities are denominated in different currencies. The Company, as part of the securitisation programme issued Euro denominated Floating Rate Notes. The Company's policy is to manage foreign currency risk by entering into currency swaps that match all future liabilities in foreign currencies that hedge against any movement in exchange rates.

BUSINESS MORTGAGE FINANCE 6 PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

Credit risk

Credit risk is the risk that borrowers will not be able to meet their obligations as they fall due. The ongoing credit risk of the portfolio is monitored by the directors on a monthly basis with particular focus on the arrears accounts.

Operational Risk

The Company outsources its administration activities to an unconnected third party. The risk associated with this arrangement is controlled by a Service Level Agreement, performance against which is monitored on a regular basis.

Events occurring after balance sheet date

The speed of the Coronavirus spreading globally has resulted in the UK Government announcing emergency measures including reducing the Bank Base Rate to 10bps and several other stimulus to cushion the adverse economic impact. The Company, like many other businesses in the UK, have taken steps in accordance with government guidance and in particular have carried out scenario assessments to determine its resilience in the event that the Coronavirus pandemic does not abate any time soon.

Other than the above Coronavirus pandemic disclosure, there have been no other reportable subsequent events between the balance sheet date and the date of signing this report that would meet the criteria to be disclosed or adjusted in the financial statements as at 30 November 2019 and for the year then ended.

Political and charitable donation

None paid (2018: nil).

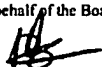
Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board



Mr B Sumam
Director

1st September 2020

BUSINESS MORTGAGE FINANCE 6 PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report and directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.



Mr B Surnam
Director
1st September 2020

BUSINESS MORTGAGE FINANCE 6 PLC**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 6 PLC****1 Our opinion is unmodified**

We have audited the financial statements of Business Mortgage Finance 6 Plc ("the Company") for the year ended 30 November 2019 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 30 November 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the directors.

We were first appointed as auditor by the directors before 30 November 2006. The period of total uninterrupted engagement is for the fourteen financial years ended 30 November 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2 Material uncertainty related to going concern

	The Risk	Our Response
Going Concern	Disclosure quality	Our procedures included
We draw attention to the disclosures made in note 1.2 in the financial statements concerning the Company's ability to continue as a going concern.	Clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure. Auditing standards require such matters to be reported as Key Audit Matters.	Enquiry of the directors as to the likelihood of the security trustee issuing an enforcement notice following an event of default which might lead to the winding up of the transaction.
Whilst there remains considerable uncertainty in the UK economy in respect of the class of asset held by the Company, the liability exceed the assets. The most senior class of notes of notes outstanding have the right to request the security trustee issues an enforcement notice to the Company which could result in determining the winding up of the transaction but they have to date not chosen to.		Assessing the likelihood of an event of default being triggered by considering the performance of the portfolio of loans, the Company's liquidity position and by taking into consideration the current level of net liabilities.
At some point in the future a class of note holders whose principal is at significant risk will become the most senior class and at that point it is expected that they will choose to exercise their rights and wind up the transaction.		Assessing the going concern disclosure for clarity, including that there is disclosure of material uncertainty.
At this point in time is unknown, the Company's ability to continue as a going concern is in the meantime therefore dependant on the security trustee not issuing an enforcement notice to the Company which would result in the winding up of the transaction.		Our results We found the related disclosures of material uncertainty to be acceptable (2018: acceptable).
This condition, along with other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect.		

BUSINESS MORTGAGE FINANCE 6 PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 6 PLC

3 Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in section 2 above.

We summarise below the key audit matters (unchanged from 2018), in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matter	The risk	Our response
<p>The impact of uncertainties due to Britain exiting the European Union on our audit</p> <p>Refer to page 18</p>	<p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in loan impairment below, and related disclosures and the appropriateness of the going concern basis of preparation of the annual accounts (see below). All of these depend on assessments of the future economic environment and the Company's future prospects and performance.</p> <p>Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.</p>	<p>Our procedures included:</p> <p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> - Our Brexit knowledge: We considered the directors' assessment of Brexit-related sources of risk for the Company's business and financial resources, compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks; - Sensitivity analysis: When addressing Loan impairment and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. - Assessing transparency: As well as assessing individual disclosures as part of our procedures on loan impairment, we considered all the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. <p>Our results</p> <p>As reported under loan impairment, we found the resulting estimate and related disclosures of sensitivity and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknown factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.</p>

