MACQUARIE INVESTMENTS 3 LIMITED

COMPANY NUMBER 07012592

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

MACQUARIE

The Company's registered office is:

Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

2019 Directors' Report and Financial Statements
Contents

Directors' Report
for the financial year ended 31 March 2019

In accordance with a resolution of the directors (the "Directors") of Macquarie Investments 3 Limited (the "Company"), the Directors submit herewith the audited financial statements of the Company and report as follows:

As the Company meets the qualifying conditions under section 382 of the Companies Act 2006 (the "Act"), the Directors' have taken advantage of the exemption provided in sections 414B (as incorporated into the Act by the Strategic Report and Directors' Report Regulations 2013) for the preparation of a Strategic Report.

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:

A Nottingham
S Haswell (resigned on 14 October 2019)
R Thompson

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

H Everitt

Principal activities
The principal activity of the Company during the financial year ended 31 March 2019 was to act as an investment holding company.

Results
The loss for the financial year ended 31 March 2019 was £195,552 (2018: £172,296).

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

State of affairs
On 28 January 2019, the ownership of the Company was transferred from Macquarie Bank International Limited to Macquarie Investment Management Australia Limited.

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

Events after the reporting 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.

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

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

Statement of Directors' responsibilities
The Directors are responsible for preparing the 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.

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

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

ABBY NOTTINGHAM
Director
19 December 2019

Independent auditors' report to the members of Macquarie Investments 3 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Investments 3 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 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.

Independent auditors' report to the members of Macquarie Investments 3 Limited (continued)

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.

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 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 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 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. This description forms part of our auditors' report.

Independent auditors' report to the members of Macquarie Investments 3 Limited (continued)

Responsibilities for the financial statements and the audit (continued)

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.

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 take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Martin Cross (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 December 2019

Financial Statements

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

	Note	2019[1] £	2018 £
Administrative expenses	3	(24,254)	(15,665)
Other operating expenses	3	(44,026)	(74,361)
Operating loss		(68,280)	(90,026)
Interest receivable and similar income	4	35,391	69,382
Interest payable and similar charges	5	(208,093)	(188,103)
Loss on ordinary activities before taxation		(240,982)	(208,747)
Tax on loss on ordinary activities	6	45,430	36,451
Loss for the financial year		(195,552)	(172,296)

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

[1]The 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 periods. The effect of the adoption of these standards is explained in Note 2.

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	7 & 8	**13,927,954**	13,807,724
Current assets			
Debtors	9	**2,735,446**	3,917,294
Current liabilities			
Creditors: amounts falling due within one year	10	**(1,418,771)**	(2,282,317)
Net current assets		**1,316,675**	1,634,977
Total assets less current liabilities		**15,244,629**	15,442,701
Deferred tax liabilities	6	**(11,823)**	(13,505)
Creditors: amounts falling due after more than one year	11	**(8,500,000)**	(8,500,000)
Net assets		**6,732,806**	6,929,196
Capital and reserves			
Called up share capital	12	**9,000,002**	9,000,002
Profit and loss account	13	**(2,267,196)**	(2,070,806)
Total shareholders' funds		**6,732,806**	6,929,196

The above balance sheet 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 periods. The effect of the adoption of these standards is explained in Note 2.

The financial statements on pages 8 to 23 were authorised for issue by the Board of Directors on 19 December 2019 and were signed on its behalf by:

Director
ABBY NOTTINGHAM

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

	Note	Called up share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2017		9,000,002	(1,898,510)	7,101,492
Loss for the financial year	13	-	(172,296)	(172,296)
Other comprehensive income, net of tax		-	-	-
Total comprehensive expense		-	(172,296)	(172,296)
Balance at 31 March 2018		**9,000,002**	**(2,070,806)**	**6,929,196**
Change on the initial application of IFRS 9[1]		-	(838)	(838)
Restated balance at 1 April 2018		**9,000,002**	**(2,071,644)**	**6,928,358**
Loss for the financial year	13	-	**(195,552)**	**(195,552)**
Other comprehensive income, net of tax		-	-	-
Total comprehensive expense		-	**(195,552)**	**(195,552)**
Balance at 31 March 2019		9,000,002	(2,267,196)	6,732,806

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. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

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 the following items:

- financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL).
- 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 Macquarie Group Limited ("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).
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 111 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- 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'.

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

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;
- judgement in timing and amount of impairment of investment in subsidiaries (Note 8);
- estimates in the measurement of financial instruments measured at fair value through profit or loss; and
- judgement 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.

Management believes 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 our 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 and 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 transition adjustments to its opening balance sheet, profit and loss account as 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 reduction of the Company's shareholders' funds by £838 after tax being an adjustment to record expected credit losses on receivables from other Macquarie Group undertakings.

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.

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

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)

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

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 on 1 April 2018 and based on the assessment it has been concluded that all income streams are outside the scope of IFRS 15 so there is no transition impact due to adoption on 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.

