Macquarie Capital (Europe) Limited

COMPANY NUMBER 03704031

MACQUARIE

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2020

The Company's registered office is:

Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

Macquarie Capital (Europe) Limited

2020 Strategic Report, Directors' Report and Financial Statements
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Strategic Report
for the financial year ended 31 March 2020

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

Principal activities
The principal activities of the Company during the financial year ended 31 March 2020 were:

Cash Equities Europe
The Company operates an institutional stockbroking business, acting as a riskless principal with external clients and the market, and as a market maker for a number of European equities. The Company also undertakes the activity of soliciting clients and introducing them to other members of the Macquarie Group. Settlement operations have been outsourced to a third party.

In October 2019, the business undertook a strategic restructure opting to focus on its strength in Asia Pacific and to enter into a preliminary cooperation agreement with Kepler Cheuvreux. This strategic partnership allows the Company to utilise Kepler Cheuvreux's market leading European research in the Asia Pacific region, and also the ability to leverage their significant distribution capabilities within Europe to sell its market leading Asia Pacific and Global Program Trading product info. The Company does this while still maintaining its full EMEA execution capabilities.

Equities Research
During the year, the Company provided equity research services to other Macquarie Group undertakings and external clients. The Company ceased this activity as a result of the above noted cooperation agreement.

Corporate Advisory
The Company undertakes advisory activities in the United Kingdom, the Republic of Ireland and Continental Europe.

Insurance Business
During the year, the Company managed the Macquarie Asset Management ("MAM") insurance business in Europe. In January 2020, this business was moved out of the Company.

All of the principal activities of the Company are undertaken in the United Kingdom and through its European branches.

Review of operations
The loss for the financial year ended 31 March 2020 was £8,714,000, a decrease of 38 percent from the restated loss of £14,110,000 in the previous financial year.

The net operating loss for the year ended 31 March 2020 was £9,829,000, a decrease of 32 percent from the restated operating loss of £14,438,000 in the previous financial year.

Total administrative expenses for the year ended 31 March 2020 were £222,954,000, an increase of 11 percent from the restated expense of £200,161,000 in the previous financial year.

As at 31 March 2020, the Company had net assets, including pension liabilities, of £186,408,000 (2019: restated £194,010,000).

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 31.

Strategic Report (continued)
for the financial year ended 31 March 2020

Principal risks and uncertainties (continued)
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 UK government and the EU Commission subsequently agreed an Article 50 Withdrawal Agreement, pursuant to which a transition period commenced which will last until 31 December 2020). The economic, regulatory and legal environment as a result of Brexit will depend on the nature of the post-Brexit arrangements. In order to mitigate the impacts of Brexit, the Macquarie Group has established a new investment firm headquartered in Ireland which has branches in France, Germany, Spain and the Netherlands. It is envisaged the Company will, to the extent required by the new regulatory regime, transfer its European Economic Area ('EEA') business to the Irish investment firm, or to other entities that are able to access the EEA markets. The Company will also wind down its EEA branches.

The Company is not subject to any other material risks or uncertainties, over and above those stated, although the Directors' note that the emerging situation with respect to COVID-19 has potential, but not material business risks.

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, market risk, interest rate risk and foreign exchange risk. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

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

Credit risk
The Company mitigates its material credit risk exposures through guarantee arrangements with its ultimate parent, MGL, and indemnity arrangements with Macquarie Corporate Holdings Pty Limited ("MCHPL"). 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. Liquidity risk is managed at the entity level. The Company has a liquidity risk management framework consisting of regulatory and internal processes and controls allowing it to measure, monitor and manage liquidity risk. The framework is also designed to ensure the Company complies with the guidelines set by the regulators and meets the internal, Board-approved, liquidity risk appetite. This framework is articulated in the relevant policies and supporting documentation.

Operational risk
The MCEL Operational Risk Management Framework provides guidance as to how the key components of the Macquarie Group Framework are applied at a legal entity level for MCEL, setting out a framework for identifying, assessing and managing operational risks within the entity. It also provides an overview of the responsibilities of operational risk by the business, support areas, Business Operational Risk Managers ('BORMs') and RMG Operational Risk.

Strategic Report (continued)
for the financial year ended 31 March 2020

Financial risk management (continued)

Market risk

The Company is exposed to market risk from changes in equity prices or commodity prices through its facilitation and market making activities. 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. In addition, the Directors have approved RMG imposed cash limits on positions taken by the Equity Markets business.

Interest rate risk

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

Foreign exchange risk

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

Section 172 (1) Statement

Section 172(1) of the Companies Act 2006 requires Directors to act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

(a) the likely long-term consequences of decisions;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly as between the Company's owners.

Consideration of these factors and other relevant matters, including in particular the Company's regulatory environment as a UK investment firm categorized as "Enhanced" under the Financial Conduct Authority's ("FCA") Senior Managers and Certification Regime, is embedded into all Board decision-making, strategy development and risk assessment throughout the year.

This is the first year that certain UK companies, including the Company, are required to publish a statement setting out how their directors have complied with this requirement. Our Section 172 statement focusses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

From the perspective of the Directors, the matters that the Board is responsible for considering under Section 172 of the Companies Act 2006 have been considered appropriately. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors considered these matters is set out in the Directors' report on pages 6 to 10.

Strategic Report (continued)
for the financial year ended 31 March 2020

Other matters
Due to the 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 (including with regard to environmental and employee matters) in the Strategic report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

Phillip Nash
Director

27th July 2020

Directors' Report
for the financial year ended 31 March 2020

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

Directors and Secretaries

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

G. Alford	(Independent Non-Executive Director)
K. Burgess	(resigned 6 December 2019)
D. Fass	(resigned 1 July 2019)
P. Plewman	
P. Nash	(appointed 9 December 2019)
D. Wong	(resigned 3 September 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 loss for the financial year ended 31 March 2020 was £8,714,000 (2019: £14,110,000 Restated).

The German branch contributed a profit of £5,821,000 (2019: profit of £4,863,000), the Irish branch contributed a loss of £752,000 (2019: profit of £273,000), the Netherlands branch contributed a profit of £3,434,000 (2019: profit of £2,546,000) and the French branch contributed a loss of £4,783,000 (2019: loss of £3,000) to the overall loss before taxation of £10,238,000 (2019: £13,984,000).

Dividends paid or provided for

No dividends were paid or provided for during the current financial year (2019: £nil). No final dividend has been proposed.

State of affairs

The Company has branches in Germany, Ireland, the Netherlands and France. It also has representative offices in Switzerland and Spain.

In October 2019, the Macquarie Group announced that it undertook a strategic review of its Global Cash Equities business. As a result, the Macquarie Group announced it entered into a preliminary cooperative agreement with Kepler Cheuvreux, which brings together leading equity and research capabilities. The Company continues to serve its role in the Macquarie Group global Cash Equities business.

In January 2020, the Macquarie Infrastructure Reinsurance Company Limited ("MIRC") was moved out of the Company.

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

Events after the reporting period

At the date of this report, the Directors are not aware of any other 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 2020 not otherwise disclosed in this report.

Directors' Report (continued)
for the financial year ended 31 March 2020

Likely developments, business strategies and prospects

Coronavirus (COVID-19)

COVID 19, which is a respiratory illness caused by a new virus, was declared a world wide pandemic by the World Health Organisation in March 2020. COVID 19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets.

A robust risk management framework continues to be applied and RMG continues to monitor the impact of COVID 19 on the Company's risk profile. The Company is not subject to material impact with respect to COVID-19. Non financial risks emerging from global movement restrictions, and remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of the Company's risk management framework. Accounting considerations on the Company's results are disclosed under Note 2.

The Directors believe that no other significant changes are expected other than those already disclosed in this report and the Strategic Report.

IBOR reform: Transition from inter-bank offered rates (IBOR) to alternative reference rates (ARRs)

IBOR are interest rate benchmarks that are used in a wide variety of financial instruments such as derivatives and lending arrangements. Examples of IBOR include 'LIBOR' (the London Inter-bank Offered Rate) and 'EURIBOR' (the Euro Inter-bank Offered Rate). Each IBOR is calculated and published daily based on submissions by a panel of banks. Over time, changes in interbank funding markets have meant that IBOR panel bank submissions have become based less on observable transactions and more on expert judgement. Financial markets' authorities reviewed what these changes meant for financial stability, culminating in recommendations to reform major interest rate benchmarks. As a result of these recommendations, many IBOR around the world are undergoing reforms.

During 2018, Macquarie Capital (Europe) Limited's ultimate Parent Macquarie Group Limited ("MGL") initiated a project, which is sponsored by its Chief Financial Officer (CFO), to manage the impacts of IBOR reform, including overseeing the transition from LIBOR to ARRs. A group-wide steering committee was established with its key responsibility being the governance of the project. This committee includes senior executives from MGL's Operating Groups, Financial Management Group (FMG), Risk Management Group (RMG), Corporate Operations Group (COG) and Legal and Governance team. The project is wide in scope including identification of the impact of the reform on the separate legal entities within the Consolidated MGL Group (including the Company) and implementing necessary changes in those legal entities.

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

Indemnification and insurance of Directors

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

Directors' Report (continued)
for the financial year ended 31 March 2020

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:
• select suitable accounting policies and then apply them consistently;
• 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;
• make judgements and accounting estimates that are reasonable and prudent; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Section 172
The Directors acknowledge their responsibility under section 172 (1) of the Companies Act 2006 and have acted in a way that they considered, in good faith, to be most likely to promote the long-term success of the Company whilst having regard to all relevant matters including those in respect of the Company's stakeholders, who are principally group shareholders, employees, regulators, internal and external customers.

The Directors meet periodically (with documentation circulated in advance) to allow them to fully understand the performance and position of the Company. Each decision that is made by the Directors is supported by documentation, discussion and debate at the meetings. This supports informed and robust decision making, including considerations based on the likely impact of a decision, taking into account relevant stakeholders. The following sets out the requirements of section 172 (1), and notes how the Directors have discharged their duties:

a) Likely consequences of any decision in the long term:
The Company's ultimate parent is Macquarie Group Limited ("MGL"). The Company operates to the standards set by MGL and the Macquarie Group. Any decision taken will be aligned to the strategy of the Company and the wider Macquarie Group and be made in accordance with Macquarie's Code of Conduct (the "Code"). The Code is based on the three principles that guide the way Macquarie does business - Opportunity, Accountability and Integrity. A guide to good decision making is contained within the Code, which emphasises key questions to ask, including the need to think long term and consider whether a decision will stand the test of time. Potential consequences of decisions made by the Board will vary depending on the matter at hand, but the Board typically considers relevant stakeholders, alignment with the long-term value creation strategy of the Company and the culture of the existing business. Before a proposal is brought to the Board for approval, it will have gone through a series of internal approvals, in accordance with Macquarie's risk management framework, which is embedded across all Macquarie's operations. Macquarie's approach to risk management is based on the following stable and robust core risk management principles i) ownership of risk at the business level; ii) understanding worst case outcomes and iii) independent sign off by the Risk Management Group.

