

Company Registration No. 11294009 (England and Wales)

**REDRUTH HOLDINGS 6 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**



COMPANY

22 DEC 2020

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# REDRUTH HOLDINGS 6 LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Ray J McDonagh
<b>Secretary</b>	J McKay
<b>Corporate secretary</b>	Pinsent Masons Secretarial Limited
<b>Company number</b>	11294009
<b>Registered office</b>	1 Park Row Leeds United Kingdom. LS1 5AB
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Atria One 144 Morrison Street Edinburgh EH3 8EX

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# REDRUTH HOLDINGS 6 LIMITED

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# REDRUTH HOLDINGS 6 LIMITED

## DIRECTORS' REPORT

*FOR THE YEAR ENDED 31 MARCH 2020*

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The directors present their annual report and audited financial statements for the year ended 31 March 2020.

### **Principal activities**

The principal activity of Redruth Holdings 6 Limited ("the Company") is to act as a holding company through which Dalmore Infrastructure Investments 8 LP, Dalmore Capital 3 LP, Manvers Infrastructure Investments LP and Bolsover Infrastructure Investments LP indirectly invest in Cadent Gas Limited, a company which is the largest owner of natural gas distribution networks in the United Kingdom.

### **Directors**

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

A Ray  
J McDonagh

### **Results and dividends**

The results for the year are set out on page 9.

The profit for the financial year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

On 25 June 2019, the Company acquired a 1.39% stake in Quadgas Holdings Topco Limited, a company registered in Guernsey. This investment was funded by the issue of Eurobonds which were listed on The International Stock Exchange on 29 August 2019. These Eurobonds were issued in their entirety to Falconbrook Limited, a fellow group company,

The directors have considered the impact of Coronavirus pandemic (COVID-19) taking into account any impact on underlying investments, sources of income and additional expenditure, if any. The company has no obligation to repay any creditors in the twelve-month period from the date of signing of these financial statements. As such, any potential impact of Coronavirus on the performance of the underlying investment and its distributions will not directly impact the Company's ability to continue as a going concern.

The directors do not recommend the payment of a dividend.

### **Qualifying third party indemnity provisions**

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.

### **Future developments**

The directors intend for the business to continue to hold its interests in Quadgas Holdings Topco Limited and Quadgas Investments Bidco Limited.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, were appointed during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditors**

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

# REDRUTH HOLDINGS 6 LIMITED

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2020*

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### **Going concern**

Cash flow forecasts are prepared for each of the underlying investments looking over the expected life of the underlying asset and so including the twelve-month period from the date the financial statements are signed. In drawing up these forecasts, the board has made assumptions based upon its view of the current and future economic conditions, including the impact of COVID-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investments which are held indirectly. After reviewing the performance of these investments, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, in the event that the underlying investments do not perform as expected, the company has no liabilities that it is contractually required to pay in the twelve month period from the date of signing of these financial statements.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the year end financial statements.

### **Key performance indicators**

In its role as a holding company there are no key performance indicators for the directors to monitor. However, the performance of the underlying investment is assessed regularly, a process which includes the monitoring of distributions against modelled expectations. This exercise indicates that the investment has been performing well and in line with expectations.

### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



.....  
**J McDonagh**

**Director**

**Date:** 15/12/2020.....

# **REDRUTH HOLDINGS 6 LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2020***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

# REDRUTH HOLDINGS 6 LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBER OF REDRUTH HOLDINGS 6 LIMITED

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#### Report on the audit of the financial statements

##### Opinion

In our opinion, Redruth Holdings 6 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

##### Basis for opinion

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

##### *Independence*

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

##### Our audit approach

###### *Overview*

###### *Materiality:*

- Overall materiality: £761,000 (2019: £160,000), based on 1% of total assets.

###### *Audit scope:*

- The entity is a single stand-alone company with a single investment. All audit work was performed from one location.