BUSINESS MORTGAGE FINANCE 6 PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 6 PLC

Key audit matter	The risk	Our response
<p>Loan Impairment</p> <p>Impairment provision balance £3.04million (2018: £2.82million)</p> <p>Refer to Note 1 (accounting policy) and page 23 (financial disclosures)</p>	<p>Subjective estimate</p> <p>The Company holds a portfolio of individual mortgage loans secured by commercial properties as collateral. Impairments cover loans specifically identified as impaired.</p> <p>A provision for impairment is made which represents the Company's best estimate of losses incurred within the portfolio of mortgages at the balance sheet date.</p> <p>The impairment provision is derived from a model that incorporates subjective judgements, in particular on the key assumptions of probability of default and forced sale discounts against collateral.</p> <p>There is a risk that the provision is not reflective of the incurred losses at the balance sheet date due to these subjective estimates.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the loan impairment provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements note 2 disclose the sensitivity estimated by the Company."</p>	<p>Our procedures included:</p> <p>Historical comparison: We assessed the key assumptions used in the impairment model, being probability of default and forced sale discount, against the Company's historical experience.</p> <p>Benchmarking assumptions: We compared the key assumptions used in the model, being forced sale discount and probability of default with those of comparable companies.</p> <p>Sensitivity analysis: We assessed the impairment model we used for its sensitivity to changes in the key assumptions of probability of default and forced sale discount by performing stress testing.</p> <p>Assessing transparency: We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining impairment provision.</p> <p>Our results We found the resulting estimate of loan impairment to be acceptable. (2018: acceptable).</p>

BUSINESS MORTGAGE FINANCE 6 PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 6 PLC

4 Our application of materiality and an overview of the scope of our audit

Materiality for the Company financial statements as a whole was set at £1.08million (2018: £1.13million, determined with reference to a benchmark of total assets, of which it represents 1% (2018: 0.64%) of total assets.

We agreed to report to those charged with governance any corrected or uncorrected identified misstatements exceeding £54,206 (2018: £80,588), in addition to other identified misstatements that warranted reporting on qualitative grounds.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

6 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

BUSINESS MORTGAGE FINANCE 6 PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 6 PLC

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory correspondence, and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, sanctions list and financial crime and various requirements governing securitisation transactions, recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Davidson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Sovereign Square
Sovereign Street
Leeds
United Kingdom

LS1 4DA
3 September 2020

BUSINESS MORTGAGE FINANCE 6 PLC**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 NOVEMBER 2019**

		2019	2018
	Notes	£ 000	£ 000
Interest receivable and similar income	4	6,164	7,041
Interest payable and similar expenses	5	(1,886)	(4,324)
Net Interest Income		4,278	2,717
Operating expenses		(3,481)	(1,380)
Change / (Charge) to bad debt provisioning		(2,238)	722
Foreign exchange gain		7,985	3,285
Fair value losses on foreign exchange contracts		(10,354)	(5,377)
Operating Loss before taxation		(3,810)	(33)
Tax on (loss)	6	0	0
Loss for the financial year		(3,810)	(33)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

The Financial Statements are to be read alongside the notes on pages 18 to 29.

BUSINESS MORTGAGE FINANCE 6 PLC

OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2019

	2019	2018
	£ 000	£ 000
Loss for the year	(3,810)	(33)
Other comprehensive income	0	0
Total comprehensive expenses for the year	<u>(3,810)</u>	<u>(33)</u>

The Financial Statements are to be read alongside the notes on pages 18 to 29.

BUSINESS MORTGAGE FINANCE 6 PLC


BALANCE SHEET

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	2019		2018	
		£ 000	£ 000	£ 000	£ 000
Non-Current Assets					
Securitised assets	7		110,603		128,662
Current assets					
Debtors	9	27,345		37,227	
Cash at bank and in hand		<u>9,652</u>		<u>10,508</u>	
		36,997		47,735	
Creditors: amounts falling due within one year	10	<u>(16,852)</u>		<u>(13,924)</u>	
Net current assets			<u>20,145</u>		<u>33,811</u>
Total assets less current liabilities			130,748		162,473
Creditors: amounts falling due after more than one year	11		(210,481)		(238,396)
Net liabilities			<u>(79,733)</u>		<u>(75,923)</u>
Capital and reserves					
Called up share capital	12		13		13
Profit and loss reserves			(79,746)		(75,936)
Total equity			<u>(79,733)</u>		<u>(75,923)</u>

The Financial Statements are to be read alongside the notes on pages 18 to 29.