Directors' Report (continued)
for the financial year ended 31 March 2020

Statement of Directors' responsibilities (continued)

Supporting each approval request, the Directors are given documentation which includes diligence on financial impacts, as well as non-financial factors and, as part of their deliberations, the Directors consider how the decision aligns with the strategy of the Company.

b) Interests of the Company's employees
The Company's staff have employment contracts with the Company, or entities within the wider Macquarie Group. While branches of the Company employ staff directly, the Company itself does not have any direct employees but utilizes the services of employees employed by the Macquarie Group. The Company participates in Macquarie Group's employee/staff related policies, including Macquarie's Workforce Diversity Policy, and involves and informs staff on matters that affect them. Where a Board decision is likely to impact staff, these considerations are reflected in the supporting documentation and relevant subject matter experts presenting to the Board in relation thereto, for example, from Macquarie's Human Resources team.

c) Business relationships with suppliers, customers and others
The Directors are cognisant of the stakeholders of the Company and the importance of strong relationships, coupled with appropriate levels of communication and engagement. The Board oversees how the Company deals with its various business relationships, including by way of regular Board reporting with respect to business performance and risk management.

In the context of suppliers, Macquarie is committed to ensuring high standards of environmental, social and governance performance across its supply chain. This commitment is driven by Macquarie's business principles. Macquarie has put in place a Supplier Governance Policy to manage the risks associated with suppliers who provide Macquarie with high inherent risk goods or services, and also 'Principles for Suppliers' to help uphold our core values with the aim of having supplier relationships that create long term and sustainable value for our clients, shareholders and community. Macquarie's Third Party Risk team supports the Company with subject matter expertise on understanding the inherent risks associated with supplier arrangements and applying appropriate governance and control.

d) Community and the environment:
The Board recognises the importance of sound Environmental, Social and Governance (ESG) practices as part of their responsibility to our clients, shareholders, communities, people and the environment in which Macquarie operates. Macquarie's ESG approach is structured around focus areas considered to be material to our business.

Clear dialogue with stakeholders is important to building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our ESG approach. We regularly engage with a broad range of stakeholders including clients, shareholders, investors, analysts, governments, regulators, staff, suppliers and the wider community.

Macquarie recognises that failure to manage ESG risks could expose the organisation to commercial, reputational and regulatory impacts and affect communities, the environment and other external parties. Assessing and managing Macquarie wide ESG risks is a key business priority and an important component of our broader risk management framework, to which the Company is subject.
Under the Code, all staff share responsibility for identifying and managing environmental and social issues as part of normal business practice and are supported by the ESR team.

Directors' Report (continued)
for the financial year ended 31 March 2020

Statement of Directors' responsibilities (continued)

The ESR team, which sits within the Risk Management Group, coordinates a diverse range of ESG activities across business groups and regions, including developing and implementing Macquarie wide and business specific policies, conducting transaction reviews, providing advice on ESG risks and opportunities and facilitating training.

e) Reputation for high standards:
The Company and its Directors reputation is fundamental to the long-term success of the Company and significant effort is expended to ensure that performance and processes attain and wherever possible exceed expectations. The Macquarie Group and the Company are committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way and treating all stakeholders with honesty and integrity. These principles are further reflected in the Code.

f) Need to act fairly as between members of the Company:
The Company is a 100% indirect subsidiary of MGL. Information is shared effectively to ensure that both the direct parent and ultimate shareholder are engaged as appropriate with respect to key decisions of the Company. With respect to Capital allocation decision-making for example, the Directors seek to allocate the Company's capital in a way that offers returns to shareholders in line the Company's approach to dividends while ensuring the Company retains flexibility to continue to deploy capital towards profitable growth. The Directors have engaged with the Company's shareholder (both direct and ultimate) where appropriate, on principal decisions taken by the Company during the financial year, and took into consideration the interest of relevant stakeholders in the major developments, activities or transactions which are discussed in the principal activities in the strategic report as well as the dividends section of this report.

Streamlined energy and carbon reporting (SECR) requirement
The Company consumed less than 40MWh for the year ending 31 March 2020 and for this reason the Company is not required to disclose energy and carbon information in this report.

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. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, 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

Phillip Nash
Director

27th July 2020

Independent auditors' report to the members of Macquarie Capital (Europe) Limited

Report on the audit of the financial statements

Opinion

In our opinion, *Macquarie Capital (Europe) Limited's* financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

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

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

With respect to the 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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 in respect of the financial statements set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Lawrence Wilkinson

Lawrence Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27th July 2020

Profit and loss account
for the financial year ended 31 March 2020

	Note	2020[1] £'000	2019[2] Restated £'000
Turnover	3	**211,052**	179,195
Administrative expenses	3	**(222,954)**	(200,161)
Other operating income	3	**2,073**	6,528
Operating loss		**(9,829)**	(14,438)
Interest receivable and similar income	5	**2,493**	2,544
Interest payable and similar expenses	6	**(2,902)**	(2,090)
Loss on ordinary activities before taxation		**(10,238)**	(13,984)
Tax on loss	7	**1,524**	(126)
Loss for the financial year		**(8,714)**	(14,110)

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 March 2020 financial results reflect the adoption of IFRS 16 Leases on 1 April 2019. As permitted by IFRS 16, the Company has not restated previously reported financial periods. Refer to Note 2 for the impact on initial adoption of IFRS 16.

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

[2]The comparative figures have been restated for 2019, please refer to Note 3 for further details.

Statement of comprehensive income for the financial year ended 31 March 2020

	Note	2020[1] £'000	2019 Restated £'000
Loss after tax for the financial year		**(8,714)**	(14,110)
Other comprehensive income/(loss)[1]:			
Movements in items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension schemes	18	**215**	(316)
Deferred tax on actuarial gain	18	**136**	66
Movements in items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	20	**720**	(175)
Fair value through other comprehensive income (FVOCI) reserve, net of tax:			
Revaluation losses recognised in other comprehensive income (OCI)[2]	20	**(7)**	-
Total other comprehensive income/(loss) for the financial year		**1,064**	(425)
Total comprehensive loss		**(7,650)**	(14,535)
Total comprehensive loss for the financial year that is attributable to ordinary equity holders of the Company		**(7,650)**	(14,535)

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

[1]The March 2020 financial results reflect the adoption of IFRS 16 Leases on 1 April 2019. As permitted by IFRS 16, the Company has not restated previously reported financial periods. Refer to Note 2 Summary of significant accounting policies for the impact on initial adoption of IFRS 16.

[2]All items are net of tax, where applicable.

Balance sheet
as at 31 March 2020

	Note	2020[1] £'000	2019[2] Restated £'000
Fixed assets			
Tangible assets	8	**2,830**	168
		2,830	168
Current assets			
Cash at Bank and in hand	13	**1,285**	1,367
Trading assets	10	**638**	37,945
Derivative assets		**-**	38
Financial investments	11	**2,751**	4,518
Debtors	9	**1,191,293**	1,077,640
Deferred tax assets	7	**1,343**	1,520
		1,197,310	1,123,028
Current liabilities			
Trading liabilities	14	**-**	(37,705)
Derivative liabilities		**-**	(3)
Creditors: amounts falling due within one year	15	**(946,486)**	(887,385)
		(946,486)	(925,093)
Net current assets		**250,824**	197,935
Total assets less current liabilities		**253,654**	198,103
Creditors: amounts falling due after more than one year	16	**(62,172)**	-
Provisions for liabilities	17	**(3,688)**	(2,542)
Net assets excluding pension liability		**187,794**	195,561
Pension liability	18	**(1,386)**	(1,551)
Net assets including pension liability		**186,408**	194,010
Capital and reserves			
Called up share capital	19	**331,601**	331,601
Share premium account	19	**4,999**	4,999
Equity contribution from ultimate parent entity	19	**2,090**	2,127
Other reserves	20	**569**	(495)
Profit and loss account	20	**(152,851)**	(144,222)
Total shareholders' funds		**186,408**	194,010

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 2020 financial results reflect the adoption of IFRS 16 Leases on 1 April 2019. As permitted by IFRS 16, the Company has not restated previously reported financial periods. Refer to Note 2 Summary of significant accounting policies for the impact on initial adoption of IFRS 16. All items are net of tax, where applicable.

[2]The comparative figures have been restated for 2019, please refer to Note 3 for further details.

The financial statements on pages 13 to 56 were authorised for issue by the Board of Directors on 27th July 2020 and were signed on its behalf by:

Phillip Nash
Director

Statement of changes in equity for the financial year ended 31 March 2020

	Note	Called up share capital £'000	Share premium account £'000	Equity contribution from ultimate parent entity £'000	Other reserves £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 April 2018		331,601	4,999	2,004	(70)	(130,112)	208,422
Loss for the financial year - Restated[1]		-	-	-	-	(14,110)	(14,110)
Other comprehensive loss		-	-	-	(425)	-	(425)
Total comprehensive loss		-	-	-	(425)	(14,110)	(14,535)
Other equity movements							
Deferred tax on share based payments	19	-	-	123	-	-	123
Balance at 31 March 2019		331,601	4,999	2,127	(495)	(144,222)	194,010
Change on initial application of IFRS 16	2	-	-	-	-	85	85
Restated balance at 1 April 2019		**331,601**	**4,999**	**2,127**	**(495)**	**(144,137)**	**194,095**
Loss for the financial year		-	-	-	-	**(8,714)**	**(8,714)**
Other comprehensive income		-	-	-	**1,064**	-	**1,064**
Total comprehensive income/(loss)		-	-	-	**1,064**	**(8,714)**	**(7,650)**
Other equity movements							
Deferred tax on share based payments	19	-	-	**(37)**	-	-	**(37)**
Balance at 31 March 2020		**331,601**	**4,999**	**2,090**	**569**	**(152,851)**	**186,408**

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 comparative figures have been restated for 2019, please refer to Note 3 for further details.

Notes to the financial statements for the financial year ended 31 March 2020

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:

• financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL), financial assets classified as fair value through other comprehensive income (FVOCI) and financial instruments that have been designated as FVTPL (DFVTPL) and,

• financial assets and liabilities that are otherwise measured on an amortised cost basis or on a 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.

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").

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

•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 paragraphs 38 of 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'.
- Paragraph 118(e) of IAS 38 'Intangible Assets' (reconciliations between the carrying amount at the beginning and end of the period).

• The requirements of paragraphs of IAS 1, 'Presentation of financial statements':

- 10 (d), (statement of cash flows),
- 16 (statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements, including cash flow statements),
- 38 B-D (additional comparative information),
- 111 (cash flow statement information), and

• 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 'Related Party Disclosures' 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'.

•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.