###### *Key audit matters:*

- Impact of the COVID-19 pandemic

##### *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

# REDRUTH HOLDINGS 6 LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBER OF REDRUTH HOLDINGS 6 LIMITED (CONTINUED)

#### *Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Impact of the COVID-19 pandemic</i></p> <p>COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020 and the on-going response is having an unprecedented impact on the wider economy and it is necessary to consider the impact on Redruth Holdings 6 Limited ('the Company').</p> <p>The Company does not trade but it is an investment holding company, holding an investment in a single asset. The company itself is funded by Eurobonds issued on The International Stock Exchange which are held by a fellow group entity.</p> <p>Management and the directors have assessed the impact of COVID-19. They have considered the impact of the pandemic on the company's current and future operations and have concluded that the likely impact is low. In reaching this assessment, and in considering the disclosures to be made within the financial statements management have considered the impact of the pandemic on the expected future distributions from the underlying investment, and the company's ability to meet its liabilities.</p> <p>Because of its significance to the financial statements and to our audit, we concluded that the uncertainty created by the COVID-19 pandemic on the operations of the company was a key audit matter.</p>	<p>Our audit addressed the impact of the COVID-19 pandemic on the company as follows:</p> <p>We considered management's assessment that the likely impact of the pandemic on the Company was expected to be low on the basis that no issues were anticipated in relation to the ability of group undertakings to continue to repay the amounts due to the Company. This was based on the ability of the underlying investment to be able to continue to operate during the COVID-19 pandemic.</p> <p>We considered the liabilities of the company, the most significant of which is the Eurobond, none of which is due for repayment within the next 12 months from the date of approval of these financial statements. We also noted that while interest is accrued on the Eurobond, the timing of the settlement of that interest is within the control of the Company. We also considered the performance of the company and its investments since year end to ensure that actual results through the pandemic were consistent with management's assessment.</p> <p>We considered the disclosures made by management in the financial statements, specifically within the Directors' Report, the accounting policies note (note 1) and considered whether these were in line with our understanding.</p> <p>Based on the procedures performed, we agreed with management's assessment that the impact of the pandemic on the company has been appropriately disclosed within the financial statements.</p> <p>Our conclusions in relation to going concern are set out later in this report.</p>

# REDRUTH HOLDINGS 6 LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBER OF REDRUTH HOLDINGS 6 LIMITED (CONTINUED)

#### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

#### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	£761,000 (2019: £160,000 ).
<b>How we determined it</b>	1% of total assets.
<b>Rationale for benchmark applied</b>	As the company is a non-profit orientated intermediate investment holding company, we deemed total assets to be the most appropriate benchmark.

We agreed with the directors that we would report to them misstatements identified during our audit above £38,000 (2019: £8,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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.

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

#### **Reporting on other information**

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# REDRUTH HOLDINGS 6 LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBER OF REDRUTH HOLDINGS 6 LIMITED (CONTINUED)

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#### *Directors' Report*

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

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

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

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### *Auditors' 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 auditors' 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 on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

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

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

# REDRUTH HOLDINGS 6 LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBER OF REDRUTH HOLDINGS 6 LIMITED (CONTINUED)

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#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



**Paul Cheshire (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
16 December 2020

# REDRUTH HOLDINGS 6 LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

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	Note	Year ended 31 March 2020 £	Period from 5 April 2018 to 31 March 2019 £
Interest receivable and similar income	5	4,376,559	-
Interest payable and similar expenses	6	(3,073,612)	(464,548)
<b>Profit/(loss) before taxation</b>		<u>1,302,947</u>	<u>(464,548)</u>
Tax on profit/(loss)	7	-	-
<b>Profit/(loss) for the financial year</b>		<u><u>1,302,947</u></u>	<u><u>(464,548)</u></u>

There are no items of other comprehensive income in either the current financial year or prior period. The profit for the year represents the total comprehensive income for the year.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# REDRUTH HOLDINGS 6 LIMITED

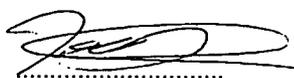
## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Investments	8		74,418,924		8,000,000
<b>Current assets</b>					
Debtors: amounts falling due within one year	9	1,634,498		2	
Creditors: amounts falling due within one year	10	(720,359)		(464,548)	
<b>Net current assets/(liabilities)</b>			914,139		(464,546)
<b>Total assets less current liabilities</b>			75,333,063		7,535,454
<b>Creditors: amounts falling due after more than one year</b>	11		(74,494,662)		(8,000,000)
<b>Net assets/(liabilities)</b>			838,401		(464,546)
<b>Capital and reserves</b>					
Called up share capital	12		2		2
Retained earnings/(accumulated losses)			838,399		(464,548)
<b>Total shareholders' funds/(deficit)</b>			838,401		(464,546)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 9 to 20 were approved by the board of directors and authorised for issue on .....15/12/2020..... and are signed on its behalf by:



J McDonagh  
Director

Company Registration No. 11294009

# REDRUTH HOLDINGS 6 LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Note	Called up share capital £	(Accumulated losses)/ retained earnings £	Total equity £
<b>Balance at 5 April 2018</b>		-	-	-
<b>Period from 5 April 2018 to 31 March 2019:</b>				
Loss and total comprehensive expense for the period		-	(464,548)	(464,548)
Issue of share capital	12	2	-	2
<b>Balance at 31 March 2019</b>		<u>2</u>	<u>(464,548)</u>	<u>(464,546)</u>
<b>Year ended 31 March 2020:</b>				
Profit and total comprehensive income for the year		-	1,302,947	1,302,947
<b>Balance at 31 March 2020</b>		<u>2</u>	<u>838,399</u>	<u>838,401</u>

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **1 Accounting policies**

#### **Company information**

Redruth Holdings 6 Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Park Row, Leeds, United Kingdom, LS1 5AB.