The financial statements were approved by the Board of Directors and authorised for issue on 1st September 2020 and are signed on its behalf by:


Mr B Sumam
Director
 1st September 2020

Company Registration No. 06137875

BUSINESS MORTGAGE FINANCE 6 PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Share capital £ 000	Profit and loss reserves £ 000	Total £ 000
Year ended 30 November 2018			
Profit and total comprehensive income for the year	13	(75,936)	(75,923)
Balance at 1 December 2018	13	(75,936)	(75,923)
Year ended 30 November 2019			
Profit and total comprehensive income for the year		(3,810)	(3,810)
Balance at 1 December 2019	13	(79,746)	(79,733)

The Financial Statements are to be read alongside the notes on pages 18 to 29.

BUSINESS MORTGAGE FINANCE 6 PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Cash generated / (absorbed by) operations	15	7,968	6,832
Net cash from operating activities		<u>7,968</u>	<u>6,832</u>
Investing activities			
Movement in securitised assets		18,060	16,641
Interest received		6,164	7,041
Net cash from investing activities		<u>24,224</u>	<u>23,682</u>
Financing activities			
Movement in loan notes		(31,160)	(27,124)
Interest paid		(1,886)	(4,324)
Net cash from financing activities		<u>(33,046)</u>	<u>(31,448)</u>
Net decrease in cash and cash equivalents		<u>(854)</u>	<u>(934)</u>
 Cash and cash equivalents at beginning of year		 10,508	 11,442
 Cash and cash equivalents at end of year		 <u><u>9,654</u></u>	 <u><u>10,508</u></u>

The Financial Statements are to be read alongside the notes on pages 18 to 29.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

Company information

Business Mortgage Finance 6 PLC is a private Company limited by shares incorporated in England and Wales. The registered office is Asticus Building, 2nd Floor, 21 Palmer Street, London, SW1H 0AD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £ 000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The Company is an SPV for a single securitisation transaction. The economics of that transaction are set out in an Offering Circular which instructed and informed investors how cash flows received from the assets securitised would be distributed and would have been the basis for making their investment decision. The Company continues to be governed by the strict terms set out in the Offering Circular determining the amount and timing of any payments that the Company is obliged to make. The payment of interest and principal on finance issued by the Company is principally dependent on the performance of its pool of mortgages.

Conditions in the UK commercial mortgage market were particularly poor during the early years of this transaction and whilst have stabilised since then remain weak. In addition, there remains considerable uncertainty in the UK economy in particular in relation to the impact of Brexit and Covid-19 and how that will translate to this class of asset. That previous deterioration in the commercial mortgage market means that future estimated cash flows received from the Company's assets are expected to be significantly less than originally expected and affect the Company's ability to repay all of its creditors.

The Company have assessed the Coronavirus risk impact on the business model. During the current market stress, the Company outsourced servicers has activated their Business Continuity Plans. The outsources has taken measures to ensure its staff safety, with all staff presently working from home until further notice. The Company has been in regular discussion with its outsourced service providers and have assessed their operational resilience. The servicers have been able to continue operating its mortgage servicing activities during this time.

Management are closely monitoring the FCA, UK Finance and other relevant regulatory guidance, and where appropriate implementing changes to our forbearance policies in order to support our customers who are impacted by Coronavirus. These include the adoption of measures to support the government's recent announcement on payment holiday up to three months.

At this time, given the general uncertainty, it is difficult to provide any degree of clarity on the potential implications to the Portfolio arising from Coronavirus or the UK government's and/or relevant regulator's current or future responses to tackling the situation. The management team continue to monitor the situation carefully.

The cash generated by the portfolio itself, and interest received by re-investing the liquidity facility of £8m, means that the directors consider that they will be able to pay any senior interest due and repayment of principal due on the most senior notes. No principal payments are due on the remaining notes until each more senior note has been repaid in full.

