

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

**Annual Report and Audited
Financial Statements**

For the year ended 31 December 2018

**COMPANIES HOUSE
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Company Number 08062999

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

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PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

SUMMARY OF DIRECTORS AND ORGANISATION

DIRECTORS:	P Burgess N T Cole (Resigned 30 April 2019) E A Wilson
REGISTERED OFFICE:	Cannon Place Cannon Street London England EC4N 6AF
ADMINISTRATOR AND SECRETARY:	Infrastructure Managers Limited (appointed 25 January 2019) 2nd Floor 11 Thistle Street Edinburgh Scotland EH2 1DF
INDEPENDENT AUDITOR:	BDO LLP 55 Baker St Marylebone London W1U 7EU
BANKER:	Royal Bank of Scotland 62-63 Threadneedle St London EC2R 8LA
INVESTMENT MANAGER:	PIP Manager Limited Birchin Court 20 Birchin Lane London England EC3V 9DU

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2018

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 2018.

Registered office

The Company's registered office is Cannon Place, 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 profit for the year was £53,388k (2017: £274k). No dividends were paid during the year (2017 : £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
N T Cole (Resigned 30 April 2019)
E A Wilson

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 2018

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 Act and IFRSs. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Going concern

The 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

PricewaterhouseCoopers LLP have resigned as auditors and BDO LLP have been appointed.

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
Paula Burgess

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STRATEGIC REPORT

For the year ended 31 December 2018

The Directors present their strategic report on the Company for the year ended 31 December 2018.

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 project.

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
Paula Burgess

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 12 month period ended 31 December 2018 which comprise The Statement of Comprehensive Income, The Statement of Financial Position, The Statement of Changes in Equity and The Statement of Cash Flows, 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 2018 and of its profit for the period 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 Annual 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.

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

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

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 period 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
- we have not received all the information and explanations we require for our audit.

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

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

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.

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.



Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

16 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2018

	<i>Notes</i>	2018 £'000	2017 £'000
INCOME			
Interest income	3	19,255	16,806
Other investment income	4	233	923
Net change in fair value of financial assets at fair value through profit or loss	8	72,282	-
Total income		<u>91,770</u>	<u>17,729</u>
EXPENSES			
Administration fees		37	16
Commitment fees	20	-	(14)
Interest expense	6	17,975	16,352
Management fees	17	-	585
Filing and regulatory fees		-	5
Amounts paid under leakage agreement		3,919	-
Bad debts written off		16,357	-
Professional fees		16	47
Total expenses		<u>38,304</u>	<u>16,991</u>
Operating profit		<u>53,466</u>	<u>738</u>
FINANCE COSTS			
Credit facility interest	20	-	468
Profit on ordinary activities before tax		53,466	270
Tax	7	(78)	4
Profit on ordinary activities after tax		<u>53,388</u>	<u>274</u>
Total comprehensive income for the year		<u><u>53,388</u></u>	<u><u>274</u></u>
Attributable to Equity holder:			
Total comprehensive income for the year		<u><u>53,388</u></u>	<u><u>274</u></u>

The notes on pages 12 to 33 form part of these financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF FINANCIAL POSITION **As at 31 December 2018**

	<i>Notes</i>	2018 £'000	2017 £'000
Assets			
Non-current assets			
Investments at fair value through profit or loss	8	254,147	197,028
Total non-current assets		254,147	197,028
Current assets			
Receivables and prepayments	9	13,373	5,658
Cash and cash equivalents		6,720	156
Total current assets		20,093	5,814
Total assets		274,240	202,842
Equity and liabilities			
Liabilities			
Non-current liabilities			
Loans and borrowings	12	210,820	198,371
Total non-current liabilities		210,820	198,371
Current liabilities			
Payables and accruals	13	9,732	4,170
Total current liabilities		9,732	4,170
Total liabilities		220,552	202,541
Equity			
Share capital	10	-	-
Share premium	11	45	45
Retained earnings / (losses)		53,644	256
Total equity		53,689	301
Total equity and liabilities		274,240	202,842

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



Director
Paula Burgess

The notes on pages 12 to 33 form part of these financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Retained (losses) / earnings £'000	Total equity £'000
Balance at 1 January 2017	-	45	(18)	27
Total comprehensive loss for the year	-	-	274	274
Balance at 31 December 2017	-	45	256	301
Balance at 1 January 2018	-	45	256	301
Total comprehensive income for the year	-	-	53,388	53,388
Balance at 31 December 2018	-	45	53,644	53,689

The notes on pages 12 to 33 form part of these financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

