MACQUARIE INVESTMENT MANAGEMENT EUROPE LIMITED

COMPANY NUMBER 09612439

Strategic Report, 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

Macquarie Investment Management Europe Limited

2019 Strategic Report, Directors' Report and Financial Statements

Contents

Macquarie Investment Management Europe Limited

Strategic Report
for the financial year ended 31 March 2019

In accordance with a resolution of the directors (the "Directors") of Macquarie Investment Management Europe Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities

The Company is regulated by the Financial Conduct Authority ("FCA") and is deemed to be a Markets in Financial Instruments Directive ("MiFID") firm. The principal activity of the Company is to undertake investment management and marketing activities in Europe.

The Company's portfolio management activities include the direct oversight of several global fixed income strategies and assistance on other strategies managed by Macquarie Investment Management Global Limited ("MIMGL"). The Company's capabilities include global sector rotation, global sovereign investment grade credit and foreign exchange trading.

The Company performs marketing activities to professional investors across Europe, benefiting from the Markets in Financial Instruments Directive passport to carry on certain business in the European Economic Area ("EEA") on a cross-border basis. The Company operates a German branch and a representative office in Italy that perform similar activities.

The Company has full direct ownership of Macquarie Investment Management Switzerland GmbH ("MIMS"), a Swiss company with a Financial Market Supervisory Authority ("FINMA") distributor licence that perform marketing activities to professional investors in Switzerland.

The Company has full indirect ownership of Macquarie Investment Management Austria Kapitalanlage AG, an Austrian Undertakings for Collective Investment in Transferable Securities ("UCITS") management company that undertakes investment management and distribution activities in Europe.

The Company is the global distributor of Macquarie Fund Solutions ("MFS"), a Luxembourg UCITS, ValueInvest LUX, a Luxembourg UCITS, and distributor of Macquarie Collective Funds Plc ("MCF"), an Irish UCITS.

Review of operations

The profit for the financial year ended 31 March 2019 was £98,591 a decrease of 94 per cent from £1,678,798 in the previous financial year.

Total net operating loss for the financial year ended 31 March 2019 was £1,497,382, as compared to operating income of £623,480 in the previous financial year.

Total operating expenses for the financial year ended 31 March 2019 were £14,912,119, an increase of 30 per cent from £11,437,764 in the previous financial year.

As at 31 March 2019, the Company had net assets of £51,938,699 (2018: £51,867,165).

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 21.

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

Principal risks and uncertainties (continued)
The Macquarie Group operates parts of its European Union ("EU") business from United Kingdom based subsidiaries such as the Company. On 29 March 2017, the United Kingdom invoked Article 50 of the Lisbon Treaty and officially notified the EU of its decision to withdraw from the EU (known as "Brexit"). The economic, regulatory and legal environment as a result of Brexit will depend on the nature of the transitional arrangements (if any), and the Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts.

In the absence of any deal or transitional arrangements (known as "no-deal Brexit"), passporting (meaning the ability for a firm authorised in the European Economic Area ("EEA") to carry on activities that it has permission for in its home state and any other EEA state by either establishing a branch or agents in an EEA country or providing cross-border services) in its current form will end.

To mitigate the impact of a no-deal Brexit, the Macquarie Group has acquired a Luxembourg-based investment firm registered with the Commission de Surveillance du Secteur Financier, and is in the process of establishing continental European branches of the Luxembourg entity. If a no-deal Brexit eventuates, it is envisaged that the Company will close its German branch and transfer certain operations and activities to the Luxembourg entity and its branches.

If a transitional arrangement or deal is reached, or the post Brexit environment allows continued access to EEA markets by UK firms (whether by way of passporting, reciprocal arrangements, temporary permissions regimes or otherwise), the Company may seek to utilise those arrangements.

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.

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

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

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 receivables from other Macquarie Group subsidiaries, which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group subsidiaries, which also incur a variable rate of interest.

Foreign exchange risk
The Company has foreign exchange exposures which includes exposures arising from its foreign branches, amounts receivable from and payable to other Macquarie Group undertakings 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 Company'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
Paul Plewman 25 July 2019

Macquarie Investment Management Europe Limited
Company Number 09612439

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 for the year ended 31 March 2019.