The most senior class of notes outstanding have the right to request the security trustee issues an enforcement notice to the Company which could result in determining the winding up of the transaction. The holders of the current senior notes have made no such request and the directors have no reason to believe that they will make such a request. At some point in the future a class of note holders whose principal is at significant risk will become the most senior class and at that point it is expected that they will choose to exercise their rights and wind up the transaction. Based on the performance of the portfolio of loans it is unlikely that, at that time, all junior creditors will be paid their principal in full. Whilst the timing of wind up is uncertain, the Directors, however, consider this unlikely in the next 12 months and, therefore, believe it remains appropriate to prepare the financial statements on a going concern basis.

However, they believe these matters represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. It may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

1.3 Interest income and expense

Interest income and expense are recognised in the profit and loss account using the Effective Interest Rate ("EIR") method. The EIR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the EIR, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

1.4 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Commercial loans

The loans are non-derivative financial assets with variable repayments that are not quoted in an active market. They are classified as loans and receivables. Loans are measured at initial recognition at fair value, and are recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowance for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

1.6 Foreign Exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

As a securitisation SPV the key critical judgement for the Company is the future cash flow being generated from the loan portfolio. Each loan is considered at least quarterly for any indications that future cashflows could be compromised, where there is evidence of potential stress the individual asset will be assessed for likely impairment. In determining impairment the Company will make an assessment of the value of the underlying collateral, consider the probability of default and estimate the value and timing of impairment.

As at 30 November 2019 the directors have assumed impairment of mortgage assets using a forced sale discount of the underlying collateral based on historic experience of forced sales. The discount for future collateral sales will be dependent upon the quality of stock together with underlying market factors.

A movement in the forced sale discount with all other variables held constant would impact the Company's impairment provisions as follows:

	2019
Additional provision of a 5% depreciation in prices	3,104,000
Release in provision following a 5% appreciation	(647,000)

A movement in the probability of default (PD) with all other variables held constant would impact the Company's impairment provisions as follows:

	2019
Additional increase of 5% basis point in all PD	46,000
An reduction of a 5% basis point in all PD	(12,000)

As noted in the Directors Report, the Company makes use of financial instruments to manage the risk where assets and some liabilities have different interest index rates. The instruments cannot be actively traded and are held to the maturity of the liability to which they are associated. The value of each financial instrument at each balance sheet date will be determined by the directors' view of the future amortisation of the liabilities together with their expectations of the volatility of the underlying index rate.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

3 Operating (loss)/profit

	2019	2018
	£ 000	£ 000
Operating (loss)/profit for the year is stated after charging:		
Exchange (losses)/gains	(7,985)	(3,285)
Fees payable to the Company's auditor for the audit of the Company's financial statements (excl. VAT)	33	20

4 Interest receivable and similar income

	2019	2018
	£ 000	£ 000
Interest Income		
On securitised assets	6,164	7,041
	<u>6,164</u>	<u>7,041</u>

5 Interest payable and similar expenses

	2019	2018
	£ 000	£ 000
Interest on financial liabilities measured at amortised cost:		
Interest on subordinated loan	1,087	1,011
Mortgage backed loan notes	6,496	3,313
EIR Adjustment	(5,697)	0
	<u>1,886</u>	<u>4,324</u>

6 Taxation

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£ 000	£ 000
Loss before taxation	<u>(3,810)</u>	<u>(33)</u>
Expected tax (credit) based on the standard rate of corporation tax in the UK of 19% (2018: 19%)	(724)	(6)
Difference between accounting and taxation of Securitisation companies (Regulation 2006/SI3296)	724	6
Taxation charge for the year	<u>0</u>	<u>0</u>

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

7 Securitised assets

The Company purchased a portfolio of mortgages in 2005 from Coniston DAC Limited; however, as the principal risk and rewards of these mortgages were retained by Coniston DAC Limited, these were not deemed for accounting purposes to have transferred to the Company.

In November 2015 Britannica II Sarl acquired the legal right to the residual risks and rewards of these mortgages from Coniston DAC Limited.

The Securitised asset comprises a commercial mortgage portfolio and deferred consideration, including the right to the cashflows from the securitised mortgages.

The Securitised asset is denominated in sterling and bears interest at a variable rate. It is secured on the beneficial interest in a portfolio of commercial mortgage loans.