•The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

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 compliance 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:

– the assessment of whether certain rights are protective or substantive in nature, whether these rights are held in the capacity as agent or principal, and whether the level of involvement in an investee's relevant activities is sufficient to significantly affect the returns generated (Note 3);

– recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities can require significant judgement, particularly where the recoverability of such tax balances relies on the estimation of future taxable profits and management's determination of the likelihood that uncertain tax positions will be accepted by the relevant taxation authority (Note 2(v) and Note 7);

– judgement and estimate of valuation of pension commitments (Note 18); and

– judgement regarding the effect of the reduced domestic Cash Equities business precesnce in the region and whether or not this will result in assets held for sale or discontinued operations disclosure.

Estimates and judgments 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 this financial report are reasonable. Actual results in the future may differ from those reported and it is therefore 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 in future reporting periods.

Coronavirus (COVID-19) impact

Backround

The onset of COVID-19 resulted in the application of further judgement within identified risk areas discussed further below. Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the estimates and outcomes that have been applied in the measurement of the Company's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Processes applied

As a consequence of COVID 19 and in preparing these financial statements, management:

- re evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above;
- updated its economic outlook – principally for the purposes of inputs into its ECL through the application of forward looking information, but also for input into the impairment analysis of financial and non financial asset classes and disclosures such as fair value disclosures of financial assets and liabilities;
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID 19 across all asset classes;
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID 19; and
- considered the impact of COVID 19 on the Company's financial statement disclosures.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Consideration of the statements of financial position and further disclosures

Key statements of financial position sheet items and related disclosures that have been impacted by COVID 19 were as follows:

Trading assets, trading liabilities and financial investments

Given recent market volatility, the Company reviewed the appropriateness of the inputs to its valuations, which included the use of correlations, price volatilities, funding costs and bid offer, counterparty and own credit spreads. The impact of changes in valuation inputs has also been considered in terms of the classification of exposures in the fair value hierarchy, transfers within the fair value hierarchy and the Level 3 sensitivity analysis. The Company's financial investments include a portfolio of unlisted equity investments which, in accordance with the Company's accounting policies, are measured at FVTPL. The determination of the investments' carrying value included a consideration of the impact of COVID 19.

Tangible Assets/Property, plant and equipment and right-of-use assets

Given the impact of COVID 19, the Company's tangible assets/property, plant and equipment and right-of-use assets were subject to impairment testing which concluded that no material impairment was required. Refer to Note 8.

New Accounting Standards and amendments to Accounting Standards and that are either effective in the current financial year or have been early adopted

IFRS 16 Leases

IFRS 16 replaced IAS 17 Leases for the Company's financial year that commenced on 1 April 2019. Subject to certain exceptions, contracts that are leases within the scope of IFRS 16 from the lessee's perspective require the recognition of a right-of-use (ROU) asset and a related lease liability. The classification of leases where the Company is a lessor remains unchanged under IFRS 16.

Transition:

The Company has applied IFRS 16 from 1 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and Interpretation 4 Determining whether an arrangement contains a lease. At the date of transition to IFRS 16, £3,033,000 of ROU assets and £3,304,000 of associated lease liabilities were recognised after adjusting related amounts previously recorded on the balance sheet. The transition did not have a material impact on the Company's opening retained earnings.

At transition, the Company recognised lease liabilities of £3,304,000 and ROU assets of £3,033,000 as a part of tangible assets/property, plant and equipment. After adjusting related amounts previously recorded on the balance sheet, this resulted in an increase to retained earnings of £85,000 (post tax). As permitted by IFRS 16 the transition adjustment has been determined by the Company by electing practical expedients to not recognise short-term (less than 12 months) or leases of low value assets (less than US$ 5,000) on its balance sheet at the transition date. Judgement has been applied by the Company in determining the transition adjustment which includes the determination of which contractual arrangements represent a lease, the period over which the lease exists, the incremental borrowing rate of the lessee entities within the Macquarie Group, and the variability of future cash flows. Under IFRS 16 future lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determinable, the Company's incremental borrowing rate. Due to the interest rate implicit in the lease not being readily determinable for any of the Company's leases at transition, the incremental cost of borrowing has been used. The weighted average discount rate at transition was determined by reference to the rate the Company would be able to borrow in the market for similar assets over a similar time period.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

The table below presents a reconciliation of the operating lease commitments as disclosed in the Company's 31 March 2019 financial statements, to the lease liabilities recognised on the transition date:

Particulars	2019 £'000
Undiscounted future lease cashflows as at 31 March 2019	3,482
(Less): impact of discounting the future lease cash flows at the incremental borrowing rate of each lease (weighted average rate of 0.97%)	(178)
Lease liability recognised as at 1 April 2019	3,304

The key changes in the Company's significant accounting policies following the transition to IFRS 16 have been included within the relevant sections of this note. Accounting policies applicable to the prior period have been provided in italics as appropriate for comparability purposes.

IAS 23 Borrowing costs

An amendment to IAS 23 *Borrowing costs* (IAS 23) clarified that, to the extent an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. Borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset are capitalised to that asset and are thus excluded from this calculation until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The amendment to IAS 23 is applicable to borrowing costs that the Company incurred on or after 1 April 2019. The application of the amendment did not have a material impact on the Company's financial statements.

IAS 19 Employee benefits

An amendment to IAS 19 Employee Benefits (IAS 19) specifies how an entity should account for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendment requires the use of assumptions for the remeasurement of the net defined benefit liability or asset to determine the current service cost and the net interest for the remainder of the reporting period after a plan event occurs. The amendment to IAS 19, which was applied by the Company from 1 April 2019 did not have a material impact on the Company's financial statements.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

IFRIC 23 Interpretation 23 *Uncertainty over Income Tax Treatment*

IFRIC Interpretation 23 clarified the application of the recognition and measurement criteria in IAS 12 Income Taxes (IAS 12) where there is uncertainty over income tax treatments and requires an assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses and unused tax credits or tax rates.

The amount is determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements are reassessed as and when new facts and circumstances are presented.

Interpretation 23 is effective for the Company's annual financial reporting period beginning on 1 April 2019. The Company's existing recognition and measurement accounting policies, together with accounting related judgements, were in alignment with those required by Interpretation 23 and hence no transition adjustment to retained earnings was required. The adoption of Interpretation 23 did not have a material impact on the Company's financial statements. The Company has therefore not restated the comparative financial reporting period as a result of IFRIC 23.

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 it operates. 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 related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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.

Translation differences on financial assets classified as FVOCI are included in the profit and loss account.
For the detailed policy on Financial instruments refer Note 2(vi).

Subsidiaries and other entities

The Company has branches in Germany, Ireland, the Netherlands, France, Switzerland and Spain. The results and financial position of the Company's foreign branches that have a functional currency other than Pounds Sterling are translated into Pounds Sterling as follows:
- assets and liabilities included in the each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.
- income and expenses included in the profit and loss account are translated at actual exchange rates at the dates of the transactions.
- all resulting exchange differences are recognised in OCI within a separate component of equity being the foreign currency translation reserve ("FCTR").

Foreign currency gains and losses on intragroup loans are recognised in the profit and loss account except where the loan is in-substance part of the Company's net investment in the foreign operation, in which case the foreign currency gains and losses are recognised in the Company's FCTR.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition

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

Net interest income / expense

Interest income and interest expense (with the exception of borrowing costs that are capitalised on a qualifying asset, which is not measured at fair value) are recognised using the effective interest rate (EIR) method for financial assets, and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through OCI. 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 the 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 to the net carrying amount of the financial asset.

Interest income on financial assets that are not credit impaired is determined by applying the financial asset's EIR to the financial asset's gross carrying amount. Interest income on financial assets that are not classified as POCI but are subsequently classified as credit impaired (stage 3), is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss).

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

Fee and commission income

Revenue earned by the Company from its contracts with customers primarily consists of the following categories of fee and commission income:

Mergers and acquisitions, advisory and underwriting fees - The Company earns revenue through its role as advisor on corporate transactions as well as through its role as manager and underwriter of equity and debt issuances. The revenue from these arrangements is recognised at a point in time, and when it has been established that the customer has received the benefit of the service such that the performance obligation is satisfied. For advisory services this is typically at the time of closing the transaction.

Where mandates contain rights to invoice upon reaching certain milestones, the Company assesses whether distinct services have been transferred at these milestones and accordingly recognises revenue. If not, the fee recognition will be deferred until such time as the performance obligation has been completed. Management of capital raisings and underwriting of debt or equity capital raisings are each considered distinct performance obligations that are typically satisfied on the allocation date of the underwritten securities.

Brokerage and other trading-related income - The Company enters into contracts with customers to act as an agent to buy and sell securities and fees related to this service are recognised on trade date. The brokerage and commission income are presented net of any rebates.

Equities research income - The Company earned revenue through its role as an agent in providing external clients access to global cash equity research services performed by other Macquarie Group entities. There is significant accounting judgement involved in determining whether the Company acts as an agent or principal under IFRS 15 when providing its external clients access to research services provided by other Macquarie Group entities. The revenue from these arrangements is recognised at a point in time, and when it has been established that the customer has received the benefit of the service such that the performance obligation is satisfied.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition (continued)

Other operating income and charges
Other operating income and charges comprises of credit impairment charges, gains and losses arising from subsequent changes in the fair value of the Company's equity investment and foreign exchange gain/loss as a result of revaluation.

Expenses
Expenses are recognised in the profit and loss account as and when the provision of services is received.

Fee expense
Management fees and cost recoveries are charged to the Company in respect of services provided by other Macquarie Group entities as per the agreed cost sharing arrangement. Such expenses are recognised on an accrual basis in accordance with the standard recovery methodology applied by the servicing entity.

v) Taxation
The balance sheet approach to tax effect accounting has 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.

Current and deferred taxes attributable to amounts recognised in OCI are also recognised in OCI.

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

Factors considered include the ability to offset tax losses within the tax consolidated group or groups of entities in overseas jurisdictions, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

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 and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities.

Where VAT is not recoverable from tax authorities, it is either capitalised to the balance sheet as part of the cost of the related asset or is recognised in the profit and loss account. Where VAT is recoverable from or payable to tax authorities, the amount is recorded as a separate asset or liability in the balance sheet.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

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 and is adjusted for (in the case of instruments not classified at FVTPL) transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument, and fees that are an integral part of the effective interest rate. Transaction costs and fees earned relating to financial instruments carried at FVTPL are recorded in the profit and loss account.

The best evidence of a financial instrument'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 instrument 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 income statement 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.

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:

- are entered into at the same time and in contemplation of one another;
- have the same counterparty;
- relate to the same risk;
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction; and
- consideration of whether each of the financial instruments has its own terms and conditions and each may be transferred or settled separately.

Derecognition of financial instruments

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

A financial asset is transferred if, and only if, the Company i) transfers the contractual rights to receive the cash flows of the financial asset, or ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where:
-The Company is not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset,
- The Company is prohibited from selling or pledging the original asset other than as security to the eventual recipients, and
- The Company is obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay.