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

K Burgess	
D Fass	(resigned on 1 July 2019)
S Haswell	
G McDevitt	
P Plewman	(appointed on 22 July 2019)

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

H Everitt

Results
The profit for the financial year ended 31 March 2019 was £98,591 as compared to a profit of £1,678,798 for the financial year ended 31 March 2018.

The German branch contributed a loss of £1,511,009 to the overall loss on ordinary activities before taxation of £318,709. In the prior year the contribution was a loss of £409,276 from the German branch to the overall profit on ordinary activities before taxation of £1,554,869.

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

State of affairs
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.

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.

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

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 Strategic Report, 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 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 the 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. They 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

Director
Paul Plewman 25 July 2019

Independent Auditors' Report to the members of Macquarie Investment Management Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Investment Management Europe 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

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.

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify 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.

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 6, 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.

Independent Auditors' Report to the members of Macquarie Investment Management Europe Limited (continued)

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.

Lawrence Wilkinson

Lawrence Wilkinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

25 July 2019

Macquarie Investment Management Europe Limited

Financial Statements

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

		2019 £	2018 £
Turnover	2(iv)	13,414,737	12,061,244
Administrative expenses	3	(14,868,558)	(11,318,700)
Other operating expenses	3	(43,561)	(119,064)
Operating (loss)/profit		**(1,497,382)**	623,480
Interest receivable and similar income	5	1,472,675	1,469,613
Interest payable and similar charges	6	(294,002)	(538,224)
(Loss)/profit on ordinary activities before taxation		**(318,709)**	1,554,869
Tax on (loss)/profit on ordinary activities	7	417,300	123,929
Profit for the financial year		**98,591**	1,678,798

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

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 periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9 and IFRS 15.

Turnover and (loss)/profit on ordinary activities before taxation relate wholly to continuing operations.

Statement of comprehensive income for the financial year ended 31 March 2019

		2019 £	2018 £
Profit after tax for the financial year	16	**98,591**	1,678,798
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	16	**50,563**	(1,658)
Total other comprehensive income/(expense) for the financial year		**50,563**	(1,658)
Total comprehensive income		**149,154**	1,677,140
Total comprehensive income for the financial year that are attributable to ordinary equity holders of the Company		**149,154**	1,677,140

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

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

Macquarie Investment Management Europe Limited

Balance sheet
as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	8	12,211	18,500
Investments	9	19,224,033	19,576,434
Current assets			
Debtors	10	53,662,027	52,835,548
Current liabilities			
Creditors: amounts falling due within one year	11	(20,019,036)	(283,962)
Net current assets		33,642,991	52,551,586
Total assets less current liabilities		52,879,235	72,146,520
Creditors: amounts falling due after more than one year	12	-	(19,561,496)
Provisions for liabilities	13	(940,536)	(717,859)
Net assets		51,938,699	51,867,165
Capital and reserves			
Called up share capital	15	50,000,001	50,000,001
Other reserves	16	48,905	(1,658)
Profit and loss account	16	1,889,793	1,868,822
Total shareholders' funds		51,938,699	51,867,165

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

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

The financial statements on pages 10 to 30 were authorised for issue by the Board of Directors on 25 July 2019 and were signed on its behalf by:

Director
Paul Plewman

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

		Called up share capital	Other reserves	Profit and loss account	Total shareholders' funds
		£	£	£	£
Balance at 1 April 2017		50,000,001	-	190,024	50,190,025
Profit for the financial year	16	-	-	1,678,798	1,678,798
Other comprehensive loss		-	(1,658)	-	(1,658)
Total comprehensive income		-	(1,658)	1,678,798	1,677,140
Balance at 31 March 2018		**50,000,001**	**(1,658)**	**1,868,822**	**51,867,165**
Change on initial application of IFRS 9[1]	16	-	-	(77,620)	(77,620)
Restated balance at 01 April 2018		**50,000,001**	**(1,658)**	**1,791,202**	**51,789,545**
Profit for the financial year	16	-	-	**98,591**	**98,591**
Other comprehensive income		-	**50,563**	-	**50,563**
Total comprehensive income		-	**50,563**	**98,591**	**149,154**
Balance at 31 March 2019		**50,000,001**	**48,905**	**1,889,793**	**51,938,699**

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 and IFRS 15 on 1 April 2018. As permitted by IFRS 9 and IFRS 15, the Company has not restated previously reported financial periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9 and IFRS 15.