STATEMENT OF CASH FLOWS For the year ended 31 December 2018

	<i>Notes</i>	2018 £'000	2017 £'000
Cash flows from operating activities			
Total comprehensive income / (loss) for the year		53,388	274
Adjustments for:			
Capitalised interest - Debt Securities	8	(9,016)	(10,003)
Capitalised interest - Eurobond capital	12	12,449	11,385
Net change in fair value of financial assets at fair value through profit or loss	8	(72,282)	-
		(15,461)	1,656
Debt Securities principal advanced	8	-	(63,026)
Repayments of Debt Securities	8	7,822	2,588
Debt securities written off	8	16,357	-
Eurobond capital issued	12	-	63,026
Eurobond capital repaid	12	-	(2,347)
Increase in receivables and prepayments	9	(7,715)	(1,686)
Increase / (decrease) in payables and accruals	13	5,562	(2,295)
Net cash flow (used in) / generated from operating activities		6,564	(2,084)
Cash flows from financing activities			
Repayment of bank borrowings		-	(900)
Net cash flow used in financing activities		-	(900)
Net (decrease) / increase in cash and cash equivalents		6,564	(2,984)
Cash and cash equivalents at 1 January		156	3,140
Cash and cash equivalents at 31 December		6,720	156

The notes on pages 12 to 33 form part of these financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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, 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 £1000.

These financial statements were authorised for issue by the Board of Directors of the Company on 16 July 2019.

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 2018

IFRS 9, 'Financial instruments' became effective for annual periods beginning on or after 1 January 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the IFRS 9 retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the Income statement, unless this creates an accounting mismatch. IFRS 9 also introduces a new expected credit loss impairment model.

In the prior year debt securities were held at amortised cost. The comparatives have not been restated as their carrying value approximated the fair value.

IFRS 15, 'Revenue from Contracts with Customers' became effective for annual periods beginning on or after 1 January 2018 and replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. IFRS 15 specifies how a company should recognise revenue, as well as requiring those companies to provide users of financial statements with more informative and relevant disclosures. The new standard provides a single, principles based five-step model to be applied to all contracts with customers. Adoption of these amendments did not have a material impact on the Company's financial statements.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations effective after 1 January 2018 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 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)
IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019)

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

At the date of authorisation of these financial statements, IFRS 16 'Leases' was Issued but will not become effective until accounting periods beginning on or after 1 January 2019. As the Company's Investments are held at fair value through profit or loss and any leases are held at SPV level, the introduction of IFRS 16 is not expected to have a material impact on the reported results and financial position 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 2019 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

(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.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

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 2018

(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.

2.5 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 2018 and 31 December 2017, the carrying amounts of cash and cash equivalents approximate their fair value.

2.6 Share capital

Ordinary shares are classified as equity.

2.7 Share premium

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

2.8 Payables and accruals

Payables and accruals are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate method. Payables and accruals are derecognised when the obligation under the liability is discharged or cancelled or expires.

2.9 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.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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% (2017: 20%).

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 2018 (31 December 2017: none).

2.13 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. For management purposes, the Company is organised into one main operating segment, which invests indirectly in PPP assets. All of the company's income is generated within the UK. All of the company's non-current assets are located in the UK.

3. INTEREST INCOME

	2018 £'000	2017 £'000
Bank interest income	2	-
Loan note interest income	19,253	16,806
	<u>19,255</u>	<u>16,806</u>

4. OTHER INVESTMENT INCOME

	2018 £'000	2017 £'000
Equity support fee income	233	923

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 2018 amounted to £13k (2017: £7k). No non-audit services were provided by the Company.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

6. INTEREST EXPENSE

	2018 £'000	2017 £'000
Group Interest payable (Note 17)	17,975	16,352
	<u>17,975</u>	<u>16,352</u>

7. TAX

	2018 £'000	2017 £'000
Current tax expense		
Current year	78	(4)
Reconciliation of tax charge		
Average debt securities balance for the year	183,708	167,741
Margin payment at 12.5 basis points	230	210
Tax at 19% (2017: 20%) on margin payment	44	42
Underaccrual in prior year	34	-
Adjustments to tax	-	(46)
Total tax charged in Statement of Comprehensive Income	<u>78</u>	<u>(4)</u>

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 2018 (31 December 2017: none).

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 £'000	2017 £'000
Debt Securities	254,147	197,028
Changes in financial assets at fair value through profit or loss		
As at 1 January	197,028	126,587
Acquisitions	-	63,026
Bad debt write-off	(16,357)	-
Capitalised interest	9,016	10,003
Repayments	(7,822)	(2,588)
Net change in fair value of financial assets at fair value through profit or loss	72,282	-
As at 31 December	254,147	197,028

As at 31 December 2017, the carrying amounts of the loans and receivables approximate their fair value.