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 2020

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Financial liabilities
Gains and losses arising from the derecognition of debt financial assets or financial liabilities that are subsequently measured at amortised cost are recognised in other income as part of other operating income and expenses, while those arising from the derecognition of debt financial assets or financial liabilities that are subsequently measured at FVOCI are recognised as investment income as part of other operating income and charges.

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 senior management personnel and senior executives;
(ii) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed, and
(iii) how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

Solely payment of principal and interest (SPPI)
The contractual cash flows of a financial asset are assessed to determine whether these represent SPPI on the principal amount outstanding. This includes an assessment of whether cash flows primarily reflect consideration for the time value of money and credit risk of the principal outstanding. Interest may also include consideration for other basic lending risks and costs.

Amortised cost
A financial asset is subsequently measured at amortised cost using the EIR method where:

(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; and
(iii) the financial asset has not been classified as DFVTPL.

Interest income determined in accordance with the EIR method 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 expenses.

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at FVOCI if the following conditions are met:
(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements; and
(iii) the financial asset has not been classified as DFVTPL.

Subsequent changes in fair value are recognised in OCI, with the exception of interest (which is recognised as part of interest income), ECL (which is recognised as a credit impairment charge in other operating income and expenses) and foreign exchange gains and losses (which are recognised in net trading income). When debt financial assets at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI and recognised in investment income as part of other operating income and expenses.

Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are subsequently measured at FVTPL.

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:
- financial assets that are held for active trading. This classification includes all derivative financial assets, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVPTL.
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL).
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows.
-financial assets that fail the SPPI test (FVTPL).

Equity financial assets are measured at FVTPL.

Changes in the fair value of financial instruments held for the purpose of trading are recognised in net trading income. Changes in the fair value of financial assets that are DFVTPL and FVTPL are recognised as part of other operating income and expenses.

The interest component of financial assets that are measured at DFVTPL and FVTPL is 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 asset's new measurement category.

The Company does not reclassify financial liabilities after initial recognition.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they have been designated to be measured at FVTPL (DFVTPL). A financial liability may be DFVTPL if:
-the liability contains embedded derivatives which must otherwise be separated and carried at fair value, or
-such a designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen.

Changes in the fair value of financial liabilities that are classified as DFVTPL are recognised in other income as part of other operating income and expenses, with the exception of changes in fair value relating to changes in the Company's own credit risk that is presented separately in OCI and is not subsequently reclassified to profit or loss. The interest component of financial liabilities that are classified as DFVTPL is recognised in interest expense.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet, when there is a current 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) Cash collateral on securities borrowed & lent and reverse repurchase agreements

As part of its trading and financing activities, the Company borrows and lends securities, commodities and other assets ("underlying") on a collateralised basis. The underlying subject to the arrangement is not derecognised from the balance sheet of the relevant parties, as the risks and rewards of ownership remain with the initial holder. These transactions include:
–reverse repurchase transactions, where the Company purchases an underlying under an agreement to resell.
–repurchase transactions, where the Company sells an underlying under an agreement to repurchase.

The Company continually reviews the fair values of the underlying on which the above transactions are based and, where appropriate, requests or provides additional collateral to support the transactions, in accordance with the terms of the respective agreements.

Reverse repurchase agreements are measured as followed by the Company:

- Agreements that are collateralised with commodities are measured at amortised cost when they are held in a business model to collect contractual cash flows and IASB 9's SPPI criteria are met.
- Agreements that are held within the Company's cash and liquid assets portfolio are measured at FVOCI as they are held in a business model to both collect contractual cash flows and with the intention to sell.
- Also refer to Note 27 Measurement categories of financial instruments.

Repurchase agreements are measured at DFVTPL to eliminate an accounting mismatch created by managing these agreements together with the reverse repurchase agreements are measured at FVTPL.

As part of its financing activities, the Company enters into reverse repurchase agreements, where the Company purchases securities under an agreement to resell on a collateralised basis. The securities subject to the reverse repurchase are not recognised on the balance sheet of the Company, as the risks and rewards of ownership remain with the initial holder. These reverse repurchase agreements which are held in the Company's liquid asset portfolio are measured at FVOCI to reflect the Company's business model to both collect contractual cash flows and with the intention to sell. Refer Note 2(vi) for the detailed Financial Instruments accounting policy.

In the comparative period, reverse repurchase agreements were held at FVTPL. Upon further analysis, the Company has identified that the reverse repurchase agreements held are managed under a business model to both collect contractual cash flows and with the intention to sell and thus are held at FVOCI. The mentioned change in measurement of reverse repurchase agreements in the comparative period did not have a material impact on the value disclosed.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

viii) Trading assets and liabilities

Trading assets (long positions) comprise financial instruments such as debt and equity securities, bank bills, treasury notes, loans and commodity contracts purchased with the intent of being actively traded either individually or as part of a portfolio. It also includes commodities for which the Company has a trading intention. Trading liabilities comprise obligations to deliver assets (short positions) across the same trading categories and which the Company intends to actively trade.

Trading assets and liabilities are classified as held for the purpose of trading. Commodity inventory is measured at fair value less costs to sell in accordance with the broker-trader exception, on the basis such assets are acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin.

The Company uses trade date accounting when recording regular way purchases and sales of trading assets and liabilities. At the date a purchase transaction is entered into (trade date), the Company recognises the resulting financial asset or liability and any subsequent unrealised profit or loss arising from revaluing that contract to fair value as part of net trading income in the profit and loss account.

When the Company becomes party to a sale contract, and the derecognition criteria are met, it derecognises the trading asset or liability and recognises a trade receivable or trade payable from trade date until settlement date.

ix) Financial investments

Investment securities in this category include investments in equity securities which are not actively traded by the Company.

Financial investments are initially recognised on trade date at fair value and subsequently measured in accordance with the Company's accounting policy for financial instruments Note 2(vi).

x) Tangible assets

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

ROU assets are measured at cost and comprise of the amount that corresponds to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date (less any lease incentives received), initial direct costs and restoration related costs.

Tangible assets/Property, plant and equipment and right-of-use assets include assets leased out under operating leases. Depreciation to allocate the difference between cost and residual values over the estimated useful life is calculated on the following bases:
–straight line basis for all other assets.

The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Annual depreciation rates are summarised below:

Tangible assets	Depreciation rates
Furniture, fittings and leasehold improvements[1]	10 to 20 percent
Equipment	33 to 50 percent

Right-of-use asset	Depreciation rates
Property	3-67%

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

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

x) Tangible assets (continued)

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in light of commercial and technological developments. Gains and losses on disposal are determined by comparing the proceeds with the asset's carrying amount and are recognised as part of other operating income and expenses in the profit and loss account.

The depreciation charge relating to corporate building leases is presented as part of 'occupancy expenses' while depreciation relating to leases entered into by trading related businesses is presented as part of net trading income in the profit and loss account. The Company does not recognise a right of use asset for short term or low value leases, instead the expense is recognised over the lease term as appropriate as part of 'operating expenses' in the profit and loss account.

xi) Other assets and liabilities

Contract assets and contract liabilities

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 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.

xii) 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 entity 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 in 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, except where there is no deep market, in which case rates on applicable government securities are used. 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 (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

xiii) 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 macroeconomic 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. Refer to Note 12 *Expected credit loss* for further information. 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 1 – 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, ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

ii) Stage 2 – 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 applies its judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI. Detail on the Company's process to determine whether there has been a SICR is provided in Note 12 Expected credit losses.

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.

iii) Stage 3 – Lifetime ECL credit-impaired:
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.

Presentation of loss allowances

The loss allowances for ECL are presented in the balance sheet as follows:
•Loan assets, loans to related body corporate entities and subsidiaries, associates and joint ventures measured at amortised cost – as a deduction to the gross carrying amount.
•*Loan assets, loans to associates and joint ventures, and debt financial investments measured at fair value through OCI* – as a reduction in the OCI reserve account under equity. The carrying amount of the asset is not adjusted as it is recognised at fair value.
•Lease receivables, contract receivables and other assets measured at amortised cost – as a deduction to the gross carrying amount.
•Undrawn credit commitments – as a provision included in other liabilities.

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 2020

Note 2. Summary of significant accounting policies (continued)

xiv) Performance based remuneration

Share based payments

The ultimate parent company, MGL, 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 24 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 recognised 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 the grant date. Instead, these vesting conditions are taken into account by adjusting the number of equity instruments expected to vest. On vesting, the amount *recognised in the share-based payment reserve is transferred to contributed equity. For the Company, the accounting is* dependent on whether the Company is compensated for its obligations under the MEREP award. To the extent that employing subsidiaries compensate the Company for the MEREP offered to their employees, a recharge liability due to subsidiaries is recognised by the Company at grant date representing the payment received in advance of the award being settled. This liability reduces over the vesting period with a corresponding increase in equity. MEREP liabilities are recognised and disclosed in Note 22 Related party information. To the extent that employing subsidiaries do not compensate the Company for the MEREP offered to their employees, the Company reflects the provision of the equity settled award as a contribution to its subsidiary and as a result increases its investment in subsidiary.

• Cash settled awards: The award liability is measured with reference to the number of awards and the fair value of those awards at each reporting date. Expenses are recognised as part of employment expenses with reference to the vesting period of those awards. Changes in the value of the liability are recognised 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.

xv) Cash at Bank

Cash and bank balances comprises cash balances and call deposits with qualifying financial institutions. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed.

xvi) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. At inception, or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component unless an election is made to account for the lease and non-lease components as a single lease component.

Accounting where the Company is the lessee

The Company leases corporate buildings for which contracts are typically entered into for fixed periods and may include extension options. Leases are recognised as a ROU asset and a corresponding liability at the commencement date, being the date, the leased asset is available for use by the Company.

Lease liabilities

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Lease payments are allocated between principal and interest expense. Interest expense is, unless capitalised on a qualifying asset which is not measured at fair value, recognised as part of 'interest and similar expense' in the profit and loss account over the lease period on the remaining lease liability balance for each period. Any variable lease payments not included in the measurement of the lease liability are also recognised in the profit and loss account in the period in which the event or condition that triggers those payments occurs.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

xvi) Leases (continued)

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, in the profit and loss account, where the carrying value of the ROU asset has been fully written down.

Presentation

The Company presents ROU assets in 'Tangible assets/ property, plant and equipment & right-of-use assets' (refer to Note 8) and lease liabilities in 'Creditors: amounts falling due after more than one year' (refer to Note 16) in the balance sheet.

Prior to the adoption of IFRS 16, where the Company was the lessee in an operating lease arrangement, the total fixed payments were charged to the profit and loss account on a straight-line basis over the period of the lease. The difference between the cumulative expense recognised and cash paid was recorded on the balance sheet as either a payable or receivable as appropriate.

xvii) Defined benefit pension plan

Pension plan assets and obligations recognised in the balance sheet represent the net present value of the defined benefit obligation and the fair value of the plan assets at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

The determination of the pension cost and defined benefit obligation of the Company's defined benefit pension plans depends on certain assumptions, which include the discount rate, inflation rate, salary growth, longevity and expected return on plan assets.

