

**PIP Infrastructure
Investments (No 6) Limited**

**Annual Report and Audited
Financial Statements**

For the year ended 31 December 2019



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PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

TABLE OF CONTENTS

	Page
Summary of Directors and Organisation	1
Report of the Directors	2-3
Strategic Report	4
Independent Auditor's Report to the members of PIP Infrastructure Investments (No 6) Limited	5-7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12-32

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:	P Burgess A Clapp (appointed 23 October 2019) N T Cole (resigned 30 April 2019) E A Wilson (resigned 23 October 2019)
REGISTERED OFFICE:	Cannon Place 78 Cannon Street London England EC4N 6AF
ADMINISTRATOR AND SECRETARY:	Infrastructure Managers Limited (appointed 1 February 2019) 2nd Floor 11 Thistle Street Edinburgh Scotland EH2 1DF
INDEPENDENT AUDITOR:	BDO LLP 55 Baker Street Marylebone London W1U 7EU
BANKER:	Royal Bank of Scotland 62-63 Threadneedle Street London EC2R 8LA
INVESTMENT MANAGER:	PIP Manager Limited C/O Foresight Group LLP The Shard 32 London Bridge Street London United Kingdom SE1 9SG

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2019

The Directors present their annual report and audited financial statements for PIP Infrastructure Investments (No 6) Limited (the "Company") for the year ended 31 December 2019.

Registered office

The Company's registered office is Cannon Place, 78 Cannon Street, London, England, EC4N 6AF.

Financial risk management

The key risks and uncertainties faced by the Company are managed within the framework established for the Investment Manager by the Directors. Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 14 to the financial statements. The Company is funded by its parent undertaking, PIP Infrastructure Managers Limited, and as a result liquidity risk is managed by the Directors and the Investment Manager in conjunction with PIP Infrastructure Managers Limited.

Results and dividends

The Company's total comprehensive income for the year was £4,958k (2018: £53,388k). No dividends were paid during the year (2018 : £Nil).

Future developments

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

Directors and their interests

The directors who served the Company during the year and up to the date of this report were as follows:

P Burgess
A Clapp (appointed 23 October 2019)
N T Cole (resigned 30 April 2019)
E A Wilson (resigned 23 October 2019)

Statement of Directors' responsibilities in respect of the financial statements

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

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

In preparing these financial statements the Directors are required to:

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

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

For the year ended 31 December 2019

Statement of Directors' responsibilities in respect of the financial statements (continued)

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and enable the Directors to ensure that the financial statements comply with the Companies Act 2006 and 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.

Qualifying indemnity provision

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Audit information

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

Subsequent events

Particulars of subsequent events are detailed in note 20 of the financial statements.

Going concern

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

Independent auditor

BDO LLP have indicated their willingness to continue in office for next year. The decision to reappoint BDO LLP next year will be under consideration by the directors.

By order of the Board,



Director
A Clapp

11 December 2020

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STRATEGIC REPORT

For the year ended 31 December 2019

The Directors present their strategic report on the Company for the year ended 31 December 2019.

Results and review of business

The total comprehensive result for the year is set out in the Statement of Comprehensive Income on page 8. The Directors consider the performance of the Company during the year and its financial position at the end of the year, to be in line with the long term expected performance of the projects. Distributions received from the investments for the year were in line with expectations hence management deem performance to be satisfactory.

The directors have considered the future financial impact to the Company of the Coronavirus, taking into account the sources of income and additional expenditure, if any. It is their view that, the distributions from the underlying investments are expected to continue in line with modelled expectations and it is anticipated that the income of the company will not be materially impacted. Alongside this, the expected expenditure should not see material variation from its current levels and key suppliers are expected to continue to be able to service the company. Although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company.

Principal activities

The Company was established and operates as an investment holding company for its parent, to invest in primary social and economic infrastructure projects in the UK which offer investors the opportunity to earn attractive risk adjusted returns with a low correlation to economic cycles and other investment classes for its projected life.

The Company will invest in social and economic infrastructure projects (including health, defence, education, social housing, government accommodation, custodial facilities, roads, bridges, rail and waste management) underpinned by long term secure government contracts characterised by stable, predictable, availability based cash flows.

There has been no change in the activity during the year. The Company holds PIP MSI LP's debt portfolio in high quality, Private Finance Initiative ("PFI")/Public Private Partnerships ("PPP") assets. This portfolio was funded by PIP MSI LP and through the Company's issuance of a Eurobond acquired by PIP Infrastructure Managers Limited.

