Macquarie International Holdings Limited

COMPANY NUMBER 04125302

MACQUARIE

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2019

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The Company's registered office is:

Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

2019 Strategic Report, Directors' Report and Financial Statements Contents

Strategic Report
for the financial year ended 31 March 2019

In accordance with a resolution of the Directors (the "Directors") of Macquarie International Holdings Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities
The principal activity of the Company during the financial year ended 31 March 2019 was to act as an investment holding company. The subsidiaries of the Company operate in the Asian Macquarie Capital Advisors and Commodities and Global Markets divisions.

Review of operations
The loss for the financial year ended 31 March 2019 was £12,778,773, as compared to a loss of £2,271,930 in the previous year.

Net operating loss for the year ended 31 March 2019 was £1,327,199, an increase of 30 percent from the operating loss of £1,024,775 in the previous year.

Total operating expenses for the year ended 31 March 2019 were £1,706,229, an increase of 25 percent from the operating expenses of £1,364,112 in the previous year.

As at 31 March 2019, the Company has net assets of £120,059,366 (2018: £132,938,027).

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in MGL's financial statements and can be obtained from the address given in Note 20.

Financial risk management
Risk is an integral part of the Macquarie Group's businesses. The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk, operational risk and exposure to the performance of its subsidiaries. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

As ultimately an indirect subsidiary of MGL, the Company manages risk within the framework of the overall strategy and risk management structure of the Macquarie Group. RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL. The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board of MGL. The risks which the Company is exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Credit risk
Credit exposures, approvals and limits are controlled within the Macquarie Group's credit risk framework, as established by RMG.

Strategic Report (continued)
for the financial year ended 31 March 2019

Financial risk management (continued)

Liquidity risk
Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively.

Interest rate risk
The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and receivables from other Macquarie Group undertakings and external parties, all of which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group undertakings and external parties, which also incur a variable rate of interest.

Foreign exchange risk
The Company has foreign exchange exposures which include amounts receivable from and payable to other Macquarie Group undertakings and external parties which are denominated in non-functional currencies. Any material non-functional currency exposures are managed by applying a group wide process of minimising exposure at an individual company level.

Other matters
Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of financial and non-financial key performance indicators, the entity's business impact on the environment and social, community and human rights issues in the Strategic Report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

Director

20 December 2019

Directors' Report
for the financial year ended 31 March 2019

In accordance with a resolution of the Directors of the Company, the Directors submit herewith the audited financial statements of the Company and report as follows:

Directors and Secretaries
The Directors who each held office as a Director of the Company throughout the year and until the date of this report, unless disclosed otherwise, were:

H Coleman
A Nottingham
R Thompson

The Secretary who held office as a Secretary of the Company throughout the year and until the date of this report, unless disclosed otherwise, was:

H Everitt

Results
The loss for the financial year ended 31 March 2019 was £12,778,773 (2018: loss £2,271,930).

Dividends paid or provided for
No dividends were paid or provided for during the current financial year (2018: £240,000,000). No final dividend has been proposed.

State of affairs
There were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in the Directors' report.

Events after the financial year
At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2019 not otherwise disclosed in this report.

Likely developments, business strategies and prospects
The Directors believe that no significant changes are expected other than those already disclosed in this report.

The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, liquidity risk, interest rate risk and foreign exchange risk are contained within the Strategic Report.

Indemnification and insurance of Directors
As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent purchased and maintained throughout the financial year Directors' liability insurance in respect of the Company and its Directors.

Directors' Report (continued)
for the financial year ended 31 March 2019

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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. 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.

Disclosure of information to auditors
In the case of each Director in office at the date the Directors' Report is approved:
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors
Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board

Robert Thompson
Director

20 December 2019

Independent auditors' report to the members of Macquarie International Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie International Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the profit and loss account and 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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

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 Strategic Report and 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.

Independent auditors' report to the members of Macquarie International Holdings Limited (continued)

Strategic Report and Directors' Report

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 year ended 31 March 2019 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 Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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. 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.