Actuarial gains and losses arising from the difference between actual and expected returns on plan assets, experience adjustments on liabilities and changes in actuarial assumptions are recognised in the statement of comprehensive income for the financial year.

xviii) 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.

xix) Rounding of amounts

All amounts in the Strategic Report, Directors' Report and Financial Statements have been rounded off to the nearest thousand pound sterling (£'000) unless otherwise indicated.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

	2020 £'000	2019 Restated £'000
Note 3. Loss before taxation		
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Wages and salaries	9,742	5,489
Social security costs	88	175
Resourcing (credit)/charge from Macquarie Group undertakings	(50)	11,723
Share based payment charge/(credit)	1,162	(195)
Staff costs	10,942	17,192
Foreign exchange gains	518	(26)
Net gain on equity investment[1]	(2,877)	(6,326)
Credit impairment charges/(reversal)	567	(1,759)
Fee allocations to other Macquarie Group undertakings	102,573	70,995
Internal fee and management fee expenses[2]	52,453	32,148
Brokerage expenses	35,279	47,420
Depreciation charges		
Owned assets	117	119
Leased assets	492	-
Service cost recharged from other Macquarie Group entities[3]	18,945	19,196
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company[4]	188	85
Fees payable to the Company's auditors for other services	77	81
Turnover from principal activities:		
Advisory fee income	142,492	97,825
Brokerage commission income[3]	52,748	65,067
Net trading loss	(1,094)	(10,494)
Equities research income	3,846	6,709
Underwriting income	297	4,528
Service fees received from other Macquarie Group undertakings	10,056	15,159
Other revenue	2,707	401
Total turnover	211,052	179,195

[1]Fair value gain and losses from equity financial investments that have been classified as FVTPL.

[2]After the Company's accounts or the financial year ended 2019 were filed, adjustments relating to tax transfer pricing were identified that should have been recorded in the year ended 2019. The error arose due to the timing of the finalisation of the transfer pricing calculations and meant the 2019 internal fee and management expense (previously reported as £28,337,000) were understated by £3,811,000 with a corresponding overstatement in Amounts owed by other Macquarie group undertakings. The prior year comparative has been restated to £32.148.000 to correct this error.

[3]There is significant accounting judgement involved in determining whether the Company acts as an agent or principal under IFRS 15 when providing EEA customers access to Non-EMEA research services provided by other Macquarie Group entities. Management previously determined that the Company was acting as a principal in this relationship, however, upon performing further analysis, it has been determined that the Company acts as an agent on behalf of other Macquarie Group entities, not as principal as disclosed in the comparative period. As a result, service cost recharged from other Macquarie Group entities has been reduced by £5,249,000 (previously reported as £24,445,000) and brokerage commission income has been reduced by £5,668,000 (previously reported as £70,735,000) with a net income reduction of £419,000 driven by the write-off of part of a contract asset. Management has identified that the accounting judgement involved in determining whether the Company is acting as agent or principal is a Significant Judgement within Note 2 (i).

[4]The March 2020 auditor's fees includes £80,918 that relates to audit services for the prior year.

Note 4. Employee information

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

	No. of employees 2020	No. of employees 2019
Commodities and Global Markets:		
Advisory and Sales	1	4
Macquarie Capital:		
Administration and support services	12	5
Total employees	13	9

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

	2020 £'000	2019 £'000
Note 5. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	**2,474**	2,543
Interest receivable from unrelated parties	**19**	1
Total interest receivable and similar income	**2,493**	2,544

Includes interest income calculated using effective interest method of £2,493,000 (2019: £2,544,000) on the financial assets in the Company that are measured at amortised cost.

	2020 £'000	2019 £'000
Note 6. Interest payable and similar charges		
Interest payable to other Macquarie Group undertakings	**2,282**	1,466
Interest payable to unrelated parties	**620**	624
Total interest payable and similar charges	**2,902**	2,090

Includes interest expense of £2,902,000 (2019: £2,090,000) on the financial liabilities measured at amortised cost.

Note 7. Taxation

	2020 £'000	2019 Restated £'000
(i) Tax on loss		
Current tax		
UK corporation tax at 19% (2019: 19%)	**3,424**	4,882
Adjustments in respect of prior years	**1,206**	(762)
Foreign tax suffered[1]	**(3,031)**	(3,971)
Total current tax	**1,599**	149

	2020 £'000	2019 Restated £'000
Deferred tax		
Origination and reversal of temporary differences	**(98)**	(234)
Adjustments in respect of prior years	**5**	7
Effect of changes in tax rates	**18**	(48)
Total deferred tax	**(75)**	(275)
Tax on loss	**1,524**	(126)

(ii) Reconciliation of effective tax rate

The income tax charge for the period is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

Loss before tax[1]	**10,238**	13,984
Current tax charge at 19% (2019: 19%)	**1,945**	2,656
Effect of:		
Adjustments in respect of previous periods	**1,210**	(754)
Expenses not deductible for tax purposes	**(116)**	(82)
Foreign tax suffered	**(3,031)**	(3,975)
Deduction for foreign tax suffered	**576**	721
Bank surcharge	**1,023**	1,220
Non assessable income	**(101)**	136
Effect of rate change	**18**	(48)
Total tax credit/(expense) on loss	**1,524**	(126)

The UK Corporation tax rate for the financial year beginning 1 April 2020 will remain at 19%. This reverses the previously enacted rate change reducing the rate to 17%. Deferred tax has been measured at 19%. The bank surcharge is 8%.

(iii) Deferred tax comprising timing differences attributable to:

Deferred tax assets		
Other assets and liabilities	**328**	419
Fixed assets	**1,015**	1,101
Total deferred tax assets	**1,343**	1,520

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 7. *Taxation (continued)*

	2020 £'000	2019 £'000
(iv) Reconciliation of the Company's movement in deferred tax		
Balance at the beginning of the financial year	1,520	1,717
Timing differences:		
Deferred tax charged to profit and loss for the year	(61)	(275)
Effect of changes in tax rates	3	(72)
Deferred tax charged to equity	(141)	78
Adjustment to opening deferred tax assets due to transition to IFRS	-	8
Change in tax relating to reserves	17	57
Adjustments in respect of prior years	5	7
Balance at the end of the financial year	1,343	1,520

Note 8. Tangible assets/Property, plant and equipment & right-of-use assets

	As at 31 March 2020		
	Cost £'000	Accumulated depreciation and impairment £'000	Carrying value £'000
Assets for own use			
Furniture, fittings and leasehold improvements	628	(490)	138
Computer and communication equipment	414	(343)	71
Total assets for own use	1,042	(833)	209
Right-of-use assets			
Property	3,082	(461)	2,621
Total right-of-use assets[1]	3,082	(461)	2,621
Total tangible assets	4,124	(1,294)	2,830

The majority of the above amounts have expected useful lives longer than 12 months after the balance date.

[1]Represents operating leases recognised in the balance sheet following the adoption of IFRS 16. As permitted by IFRS 16, the Company has not restated the comparative financial reporting period. Refer to Note 2 for the impact on initial adoption of IFRS 16.

The movement in the carrying value of the Company's property, plant and equipment and right-of-use assets was as follows:

Assets for own use	Furniture, fittings and leasehold improvements £'000	Computer and communication equipment £'000	Total £'000
Balance at 1 April 2019	44	124	168
Acquisitions	120	43	163
Disposals	-	(8)	(8)
Foreign exchange movements	2	1	3
Depreciation expense (Note 3)	(28)	(89)	(117)
Balance at 31 March 2020	138	71	209

Right-of-use assets	Property £'000	Total £'000
Balance at 31 March 2019	-	-
Change on initial application of IFRS 16	3,033	3,033
Restated balance as at 1 April 2019	3,033	3,033
Reclassification and other adjustments	(28)	(28)
Foreign exchange movements	108	108
Depreciation expense (Note 3)	(492)	(492)
Balance at 31 March 2020	2,621	2,621

Assets under operating lease	2020 £'000	2019 £'000
Between four and five years	2,621	-
Total future minimum lease payments receivable	2,621	-

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

	2020 £'000	2019 Restated £'000
Note 9. Debtors		
Brokerage trade debtors[1]	**385,603**	808,274
Amounts owed by other Macquarie Group undertakings[2,3]	**683,864**	158,531
Reverse repurchase agreements[4]	**74,380**	44,552
Cash collateral on securities borrowed[4]	**2,494**	17,179
Fees and other receivables[5]	**23,988**	16,726
Other trade debtors[5]	**18,996**	28,673
Taxation	**-**	3,313
Prepayments and accrued income	**721**	392
VAT receivable	**1,247**	-
Total debtors	**1,191,293**	1,077,640

[1]Brokerage trade debtor balances are generally receivable within two working days of the relevant trade date.

[2]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 2020 the rate applied ranged between LIBOR plus 1.11% and LIBOR plus 2.86% (2019: between LIBOR plus 1.18% and LIBOR plus 2.41%).

[3]The comparative figures have been restated for 2019, please refer to Note 3 for further details.

[4]Represents cash extended against securities borrowed and reverse repurchase agreements with other Macquarie Group undertakings. The Company derives interest on these instruments at market rates. At 31 March 2020 the rate applied was 0.75% with respect to sterling-denominated instruments and -0.74% with respect to euro-denominated instruments.

[5]Fees and other receivables and Other debtors include £5,756,000 (2019: £6,860,000) of contract assets.

At the reporting date, amounts owed by other Macquarie Group undertakings has an ECL allowance of £95 (2019: £108) which is net presented against the gross carrying amount.

	2020 £'000	2019 £'000
Note 10. Trading assets		
Equity securities[1]:		
Listed	**638**	37,945
Total trading assets	**638**	37,945

[1]Equity securities represent equity securities that the Company holds as part of market maker activities. During the financial year, the Company also engaged in risk trading activities including Facilitation, Exchange Traded Funds and Depositary Receipt conversions in Europe.

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

	2020 £'000	2019 £'000
Note 11. Financial investments		
Equity securities:		
Listed	**2,751**	4,518
Total Financial investments	**2,751**	4,518

Note 12. Expected credit losses

The Company determines its expected credit losses by assessing whether the credit risk of an exposure has significantly deteriorated and with reference to a range of inputs notably that of Exposure at default (EAD), probability of default (PD) and loss given default (LGD). In addition, IFRS 9 requires the inclusion of Forward-Looking information (FLI) to be included in the determination of the ECL. The inclusion of FLI in calculating ECL allowances adjusts the PD, the determination of whether there has been a Significant Increase in Credit Risk (SICR) as well as the LGD (relevant to the determination of the recovery rate on collateral).

The below table presents the gross exposure and related ECL allowance for each class of assets and off-balance sheet items subject to impairment requirements of IFRS 9[1].