	2019	2018
	£ 000	£ 000
Commercial Loans (net receivable)	113,640	131,483
Impairment provision held on portfolio against commercial loans	(3,037)	(2,821)
	<u>110,603</u>	<u>128,662</u>
Impairment provision		
	2019	2018
	£ 000	£ 000
Opening Balance	2,821	4,488
Write-off	(1,656)	(928)
Movement in provision	1,872	(739)
Closing Balance	<u>3,037</u>	<u>2,821</u>

8. Financial Instruments

	Notes	2019	2018
		£ 000	£ 000
Carrying amount of financial assets			
Securitised assets measured at amortised cost		110,603	128,662
Instruments measured at fair value through profit or loss		27,327	37,227
Carrying amount of financial liabilities			
Measured at fair value through profit or loss			
- Other financial liabilities		2,012	1,558
Measured at amortised cost	10&11	225,321	250,762

Fair Value disclosures

Financial assets and liabilities recognised at fair value are disclosed based on fair value hierarchy as follows:

Level 1- Quoted prices (unadjusted) in active markets for identical instruments.

Level 2- Direct comparison with observable market transactions (other than those included in level 1), or indirectly based on valuation techniques using observable market data.

Level 3- Inputs for the asset or liability not based on observable market data.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

8. Financial instruments

Financial assets and liabilities carried at fair value are valued on the following basis:

2019	Level 1	Level 2	Level 3	Total
	£ 000	£ 000	£ 000	£ 000
Financial assets:				
Derivative financial instruments	-	-	27,327	27,327
Gross financial assets	-	-	27,327	27,327
Financial liabilities:				
Derivative financial instruments	-	-	2,012	2,012
Gross financial liabilities	-	-	2,012	2,012
2018				
	Level 1	Level 2	Level 3	Total
	£ 000	£ 000	£ 000	£ 000
Financial assets:				
Derivative financial instruments	-	-	37,227	37,227
Gross financial assets	-	-	37,227	37,227
Financial liabilities:				
Derivative financial instruments	-	-	1,558	1,558
Gross financial liabilities	-	-	1,558	1,558

Nature and extent of risks arising from financial instruments

The main financial risks arising from the financial instruments are credit risk, liquidity risk, operational risk and interest rate risk. Financial instruments used by the Company for risk management purposes include derivative instruments. Such instruments are used only for commercial hedging purposes, not for trading or speculative purposes. The principal derivative instruments used by the Company in managing its risks are interest rate swaps. The maturity of the derivatives is set to match the cashflows and risks on the underlying instruments. All of the derivatives were placed with external A rated providers.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

8. Financial Instruments

Credit Risk

Credit risk is the risk that the counterparty of the Company will not be able to meet its obligations as they fall due.

The Company is exposed to credit risk via amounts due from the Securitised assets, derivative counterparties and deposits held by banks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Securitised assets which are primarily a portfolio of commercial mortgage loans represent the largest exposure to credit risk. This is somewhat mitigated by the size of the portfolio creating a diversity of assets and spreading the risk. The mortgage portfolio consists of commercial property loans where the loans are principally repaid from the businesses operating from the properties. All of the properties in the loan portfolio are situated in the United Kingdom and will be subject to the same macroeconomic factors. The loan portfolio is well seasoned with all loans having been originated in excess of 10 years ago, experience has shown that cashflow performance tends to be more reflective of microeconomic factors, the macroeconomic factors may cause temporary fluctuations in performance.

The table below sets out of the outstanding mortgage balances past due which is secured by first charges over commercial properties in the uk.

2019	Balance	Provision	Carrying value
	£ 000	£ 000	£ 000
Past due up to 30 days	22,158	(465)	21,693
Past due 31-60 days	6,542	0	6,542
Past due 61-90 days	2,474	(232)	2,242
Past due over 90 days	11,767	(1,917)	9,850
	<u>42,941</u>	<u>(2,614)</u>	<u>40,327</u>

2018	Balance	Provision	Carrying
	£ 000	£ 000	£ 000
Past due up to 30 days	21,816	(8)	21,808
Past due 31-60 days	6,366	(207)	6,159
Past due 61-90 days	4,720	(293)	4,427
Past due over 90 days	14,833	(2,313)	12,520
	<u>47,735</u>	<u>(2,821)</u>	<u>44,914</u>

The table below sets out the outstanding mortgage balances by the original loan to value ratio LTV

	2019	2018
	£ 000	£ 000
0% - 49%	22,604	24,629
50% - 69%	64,022	73,103
70% - 89%	126,534	137,031
90% - 99%	1,338	1,418
Over 100%	15,379	17,036
	<u>229,877</u>	<u>253,217</u>

Liquidity Risk

The Company's policy is to manage liquidity risk by matching the timing of cash receipts from assets with those of the cash payments due on the Floating Rate Notes.