9. RECEIVABLES AND PREPAYMENTS

	2018 £'000	2017 £'000
Interest	11,083	4,998
Prepayments	21	1
VAT receivable	-	-
Amounts due from related parties (Note 17)	2,269	660
	13,373	5,659

As at 31 December 2018 and 2017, the carrying amounts of receivables and prepayments approximate their fair value.

10. SHARE CAPITAL

	2018 £'000	2017 £'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 2018**

11. SHARE PREMIUM

	2018 £'000	2017 £'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 the parent PIP Infrastructure Managers Limited with project companies. 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 2018:

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 2018

12. EUROBOND CAPITAL (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 2018

12. EUROBOND CAPITAL (CONTINUED)

The movement in Loan Notes Issued by the Company up to 31 December 2017 is set out in the table below:

	31/12/2017 Balance £'000	2017 Issued £'000	2017 Capitalised Interest £'000	2017 Repaid £'000	31/12/2016 Balance £'000
Fixed rate unsecured redeemable loan notes 31/03/33	8,990	-	259	(574)	9,305
Fixed rate unsecured loan notes 30/09/60	36,536	-	357	(1,653)	37,832
Fixed rate unsecured redeemable loan notes 31/03/36	29,296	-	2,693	-	26,603
Fixed rate unsecured loan notes 31/03/37	12,466	75	1,552	-	10,839
Fixed rate unsecured loan notes 31/03/41	24,886	-	3,673	-	21,213
Fixed rate unsecured loan notes 16/03/47	13,005	7,755	1,330	(22)	3,942
Fixed rate unsecured loan notes 30/09/37	17,996	-	1,521	(98)	16,573
Fixed rate unsecured loan notes 31/03/45	15,184	15,184	-	-	-
Fixed rate unsecured loan notes 30/09/42	12,099	12,099	-	-	-
Fixed rate unsecured loan notes 31/03/43	27,913	27,913	-	-	-
	198,371	63,026	11,385	(2,347)	126,307

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

13. PAYABLES AND ACCRUALS

	2018 £'000	2017 £'000
Accruals	19	9
Group interest payable	9,669	4,143
Tax payable	44	18
	<u>9,732</u>	<u>4,170</u>

As at 31 December 2018 and 2017, 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 2018

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 2.3.

(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 2018

14. FINANCIAL RISK MANAGEMENT (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.

13.1.2 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. Monitoring is ongoing and period end positions are reported to the Directors on a quarterly basis.

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:

	2018	2017
	£'000	£'000
Debt Securities	254,147	197,028
Receivables	13,352	5,657
Cash and cash equivalents	6,720	156
Total	274,219	202,841

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 2018

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

14.1.2 Credit risk (continued)

During the year the company impaired its investment in Royal Liverpool Hospital. As at 31 December 2018, the Company did not record any other overdue and impaired balances (2017: GBPnil). The table below sets out the internal credit rating of debt securities:

	2018	2017
	%	%
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 Lloyds Bank which is a subsidiary of a financial institution with a Long term debt credit rating of A (2017: A), as rated by the rating agency, Standard & Poor's. At 31 December 2018, 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 2018, the total outstanding commitments to portfolio companies amounts to GBPnil (2017: GBPnil).

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

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
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
31 December 2017			
Financial assets			
Debt securities	-	-	197,028
Receivables	5,657	-	-
Cash and cash equivalents	156	-	-
Total financial assets	5,813	-	197,028
31 December 2018			
Financial liabilities			
Loans and borrowings	-	-	210,820
Payables and accruals	9,732	-	-
Total financial liabilities	9,732	-	210,820

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 Financial risk factors (continued)

14.1.3 Liquidity risk (continued)

	Within one year £'000	One to five years £'000	Over five years £'000
31 December 2017			
Financial liabilities			
Loans and borrowings	-	-	198,371
Payables and accruals	4,170	-	-
Total financial liabilities	4,170	-	198,371

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 6.58%.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.3 Fair value estimation (continued)

The fair value of the Company's investments is £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%	(18,683)
Discount rate	6.58%	-0.5%	20,275
		+0.5%	(12,122)
Inflation		-0.5%	13,080

Fair value hierarchy

The fair value hierarchy consists of the following three levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires 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 2018

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 2018			
Debt Securities	-	-	254,147
	-	-	254,147
As at 31 December 2017			
Debt Securities	-	-	-
	-	-	-

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

	2018 £'000	2017 £'000
As at 1 January 2018	-	-
Additions to Level 3	197,028	-
Bad debt write-off	(16,357)	-
Capitalised interest	9,016	-
Repayments	(7,822)	-
Net change in fair value of financial assets at fair value through profit or loss	72,282	-
As at 31 December 2018	254,147	-

The significant unobservable input relating to these assets is the discount rate.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

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 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>
As at 31 December 2017			
Assets			
Debt Securities	197,028	-	197,028
Receivables	5,657	-	5,657
Cash and cash equivalents	156	-	156
	<u>202,841</u>	<u>-</u>	<u>202,841</u>

As at 31 December 2018 and 2017 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 2018****16. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

	Amortised cost £'000	Designated at fair value through profit or loss £'000	Total £'000
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>
As at 31 December 2017			
Liabilities			
Loans and borrowings	198,371	-	198,371
Payables and accruals	4,170	-	4,170
	<u>202,541</u>	<u>-</u>	<u>202,541</u>

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2018**

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.