	As at 31 March 2020		As at 31 March 2019 Restated[2]	
	Gross exposure[1] £'000	**ECL allowance £'000**	Gross exposure[1] £'000	ECL allowance £'000
Fees receivable	**24,610**	**622**	16,968	242
Amounts owed by other Macquarie Group undertakings	**683,959**	**95**	158,639	108
Total credit impaired financial assets	**708,569**	**717**	175,607	350

[1]Gross exposure represents the carrying value of assets subject to impairment requirements of IFRS 9. Financial assets measured at fair value through profit & loss are not subject to impairment and are therefore not included in the above table.

[2]The comparative figures have been restated for 2019, please refer to Note 3 for further details.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 12. Expected credit losses (continued)

The table below represents the reconciliation from the opening balance to the closing balance of ECL allowances.

	Fees receivable	Amounts owed by other Macquarie Group undertakings	Total
	£'000	£'000	£'000
Balance as at 31 March 2019	**242**	**108**	**350**
Impairment charge/(reversal) (Note 2(xiii))	602	(35)	567
Amounts written off, previously provided for	-	9	9
Foreign exchange movement	(222)	13	(209)
Balance as at 31 March 2020	**622**	**95**	**717**

	2020	2019
	£'000	£'000

Note 13. Cash at bank and in hand

Cash at bank and in hand	**1,285**	1,367
Total cash at bank and in hand	**1,285**	1,367

Note 14. Trading liabilities

Listed equity securities	-	(37,705)
Total trading liabilities	-	(37,705)

Note 15. Creditors: amounts falling due within one year

Due to brokers and customers[1]	**545,998**	828,390
Amounts owed to other Macquarie Group undertakings[2]	**394,093**	54,550
Other creditors	**4,314**	4,445
Legal provision[3]	**1,000**	-
Taxation	**1,081**	-
Total creditors	**946,486**	**887,385**

[1] Amounts due to brokers and customers are generally payable within two working days of the relevant trade date.

[2] Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 1.74% (2019: LIBOR plus 1.93%).

[3] Relates to a provision, which represents a probable outflow of economic benefits that can be reliably measured. The above provision was made during the financial year.

Note 16. Creditors: amounts falling due after more than one year

Amounts owed to other Macquarie Group undertakings[1]	**59,108**	-
Other creditors	**233**	-
Lease liabilities[2]	**2,831**	-
Total creditors	**62,172**	-

[1]Amount due to other Macquarie Group undertakings have a maturity date of 18 February 2022. The Company incurs interest on amounts owed to other Macquarie Group undertakings, at 31 March 2020 the rate applied was LIBOR plus 1.09%.

[2]Lease liabilities as at 31 March 2020 include the impact of the adoption of IFRS 16 on 1 April 2019. As permitted by IFRS 16, the Company has not restated the comparative financial reporting period. Refer to Note 2 for the impact on initial adoption of IFRS 16.

The Company has not had any defaults of principal, interest or other breaches with respect to its debt during the financial years reported.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

	2020 £'000	2019 £'000

Note 17. Provisions for liabilities

	2020 £'000	2019 £'000
Provision for employee entitlements	**3,688**	2,542
Total provisions	**3,688**	**2,542**

Of the above amounts, £3,318,000 (2019: £2,539,000) is expected to be settled within 12 months of the reporting date by the Company.

Reconciliation of provisions:		
Balance at the beginning of the financial year	**2,542**	1,047
Provisions made during the financial year	**2,592**	4,117
Provisions used during the financial year	**(1,260)**	(746)
Transfers to other Macquarie Group undertakings	**(231)**	(1,882)
Foreign exchange movements	**45**	6
Balance at the end of the financial year	**3,688**	**2,542**

Note 18. Pension commitments

For employees of the German branch and Switzerland representative office, the Company operates a defined benefit pension scheme with assets held in separately administered funds with Swiss Life. In 2010, the Company acquired an equity trading and derivatives business and assumed the assets and associated obligations of the defined benefit pension plan of the employees related to this business. The scheme is composed of four separate plans, with one plan for employees in Switzerland (G3153/1F9696) and three plans for former employees in Germany (AV Opp 2005, Def Comp, and VO 1995). The scheme provides disability and death benefits on the basis of members' salary.

Plan assets held in the funds are governed by local regulations and practice in Germany and Switzerland. Responsibility for the governance of the plans – including investment decisions and contribution schedules – lies jointly with the Company and the boards of directors of the funds.

The pension plan of the Swiss representative office is a contribution based plan with guarantee of a minimum interest credit and fixed conversion rates at retirement. Disability and death benefits are defined as a percentage of the insured salary.

The risks of the scheme are as follows:
- Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
- Changes in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Life expectancy: The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.
- Inflation risk: The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

The scheme provides benefits over the LPP/BVG law, which stipulates the minimum requirement of the mandatory employer's sponsored pension plan in Switzerland. In particular, annual salary up to CHF 85'320 (amount in 2020) must be insured, the financing is age-related with contribution rates in percent of pensionable salary increasing with age from 7% to 18%. The conversion rate to calculate the annuity based on the accrued savings capital is 6.8% at normal retirement age (65 for men and 64 for women).

The plan must be fully funded under LPP/BVG law on a static basis at all times. In case of underfunding, recovery measures must be taken, such as additional financing from the employer or from the employer and employees, or reduction of benefits or a combination of both.

The company is affiliated to the collective foundation BVG-Sammelstiftung Swiss Life. The collective foundation is a separate legal entity. The foundation is responsible for the governance of the plan, the board is composed of an equal number of representatives from the employers and the employees chosen from all affiliated companies.

The foundation has set up investment guidelines, defining in particular the strategic allocation with margins.

Additionally, there is a pension committee composed of an equal number of representatives from the Macquarie Capital (Europe) Ltd., Geneva and the employees of Macquarie Capital (Europe) Ltd., Geneva. The pension committee is responsible for the set-up of the plan benefits.

The pension plan is set up as a separate legal entity. The foundation is responsible for the governance of the plan, the board is composed of an equal number of representatives from the employer and the employees. The foundation has set up investment guidelines, defining in particular the strategic allocation with margins.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 18. Pension commitments (continued)

Macquarie German branch has determined that it has an unconditional right to a refund of surplus assets if the plan is run off until the last member dies, on which basis IFRIC 14 does not cause any change in the balance sheet disclosure before tax. No allowance is made in the benefit obligation for discretionary benefits on the grounds that there is no constructive obligation to provide such benefits. Therefore any benefit increases that are awarded on a discretionary basis are accounted for as a past service cost. An estimate of the Pension Protection Fund levy accrued during the reporting period is included in the allowance for administration expenses.

The most recent actuarial valuations of the Company's defined benefit pension plan was as at 31 March 2020. The valuation of the plan used the projected unit credit actuarial cost method and was carried out by actuaries of Mercer Limited. The principal assumptions for the plan made by the actuaries were as follows:

	Switzerland 2020 %	Switzerland 2019 %	**Germany 2020 %**	Germany 2019 %
Discount rates	**0.78**	0.60	**1.81**	1.66
Rate of increase in salaries	**1.00**	1.00	**2.00**	2.00
Inflation assumptions	**0.10**	0.70	**1.75**	1.75

The mortality assumptions used in the valuation of the defined benefit pension liabilities of the Swiss and German plans at 31 March 2020 are summarised in the table below. These are based on the BVG 2015 actuarial tables for the Swiss plan and the Heubeck RT 2018 G actuarial tables for the German plans.

	Switzerland 2020	Switzerland 2019	**Germany 2020**	Germany 2019
Longevity at age 65 – current				
Men	**22.72**	22.61	**20.18**	20.04
Women	**24.76**	24.65	**23.69**	23.57
Longevity at age 65 – future				
Men	**24.48**	24.40	**22.96**	22.83
Women	**26.51**	26.44	**25.93**	25.83

Due to the size of the pension scheme, no single actuarial assumption noted above is considered material to the Company. Therefore, no sensitivity analysis has been performed.

Plan assets and rates of return were as follows:

	Long-term rate of return expected 31 March 2020 %	**Value at 31 March 2020 £'000**	Long-term rate of return expected 31 March 2019 %	Value at 31 March 2019 £'000
Cash	0.6	**586**	(0.4)	571
Equity	5.0	**443**	5.4	441
Debt Securities	1.2	**1,108**	0.5	1,360
Total market value of assets		**2,137**		2,372
Present value of plan liabilities		**(3,523)**		(3,923)
Net deficit of the plan		**(1,386)**		(1,551)
Deferred tax		**136**		66
Net pension plan liability		**(1,250)**		(1,485)

	2020 £'000	2019 £'000
Reconciliation of present value of scheme liabilities:		
Balance at the beginning of the financial year	**3,923**	4,482
Current service cost	**53**	83
Past service cost	**(56)**	(41)
Interest cost	**48**	66
Contributions by plan participants	**17**	28
Foreign currency exchange rate movements	**174**	40
Premiums paid	**(10)**	(25)
Benefits paid from the plan	**(381)**	-
Actuarial loss arising from changes in demographic assumptions	**-**	(7)
Actuarial (loss)/gain arising from changes in financial assumptions	**(82)**	284
Actuarial (loss)/gain arising from liability experience adjustments	**(163)**	13
Settlements	**-**	(1,000)
Balance at the end of the financial year	**3,523**	3,923

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 18. Pension commitments (continued)

	2020 £'000	2019 £'000
Reconciliation of fair value of scheme assets:		
Balance at the beginning of the financial year	**2,372**	2,955
Expected return on scheme assets	**27**	43
Actuarial losses	**(30)**	(26)
Foreign currency exchange rate movements	**115**	42
Premiums paid	**(11)**	(25)
Contributions paid by participants	**17**	28
Benefits paid from the plan	**(410)**	-
Contributions paid by the Company	**57**	70
Settlement from the plan	**-**	(715)
Balance at the end of the financial year	**2,137**	2,372

The expected return on scheme assets is determined by considering the expected returns available on the assets based on the current investment policy.

The actual return on the scheme assets in the year was £2,500 (2019: £19,497).

It is estimated that in the year to 31 March 2021, the Company will make additional contributions to the scheme of £51,000.

The weighted average duration of the defined benefit obligation (in years) for each scheme is as follows:

Branch	Plan	2020	2019
Switzerland	G3153/1F9696	**21.1**	21.7
Germany	AV Opp 2005	**6.2**	7.1
Germany	Def. Comp.	**7.2**	9.8
Germany	VO 1995	**24**	25.4

	2020	2019
Amounts recognised in the profit or loss account are as follows:		
Current service cost	**53**	83
Past service cost	**(56)**	(41)
Expected return on pension scheme assets	**(27)**	(43)
Interest on pension scheme liabilities	**48**	66
Effect of settlements	**-**	(285)
Total charge/(credit)	**18**	(220)

The current service cost is included within administration expenses category in the profit or loss statement.