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 financial 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:

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 paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment' (details of the number and weighted average exercise price of share-based payment arrangements concerning equity instruments of another group entity and how the fair value of goods or services received was determined).
- 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).
  - Paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- 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 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 the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

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

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. 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 and estimate of recoverability of deferred tax assets and measurement of current and deferred tax liabilities (note 7);
- judgement in measurement of the 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 (Notes 2(xiii) and 10)

Further information on specific judgements and assumptions made and estimates applied, are explained within the notes to the financial statements.

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

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 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:

The transition adjustment did not have a material impact and resulted in a reduction of the Company's shareholder's funds by £77,620 and this has not materially impacted the Company's minimum regulatory capital requirements. There is no tax effect on the transition adjustment. The current Stage 1 ECL balance is driven by two main categories; receivables from financial institutions as at 31 March 2019 with a balance of £76,529 (2018: £nil) and other assets as at 31 March 2019 with a balance of £1,091 (2018: £nil).

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.

As permitted by IFRS, 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 to reflect the impact of the adoption of IFRS 9 requirements. 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.

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

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 replaces all the current guidance on revenue recognition from contracts with customers. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur 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 were made as the amendments to accounting policy did not result in significant changes to the timing or amount of revenue recognised at 31 March 2018.

The key changes in significant accounting policies from the transition to IFRS 15 are included within the relevant sections of this note. Accounting policies applicable to the prior financial year have also been provided in italics in relevant sections for comparability.

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 Company 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.

Translation differences on financial instruments measured at fair value through profit or loss, are reported as part of the fair value gain or loss in the profit and loss account.

Foreign operations (branch)

The Company has a branch in Germany. The results and financial position of all foreign operations that have a functional currency other than Pounds Sterling are translated into Pounds Sterling as follows:

- assets and liabilities are translated at the closing exchange rate at the date of that balance sheet,
- income and expenses are translated at actual exchange rates at the dates of the transactions, and
- all resulting exchange differences are recognised in originated credit-impaired ("OCI") within a separate component of equity being the foreign currency translation reserve ("FCTR").

When a foreign operation is disposed of, exchange differences recognised in the FCTR are reclassified to the profit and loss account as part of other operating income and charges.

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

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition

Revenue is recognised on an accrual basis at transaction price, unless otherwise stated below, and when performance obligation satisfies for each of the following major revenue streams:

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).

The calculation of EIR does not include ECL, except for financial assets which on initial recognition are classified as purchased or originated credit-impaired (POCI). Interest income on these assets is determined using a credit-adjusted EIR by discounting the estimated future cash receipts, including credit losses expected at initial recognition, through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest income on financial assets that are not classified as POCI but are subsequently classified as credit-impaired, is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss).

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. There was no specified accounting treatment under IAS 39 for financial assets that are now classified as POCI. These assets were accounted for on a consistent basis as other financial assets that were measured at amortised cost.

Other operating income/(expenses)

Other operating expenses comprise other gains and losses relating to foreign exchange differences which are recognised in the profit and loss account.

Turnover

Turnover for the year comprises dividend income received from investment in its Austrian subsidiary and fee income relating to portfolio management and marketing activities.

Dividends and distributions

Interim dividends from UK companies are recognised when the dividend proceeds are received by the Company. Final dividends from investments in UK companies and dividends from investments in overseas companies are recognised when the Company becomes entitled to the dividend.

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.

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

Note 2. Summary of significant accounting policies (continued)

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 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) 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 debt borrowing (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:

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

Note 2. Summary of significant accounting policies (continued)

vi) Hedge accounting (continued)

Fair value hedges

- 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 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.

vii) Investments

Investments 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.

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.

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

Note 2. Summary of significant accounting policies (continued)

viii) 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.

ix) Tangible assets

Tangible assets are stated at historical cost (which includes, where applicable, directly attributable borrowing costs) less, where applicable, accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure directly attributable to the acquisition of the asset. Tangible assets include assets leased out under operating leases.

Depreciation on all assets is calculated on a straight-line basis to allocate the difference between cost and residual values over their estimated useful lives, at the following rates:

Furniture, fittings and leasehold improvements*	10 to 20 percent
Computer Equipment	33 to 50 percent

* Where remaining lease terms are less than five years, leasehold improvements are depreciated over the remaining lease term.

x) Other assets and liabilities

Contract assets, contract liabilities and capitalised expenses

Where the Company provides services to clients and the consideration is unconditional, a contract receivable is recognised. Where the consideration is conditional on something other than passage of time, such as performance fees, these are recorded as contract assets. Both contract receivables and contract assets are assessed for impairment in accordance with IFRS 9.