The Company was a wholly owned subsidiary of Lloyds Bank UK Infrastructure Partners LP until 6 December 2017, when it was purchased by PIP MSI LP. During the year ended 31 December 2018, the Company was charged management fees of £Nil (2017: £585k) by the Lloyds Bank UK Infrastructure Partners LP of which £Nil (2017: £Nil) was outstanding at 31 December 2018.

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 £210,820k (2017: £198,371k). During the year, the Company incurred Eurobond interest expenses of £17,975k (31 December 2017: £16,352k), and capitalised interest of £12,449k (2017: £11,385k). As at 31 December 2018 interest of £9,669 (2017: £4,143k) was outstanding. PIP MSI LP paid for the acquisition of debt securities amounting to £Nil (2017: £63,026k) and in consideration the Company issued the Eurobond capital.

PIP Infrastructure Managers also holds 100% of the share capital of PIP Infrastructure Investments (No 5) Limited. As at 31 December 2018, the Company has receivables from PIP Infrastructure Investments (No 5) Limited of £2,253k (2017: £660k) for transactions made on the Company's behalf.

PIP PPP Limited indirectly holds 100% of the share capital of the Company. As at 31 December 2018 the Company has receivables with PIP PPP Limited of £16k (2017: £Nil) 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 2018, the Company's immediate parent undertaking was PIP Infrastructure Managers Limited. The ultimate controlling party was PIP Multi-Strategy Infrastructure PPP LP.

20. LOAN COMMITMENTS, COMMITMENTS AND CONTINGENCIES

The Company entered into a Single Currency Letter of Credit and Revolving Facilities Agreement dated 11 September 2012 (the "Agreement"), together with the Fund, as an Original Borrower, with the Banker as Lender and with Aberdeen Fund Managers Limited. The Lender will make available to the Original Borrowers a sterling credit facility in an aggregate amount equal to GBPnil (2017: GBPnil) for the purpose of funding their working capital expenses and other costs and also to apply towards the issuance by the Lender of Letters of

The credit facility was available from 11 September 2012 to 9 September 2014 and was extended for a period of 364 days to 8 September 2015 based on the Amendment Letter to the Agreement dated 9 September 2014 and another period of 364 days to 8 September 2016 based on the Amendment Letter to the Agreement dated 8 September 2015.

The credit facility was further extended for a period of 364 days to 8 September 2017 based on the Amended Letter to the Agreement dated 5 September 2016. The credit facility was fully paid during 2017.

PIP INFRASTRUCTURE INVESTMENTS (NO 6) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2018

20. LOAN COMMITMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

The details of the loan facility is summarised below:

Loan reference	Facility termination date	Nominal interest rate	Carrying amount*
Lloyds Bank plc	8 September 2017	1.20001%	GBP900,000

* The fair value of all borrowings is deemed to reflect their carrying value.

Under the Agreement, the Company and the Fund, as Borrowers, paid a commitment fee on the total available facility amount and a Letter of Credit Commission (recognised as credit facility interest) equivalent to the average market interest rate per annum on the outstanding amount. The Letter of Credit Commission reduced to a lower market interest rate per annum where there was cash cover provided to the Lender.

Interest is a variable rate agreed at each drawdown of the Loan facility. Interest is payable at an agreed date between the Lender and the Fund (an "Interest Period") with payment being due on the last day of each period. An Interest Period means, in relation to a Loan, each period determined in accordance with Clause 11 of the Agreement, in relation to a Letter of Credit, its Term and, in relation to an Unpaid Sum, each period determined in accordance with Clause 10.3 of the Agreement.

The table below shows the movements of the loans payable obtained by the Company:

	2018 £'000	2017 £'000
Opening balance	-	900,000
Repayments during the year	-	(900,000)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

During the year ended 31 December 2018, the Company has a commitment fee refund of £Nil due to it (2017: £14,175k) and credit facility interest of £Nil (2017: £468k) of which £Nil (2017: £Nil) and £Nil (2017: £Nil) remained outstanding respectively, as at 31 December 2018.

21. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Company occurring between the end of the reporting period and the date the financial statements were available to be issued and has determined there were no subsequent events requiring adjustment or additional disclosure at the date of signing this