Principal risks and uncertainties

The key risks and uncertainties faced by the Company are managed within the framework established for the Investment Manager by the Directors. Exposures to market risk, credit risk and liquidity risk arise in the normal course of the Company's business. These risks are discussed, and supplementary qualitative and quantitative information is provided in Note 14 to the financial statements. The Company was funded by its immediate parent undertaking, and as a result liquidity risk was managed by the Directors and the Investment Manager in conjunction with PIP Infrastructure Managers Limited.

Key performance indicators

The Directors of the Company consider its operations to be consistent with those of the parent company. For this reason, the Company's Directors believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

By order of the Board,



Director
A Clapp

11 December 2020

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

Opinion

We have audited the financial statements of PIP Infrastructure Investments (No 6) Limited ("the Company") for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED (CONTINUED)

Use of our report

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.

BDO LLP.

Elizabeth Hooper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

11 December 2020

BDO LLP is a limited liability partnership registered in England and Wales.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2019

	<i>Notes</i>	2019 £'000	2018 £'000
INCOME			
Interest income	3	19,070	19,255
Other investment income	4	-	233
Net change in fair value of financial assets at fair value through profit or loss	8	10,080	72,282
Total income		29,150	91,770
EXPENSES			
Administration fees		12	37
Interest expense	6	24,176	17,975
Management fees	17	8	-
Amounts paid under leakage agreement		-	3,919
Bad debts written off		-	16,357
Professional fees		40	16
Total expenses		24,236	38,304
Profit on ordinary activities before tax		4,914	53,466
Tax	7	44	(78)
Profit on ordinary activities after tax		4,958	53,388
Total comprehensive income for the year		4,958	53,388
Attributable to Equity holder:			
Total comprehensive income for the year		4,958	53,388

The notes on pages 12 to 32 form part of these financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Company Number 08062999

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments at fair value through profit or loss	8	262,336	254,147
Total non-current assets		262,336	254,147
Current assets			
Receivables and prepayments	9	16,161	13,373
Cash and cash equivalents		72	6,720
Total current assets		16,233	20,093
Total assets		278,569	274,240
Equity and liabilities			
Liabilities			
Non-current liabilities			
Loans and borrowings	12	206,910	210,820
Total non-current liabilities		206,910	210,820
Current liabilities			
Payables and accruals	13	13,012	9,731
Total current liabilities		13,012	9,731
Total liabilities		219,922	220,551
Equity			
Share capital	10	-	-
Share premium	11	45	45
Retained earnings		58,602	53,644
Total equity		58,647	53,689
Total equity and liabilities		278,569	274,240

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



Director
A Clapp

11 December 2020

The notes on pages 12 to 32 form part of these financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	-	45	256	301
Total comprehensive loss for the year	-	-	53,388	53,388
Balance at 31 December 2018	-	45	53,644	53,689
Balance at 1 January 2019	-	45	53,644	53,689
Total comprehensive income for the year	-	-	4,958	4,958
Balance at 31 December 2019	-	45	58,602	58,647

The notes on pages 12 to 32 form part of these financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF CASH FLOWS For the year ended 31 December 2019

	<i>Notes</i>	2019 £'000	2018 £'000
Cash flows from operating activities			
Total comprehensive income for the year		4,958	53,388
Adjustments for:			
Capitalised interest - Debt Securities	8	(9,347)	(9,016)
Capitalised interest - Eurobond capital	12	20,853	12,449
Net change in fair value of financial assets at fair value through profit or loss	8	(10,080)	(72,282)
		<hr/> 6,384	<hr/> (15,461)
Repayments of Debt Securities	8	11,238	7,822
Debt securities written off	8	-	16,357
Eurobond capital repaid	12	(24,763)	-
(Increase) in receivables and prepayments	9	(2,788)	(7,715)
Increase in payables and accruals	13	3,281	5,561
		<hr/>	<hr/>
Net cash flow (used in) / generated from operating activities		(6,648)	6,564
		<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents		(6,648)	6,564
Cash and cash equivalents at 1 January		6,720	156
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		72	6,720
		<hr/>	<hr/>

The notes on pages 12 to 32 form part of these financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Cannon Place, 78 Cannon Street, London, England, EC4N 6AF.