Peter Venables

Peter Venables (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 December 2019

Financial Statements

Profit and loss account
for the financial year ended 31 March 2019

	Note	2019[1] £	2018 £
Turnover		**379,030**	339,337
Administrative expenses	3	**(40,821)**	(39,496)
Other operating expenses	3	**(1,665,408)**	(1,324,616)
Operating loss		**(1,327,199)**	(1,024,775)
Interest receivable and similar income	4	**1,050,338**	13,484,991
Interest payable and similar charges	5	**(8,767,889)**	(15,274,815)
Impairment of investment in subsidiaries		**(5,441,505)**	-
Loss on ordinary activities before taxation	3	**(14,486,255)**	(2,814,599)
Tax on loss on ordinary activities	6	**1,707,482**	542,669
Loss for the financial year	15	**(12,778,773)**	(2,271,930)

[1]The 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 15 – Revenue from contracts with customers ("IFRS 15") on 1 April 2018. As permitted by IFRS 9 and IFRS 15, the Company has not restated previously reported financial years. The effect of the adoption of these standards is explained in Note 2.

The above profit and loss account should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Turnover and loss on ordinary activities before taxation relate wholly to continuing operations.

There were no other comprehensive income and expenses other than those included in the results above and therefore no separate statement of comprehensive income has been presented.

Balance sheet
as at 31 March 2019

	Note	2019[1] £	2018 £
Fixed assets			
Investments	8	**474,989,038**	447,224,114
Current assets			
Cash at bank and in hand	10	**12,752,662**	11,817,162
Deferred tax assets	6	**-**	27,715
Debtors	11	**36,595,289**	42,431,751
Current liabilities			
Creditors: amounts falling due within one year	12	**(35,803,416)**	(27,842,863)
Net current assets		**13,544,535**	26,433,765
Total assets less current liabilities		**488,533,573**	473,657,879
Creditors: amounts falling due after more than one year	13	**(368,409,686)**	(340,644,577)
Deferred tax liabilities	6	**(64,521)**	(75,275)
Net assets		**120,059,366**	132,938,027
Capital and reserves			
Called up share capital	14	**53,895,279**	53,895,279
Share premium account	14	**3,580,604**	3,580,604
Equity contribution from ultimate parent	14	**5,830**	5,830
Reserves	14	**74,527,079**	74,527,079
Profit and loss account	15	**(11,949,426)**	929,235
Total shareholders' funds		**120,059,366**	132,938,027

[1]The 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 15 – Revenue from contracts with customers ("IFRS 15") on 1 April 2018. As permitted by IFRS 9 and IFRS 15, the Company has not restated previously reported financial years. The effect of the adoption of this standard is explained in Note 2.

The above balance sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

The financial statements on pages 8 to 23 were authorised for issue by the Board of Directors on 20 December 2019 and were signed on its behalf by:

Robert Mattson

Director

Statement of changes in equity
for the financial year ended 31 March 2019

	Called up share capital	Share premium account	Equity contribution from ultimate parent	Reserves	Profit and loss account	Total shareholders' funds
	£	£	£	£	£	£
Balance at 1 April 2017	273,895,279	3,580,604	5,830	-	97,728,244	375,209,957
Loss for the financial year	-	-	-	-	(2,271,930)	(2,271,930)
Total comprehensive expense	-	-	-	-	(2,271,930)	(2,271,930)
Reduction of share capital	(220,000,000)	-	-	-	220,000,000	-
Redemption of redeemable preference shares	-	-	-	74,527,079	(74,527,079)	-
Dividends and distributions paid	-	-	-	-	(240,000,000)	(240,000,000)
Balance at 31 March 2018	53,895,279	3,580,604	5,830	74,527,079	929,235	132,938,027
Change on initial application of IFRS 9[1]	-	-	-	-	(99,888)	(99,888)
Restated balance at 1 April 2018	53,895,279	3,580,604	5,830	74,527,079	829,347	132,838,139
Loss for the financial year	-	-	-	-	(12,778,773)	(12,778,773)
Total comprehensive expense	-	-	-	-	(12,778,773)	(12,778,773)
Balance at 31 March 2019	53,895,279	3,580,604	5,830	74,527,079	(11,949,426)	120,059,366

The above statement of changes in equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

[1]The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments (IFRS 9) on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial years. On the adoption of IFRS 9, the Company elected to make presentational changes to certain financial assets and financial liabilities. The effect of the adoption of these standards on the comparative financial information is explained in Note 2.