	2020	2019
Experience adjustments in plan assets	**(30)**	(26)
Experience adjustments in plan liabilities	**245**	(290)
Total actuarial gain/(loss) recognised in statement of comprehensive income	**215**	(316)

Note 19. Called up share capital and reserves

	2020 Number of shares	2019 Number of shares	2020 £'000	2019 £'000
Called up share capital				
Opening balance of fully paid ordinary shares at £1,000 per share	**331,601,000**	331,601,000	**331,601**	331,601
Closing balance of fully paid ordinary shares at £1,000 per share	**331,601,000**	331,601,000	**331,601**	331,601
Share premium account				
Opening balance of share premium account			**4,999**	4,999
Closing balance of share premium account			**4,999**	4,999
Equity contribution from ultimate parent entity in relation to share-based payments				
Opening balance of equity contribution from ultimate parent entity			**2,127**	2,004
Equity (reduction)/contribution from ultimate parent entity as a result of deferred tax on share based payments			**(37)**	123
Total equity contribution from parent entity			**2,090**	2,127

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

	2020 £'000	2019 Restated[1] £'000

Note 20. Other reserves and profit and loss account

	2020 £'000	2019 Restated[1] £'000
Other Reserves		
Foreign currency translation reserve		
Balance at the beginning of the financial year	12	187
Exchange differences on translation on disposal of foreign operations, net of hedge and net of tax	720	(175)
Balance at the end of the financial year	**732**	12

Exchange differences arising from the translation of the Company's foreign branches, which have functional currencies other than Pound Sterling, are recognised within reserves.

	2020 £'000	2019 Restated[1] £'000
FVOCI reserve		
Balance at the beginning of the financial year	-	-
Revaluation losses recognised in other comprehensive income	(7)	-
Balance at the end of the financial year	**(7)**	-
Retirement benefit reserve		
Balance at the beginning of the financial year	(507)	(257)
Actuarial gain/(loss) on pension schemes	215	(316)
Deferred tax associated with actuarial gain/(loss)	136	66
Balance at the end of the financial year	**(156)**	(507)
Total other reserves	**569**	(495)
Profit and loss account		
Balance at the beginning of the financial year	(144,222)	(130,112)
Change on initial application of IFRS 16 (Note 2)	85	-
Restated balance as at 1 April 2019	**(144,137)**	(130,112)
Loss for the financial year	(8,714)	(14,110)
Balance at the end of the financial year	**(152,851)**	(144,222)
Total profit and loss account	**(152,851)**	(144,222)

[1]The comparative figures have been restated for 2019, please refer to Note 3 for further details.

Note 21. Capital management strategy

The Company's capital management strategy is to maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Company's capital management objectives are to:
- ensure sufficient capital resource to support the Company's business and operational requirements; and
- 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 entity's capital requirements are performed to ensure the Company is meeting its objectives. Capital is defined as share capital plus reserves, including profit and loss account.

The Company is authorised by the Financial Conduct Authority ("FCA") to undertake investment business activities. The Company has satisfied its FCA imposed capital requirements throughout the financial year.

To the best of our knowledge at the time, during the current and prior financial years, the Company has continued to meet its capital requirements under the FCA requirements and no breaches have occurred. For further information related to capital management and FCA Pillar 3 disclosure requirements, refer to the documents made available on the Company's website (Note 32).

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 22. Related party information

During the year, a new Master Loan Agreement (the MLA) replaced the Omnibus Loan and Deposit Agreement (the Omnibus), which contains the key terms for funding and related arrangements between various related body corporate entities which are under the common control of MGL. The MLA clarifies terms including tenor, pricing, settlement and offsetting terms for entities within the group. Substantially all entities which were a party to the Omnibus have acceded to the MLA.

The MLA excludes derivatives, repurchase agreements, broker settlements and stock lending related balances. These, together with certain bespoke lending arrangements, have been presented on a gross basis as at 31 March 2020 and are not comparable with the previous year wherein they have been offset with other balances under the Omnibus agreement.

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 31.

Details of holdings by related party undertakings are as below:

31 March 2020

Nature of Related party	Corporate advisory fees £'000	Expenses invoiced to client £'000	Expenses to be charged to client £'000	Receivable at 31 March 2020 £'000
Associates and joint ventures of the Macquarie Group	17,649	17	-	2,629

31 March 2019

Nature of Related party	Corporate advisory fees £'000	Expenses invoiced to client £'000	Expenses to be charged to client £'000	Receivable at 31 March 2019 £'000
Associates and joint ventures of the Macquarie Group	25,068	178	-	534

Note 23. Directors' remuneration

Director emoluments paid by the Company for the financial year ended 31 March 2020 were £57,500 (2019: £40,476).

During the financial year, all Directors, apart from the Independent Non-Executive 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 of these duties would not be meaningful. Accordingly, no separate remuneration has been disclosed apart from where stated above.

Note 24. Employee equity participation

Macquarie Group Employee Retained Equity Plan ("MEREP")

The entity 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")

A 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 MEREP Trust, subject to the vesting and forfeiture provisions of the MEREP.

	Number of RSU Awards	
	2020	2019
RSUs on issue at the beginning of the financial year	548	-
Granted during the financial year	-	2,192
Forfeited during the financial year	-	(6,856)
Vested RSUs withdrawn or sold from the MEREP during the financial year	(59)	(204)
Net transfers from related body corporate entities	14,633	5,416
RSUs on issue at the end of the financial year	15,122	548

The weighted average fair value of the RSU awards granted during the Financial year was £nil (2019: £61).

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 24. Employee equity participation (continued)

Deferred Share Units ("DSUs")

A DSU represents a right to receive on exercise of the DSU either an MGL's share held in the Trust or a newly issued MGL 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 the Company's 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.

	Number of DSU Awards	
	2020	2019
DSUs on issue at the beginning of the financial year	**14,957**	16,092
Granted during the financial year	**10,553**	3,871
Exercised during the financial year	**(5,779)**	(4,426)
Net transfers from/(to) related body corporate entities	**4,893**	(580)
DSUs on issue at the end of the financial year	**24,624**	14,957
DSUs exercisable at the end of the financial year	**219**	409

The weighted average fair value of the DSU awards granted during the Financial year was £63 (2019: £58).

Participation in the MEREP is currently provided to the following Eligible Employees:
- Executive Directors with retained Directors' Profit Share (DPS) from 2009 onwards, a proportion of which is allocated in the form of MEREP awards (Retained DPS Awards).
- 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).
- Macquarie Bank staff with retained commission (Commission Awards).
- New Macquarie Bank 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).
- Members of the MBL Executive Committees who are eligible for PSUs (PSU awards).
- In limited circumstances, Macquarie Bank staff may receive an equity grant instead of a remuneration or consideration payment in cash. Current examples include individuals who become employees of the Macquarie Bank upon the acquisition of their employer by a Macquarie Bank entity or who receive an additional award at the time of joining Macquarie (also referred to above as New Hire Awards).

Vesting periods are as follows:

Award type	Level	Vesting
Retained Profit Share 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.

For Retained Profit Share awards representing 2019 retention, the allocation price was the weighted average price of the shares acquired for the 2019 purchase period, which was 13 May 2019 to 24 June 2019. That price was calculated to be £60 (2018 retention: £56).

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 24. Employee equity participation (continued)

Assumptions used to determine fair value of MEREP awards

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

RSUs, DSUs and PSUs relating to the MEREP plan for Executive Committee members have been granted in the current financial year in respect of 2019. The accounting fair value of each of these grants is estimated using the MGL's share price on the date of grant and for each PSU also incorporates a discounted cash flow method using the following key assumptions:
–interest rate to maturity: 0.78% per annum.
–expected vesting dates of PSUs: 1 July 2022 and 1 July 2023.
–dividend yield: 4.96% per annum.

While RSUs, DSUs and PSUs (for Executive Committee members) for the FY2019 will be granted during FY2020, the Company begins recognising an expense for these awards (based on an initial estimate) from 1 April 2019. The expense is estimated using the price of MGL ordinary shares as at 31 March 2020 and the number of equity instruments expected to vest.

For PSUs, the estimate also incorporates an interest rate to maturity of 1.95% per annum, expected vesting date of PSUs of 1 July 2024, and a dividend yield of 5.08% per annum. In the following financial year, the Company will adjust the accumulated expense recognised for the final determination of fair value for each RSU, DSU and PSU 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 income statement.

For the financial year ended 31 March 2020, compensation expense relating to the MEREP totalled £1,108,062 (2019: £195,000).

Note 25. Contingent liabilities and commitments

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

Note 26. Financial risk management

Risk Management Group

Risk is an integral part of the the Company's businesses. The material risks faced by the Group include asset, conduct, credit, environmental and social (including climate change), equity, financial crime, legal, liquidity, market, operational (including cyber and information security), regulatory and compliance, reputational, strategic, tax, and work health and safety risks.

The primary responsibility for risk management lies with the business. An important part of the role of all staff throughout Macquarie is to ensure they manage risks appropriately.

RMG is independent of all other areas of the Macquarie Group. The Company's CRO and Board are supported in their risk management responsibilities for the Company by RMG. RMG is structured into specialist functional divisions and employs an integrated approach to risk analysis and management across risk classes. RMG's assessment and monitoring of risks involves a collaborative effort across the divisions to ensure a detailed analysis takes place both at the individual and aggregate risk level.

The risk management framework requires that key risk decisions made by RMG are appropriately evidenced and documented and that key risk management procedures are documented and embedded into the decision-making framework. Appropriate documentation enhances clarity of roles and responsibilities, accountability, efficiency, and mitigates key person risk. Documentation is also an important element in meeting external regulatory requirements

In addition to the management of risk at an entity level, the risks which the Company are 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 (i.e. not differentiating where the risk is taken within Macquarie).

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 26. Financial risk management (continued)

26.1 Credit risk

Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. The consequent loss is either the amount of the loan or financial obligation not paid back, or the loss incurred in replicating a trading contract with a new counterparty.

Credit risk within the Company is managed on a group basis by the RMG at MGL

Credit assessment and approval

Exercise of credit authority within Macquarie is undertaken under authority delegated by the MGL and MBL Boards directly. Credit risk assessment includes a comprehensive review of the creditworthiness of the counterparty and related entities, key risk and mitigants, and that the downside risk is properly understood and acceptable. After this analysis is undertaken, limits are set for an acceptable level of potential exposure. All wholesale limits and ratings are reviewed at least once a year or more frequently if required. Retail credit exposures are monitored by the business units and overseen by RMG Credit on a portfolio basis.

All credit exposures are monitored regularly against limits. Credit exposures for loan assets are reported at amortised cost or fair value. Derivative exposures are measured using high confidence potential future underlying asset prices. To mitigate credit risk, where appropriate, the Company makes use of margining and other forms of collateral or credit enhancement techniques (including guarantees, letters of credit and the purchase of credit default swaps).

For internal balances, credit rating of each affiliate entity has been defined based on entity classification into bank or non-bank which is broadly aligned to external credit rating agencies. This is assessed and potentially adjusted on an annual basis, whenever required.