The Company operates as an investment holding company.

The financial statements are presented in GBP rounded to the nearest £1,000.

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 Company have been prepared on a going concern basis in accordance with applicable law (i.e. the Companies Act 2006) and IFRSs. The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial instruments at fair value through profit or loss.

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 15.

(a) Standards and amendments to existing standards effective 1 January 2019

An interpretation is to be applied to the determination of taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 (IFRIC 23 Uncertainty over Income Tax Treatments). There is no impact on the Company as there is no uncertainty over income tax treatments.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the Company's financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are:

- IFRS 3 Business Combinations (mandatorily effective for periods beginning on or after 1 January 2020);
- IAS 1 Presentation of Financial Statements, Classification of Liabilities as Current or Non-Current (effective 23 January 2020); and
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020)

None of these are expected to have a material effect on the financial statements of the Company.

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2020 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Company.

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Translations and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

2.3 Going concern

The directors have considered the future financial impact to the Company of the Coronavirus as disclosed in the Directors' Report, and although the likely full impact is unknown, and at this stage is not possible to quantify, it is not expected to materially impact on the operations or financial position of the Company. The Directors consider that the distributions from the underlying investments are expected to continue in line with modelled expectations and it is anticipated that the income of the company will not be materially impacted. Alongside this, the expected expenditure should not see material variation from its current levels.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets at fair value through profit and loss

(a) Classification

The Company classifies its investment in equity securities and loan security receivables as financial assets at fair value through profit or loss. The company classifies its liabilities at amortised cost.

(i) Financial assets designated at fair value through profit or loss at inception

Financial assets 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 Company's documented investment strategy.

The Company's policy requires the Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Financial liabilities at amortised cost

Financial liabilities are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest method.

(b) Recognition, derecognition and measurement

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

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

Subsequent to initial recognition, all financial assets 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 at fair value through profit or loss" category are presented in the Statement of Comprehensive Income in the period in which they arise.

Subsequent to initial recognition, all financial financial liabilities at amortised cost are measured at amortised cost. Gains and losses arising from changes in the amortised cost of the "financial liabilities at amortised cost" category are presented in the Statement of Comprehensive Income within "Net changes in amortised cost of financial liabilities at amortised cost" in the period in which they arise.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets at fair value through profit and loss (continued)

(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 Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair values of equity securities and holding company investments are calculated using discounted cash flow models based on future profitability forecasts. In summary, the valuation model will include the review of operational performance against plan and other general operational risk indicators.

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

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 overdrafts. As at 31 December 2019 and 2018, the carrying amounts of cash and cash equivalents approximate their fair value.

2.7 Share capital

Ordinary shares are classified as equity.

2.8 Share premium

Share premium is recognised for the consideration received in excess of the par value of shares issued.

2.9 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.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest method.

2.11 Interest income and other investment income

Interest income is recognised on an accruals basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities at amortised cost.

Other investment income is recognised when the right to receive payment is established.

2.12 Expenses

Expenses are recognised on an accruals basis.

2.13 Taxation

Due to the taxation arrangement in place with HMRC, only eligible taxable income earned less allowable deductions as per the arrangement will be subject to UK corporation tax at 19% (2018: 19%).

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Directors have determined there were no deferred tax assets or liabilities at 31 December 2019 (31 December 2018: none).

3. INTEREST INCOME

	2019	2018
	£'000	£'000
Bank interest income	1	2
Loan note interest income	19,069	19,253
	19,070	19,255

4. OTHER INVESTMENT INCOME

	2019	2018
	£'000	£'000
Equity support fee income	-	233

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

5. AUDITOR'S REMUNERATION

Fees charged by the Company's Independent Auditor for the audit of the Company's annual financial statements for the year ended 31 December 2019 amounted to £13k (2018: £13k). No non-audit services were provided by the Company.

6. INTEREST EXPENSE

	2019 £'000	2018 £'000
Group interest payable (Note 17)	24,176	17,975

7. TAX

	2019 £'000	2018 £'000
Current		
Current	44	78
Reconciliation of effective tax rate		
Profit before tax	4,914	53,466
Tax using the Company's domestic tax rate of 19% (2018: 19%)	934	10,159
Expenses not deductible for tax purposes	(1,915)	(13,734)
Losses	981	3,653
Prior year over accrual	(44)	-
Total tax charged in Statement of Comprehensive Income	(44)	78

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Directors have determined there were no deferred tax assets or liabilities at 31 December 2019 (31 December 2018: none).