Notes to the financial statements for the financial year ended 31 March 2019

Note 1. Company information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom.

Note 2. Summary of significant accounting policies

i) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention except for except for the following items:

- financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL) and
- financial assets and liabilities that are otherwise measured on an amortised cost basis but adjusted for changes in fair value attributable to the risk being hedged in qualifying fair value hedge relationships.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent MGL, a company incorporated in Australia.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

In accordance with FRS 101, the Company has availed of an exemption from the following paragraphs of IFRS:

- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of Paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding).
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

Critical accounting estimates and significant judgements

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

- judgement in determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by an asset constitute solely payment of principal and interest (SPPI);
- judgement in measurement of Expected Credit Loss (ECL) including the choice of inputs, estimates and assumptions relating to information about past events, current conditions and forecasts of economic conditions (Note 3)
- impairment of investment in subsidiaries (Note 9); and
- measurement of current and deferred tax liabilities (Note 6).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Critical accounting estimates and significant judgements (continued)

Management believes that the estimates used in preparing the financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from management's assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

New Accounting Standards and amendments to Accounting Standards that are effective in the current financial year

IFRS 9 Financial Instruments

IFRS 9 replaced International Accounting Standard 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") from 1 April 2018. IFRS 9 resulted in changes to accounting policies covering the classification, measurement and impairment of financial assets and the application of hedge accounting. The Company has applied the requirements of IFRS 9 in the current financial year beginning 1 April 2018.

Transition:

As permitted by IFRS 9, the Company has not restated its comparative financial statements and has recorded a transition adjustment to its opening balance sheet and retained earnings at 1 April 2018 for the impact of the adoption of the IFRS 9 requirements.

The transition adjustment did not have a material impact and resulted in a decrease of the Company's shareholders' funds by £99,888 after tax.

The key changes in the Company's significant accounting policies following the transition to IFRS 9 have been included within the relevant sections of this note and other notes in this Financial Report. Accounting policies applicable to the prior period have been provided in *italics* as appropriate for comparability purposes.

The adoption of the Classification and Measurement requirements of the standard did not result in significant measurement differences when compared to those under IAS 39.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all the previous guidance on revenue recognition from contracts with customers. It requires the identification of discrete performance obligations within a customer contract and an associated transaction price is allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occurs when control of the goods or services are transferred to the customer.

The Company adopted IFRS 15 Revenue from Contracts with Customers on 1 April 2018. No adjustment to opening retained earnings was recognised as the amendments to accounting policy did not result in significant changes to the timing or amount of revenue recognised at 31 March 2018.

ii) Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

iii) Foreign currency translation

Functional and presentation currency

The functional currency of the Company is determined as the currency of the primary economic environment in which the foreign operation operates (the functional currency). The Company's financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

iii) Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iv) Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for each major revenue stream as follows:

Turnover

Turnover represents dividends from investments in overseas companies which are recognised when the Company becomes entitled to the dividend.

Net interest income/(expense)

Interest income and interest expense are recognised using the effective interest rate (EIR) method for financial assets, and liabilities carried at amortised cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the re-measurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

Other operating expenses

Other operating expenses comprises other losses relating to foreign exchange differences, ECL, and all realised and unrealised fair value changes on derivatives which are recognised in the profit and loss account.

Expenses

Expenses are brought to account on an accruals basis and, if not paid at the end of the reporting period, are reflected on the balance sheet as a payable.

v) Taxation

The principles of the balance sheet method of tax effect accounting have been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences will give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

v) Taxation (continued)

The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding of the law.

vi) Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

Financial assets

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

Business model assessment

The Company determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

(i) how the performance of the financial assets held within that business model is evaluated and reported to the Macquarie Group's key management personnel;

(ii) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

(iii) how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Company exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to its financial assets.