There is a liquidity facility provided by Barclays Bank PLC in the event that the Company is unable to meet certain financial commitments which in certain circumstances can be utilised.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

8. Financial Instruments

The repayment of the Mortgage backed loan notes is reliant upon the repayment profile of the underlying mortgages, the directors estimate of the undiscounted cash flows associated with the underlying mortgages and notes will be as follows

Maturity of financial instruments	Financial Assets			Financial Liabilities
	Contractual payments	Interest Due	Principal Due	Principal Payment
2019	£ 000	£ 000	£ 000	£ 000
In one year or less	11,394	4,909	6,485	6,485
In more than one year but less than 2	11,381	4,630	6,751	6,751
In more than two years but less than 5 years	32,268	12,183	20,085	20,085
After five years	103,398	21,780	81,618	119,989
Total	158,441	43,502	114,939	153,310
2018	Contractual payments	Interest Due	Principal Due	Principal Payment
	£ 000	£ 000	£ 000	£ 000
In one year or less	12,212	5,724	6,488	6,488
In more than one year but less than 2	12,140	5,437	6,703	6,703
In more than two years but less than 5 years	35,166	14,506	20,660	20,660
After five years	130,204	31,495	98,709	135,157
Total	189,722	57,162	132,560	169,008

Interest Rate Risk

Interest rate risk exists where assets and liabilities have interest rates set under different bases or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company considers the use of derivative financial instruments to mitigate any residual interest rate risk.

Foreign Currency Risk

Foreign currency risk exists where assets and liabilities are denominated in different currencies. The Company, as part of the securitisation programme have issued Euro denominated Floating Rate Notes during the year.

The Company's policy is to manage foreign currency risk by entering into currency swaps that match all future liabilities in foreign currencies that hedge against any movement in exchange rates.

Risk Sensitivity

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. To minimise exposure to interest rate risk the Company ensures that the interest rate profiles of the Securitised assets and of the interest bearing loans and borrowings are similar. Where this is not possible derivative financial instruments are also used to reduce any residual interest rate risk. If LIBOR for three months sterling deposits were 1% higher or lower, with all other variables held constant, the effect on the Company's net interest income would be immaterial due to movements on interest on the Securitised assets being offset by movements on interest on the loan notes.

Concentration of risk

The Company operates entirely within the United Kingdom and adverse changes to the UK economy could impact on all areas of the Company's business. The securitised assets are a portfolio of mortgage loans secured on commercial property in England, Scotland and Wales

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

9 Debtors	2019	2018
	£ 000	£ 000
Amounts falling due within one year:		
Other debtors	<u>18</u>	<u>1</u>
Amounts falling due after more than one year:		
Derivative financial instruments	<u>27,327</u>	<u>37,226</u>

The derivative financial asset relates to foreign currency swaps the Company holds to protect itself against movement in foreign exchange for the bonds held and denominated in Euros. The bonds held are subordinated and are unlikely to require repayment within 12 months, however the holding value of derivative asset is volatile and subject to fluctuations in exchange rates.

10 Creditors: amounts falling due within one year

	2019	2018
	£ 000	£ 000
Loan notes - accrued interest	15,699	12,869
Subordinated loan	1,087	1,011
Interest on liquidity facility	4	4
Amounts due to group undertakings	9	0
Accruals and deferred income	<u>53</u>	<u>40</u>
	<u>16,852</u>	<u>13,924</u>

11 Creditors: amounts falling due after more than one year

	2019	2018
	£ 000	£ 000
Mortgage backed loan notes due 2040	176,744	206,124
Derivative financial instruments	2,012	1,558
Liquidity facility	8,000	8,000
Subordinated loan	<u>23,725</u>	<u>22,714</u>
	<u>210,481</u>	<u>238,396</u>

The loan notes are secured over a portfolio of commercial mortgage loans secured by first charges on commercial property in the United Kingdom.

The mortgages were purchased from Coniston DAC and are administered by a third party on behalf of the Company, although as noted previously, for accounting purposes are not recognised on the Company's balance sheet.