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2019 £'000	2018 £'000
Debt Securities	262,336	254,147
Changes in financial assets at fair value through profit or loss		
As at 1 January	254,147	197,028
Bad debt write-off	-	(16,357)
Capitalised interest	9,347	9,016
Repayments	(11,238)	(7,822)
Net change in fair value of financial assets at fair value through profit or loss	10,080	72,282
As at 31 December	262,336	254,147

As at 31 December 2019 and 2018, the carrying amounts of the loans and receivables approximate their fair value.

9. RECEIVABLES AND PREPAYMENTS

	2019 £'000	2018 £'000
receivable	15,983	11,083
Prepayments	-	21
Amounts due from related parties (Note 17)	178	2,269
	16,161	13,373

As at 31 December 2019 and 2018, the carrying amounts of receivables and prepayments approximate their fair value.

10. SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised		
1 ordinary share of GBP1.00 each	-	-
Issued and fully paid		
1 ordinary share of GBP1.00 each	-	-

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.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

11. SHARE PREMIUM

	2019 £'000	2018 £'000
Share premium	45	45

12. LOANS AND BORROWINGS

The Company created and authorised the issue of fixed rate unsecured loan notes (the "Loan Notes") and fixed rate unsecured payment-in-kind notes (the "PIK Notes"). The holder of these notes is PIP Infrastructure Managers Limited. The Loan Notes and PIK Notes were formally admitted to the Official List of The International Stock Exchange ("TISE").

The Loan Notes are redeemable in accordance with conditions set out in the loan instrument agreements. Interest shall accrue on the principal amount outstanding on the Loan Notes at a fixed rate per annum. The interest is due to be paid to the Noteholder on 31 March and 30 September of each year. If the Company does not have sufficiently available cash to make any interest payments, these amounts will be deferred and capitalised.

The table below sets out the terms of the Loan Notes issued by the Company up to 31 December 2019:

Maturity date	Issue date	TISE admission date	Interest rate per annum	Loan Notes issue created and authorised	PIK Notes issue created and authorised
31/03/33	12/08/13	14/08/13	11.625%	GBP100,000,000	Unlimited
30/09/60	11/11/15	12/11/15	10.075%	Unlimited	Unlimited
31/03/36	16/12/15	18/12/15	11.625%	Unlimited	Unlimited
31/03/37	30/09/16	29/01/16	10.875%	Unlimited	Unlimited
31/03/41	30/09/16	29/01/16	13.125%	Unlimited	Unlimited
16/03/47	29/11/16	22/12/15	12.295%	Unlimited	Unlimited
30/09/37	28/10/16	29/01/16	8.625%	Unlimited	Unlimited
31/03/45	24/03/17	29/01/16	9.875%	Unlimited	Unlimited
30/09/42	31/05/17	22/12/15	10.875%	Unlimited	Unlimited
31/03/43	13/11/17	22/12/15	8.325%	Unlimited	Unlimited

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

12. LOANS AND BORROWINGS (CONTINUED)

The movement in Loan Notes issued by the Company up to 31 December 2019 is set out in the table below:

	31/12/2019 Balance £'000	2019 Issued £'000	2019 Capitalised Interest £'000	2019 Repaid £'000	31/12/2018 Balance £'000
Fixed rate unsecured redeemable loan notes 31/03/33	9,374	-	1,564	(1,798)	9,608
Fixed rate unsecured loan notes 30/09/60	32,825	-	(746)	-	33,571
Fixed rate unsecured redeemable loan notes 31/03/36	34,078	-	1,374	-	32,704
Fixed rate unsecured loan notes 31/03/37	10,591	-	1,739	(4,414)	13,266
Fixed rate unsecured loan notes 31/03/41	32,570	-	10,149	(4,501)	26,922
Fixed rate unsecured loan notes 16/03/47	11,858	-	1,831	(4,059)	14,086
Fixed rate unsecured loan notes 30/09/37	17,986	-	2,062	(2,682)	18,606
Fixed rate unsecured loan notes 31/03/45	14,636	-	(3,947)	-	18,583
Fixed rate unsecured loan notes 30/09/42	13,592	-	1,675	(2,270)	14,187
Fixed rate unsecured loan notes 31/03/43	29,400	-	5,152	(5,039)	29,287
	206,910	-	20,853	(24,763)	210,820