Solely payment of principal and interest (SPPI)

Key considerations for the SPPI assessment include the timing of the contractual cash flows and the interest component, where interest primarily reflects the time value of money and the credit risk of the principal outstanding.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method if the following conditions are met:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements

(iii) the financial asset has not been designated to be measured at FVTPL (DFVTPL).

Interest income determined in accordance with the EIR is recognised in interest income. Gains and losses arising from the derecognition of financial assets that are measured on an amortised cost basis are recognised as part of other operating income and charges.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised as part of other operating income and expenses in the profit and loss account.

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:
- financial assets that are held for active trading (held for trading or 'HFT'). This classification includes all derivative financial assets and
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows or financial assets that fail the SPPI test (FVTPL).

For financial instruments measured at FVTPL, the best evidence of fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets.

Changes in the fair value of financial assets that are FVTPL are recognised as part of other operating income and charges. The interest component of financial assets that are classified as FVTPL are recognised in interest income. Equity financial assets are measured at FVTPL.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet when there is a legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

vii) Hedge accounting

As part of its ongoing business, the Company is exposed to several financial risks, principally that of foreign exchange rates (referred to as the hedged risk or exposure). The Company has limited appetite for such risks and has policies and practices in place to ensure that these risks are effectively managed. The Company mitigates these risks through the use of foreign-denominated borrowings from other Macquarie Group undertakings and derivative assets (collectively referred to as hedging instruments). In order to account for the difference in the gains and losses between the exposure that is being hedged and the *hedging instrument, the Company applies hedge accounting* as below:

Fair value hedge

For a financial instrument designated as hedging the change in fair value of a recognised asset or liability, the gain or loss on the financial instrument is recognised in the profit and loss immediately together with the loss or gain on the hedged asset or liability that is attributable to the hedged risk.

Hedging Instruments

Includes foreign currency denominated borrowings from other Macquarie Group undertakings and foreign currency forwards (derivative instruments).

Hedged items

Includes foreign currency denominated investments.

Designation and documentation

At inception of the hedge relationship, documentation is required of the Company's risk management objective and strategy for the hedge, hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

vii) Hedge accounting (continued)

Hedge effectiveness method

All hedge relationships are required to be assessed for hedge ineffectiveness both at the inception and throughout the hedge relationship by demonstrating that:

— an economic relationship exists between the hedged item and the hedging instrument;
— credit risk does not dominate the changes in value of either the hedged item or the hedging instrument; and
— the hedge ratio is reflective of the Company's risk management approach.

The hedge effectiveness assessment is performed by a combination of qualitative and, where applicable, quantitative assessments. Changes in the hedge ratio, or rebalancing, may be required to adjust the hedged item or the hedging instrument.

Accounting treatment if the hedge relationship is discontinued

Where the hedged item still exists, adjustments to the hedged item are amortised to the income statement on an effective interest rate basis.

IAS 39's hedge accounting requirements, which were applied prior to the adoption of IFRS 9, for the Company are substantially the same as that of IFRS 9 with the exception of the requirement for the hedge to be highly effective and the limit on the application of hedge accounting for financial risks in non-financial contracts.

viii) Investments

Investment in subsidiaries

Subsidiaries held by the Company are carried in its financial statements at cost less impairment. Subsidiaries are all those entities over which the Company has the power to direct the relevant activities of the entity, exposure to significant variable returns and the ability to utilise power to affect the Company's own returns. The determination of control is based on current facts and circumstances and is continuously assessed.