The Company, as permitted by IFRS 15, has applied the practical expedient that allows for costs incurred to obtain a contract to be expensed as incurred where the amortisation period for any asset recognised would be less than 12 months.

The Company also applies the practical expedient not to adjust consideration for the effects of a significant financing component, where the period between transferring a good or service and when the customer pays for that good or service is expected to be one year or less.

Contract liabilities relate to prepayments received from customers where the Company is yet to satisfy its performance obligation.

xi) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

Employee benefit provisions

A liability for employee benefits is recognised by the Company that has the obligation to the employee. Generally, this is consistent with the legal position of the parties to the employment contract.

Liabilities for unpaid salaries, salary related costs and provisions for annual leave are recorded on the balance sheet at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long term benefits are recognised at the present value of expected future payments to be made.

In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using discount rates on high quality corporate bonds. Such discount rates have terms that match as closely as possible the expected future cash flows.

Provisions for unpaid employee benefits are derecognised when the benefit is settled, or is transferred to another entity and the Company is legally released from the obligation and does not retain a constructive obligation.

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

Note 2. Summary of significant accounting policies (continued)

xii) Performance based remuneration

Share-based payments

The Company operates share-based compensation plans, which include awards (including those delivered through the Macquarie Group Employee Retained Equity Plan (MEREP)) granted to employees under share acquisition plans. Information relating to these schemes is set out in Note 14 – Employee equity participation. The Company accounts for its share based payments as follows:

- Equity settled awards: The awards are measured at their grant date fair value and based on the number of equity instruments expected to vest. Expenses are recognized as part of employment expenses with a corresponding increase in equity with reference to the vesting period of those awards. Performance hurdles attached to Performance Share Units (PSUs) under the MEREP are not taken into account when determining the fair value of the PSUs at grant date. Instead, these vesting conditions are taken into account by adjusting the number of equity instruments expected to vest. On vesting, the amount recognized in the share based payment reserve is transferred to contributed equity.
- Cash settled awards: The liability of the awards is measured with reference to the number of awards and the fair value of those awards at each reporting date. Expenses are recognized as part of employment expenses with reference to the vesting period of those awards. Changes in the value of the liability are recognized in employment expenses.

Profit share remuneration

The Company recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

xiii) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost and amounts receivable from contracts with customers. 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.

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

Note 2. Summary of significant accounting policies (continued)

xiii) Impairment (continued)
Expected credit losses ("ECL") (continued)
(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.

The loss allowances for ECL are presented in the balance sheet as follows:
i. Lease receivables, contract receivable and other assets measured at amortised cost – as a deduction to the gross carrying amount;
ii. Undrawn credit commitments – as a provision.

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

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 recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

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

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

	2019 £	2018 £
Note 3. Profit on ordinary activities before taxation		
Profit on ordinary activities before taxation is stated after (charging)/crediting:		
Wages and salaries	2,881,222	1,616,598
Social security costs	76,850	2,524
Share based payment costs	74,011	309,984
Resourcing charge from other Macquarie Group undertakings	10,180,905	8,414,514
Staff costs	13,212,988	10,343,620
Fee income	(11,024,705)	(10,273,042)
Legal fees	39,178	33,497
Foreign exchange losses	43,561	119,064
Depreciation charges	9,651	5,848
Credit impairment charges[1]		
Receivables from financial institutions	76,529	-
Other assets	1,091	-
Auditors' remuneration:		
Fees payable to the Company's auditors for other assurance services	5,500	5,316
Fees payable to the Company's auditors for the audit of the Company	18,951	17,000

[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.