The loan notes are subject to mandatory redemption at each interest repayment date. The amount redeemed is equal to the principal collected on the mortgage loans in the preceding collection period. The loan notes will become due and payable on the interest payment date falling in August 2040 if they have not been redeemed or cancelled beforehand.

Interest is payable on the loan notes quarterly in arrears at the following rate above the London Interbank Offered Rate (LIBOR) for three month sterling deposits as summarised in the table below.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

11 Creditors: amounts falling due after more than one year

		Value at 30 November 2018	Redemption	Exchange rate movements	EIR Adjustment	Value at 30 November 2019
		£	£	£	£	£
Class A1	LIBOR + 0.38%	13,726,755	(4,378,658)	0	(62,994)	9,285,103
Class A2	EURIBOR + 0.38%	46,050,853	(11,319,260)	(4,905,262)	80,443	29,906,774
Class M1	LIBOR + 1.10%	39,086,329	0	0	(656,881)	38,429,448
Class M2	EURIBOR + 1.10%	50,754,330	0	(2,452,451)	(499,681)	47,802,198
Class B2	EURIBOR + 3.25%	37,488,644	0	(2,086,351)	(1,581,270)	33,821,023
Class C	LIBOR + 4.25%	19,016,663	0	0	(1,517,467)	17,499,196
		<u>206,123,573</u>	<u>(15,697,918)</u>	<u>(9,444,064)</u>	<u>(4,237,849)</u>	<u>176,743,743</u>
		Value at 30 November 2017	Redemption	Exchange rate movements	EIR Adjustment	Value at 30 November 2018
		£	£	£	£	£
Class A1	LIBOR + 0.38%	19,376,709	(5,584,079)	0	(65,875)	13,726,755
Class A2	EURIBOR + 0.38%	64,567,287	(14,435,391)	(3,857,759)	(223,284)	46,050,853
Class M1	LIBOR + 1.10%	39,700,118	0	0	(613,789)	39,086,329
Class M2	EURIBOR + 1.10%	51,226,410	0	336,537	(808,617)	50,754,330
Class B2	EURIBOR + 3.25%	38,825,629	0	236,665	(1,573,650)	37,488,644
Class C	LIBOR + 4.25%	19,986,811	0	0	(970,148)	19,016,663
		<u>233,682,964</u>	<u>(20,019,470)</u>	<u>(3,284,557)</u>	<u>(4,255,363)</u>	<u>206,123,573</u>

In addition to the above classes of bonds, further instruments were issued at the point of securitisation:-

- Interest only coupons which entitle the holders to an interest rate of 2.75% based on the outstanding
- Mortgage Early Redemption Certificates which entitle the holder to any early redemption charges

12 Share capital

	2019	2018
	£	£
Ordinary share capital		
2 Ordinary shares of £1 each - fully paid	2	2
49,998 Ordinary shares of £1 each - 25% paid	<u>12,500</u>	<u>12,500</u>
	<u>12,502</u>	<u>12,502</u>

13 Related party transactions

The Company is a special purpose vehicle controlled by the directors.

There are three directors provided by Sanne Group Secretaries (UK) Limited.

The Company has paid a fee of £71,771 (2018:£8,420) to Sanne Group Secretaries (UK) Limited for the provision of the directors and additional services during the year.

Sanne Group Secretaries (UK) Limited is a related party due to it being the Company secretary.

At the financial year end the Company owed an amount of £8,853 (2018: £nil) to BMF Holdings Limited, its parent Company.

14 Parent Company

The share capital of the Company is held by BMF Holdings Limited. The financial statements of this Company are available by application, from the Sanne Group Secretaries (UK) Ltd, Asticus Building, Second Floor, 21 Palmer Street, London, SW1H 0AD.

BUSINESS MORTGAGE FINANCE 6 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

15 Cash generated from operations

	2019	2018
	£ 000	£ 000
Profit / (Loss) for the year after tax	(3,810)	(33)
Adjustments for:		
Finance costs	1,886	4,324
Investment income	(6,164)	(7,041)
Fair value gains and losses on foreign exchange contracts	10,354	5,377
Non-cash effective interest rate adjustment	5,697	4,255
Movements in working capital:		
(Increase) / Decrease in debtors	(17)	0
Increase / (Decrease) in creditors	22	(50)
Cash from operations	7,968	6,832