The Company has power over an entity when it has existing substantive rights that give it the current ability to direct the entity's relevant activities. Relevant activities are those activities that significantly affect the entity's returns. The Company evaluates whether it has the power to direct the relevant activities. The Company also considers the entity's purpose and design. If the Company determines that it has power over an entity, the Company then evaluates whether it has exposure or rights to variable returns that, in aggregate, are significant. All variable returns are considered including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

The Company determines the dates of obtaining control (i.e. acquisition date) and losing control (i.e. disposal date) of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to direct the relevant activities of that entity. Facts and circumstances that have the most inpact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice and whether regulatory approval is required to complete. The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

ix) Due to/ from related entities

Transactions between the Company and its related entities, including its parent and subsidiaries, principally arise from the granting of loans and funding and are measured at amortised cost

x) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost. The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward-looking or macro-economic information (FLI). Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

x) Impairment (continued)

Expected credit losses ("ECL")

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL
At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition (or for those financial assets for which the credit risk is considered to be low), ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

(ii) Stage II – Lifetime ECL not credit-impaired
When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLI that includes significant management judgement.
Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

(iii) Stage III – Lifetime ECL credit-impaired
Financial assets are classified as stage III where they are determined to be credit impaired. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.
The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime LGD and EAD, adjusted for FLI.

Interest income is determined by applying the financial asset's EIR to the financial asset's amortised cost carrying value, being the gross carrying value after the ECL provision.

Impairment of investments in subsidiaries

Investments in subsidiaries in the Company's financial statements are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount, being the higher of fair value less costs to sell and value in use. At each reporting date, investments in subsidiaries that have been impaired are reviewed for possible reversal of impairment.

xi) Derivative instruments

Derivative instruments entered into by the Company include foreign currency forwards. These derivative instruments are principally used for the risk management of existing financial assets.

All derivatives, including those held for hedging purposes, are recognised on the balance sheet and are disclosed as an asset where they have a positive fair value at balance date or as a liability where the fair value at balance date is negative.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Movements in the fair values of derivatives are recognised in the profit and loss, unless the derivative meets the requirements for hedge accounting.

The best evidence of a derivative's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets. Where such alternative evidence exists, the Company recognises profits or losses immediately when the derivative is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in the profit and loss account over the life of the transaction or when the inputs become observable.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 2. Summary of significant accounting policies (continued)

xii) Cash at bank
Cash at bank comprise cash balances with qualifying financial institutions.

xiii) Called up share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

xiv) Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the amounts and either there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

	2019 £	2018 £
Note 3. Loss on ordinary activities before taxation		
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Foreign exchange losses	**1,679,511**	1,324,616
Credit impairment reversal[1]	**(14,103)**	-
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company	**15,350**	15,845

[1]The change in expected credit losses relating to financial assets under IFRS 9 is recorded under Credit impairment charges. Individual and collective provisions for March 2018 remain in accordance with IAS 39 and have not been restated.

The Company had no employees during the year (2018: nil).

Note 4. Interest receivable and similar income

	2019 £	2018 £
Interest receivable from other Macquarie Group undertakings	**1,050,338**	13,484,991
Total interest receivable and similar income	**1,050,338**	13,484,991

Note 5. Interest payable and similar charges

	2019 £	2018 £
Interest payable to other Macquarie Group undertakings	**8,767,889**	15,274,815
Total interest payable and similar charges	**8,767,889**	15,274,815

Note 6. Taxation
(i) Tax expense included in profit or loss

	2019 £	2018 £
Current tax		
UK corporation tax at 19% (2018: 19%)	**1,781,297**	587,707
Adjustment in respect of previous periods	**-**	(32,606)
Foreign tax suffered	**(56,854)**	(50,901)
Total current tax	**1,724,443**	504,200
Deferred tax		
Origination and reversal of temporary differences	**(18,956)**	12,018
Adjustment in respect of previous periods	**-**	30,976
Effect of changes in tax rates	**1,995**	(4,526)
Total deferred tax	**(16,961)**	38,468
Tax on loss on ordinary activities	**1,707,482**	542,669