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2019

12. LOANS AND BORROWINGS (CONTINUED)

The movement in Loan Notes issued by the Company up to 31 December 2018 is set out in the table below:

	31/12/2018 Balance £'000	2018 Issued £'000	2018 Capitalised Interest £'000	2018 Repaid £'000	31/12/2017 Balance £'000
Fixed rate unsecured redeemable loan notes 31/03/33	9,608	-	618	-	8,990
Fixed rate unsecured loan notes 30/09/60	33,571	-	(2,965)	-	36,536
Fixed rate unsecured redeemable loan notes 31/03/36	32,704	-	3,408	-	29,296
Fixed rate unsecured loan notes 31/03/37	13,266	-	800	-	12,466
Fixed rate unsecured loan notes 31/03/41	26,922	-	2,036	-	24,886
Fixed rate unsecured loan notes 16/03/47	14,086	-	1,081	-	13,005
Fixed rate unsecured loan notes 30/09/37	18,606	-	610	-	17,996
Fixed rate unsecured loan notes 31/03/45	18,583	-	3,399	-	15,184
Fixed rate unsecured loan notes 30/09/42	14,187	-	2,088	-	12,099
Fixed rate unsecured loan notes 31/03/43	29,287	-	1,374	-	27,913
	210,820	-	12,449	-	198,371

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

13. PAYABLES AND ACCRUALS

	2019	2018
	£'000	£'000
Accruals	20	18
Group interest payable	12,992	9,669
Tax payable	-	44
	13,012	9,731

As at 31 December 2019 and 2018, the carrying amounts of payables and accruals approximate their fair value.

14. FINANCIAL RISK MANAGEMENT

14.1 Financial risk factors

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

The Company owns a portfolio of investments in subordinated loan notes of PPI/PPP companies. These companies are structured at the outset to minimise financial risks of acquiring and holding the investment. The Company primarily focuses its risk management on the direct financial risks of acquiring and holding the 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.

14.1.1 Market risk

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

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

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

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

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

14.1.1 Market risk (continued)

(a) Price risk

Returns from the Company's investments are affected by the price at which they are acquired. The value of the investments could go up or down and may not be realised equivalent to their original acquisition cost. As such the value varies with the movements in market prices, interest rates and competition for such assets.

Price risk arises from the Company's investments held at fair value through profit and loss, which are valued using a discounted cashflow method. Details of the valuation method and the results of sensitivity analysis are disclosed in note 14.3.

(b) Currency risk

The project in which the Company has invested in conducts its business, pays interest, dividends and principal in GBP. The Company is not exposed to any currency risk. Refer to the accounting policy in Note 2.2.

(c) Interest rate risk

The Company invests in subordinated loan notes of a project company, usually with a fixed interest rate coupon. Where floating rate debt is owned, the primary risk is that the Company's cash flows will be subject to variation depending upon changes to base interest rates. The portfolio's cash flows are continually monitored and re-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.

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 Company holds debt securities that expose the Company to fair value interest rate risk. The Company'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 quarterly basis and the Directors to review on a quarterly basis.

The Company has an indirect exposure to changes in interest rates through its investment in project companies, which is in part financed by senior debt. Senior debt financing of project companies is generally either through floating rate debt or fixed interest rate bonds. Where senior debt is financed through floating rate debt, the project typically has concession length hedging arrangements in place, which are monitored by the project company's manager, finance parties and boards of directors.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

14.1.1 Market risk (continued)

(d) Inflation risk

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

14.1.2 Credit risk

Credit risk is the risk that a counterparty of the Company will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's direct counterparties are the project companies in which it makes investments. The Company's near term cash flow forecasts are used to monitor the timing of cash receipts from project counterparties. Underlying the cash flow forecasts are project companies' cash flow models, which are regularly updated by project companies for the purposes of demonstrating the projects' ability to pay interest and dividends based on a set of detailed assumptions. Many of the Company's investments and their subsidiary entities generally receive revenue from government departments, public sector or local authority clients. Therefore a significant portion of the Company's revenue arises from counterparties of good financial standing.