The principal activity of Redruth Holdings 6 Limited ("the Company") is to act as a holding company through which Dalmore Infrastructure Investments 8 LP, Dalmore Capital 3 LP, Manvers Infrastructure Investments LP and Bolsover Infrastructure Investments LP indirectly invest in Cadent Gas Limited, a company which is the largest owner of natural gas distribution networks in the United Kingdom.

#### **1.1 Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. These have been consistently applied to the year/period presented, unless otherwise stated.

#### **1.2 Going concern**

Cash flow forecasts are prepared for each of the underlying investments looking over the expected life of the underlying asset and so including the twelve-month period from the date the financial statements are signed. In drawing up these forecasts, the board has made assumptions based upon its view of the current and future economic conditions, including the impact of COVID-19, that will prevail over the forecast period.

The Company's cash flows are dependent on the performance of its investments which are held indirectly. After reviewing the performance of these investments, which is done on a regular basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, in the event that the underlying investments do not perform as expected, the company has no liabilities that it is contractually required to pay in the twelve month period from the date of signing of these financial statements.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the year end financial statements.

#### **1.3 Reporting period**

The Company was incorporated on 5 April 2018 and a 361 day accounting period was applied in the initial period to 31 March 2019. For this reason the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable to the the results of the current year ended 31 March 2020.

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.4 Investments

Investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss.

#### 1.5 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

##### **Basic financial assets**

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

##### **Impairment of financial assets**

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

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

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

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial assets***

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

#### ***Classification of financial liabilities***

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

#### ***Basic financial liabilities***

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

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

#### ***Derecognition of financial liabilities***

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

### 1.6 Equity instruments

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

### 1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.8 Cash flow

The Company has taken the available exemption from the requirement to draw up a cash flow statement in accordance with paragraph 1.12b of FRS102.

### 2 Judgements and key sources of estimation uncertainty

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

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

#### **Critical judgements**

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

#### *Impairment of investments*

The directors are required to annually review the Company's investments for indicators that they have been impaired. This requires them to revalue the underlying assets that the Company and its associate are invested in. The valuation method is based on a discounted cash flow model, so the directors are required to make judgements about the most appropriate discount rate, growth rate and the future financial performance of each of the underlying assets. The directors will also consider other factors such as the non-financial performance of the various assets.

### 3 Staff costs and directors' remuneration

The Company had no employees during the financial year (period from 5 April 2018 to 31 March 2019: none).

The directors did not receive any remuneration in respect of their services to the Company during the year to 31 March 2020 (period from 5 April 2018 to 31 March 2019: £nil).

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 4 Auditors' remuneration

Audit fees of £3,675 (period from 5 April 2018 to 31 March 2019: £2,700) for the year ended 31 March 2020 were paid to the Company's auditors and were borne by Dalmore Capital 3 LP.

#### 5 Interest receivable and similar income

	Year ended 31 March 2020	Period from 5 April 2018 to 31 March 2019
	£	£
Interest receivable and similar income includes the following:		
Dividends receivable from Quadgas Holdings Topco Limited	3,732,150	-
Interest receivable from Quadgas Investments Bidco Limited	644,409	-
	<u>4,376,559</u>	<u>-</u>

#### 6 Interest payable and similar expenses

	Year ended 31 March 2020	Period from 5 April 2018 to 31 March 2019
	£	£
Interest payable and similar expenses includes the following:		
Interest payable to related undertakings	3,073,612	464,548
	<u>3,073,612</u>	<u>464,548</u>

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 7 Tax on profit/(loss)

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

	Year ended 31 March 2020	Period from 5 April 2018 to 31 March 2019
	£	£
Profit/(loss) before taxation	1,302,947	(464,548)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	247,560	(88,264)
Tax effect of income not taxable in determining taxable profit	(709,109)	-
Unutilised tax losses carried forward	-	88,264
Transfer pricing adjustment	461,549	-
Taxation charge for the period	-	-

### 8 Investments

	2020 £	2019 £
Investments	61,881,124	8,000,000
Loans	12,537,800	-
	74,418,924	8,000,000

On 25 June 2019, the Company acquired 1.39% of the issued share capital of Quadgas Holdings Topco Limited and advanced loans to Quadgas Investments Bidco Limited in order for that company to make investments. At the 31 March 2020 the company had advanced loans of £12,537,800 to Quadgas Investments Bidco Limited. These loans bear interest at a rate of 6.7%, are unsecured and are repayable at the discretion of the directors of Quadgas Investments Bidco Limited. They must however be repaid in full by 2043.