(ii) Reconciliation of effective tax rate

The income tax credit for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before taxation	**(14,486,255)**	(2,814,599)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	**2,752,389**	534,774
Effects of:		
Adjustment in respect of previous years	**-**	(1,630)
Non deductible expenses	**(1,033,768)**	477
Deferred tax asset on losses written off	**(30,975)**	
Non assessable income	**74,695**	64,474
Foreign tax suffered	**(56,854)**	(50,901)
Rate change	**1,995**	(4,526)
Total tax on loss on ordinary activities	**1,707,482**	542,669

The UK corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017, and will further reduce to 17% from 1 April 2020. Deferred tax has been measured at 17%.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

	2019 £	2018 £
Note 6. Taxation (continued)		
(iii) Deferred tax comprises timing differences attributable to:		
Tax losses	-	27,715
Total deferred tax assets	-	27,715
Financial instruments	(64,521)	(75,275)
Total deferred tax liabilities	(64,521)	(75,275)
(iv) Reconciliation of the Company's movement in deferred tax:		
Balance at the beginning of the financial year	(47,560)	(86,028)
Temporary differences:		
Adjustment in respect of previous years		30,976
Deferred tax charged to profit and loss account for the year	(18,957)	12,018
Change in tax rates	1,996	(4,526)
Balance at the end of the financial year	(64,521)	(47,560)

Note 7. Dividends and distributions paid or provided for

	2019 £	2018 £
Distribution on capital reduction	-	220,000,000
Dividend paid	-	20,000,000
Total dividends paid (Note 15)	-	240,000,000

Note 8. Investments

	2019 £	2018 £
Financial Investments	86	-
Investment in subsidiaries (Note 9)	474,988,952	447,224,114
Total investments	474,989,038	447,224,114

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

	2019 £	2018 £
Note 9. Investments in subsidiaries		
Investments in associates[1]	-	88
Investments at cost with provisions for impairment	483,579,089	450,206,290
Less provisions for impairment	(8,590,137)	(2,982,264)
Investments at recoverable amount	474,988,952	447,224,114
Total investments in subsidiaries	474,988,952	447,224,114

[1]The company held 1 ordinary share in Macquarie Corporate Holdings Belgium NV as of 31 March 2018.

Name of investment	Nature of business	Country of Incorporation	2019 % ownership	2019 £	2018 £
Investment in subsidiaries					
Macquarie Capital Limited ("MCL") (Ordinary shares)	Stock broking & equity related transactions	Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong	100%	392,550,168	368,750,514
Macquarie Securities (Thailand) Limited ("MSTL") (Ordinary shares)	Stock broking & equity related transactions	28th Floor, CRC Tower, All Seasons Place, 87/2 Wireless Road, Lumpini Patumwan, Bangkok 10330 Thailand	99.99%	29,366,178	27,691,192
Macquarie Capital Securities (Mauritius) Limited ("MCSML") (Ordinary shares)	Investment holding company	33 Edith Cavell Street, Port Louis 11324, Mauritius	100%	25,370,093	24,745,472
PT Macquarie Sekuritas Indonesia	Stock broking & equity related transactions	Indonesia Stock Exchange Tower 1, 8th Floor, Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190, Indonesia	85%	10,034,259	9,645,715
Macquarie Capital Securities (Philippines) Inc ("MCSPI") (Ordinary shares)	Stock broking & equity related transactions	Level 22, 6750 Office Tower, Ayala Avenue, Makati City 1226, Philippines	99.99%	10,210,974	9,546,721
Macquarie Asia Securities Limited	Stock broking /equity related transactions	Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong	100%	7,457,280	6,844,411
Total investments in subsidiaries				474,988,952	447,224,025

	2019 £	2018 £
Note 10. Cash at bank and in hand		
Cash at bank and in hand	12,752,662	11,817,162
Total cash at bank and in hand	12,752,662	11,817,162
Note 11. Debtors		
Income tax receivables	1,781,302	587,711
Amounts owed from other Macquarie Group undertakings[1]	34,813,987	41,844,040
Total debtors	36,595,289	42,431,751

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2019 the rate applied ranged between LIBOR plus 1.46% and LIBOR plus 1.93% (2018: LIBOR plus 2.26%). At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £85,669 (2018: £nil) which is net presented against the gross carrying amount.