Subsequent to 31 March 2019, the Company extended the maturity of its borrowing of £8,500,000 from Macquarie Corporate Holdings Pty Limited (UK Branch) to 31 December 2020. As at the date of this report, the Company is in a net current asset position.

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.

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

Net interest income/(expense)

Interest income and interest expense is 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).

Interest income on financial assets and liabilities that are classified as FVTPL is accounted for on a contractual rate basis.

Prior to the adoption of IFRS 9, interest income on financial assets that were measured at amortised cost (being loans and receivables and held to maturity financial assets) was recognised in accordance with the EIR method.

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

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition (continued)

Other operating income/(expenses)

Other operating income/(expenses) comprises other gains and losses relating to foreign exchange differences including all realised and unrealised fair value changes and credit impairment charges relating to Debtors.

Expenses

Expenses are brought to account on an accrual 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 against which to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences 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.

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.

A financial instrument is initially recognised at fair value adjusted for (in the case of instruments not carried at FVTPL) transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument.

De-recognition of financial instruments

Financial assets

Financial assets are de-recognised from the balance sheet when:
- the rights to cash flows have expired
- the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Company is recognised as a separate asset or liability. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

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)
De-recognition of financial instruments (continued)
Financial liabilities

Financial liabilities are de-recognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired.

Gains and losses on the derecognition of non-trading related financial assets and liabilities are recognised as other income or expense disclosed as part of other operating income and expenses.

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
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 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

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.

Reclassification of financial instruments

The Company reclassifies debt financial assets when and only when its business model for managing those assets changes. Financial assets that are reclassified are subsequently measured based on the financial instrument's new measurement category.

The Company does not reclassify financial liabilities after initial recognition.

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) Derivative instruments

Derivative instruments entered into by the Company include foreign currency forwards. These derivative instruments are principally used by the Company to hedge the Company's investment in its subsidiary.

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

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.

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 profit or loss 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. The Company applies this day 1 profit or loss policy to all financial instruments measured at fair value.

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

Note 2. Summary of significant accounting policies (continued)

viii) 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 derivative financial instruments and, in the case of foreign currency risk, foreign-denominated debt issued (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

- Nature of hedge: The hedge of the fair value risk on the non-functional currency investments by the Company due to changes in foreign currency rates.
- Hedged risk: Foreign exchange risk (spot)
- Hedged item: Foreign currency denominated investment
- Hedging instrument: foreign exchange forward contracts and foreign currency denominated issued debt
- 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.
- 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 for the hedging instrument: Fair value through the profit and loss account.
- Accounting treatment for the hedged item: Carrying value adjusted for changes in fair value attributable to the hedged risk.
- Accounting treatment for hedge ineffectiveness: Recognised in the profit and loss account to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of 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 profit and loss account 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.

ix) Investments

Investment in subsidiaries

Subsidiaries are all those entities (including structured 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.

Subsidiaries held by the Company are carried in its financial statements at cost less impairment in accordance with IAS 27 Separate Financial Statements.

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

Note 2. Summary of significant accounting policies (continued)

x) Impairment
Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts. 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.

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 PD, 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.

When the Company concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

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)

Prior to the adoption of IFRS 9, credit impairment provisions were recognised on an incurred loss basis. Key differences included:
- *an impairment loss was recorded where there was objective evidence of impairment as a result of one or more events (loss event) which had an impact on the estimated future cash flows of the financial asset that could be reliably estimated*
- *where the credit risk of an exposure had deteriorated but there was no objective evidence of impairment, no credit impairment was required to be recognised*
- *forward looking or macroeconomic information was not required to be incorporated into the determination of the credit impairment loss*
- *credit impairments were only required to be recognised for on-balance sheet exposures.*

Credit impairments were calculated on the basis of the difference between the exposure's carrying value and the present value of expected future cash flows, discounted using the original EIR.

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) Cash at bank

The Company has no cash balances. Cash transactions are paid and received via other Macquarie Group entities, on behalf of the Company.

xii) 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.

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):

	2019 £	2018 £
Other operating expenses		
Foreign exchange loss	44,886	74,361
Credit impairment reversal[1]	(860)	-
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	15,350	14,300

[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	35,391	69,382
Total interest receivable and similar income	35,391	69,382

Note 5. Interest payable and similar charges

	2019 £	2018 £
Interest payable to other Macquarie Group undertakings	208,093	188,103
Total interest payable and similar charges	208,093	188,103

Note 6. Taxation

Analysis of taxation credit/(charge) for the year:

	2019 £	2018 £
(i) Current tax		
UK corporation tax at 19% (2018: 19%)	43,748	37,460
Adjustments in respect of prior years	-	(1,656)
Foreign tax incurred	-	(1,582)
Total current tax	43,748	34,222
Deferred tax		
Origination and reversal of timing differences	2,202	2,202
Adjustments to tax in respect of prior years	(288)	259
Effect of changes in tax rates	(232)	(232)
Total deferred tax	1,682	2,229
Tax on loss on ordinary activities	45,430	36,451