Note 4. Employment information

The average number of persons employed by the Company during the year calculated on a monthly basis was:

By activity:	2019	2018
Asset management	7	7
Administration and support	4	4
Total employees	11	11

	2019 £	2018 £
Note 5. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	1,472,675	1,469,613
Total interest receivable and similar income	1,472,675	1,469,613
Note 6. Interest payable and similar charges		
Interest payable to other Macquarie Group undertakings	(294,002)	(538,224)
Total interest payable and similar charges	(294,002)	(538,224)

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

	2019 £	2018 £
Note 7. Taxation		
(i) Tax benefit/(expense) included in profit or loss		
Current tax		
UK corporation tax at 19% (2018: 19%)	**484,331**	(49,282)
Adjustment in respect of previous periods	**(8,298)**	-
Total current tax	**476,033**	(49,282)
Deferred tax		
Origination and reversal of temporary differences	**(61,015)**	182,966
Adjustment in respect of previous periods	**5,994**	-
Effect of changes in tax rates	**(3,712)**	(9,755)
Total deferred tax	**(58,733)**	173,211
Tax on profit on ordinary activities	**417,300**	123,929

Factors affecting tax credit for the year:
The income tax benefit for the period is lower to the standard rate of corporation tax in the UK i.e. 19% (2018: 19%). The composition of total tax benefit is explained below:

(ii) Reconciliation of effective tax rate
The income tax benefit for the financial year is higher (2018: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
(Profit)/loss on ordinary activities before taxation	**318,709**	(1,554,869)
Current tax charge at 19% (2018: 19%)	**60,555**	(295,426)
Effect of:		
Adjustment to tax charge in respect of previous periods	**(2,304)**	-
Non-deductible expenses	**(1,060)**	(940)
Difference in overseas tax rates	**(90,285)**	90,291
Non-assessable income	**454,106**	339,759
Effect of changes in tax rates	**(3,712)**	(9,755)
Tax on profit on ordinary activities	**417,300**	123,929

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.

(iii) Deferred tax asset ("DTA")
The balance comprises timing differences attributable to:

	2019 £	2018 £
DTA on losses for German Branch	**-**	193,135
Employment		
MEREP	**65,330**	45,033
Profit share	**40,094**	35,634
Leave provisions	**2,842**	-
Fixed assets	**6,256**	2,253
Total deferred income tax assets	**114,522**	276,055
Other liabilities	**-**	(102,844)
Total deferred income tax liabilities	**-**	(102,844)
Net deferred income tax assets	**114,522**	173,211

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

	2019 £	2018 £
Note 7. Taxation (continued)		
(iv) Reconciliation of the Company's movement in deferred tax assets		
Balance at the beginning of the financial year	276,055	-
Temporary differences:		
Amounts charged to profit and loss	(163,866)	285,810
Adjustments to tax in respect of prior years	5,994	-
Change in tax rate	(3,712)	(9,755)
Deferred tax charged to equity	51	-
Balance at the end of the financial year	114,522	276,055
v) Reconciliation of the Company's movement in deferred tax liabilities		
Balance at the beginning of the financial year	(102,844)	-
Temporary differences:		
Amounts credited to profit and loss	102,844	(102,844)
Balance at the end of the financial year	-	(102,844)

The majority of the above amounts are expected to be recovered after 12 months of the balance date by the Company.

	2019 £	2018 £
Note 8. Tangible assets		
Assets for own use		
Furniture, fittings and leasehold improvements		
Cost	9,842	10,023
Less accumulated depreciation	(5,577)	(3,675)
Total furniture, fittings and leasehold improvements	4,265	6,348
Computer equipment		
Cost	31,987	28,697
Less accumulated depreciation	(24,041)	(16,545)
Total computer equipment	7,946	12,152
Total tangible assets	12,211	18,500

Reconciliation of the movement in the Company's tangible assets at their carrying amount:

	Furniture, fittings and leasehold Improvements £	Computer equipment £	Total £
Balance at April 2017	-	-	-
Acquisitions	7,581	16,638	24,219
Foreign exchange movements	(56)	185	129
Depreciation expense (Note 2)	(1,177)	(4,671)	(5,848)
Balance at 31 March 2018	6,348	12,152	18,500
Acquisitions	-	3,512	3,512
Foreign exchange movements	(71)	(80)	(151)
Depreciation expense (Note 2)	(2,012)	(7,638)	(9,650)
Balance at 31 March 2019	4,265	7,946	12,211

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

	2019 £	2018 £
Note 9. Investments in subsidiaries		
Investments at cost without provisions for impairment	19,224,033	19,576,434
Total investments in subsidiaries	19,224,033	19,576,434
Balance at the beginning of the financial year	19,576,434	18,982,398
Additional investment acquired during the financial year	-	14,938
Revaluation due to foreign exchange movements	(352,401)	579,098
Balance at the end of the financial year	19,224,033	19,576,434