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

	2019 £	2018 £
Note 12. Creditors: amounts falling due within one year		
Amounts owed to other Macquarie Group undertakings[1]	**34,149,063**	26,382,263
Other financial market liabilities[2]	**1,654,353**	1,460,600
Total creditors: amounts falling due within one year	**35,803,416**	27,842,863

[1]Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie group undertakings at market rates and at 31 March 2019 the rate applied was LIBOR plus 1.93% (2018: LIBOR plus 2.26%).

[2]Other financial market liabilities represents derivative instruments held at FVTPL (Note 19).

Note 13. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to other Macquarie Group undertakings[1]	**368,409,686**	340,644,577
Total creditors: Amounts falling due after more than one year	**368,409,686**	340,644,577

[1]Amounts due to other Macquarie Group undertakings have a maturity date of 12 September 2020. The Company incurs interest on amounts owed to other Macquarie group undertakings, at 31 March 2019 the rate applied was LIBOR plus 0.88% (2018: LIBOR plus 0.88%).

Note 14. Called up share capital and reserves

	2019 Number of shares	2018 Number of shares	2019 £	2018 £
Called up share capital				
Opening balance of fully paid ordinary shares	**273,895,279**	273,895,279	**53,895,279**	273,895,279
Share capital reduction during the year	**-**	-	**-**	(220,000,000)
Closing balance of fully paid ordinary shares	**273,895,279**	273,895,279	**53,895,279**	53,895,279
Share premium reserve				
Opening balance of share premium reserve			**3,580,604**	3,580,604
Closing balance of share premium reserve			**3,580,604**	3,580,604
Equity contribution from parent entity				
Opening balance of equity contribution from parent entity			**5,830**	5,830
Total equity contribution from parent entity			**5,830**	5,830
Other reserves				
Balance at the beginning of the financial year			**74,527,079**	-
Redemption of preference shares			**-**	74,527,079
Total other reserves			**74,527,079**	74,527,079

	2019 £	2018 £
Note 15. Profit and loss account		
Balance at the beginning of the financial year	**929,235**	97,728,244
Change on initial application of IFRS 9	**(99,888)**	-
Loss for the financial year	**(12,778,773)**	(2,271,930)
Reduction in share capital	**-**	220,000,000
Redemption of preference shares	**-**	(74,527,079)
Dividends paid	**-**	(240,000,000)
Balance at the end of the financial year	**(11,949,426)**	929,235

Notes to the financial statements (continued)
for the financial year ended 31 March 2019

Note 16. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 20.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

Details of holdings by subsidiary undertakings are as below:

Name of related party	Registered office	%ownership	Class of shares
Subsidiary of Macquarie Capital Securities (Mauritius) Limited:			
Macquarie Capital Securities (India) Private Limited	92 Level 9, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India	100	Ordinary shares and Redeemable Preference shares

Note 17. Directors' remuneration

During the financial years ended 31 March 2019 and 2018, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

Note 18. Contingent liabilities and commitments

The Company has no contingent liabilities or commitments which are individually material or a category of contingent liabilities or commitments which are material.

Note 19. Derivative financial instruments

Objectives of holding and issuing derivative financial instruments

The Company's derivative financial instruments consist of foreign exchange forward contracts. The derivative financial instruments have been designated as fair value hedges to hedge the currency risk of the Company's foreign denominated equity investments. This application is further described in Note 2(vii)-Hedge Accounting. As at 31 March 2019, the fair value of outstanding derivatives held by the Company was £1,654,353 negative value (2018: £1,460,600 negative value).

Note 20. Ultimate parent undertaking

At 31 March 2019, the immediate parent undertaking of the Company is MIIL.

The ultimate parent undertaking and controlling party of the Company is MGL. The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is Macquarie Financial Holdings Pty Limited ("MFHPL"), a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MFHPL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

Note 21. Events after the financial year

There were no material events subsequent to 31 March 2019 that have not been reflected in the financial statements.