(ii) Reconciliation of effective tax rate

The taxation charge for the year ended 31 March 2019 is lower (2018: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before taxation	(240,982)	(208,747)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	45,787	39,662
Effects of:		
Adjustments in respect of prior years	(288)	(1,397)
Foreign tax incurred	-	(1,582)
Non assessable income	163	-
Effect of changes in tax rates	(232)	(232)
Total income tax	45,430	36,451

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:		
Deferred tax liabilities		
Financial instruments	**(11,823)**	(13,505)
Total deferred tax liabilities	**(11,823)**	(13,505)
(iv) Reconciliation of the Company's movement in deferred tax		
Balance at the beginning of the financial year	**(13,505)**	(15,734)
Timing differences:		
Amounts credited to profit and loss	**2,202**	2,202
Adjustments to tax in respect of prior years	**(288)**	259
Change in tax rate	**(232)**	(232)
Total deferred tax liabilities	**(11,823)**	(13,505)

Note 7. Investments

	2019 £	2018 £
Investment in subsidiaries (Note 8)	**13,927,954**	13,807,724
Total investments	**13,927,954**	13,807,724

Note 8. Investments in subsidiaries

	2019 £	2018 £
Investments at cost	**40,766,956**	40,415,044
Less provisions for impairment	**(26,839,002)**	(26,607,320)
Total investments in subsidiaries	**13,927,954**	13,807,724
Reconciliation of movement in investments in subsidiaries		
Balance at the beginning of the financial year	**13,807,724**	15,281,800
Disposal of investment during the year	**-**	(559,762)
Amounts written back on investments	**-**	-
Movement on account of exchange fluctuations[1]	**120,230**	(914,314)
Balance at the end of the financial year	**13,927,954**	13,807,724

Name of investment	**Nature of business**	**Registered office**	**% ownership**	**2019 £**	**2018 £**
Macquarie Investment Management Korea Co. Ltd	Securities Investment Management & Investment Advisory	10 Gukjegeumyung-ro Yeongdeungpo-gu Seoul Republic of Korea	100%	**13,927,954**	13,807,724
Total investments in subsidiaries				**13,927,954**	13,807,724

[1]This resulted from the effect of hedging the effect of foreign currency on the fair value of the Company's investment in subsidiary, as explained in Note 2.

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

	2019 £	2018 £
Note 9. Debtors		
Amounts owed by other Macquarie Group undertakings[1]	2,267,178	3,658,154
Derivative assets[2]	424,521	221,681
Taxation	43,747	37,459
Total debtors	2,735,446	3,917,294

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans at market rates and at 31 March 2019 the rate applied was LIBOR plus 1.93% (2018: between LIBOR plus 1.36% and LIBOR plus 2.26%).

At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £nil (2018: £nil) which is net presented against the gross carrying amount.

[2]The Company holds KRW/USD FX forwards in the form of non-deliverable forwards ("NDFs") used to hedge against KRW/USD currency movements.

Note 10. Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to other Macquarie Group undertakings[1]	1,418,771	2,282,317
Total creditors	1,418,771	2,282,317

[1]Amounts due 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 1.36%).

Note 11. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amount due to other entities in the Macquarie Group[1]	8,500,000	8,500,000
Total creditors	8,500,000	8,500,000

[1]Amounts due to other Macquarie Group undertaking represent unsecured loan facilities with Macquarie Corporate Holdings Pty Limited (UK Branch). The Company incurs interest at the rate of LIBOR plus 0.78% (2018: LIBOR plus 1.36%) and the loan maturity date is extended to December 2020.

Note 12. Called up share capital

Authorised share capital

The authorised share capital of the Company comprises of 9,001,000 (2018: 9,001,000) ordinary shares of £1 each and 8,000,000 (2018: 8,000,000) redeemable preference shares of €1 each.

	2019 Number of shares	2018 Number of shares	2019 £	2018 £
Ordinary share capital				
Opening balance of fully paid ordinary shares	9,000,002	9,000,002	9,000,002	9,000,002
Closing balance of fully paid ordinary shares	9,000,002	9,000,002	9,000,002	9,000,002

Note 13. Profit and loss account

	2019 £	2018 £
Balance at the beginning of the financial year	(2,070,806)	(1,898,510)
Change on initial application of IFRS 9 (Note 2(i))	(838)	-
Restated balance as at 1 April 2018	(2,071,644)	(1,898,510)
Loss for the financial year	(195,552)	(172,296)
Balance at the end of the financial year	(2,267,196)	(2,070,806)

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

Note 14. 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 17.

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.

Note 15. Directors' remuneration

During the financial years ended 31 March 2019 and 31 March 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 meaningful. Accordingly, no separate remuneration has been disclosed.

Note 16. Contingent liabilities and commitments

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

Note 17. Ultimate parent undertaking

At 31 March 2019, the immediate parent undertaking of the Company is Macquarie Investment Management Australia Limited.

The ultimate parent undertaking and controlling party of the Company is Macquarie Group Limited ("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 18. Events after the reporting year

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