Name of investment	Nature of business	Country of incorporation	2019 % ownership	2019 £	2018 £
Controlled entity					
Macquarie Investment Management Holdings (Austria) GmbH ("MIMHAG")	Holding company	Kärntner Straße 28, 1010 Wien, Austria	100	19,208,593	19,561,496
Macquarie Investment Management Switzerland GmbH.	Conducting Macquarie Investment Management Distribution business activities in Switzerland	Claridenstrasse 41, CH-8002 Zurich, Switzerland	100	15,440	14,938
Total investments in subsidiaries				19,224,033	19,576,434

	2019 £	2018 £
Note 10. Debtors		
Amounts owed by other Macquarie Group undertakings[1]	53,020,962	52,621,846
Deferred tax asset (note 7)	114,522	173,211
Other debtors	42,211	40,491
Provision for income tax	484,332	-
Total debtors	53,662,027	52,835,548

[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 was LIBOR plus 1.93% (2018: LIBOR plus 2.26%).

At the reporting date, amounts owed by other Macquarie Group undertakings has a Stage 1 ECL allowance of £77,620 (2018: £nil) which is presented net against the gross carrying amount.

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 current ECL balance is driven by two main categories; receivables from financial institutions as at 31 March 2019 with a balance of £76,529 (2018: £nil) and other assets as at 31 March 2019 with a balance of £1,091 (2018: £nil).

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

	2019 £	2018 £
Note 11. Creditors: amounts falling due within one year		
Amounts owed to other Macquarie Group undertakings[1]	**19,594,433**	223,098
Other creditors	**420,523**	12,783
Tax payables	**4,080**	48,081
Total creditors: amounts falling due within one year	**20,019,036**	283,962

[1]The balances as at 31 March 2019 include a loan from Macquarie Corporate Holdings Pty Limited ("MCHPL") to fund the investment in MIMHAG and is due to mature in November 2019. This loan has been designated in a fair value hedging relationship along with the investment in MIMHAG. For financial year 2019 this loan has been reclassified as short term due to it the maturity date existing within one year from 31 March 2019.

The remaining balances relate to amounts owed to other Macquarie Group undertakings which 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 1.46% (2018: LIBOR plus 2.73%).

Note 12. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to other Macquarie Group undertakings[1]	-	19,561,496
Total creditors: amounts falling due after more than one year	-	19,561,496

[1]The Company incurs interest at the rate of 0% (2018: LIBOR plus 2.73%).

Note 13. Provisions for liabilities

	2019 £	2018 £
Provision for employee entitlements	**940,536**	717,859
Total provisions for liabilities	**940,536**	717,859

Reconciliation of provisions:

	2019 £	2018 £
Balance at the beginning of the financial year	**717,859**	-
Provisions made during the financial year	**1,052,694**	766,603
Provisions used during the financial year	**(864,225)**	(56,492)
Transfers (to)/from other Macquarie Group undertakings	**(10,682)**	8,473
Foreign exchange movements	**44,890**	(725)
Balance at the end of the financial year	**940,536**	717,859

Maturity profile of provision for employee benefits
Payable:

	2019 £	2018 £
Within 1 year	**704,690**	508,247
Between 1 and 2 years	**44,136**	69,655
Between 2 and 5 years	**191,710**	139,957
Balance at the end of the financial year	**940,536**	717,859

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

Note 14. Employee equity participation

Macquarie Group Employee Retained Equity Plan

The Company participates in its ultimate parent company's, Macquarie Group Limited (MGL) share based compensation plans, being the Macquarie Group Employee Retained Equity Plan (the MEREP). In terms of this plan, awards are granted by MGL to qualifying employees for delivery of MGL shares.

Award Types under the MEREP

Restricted Share Units (RSUs)

An RSU is a beneficial interest in a MGL ordinary share held on behalf of a MEREP participant by the plan trustee ("Trustee"). The participant is entitled to receive dividends on the share and direct the Trustee how to exercise voting rights of the share. The participant also has the right to request the release of the share from the Trust, subject to the vesting and forfeiture provisions of the MEREP.

Deferred Share Units (DSUs)

A DSU represents the right to receive on exercise of the DSU either a share held in the Trust or a newly issued share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of MGL shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of RSUs. However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

DSUs will only be offered in jurisdictions where legal or tax rules make the grant of RSUs impractical. DSUs have been granted with an expiry period of up to nine years.