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Investments	(Continued)		
Movements in investments	Investments	Loans	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2019	8,000,000	-	8,000,000
Additions	53,881,124	12,735,725	66,616,849
Repayments	-	(197,925)	(197,925)
At 31 March 2020	<u>61,881,124</u>	<u>12,537,800</u>	<u>74,418,924</u>
<b>Carrying amount</b>			
At 31 March 2020	<u>61,881,124</u>	<u>12,537,800</u>	<u>74,418,924</u>
At 31 March 2019	<u>8,000,000</u>	<u>-</u>	<u>8,000,000</u>

9 Debtors: amounts falling due within one year	2020	2019
	£	£
Amounts owed by group undertakings	2	2
Other debtors	1,634,496	-
	<u>1,634,498</u>	<u>2</u>

Amounts owed by group undertakings are interest free, unsecured and are repayable on demand.

10 Creditors: amounts falling due within one year	2020	2019
	£	£
Amounts owed to related undertakings	720,359	464,548
	<u>720,359</u>	<u>464,548</u>

Amounts owed to related undertakings bear interest at a rate of 6.70%, are unsecured and are repayable at the discretion of the directors of the Company.

11 Creditors: amounts falling due after more than one year	2020	2019
	£	£
Loan to related company	-	8,000,000
Eurobonds	74,494,662	-
	<u>74,494,662</u>	<u>8,000,000</u>

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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### 11 Creditors: amounts falling due after more than one year (Continued)

The loan to related company as at 31 March 2019 which bore an interest rate of 6.70%, was unsecured and was repayable in full by 29 March 2043, was repaid in June 2019, prior to the issue of the Eurobonds.

During the current year, the Company issued £74,494,662 of Eurobonds to Falconbrook Limited, a related company. These Eurobonds, which were listed on The International Stock Exchange on 29 August 2019, bear interest at a rate of 6.7%, are unsecured and are repayable at any time at the discretion of the directors. They must however be repaid in full by 2043.

### 12 Called up share capital

	2020	2019
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2 Ordinary shares (2019: 2) of £1 each	2	2
	<u>2</u>	<u>2</u>

Each ordinary share has full rights in the Company with respect to voting, dividends and capital distributions. They do not confer any rights of redemption.

### 13 Events after the reporting date

Since the year end, final determinations on the regulatory framework for the period from April 2021 to March 2026 have been issued by Ofgem. Since the draft determination, there have been material improvements to the regulatory framework which are expected to benefit Cadent and the other networks, however some challenges remain. Cadent and the rest of the industry are currently assessing the final determination in detail ahead of the decision to appeal certain aspects of the regulatory framework to the Competition Markets Authority (CMA) in March 2021. If unaltered, it is likely that the outcome of the Final Determination would have a negative impact on the valuation of the asset going forward.

# REDRUTH HOLDINGS 6 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 14 Related party transactions

The Company has taken advantage of the exemption contained in section 33 of FRS 102, not to disclose transactions or balances with entities which form part of a group.

On 23 May 2018, the Company issued £8,000,000 of unsecured loan stock 2043 to Falconbrook Limited a related company. Loan repayments totalling £8,000,000 (period from 5 April 2018 to 31 March 2019: £nil) were made during the current financial year and consequently the amount outstanding on this loan as at 31 March 2020 was £nil (2019: £8,000,000). Interest payable under this loan agreement in the current financial year was £133,624 (period from 5 April 2018 to 31 March 2019: £,464,548). The amount payable to Falconbrook Limited as at 31 March 2020 was £ 598,172 (2019: £464,548).

On 29 August 2019, the Company listed Eurobonds on The International Stock Exchange totalling £74,494,662 which were acquired by Falconbrook Limited. Loan repayments totalling £nil were made during the current financial year and consequently the amount outstanding on this loan as at 31 March 2020 was £74,494,662. Interest payable under this loan agreement in the current financial year was £2,939,988. As at 31 March 2020, Eurobond interest amounting to £1,634,496 had been paid in advance to Falconbrook Limited.

On 25 June 2019, the Company advanced loans to Quadgas Investments Bidco Limited, a company in which it has an indirect stake of 1.39%. Loan repayments totalling £197,925 were made during the current financial year and the balance outstanding on the loan at the period end was £12,537,800. During the financial year ended 31 March 2020, the Company earned interest on this loan totalling £644,409, of which £nil was outstanding at the year end.

On 25 June 2019, the Company acquired a 1.39% stake in Quadgas Holdings Topco Limited. During the financial year, the Company received dividends of £3,732,150 from Quadgas Holdings Topco Limited, all of which were received prior to the year end.

### 15 Controlling party

The immediate parent company is Dalmore Gas Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales.

There is no ultimate controlling party.