The Company is also reliant on the projects' subcontractors continuing to perform their construction contract and service delivery obligations such that revenues to projects are not disrupted. The Company has a subcontractor counterparty monitoring procedure in place. The credit standing of subcontractors is reviewed and the risk default estimated for each significant counterparty position. Events of default are laid out in the funding agreements between the project companies and their lenders. Causes may be due to breach of covenants or failure to provide representations or warranties. Monitoring is ongoing and year end positions are reported to the Directors on a quarterly basis.

Where there is no reasonable expectation of recovery (such as an compulsory strike-off of an investment) assets are written off.

No classes within trade and other receivables contain impaired assets as at the reporting date. 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:

	2019	2018
	£'000	£'000
Debt Securities	262,336	254,147
Receivables	16,161	13,352
Cash and cash equivalents	72	6,720
Total	278,569	274,219

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

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

14.1.2 Credit risk (continued)

In 2018 the company impaired its investment in Royal Liverpool Hospital. As at 31 December 2019, the Company did not record any other overdue and impaired balances (2018: GBPnil). The table below sets out the internal credit rating of debt securities:

	2019	2018
	%	%
Internal rating – better than satisfactory risk	-	-
Internal rating – satisfactory risk	100	100
Internal rating – viable but monitoring	-	-
Internal rating – high risk	-	-

The main concentration of credit risk to which the Company is exposed arises from the Company's investments in debt securities. However, the risk of default is considered to be small, and the capital repayments will be made in accordance with the agreed term and conditions.

Cash transactions are limited to Royal Bank of Scotland which is a subsidiary of a financial institution with a Long term debt credit rating of A (2018: A), as rated by the rating agency, Standard & Poor's. At 31 December 2019, all cash and cash equivalents are placed with the Banker.

In accordance with the Company's policy, the Company's credit risk exposure is monitored by the Investment Manager and reviewed by the Board of Directors both on a quarterly basis.

14.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due. The Company's activity is predominantly funded by long-term funding (i.e. Issuance of Eurobond loan notes) and the Company's liquidity risk is managed in conjunction with the established framework.

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

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

The Company operates as an investment structure whereby the Company invests and commits to invest into various portfolio companies. As at 31 December 2019, the total outstanding commitments to portfolio companies amounts to GBPnil (2018: GBPnil).

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

14.1.3 Liquidity risk (continued)

The Company is subject to liquidity risk on the Eurobond capital issued and Eurobond interest accrued. However, this risk is mitigated in accordance with the debt instrument which states Eurobond capital and interest will only be paid to the holders once the equivalent amounts have been received from the underlying investment portfolio.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Within one year £'000	One to five years £'000	Over five years £'000
As at 31 December 2019			
Financial assets			
Debt securities	-	-	262,336
Receivables	16,161	-	-
Cash and cash equivalents	72	-	-
Total financial assets	16,233	-	262,336
As at 31 December 2018			
Financial assets			
Debt securities	-	-	254,147
Receivables	13,352	-	-
Cash and cash equivalents	6,720	-	-
Total financial assets	20,072	-	254,147
As at 31 December 2019			
Financial liabilities			
Loans and borrowings	-	-	206,910
Payables and accruals	13,012	-	-
Total financial liabilities	13,012	-	206,910

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

14.1.3 Liquidity risk (continued)

As at 31 December 2018	Within one year £'000	One to five years £'000	Over five years £'000
Financial liabilities			
Loans and borrowings	-	-	210,820
Payables and accruals	9,731	-	-
Total financial liabilities	9,731	-	210,820

14.2 Capital risk management

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

The Company has no lease arrangements or externally imposed capital requirements.

14.3 Fair value estimation

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

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company 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 periodically reviewed by the Investment Manager and approved by the Board of Directors quarterly.

The carrying value of payables and accruals is assumed to approximate their fair value.

The fair value of financial assets for disclosure purposes are derived using a discounted cash-flow method, estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The weighted average discount rate of the Company's investments is 6.60% (2018: 6.58%).

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.3 Fair value estimation (continued)

The fair value of the Company's investments is £262,336k (2018: £254,147k). The analysis below is provided to illustrate the sensitivity of the fair value of investments to an individual input, while all other variables remain constant. The Board considers these changes in inputs to be within reasonable expected ranges. This is not intended to imply the likelihood of change or that possible changes in value would be restricted to this range.