Participation in the MEREP is currently provided to the following Eligible Employees:

- staff other than Executive Directors with retained profit share above a threshold amount (Retained Profit Share Awards) and staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards (Promotion Awards);
- new Macquarie Group staff who commence at Associate Director, Division Director or Executive Director level and are awarded a fixed Australian dollar value, depending on level (New Hire Awards).

Vesting periods are as follows:

Award type	Level	Vesting
Retained Profit Share Awards and Promotion Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant[1]
New Hire Awards	All Director-level staff	1/3rd on each first day of a staff trading window on or after the 2nd, 3rd and 4th anniversaries of the date of allocation

[1] Vesting will occur during an eligible staff trading window.

In limited cases, the application form for awards may set out a different vesting period, in which case that period will be the vesting period for the award. For example, staff in jurisdictions outside Australia may have a different vesting period due to local regulatory requirements.

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

Note 14. Employee equity participation (continued)
Award Types under the MEREP (continued)
Deferred Share Units (continued)

RSUs and DSUs are measured at their grant dates based on their fair value. This amount is recognised as an expense evenly over the respective vesting periods.

While RSUs and DSUs for financial year 2019 will be granted during financial year 2020, the Company began recognising an expense for these awards (based on an initial estimate) from 1 April 2018. The expense is estimated using the price of MGL ordinary shares as at 31 March 2019 and the number of equity instruments expected to vest. In the following financial year, the Company will adjust the accumulated expense recognised for the final determination of the fair value for each RSU and DSU when granted and will use this validation for recognising the expense over the remaining vesting period.

The Company annually revises its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the employment expenses in the profit and loss account.

For the financial year ended 31 March 2019, compensation expense relating to the MEREP totaled £74,011 (2018: £309,984).

Note 15. Called up share capital

	2019 Number of shares	2018 Number of shares	2019 £	2018 £
Ordinary share capital				
Opening balance of ordinary shares at £1 per share	**50,000,001**	50,000,001	**50,000,001**	50,000,001
Closing balance of ordinary shares	**50,000,001**	50,000,001	**50,000,001**	50,000,001

Note 16. Other reserves and profit and loss account

	2019 £	2018 £
Reserves		
Foreign currency translation reserve		
Balance at the beginning of the financial year	**(1,658)**	-
Exchange differences on translation of foreign operations, net of tax	**50,563**	(1,658)
Balance at the end of the financial year	**48,905**	(1,658)
Profit and loss account		
Balance at the beginning of the financial year	**1,868,822**	190,024
Net effect of initial adoption of IFRS 9 (Note 2)	**(77,620)**	-
Restated balance as at 1 April 2018	**1,791,202**	190,024
Profit attributable to ordinary equity holders of Macquarie Investment Management Europe Limited	**98,591**	1,678,798
Balance at the end of the financial year	**1,889,793**	1,868,822

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

Note 17. Capital management strategy

The Company is subject to minimum capital requirements as implemented by the Financial Conduct Authority ("FCA") in the United Kingdom.

The Company's capital management objectives are to:

- ensure sufficient capital resource to support the Company's business and operational requirements;
- maintain sufficient capital to exceed externally imposed capital requirements; and
- safeguard the Company's ability to continue as a going concern.

Periodic reviews of the Company's capital requirements are performed to ensure the Company is meeting its objectives. Capital is defined as share capital, profit and loss, and reserves.

During the current and prior financial years, the Company has continued to meet its capital requirements under its licence and no breaches have occurred.

Note 18. 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 21.

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 related undertakings are as below:

Name of related party	Registered office	% ownership	Class of shares
Related undertakings of Macquarie Investment Management Holdings (Austria) GmbH:			
Macquarie Investment Management Austria Kapitalanlage AG	Kärntner Straße 28 1010 Wien Austria	100%	Ordinary

Note 19. Directors' remuneration

Directors emoluments for the Company for the financial year ended 31 March 2019 were £13,765 (2018: £15,881).

All Directors, apart from an Executive Director, 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 of these duties would not be meaningful. Accordingly, no separate remuneration has been disclosed apart from where stated above.

Note 20. 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 21. Ultimate parent undertaking

As at 31 March 2019, the immediate parent undertaking of the Company is Macquarie Corporate Holdings Pty Limited ("MCHPL").

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 22. Events after the reporting year

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