Input	Base case	Change in input	Change in fair value of investments £'000
		+0.5%	(15,486)
Discount rate	6.60%	-0.5%	12,984
		+0.5%	826
Inflation	2.58%-3.31%	-0.5%	(1,272)

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; and
- 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 judgment, considering factors specific to the asset or liability.

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

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.3 Fair value estimation (continued)

The following table analyses, within the fair value hierarchy, the Company's investments measured at fair value:

	Level 1 £'000	Level 2 £'000	Level 3 £'000
As at 31 December 2019			
Debt Securities	-	-	262,336
	-	-	262,336
As at 31 December 2018			
Debt Securities	-	-	254,147
	-	-	254,147

The following table analyses the transfers between levels and changes in the value of Level 3 assets held at fair value during the year:

	2019 £'000	2018 £'000
As at 1 January	254,147	-
Additions to Level 3	-	197,028
Bad debt write-off	-	(16,357)
Capitalised interest	9,347	9,016
Repayments	(11,238)	(7,822)
Net change in fair value of financial assets at fair value through profit or loss	10,080	72,282
As at 31 December	262,336	254,147

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

15. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. Estimates, by their nature, are based on judgment and available information. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of the investments as disclosed in note 14.3 to the financial statements. The estimates and assumptions that have a significant risk of causing a material impact on the financial statements are outlined below.

(a) Fair value of investments

The Company may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation techniques (see Note 14.3). Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by the Board of Directors and approved by the Board of Directors quarterly.

16. FINANCIAL INSTRUMENTS BY CATEGORY

	Amortised cost £'000	Designated at fair value through profit or loss £'000	Valuation £'000
As at 31 December 2019			
Assets			
Debt Securities	-	262,336	262,336
Receivables	16,161	-	16,161
Cash and cash equivalents	72	-	72
	<u>16,233</u>	<u>262,336</u>	<u>278,569</u>
As at 31 December 2018			
Assets			
Debt Securities	-	254,147	254,147
Receivables	13,352	-	13,352
Cash and cash equivalents	6,720	-	6,720
	<u>20,072</u>	<u>254,147</u>	<u>274,219</u>

There was no transition adjustment due to the implementation of IFRS 9 as there has been no material effect on the values or classification of financial instruments.

As at 31 December 2019 and 2018 the carrying amounts of the financial assets and liabilities at amortised cost approximate their fair value.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 December 2019****16. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

	Amortised cost £'000	Designated at fair value through profit or loss £'000	Valuation £'000
As at 31 December 2019			
Liabilities			
Loans and borrowings	206,910	-	206,910
Payables and accruals	13,012	-	13,012
	<u>219,922</u>	<u>-</u>	<u>219,922</u>
As at 31 December 2018			
Liabilities			
Loans and borrowings	210,820	-	210,820
Payables and accruals	9,732	-	9,732
	<u>220,552</u>	<u>-</u>	<u>220,552</u>

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

17. RELATED PARTIES 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.

PIP Infrastructure Managers Limited owns 100% of the share capital of the Company and holds 100% of the Eurobond capital issued by the Company, amounting to £208,690k (2018: £210,820k). During the year, the Company incurred Eurobond interest expenses of £24,176k (2018: £17,975k), and capitalised interest of £20,853k (2018: £12,449k). As at 31 December 2019 interest of £12,992k (2018: £9,669k) was outstanding.

PIP Infrastructure Managers also holds 100% of the share capital of PIP Infrastructure Investments (No 5) Limited. As at 31 December 2019, the Company has receivables from PIP Infrastructure Investments (No 5) Limited of £162k (2018: £2,253k).

PIP PPP Limited indirectly holds 100% of the share capital of the Company. As at 31 December 2019 the Company has receivables with PIP PPP Limited of £16k (2018: £16k) for invoices paid on behalf of PIP PPP Limited.

18. STAFF COSTS

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

19. PARENT AND ULTIMATE CONTROLLING PARTY

As at 31 December 2019, the Company's immediate parent undertaking was PIP Infrastructure Managers Limited. The ultimate controlling party was PIP Multi-Strategy Infrastructure PPP LP.

20. SUBSEQUENT EVENTS

Coronavirus was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK. As the pandemic accelerated after the year end this event has been classified as a non-adjusting post balance sheet event. As disclosed in the Directors' Report, the directors have considered the future financial impact to the Company of the Coronavirus. Although the likely full impact is unknown, it is expected to be minimal.