The balances disclosed in the credit risk tables below include only those financial assets and off-balance sheet items that are subject to the impairment requirements of IFRS 9.

Ratings and reviews

Refer to Note 2(xiii) Expected credit losses for details regarding the manner in which the Company has adopted and applied IFRS 9's expected credit loss impairment requirements.

Wholesale rating

Macquarie wholesale ratings broadly correspond to Standard & Poor's credit ratings as follows:

Credit Grading	Internal Rating	External Equivalent
Investment Grade	MQ1 to MQ8	AAA to BBB-
Non Investment Grade	MQ9 to MQ16	BB+ to C
Default	MQ99	Default

Retail rating

Retail pools are mapped to the credit quality grades based on their PDs.

Mapping retail portfolios to the credit grades has been done for comparability of the overall presentation and does not reflect the distribution of risk in the portfolio. Management reviews a range of information, including past due status for the portfolio, to assess the credit quality of these assets.

Under IFRS 9, credit quality of retail lending exposures was disclosed based on regulatory PDs (through-the-cycle PDs) and considered the credit rating of the insurance provider for insured mortgages.

Due from related parties

Balances with related parties are mapped to the rating grades assigned internally to these counterparties for the pricing of internal funding arrangements on an arm's length basis.

Portfolio and country risk

A review of the credit portfolio analysing credit concentrations by counterparty, geography, risk type, industry and credit quality is carried out quarterly and reported to the Board semi-annually. Policies are in place to regulate large exposures to single counterparties or groups of counterparties.

The Company has a country risk management framework which covers the assessment of country risk and the approval of country risk limits. Where appropriate the country risk is mitigated by political risk insurance.

Credit quality of financial assets

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount[1] of assets measured at amortised cost or FVOCI and off balance sheet exposures of the Company subject to the impairment requirements of IFRS 9. The credit quality is based on the counterparty's credit rating using the Company's credit rating system and excludes the benefit of collateral and credit enhancements.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 26. Financial risk management (continued)

26.1 Credit risk (continued)

				As at 31 March 2020
	Stage I[2]	Stage II[2]	Stage III	Total
	£'000	£'000	£'000	£'000
Investment Grade				
Cash and bank balances	1,266	-	-	1,266
Amounts owed by other Macquarie group undertakings	666,453	-	-	666,453
Cash collateral on securities borrowed and reverse repurchase agreements	76,857	-	-	76,857
Fees and other receivables	21,421	-	-	21,421
Brokerage trade debtors	363,535	-	-	363,535
Total investment grade	1,129,532	-	-	1,129,532
Non-investment grade				
Amounts owed by other Macquarie group undertakings	17,412	-	-	17,412
Fee receivable	2,472	-	563	3,035
Brokerage trade debtors	41,017	-	-	41,017
Total non-investment grade	60,901	-	563	61,464
Unrated				
Cash and bank balances	19	-	-	19
Amounts owed by other Macquarie group undertakings	94	-	-	94
Fees and other receivables	154	-	-	154
Brokerage trade debtors	47	-	-	47
Total unrated	314	-	-	314
Total [2]	1,190,747	-	563	1,191,310
Financial assets by ECL stage				
Cash and bank balances	1,285	-	-	1,285
Amounts owed by other Macquarie group undertakings	683,959	-	-	683,959
Cash collateral on securities borrowed and reverse repurchase agreements	76,857	-	-	76,857
Fees and other receivables	24,047	-	563	24,610
Brokerage trade debtors	404,599	-	-	404,599
Total financial assets by ECL stage[2]	1,190,747	-	563	1,191,310

[1]For the purposes of this disclosure gross carrying amount of financial assets measured at amortised cost represents the amortised cost before ECL allowance and gross carrying amount of financial assets measured at FVOCI represents amortised cost before fair value adjustments and ECL allowance. Refer to Note 12 for the ECL allowance on amounts owed by other Macquarie group undertakings and Fee receivables.

[2]For definition of Stage I, II, III refer Note 2(xiii). Whilst exposures may have migrated to stage II it should not be inferred that such exposures are of a lower credit quality. The ECL for the stage III assets includes the benefit of collateral and other credit enhancements.

				As at 31 March 2019 Restated
	Stage I[2]	Stage II[2]	Stage III[2]	Total
	£'000	£'000	£'000	£'000
Investment Grade				
Cash and bank balances	1,367	-	-	1,367
Amounts owed by other Macquarie group undertakings	59,337	-	-	59,337
Cash collateral on securities borrowed and reverse repurchase agreements	61,731	-	-	61,731
Fees and other receivables	15,892	-	226	16,118
Brokerage trade debtors	702,744	-	-	702,744
Derivatives and other trade debtors	28,664	-	-	28,664
Total investment grade	869,735	-	226	869,961
Non-investment grade				
Fees and other receivables	576	-	-	576
Brokerage trade debtors	105,439	-	-	105,439
Total non-investment grade	106,015	-	-	106,015
Unrated				
Amounts owed by other Macquarie group undertakings	99,194	-	-	99,194
Brokerage trade debtors	77	-	-	77
Total unrated	99,271	-	-	99,271
Total[2]	1,075,021	-	226	1,075,247

The figures have been restated for 2019, please refer to Note 3 for further details.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 26. Financial risk management (continued)

26.1 Credit risk (continued)

				As at 31 March 2019 Restated
	Stage I[2] £'000	Stage II[2] £'000	Stage III[2] £'000	Total £'000
Financial assets by ECL stage				
Cash and bank balances	1,367	-	-	1,367
Amounts owed by other Macquarie group undertakings	158,531	-	-	158,531
Cash collateral on securities borrowed and reverse repurchase agreements	61,731	-	-	61,731
Fees and other receivables	16,468	-	226	16,694
Brokerage trade debtors	808,260	-	-	808,260
Derivatives and other trade debtors	28,664	-	-	28,664
Total financial assets by ECL stage[(2)]	1,075,021	-	226	1,075,247

The figures have been restated for 2019, please refer to Note 3 for further details.

[1]For the purposes of this disclosure gross carrying amount of financial assets measured at amortised cost represents the amortised cost before ECL allowance and gross carrying amount of financial assets measured at FVOCI represents amortised cost before fair value adjustments and ECL allowance.

[2]For definition of Stage I, II, III refer Note 2(xiii). Whilst exposures may have migrated to stage II it should not be inferred that such exposures are of a lower credit quality. The ECL for the stage III assets includes the benefit of collateral and other credit enhancements.

A facility is considered to be past due when a contractual payment falls overdue by one or more days. When a facility is classified as past due, the entire facility balance after provisions is disclosed in the past due analysis.

Maximum exposure to credit risk

For on-balance sheet instruments, the maximum exposure to credit risk is the carrying amount reported on the balance sheet. For off-balance sheet instruments, the maximum exposure to credit risk generally represents the contractual notional amounts and is disclosed in Note 12 - Expected credit losses.

Credit risk concentration

The tables below detail the concentration of credit risk by significant geographical locations and counterparty type of the Company's assets measured at amortised cost or FVOCI and off balance sheet exposures subject to the impairment requirements of IFRS 9. The geographical location is determined by the country of risk or country of domicile.

As at 31 March 2020	Cash at Bank and in hand £'000	Brokerage trade debtors £'000	Amounts owed by other Macquarie Group undertakings £'000	Reverse Repurchase Agreements £'000	Cash Collateral on Securities Borrowed £'000	Fees and other receivables £'000	Other trade debtors £'000	Total £'000
Australia								
Financial institutions	-	14,648	84,065	74,363	2,494	-	(262)	175,308
Other	-	2	-	-	-	17	-	19
Total Australia	-	14,650	84,065	74,363	2,494	17	(262)	175,327
Americas								
Financial institutions	-	1,322	77,630	-	-	623	-	79,575
Other	-	-	-	-	-	-	-	-
Total Americas	-	1,322	77,630	-	-	623	-	79,575
Asia Pacific								
Financial institutions	-	165	386,109	-	-	-	-	386,274
Other	-	-	862	-	-	-	-	862
Total Asia Pacific	-	165	386,971	-	-	-	-	387,136
Europe, Middle East & Africa								
Government and public authorities	-	213	-	-	-	-	-	213
Financial institutions	1,267	369,223	132,697	-	-	1,881	18,277	523,345
Other	19	987	2,595	-	-	22,088	24	25,713
Total Europe, Middle East & Africa	1,285	370,423	135,293	-	-	23,970	18,301	549,272
Total gross credit risk[1]	1,285	386,560	683,959	74,363	2,494	24,610	18,039	1,191,310

This balance excludes non-financial assets totalling £984,000 which are included in Note 9. Debtors.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 26. Financial risk management (continued)

26.1 Credit risk (continued)
Credit risk concentration (continued)

As at 31 March 2019 Restated[2]	Cash at bank and in hand £'000	Brokerage trade debtors £'000	Amounts owed by other Macquarie Group undertakings £'000	Reverse Repurchase Agreements £'000	Cash Collateral on Securities Borrowed £'000	Fees and other receivables £'000	Other trade debtors[1] £'000	Total £'000
Australia								
Financial institutions	-	21,544	63,568	44,552	17,179	-	-	146,843
Other	-	49,449	87,359	-	-	573	3	137,384
Total Australia	-	70,993	150,927	44,552	17,179	573	3	284,227
Americas								
Financial institutions	-	3,179	-	-	-	-	-	3,179
Other	-	-	277	-	-	-	-	277
Total Americas	-	3,179	277	-	-	-	-	3,456
Asia Pacific								
Financial institutions	-	21,377	-	-	-	-	-	21,377
Other	-	-	3,663	-	-	-	-	3,663
Total Asia Pacific	-	21,377	3,663	-	-	-	-	25,040
Europe, Middle East & Africa								
Government and public authorities	-	2,641	-	-	-	-	-	2,641
Financial institutions	1,367	666,196	-	-	-	15,831	28,661	712,055
Other	-	43,874	3,664	-	-	290	-	47,828
Total Europe, Middle East & Africa	1,367	712,711	3,664	-	-	16,121	28,661	762,524
Total gross credit risk	1,367	808,260	158,531	44,552	17,179	16,694	28,664	1,075,247

This balance excludes non-financial assets totalling £3,077,000 which are included in Note 9. Debtors.

[1]Consists of other trade debtors (Note 9) of £28,664 in Europe, Middle East, & Africa, and immaterial amounts in Australia.

[2]The comparative figures have been restated for 2019, please refer to Note 3 for further details.

Collateral and credit enhancements held
Cash collateral on securities borrowed and reverse repurchase

The Company enters into stock borrowing and reverse repurchase transactions with counterparties which require lodgement of cash collateral. Securities borrowed requires the deposit of cash collateral at amounts equal to or greater than the market value of the securities borrowed. Reverse repurchase agreements are collateralised financing arrangements with the market value of the securities provided as collateral generally in excess of the principal amount.

The fair value of collateral held not recognised on the balance sheet as at 31 March 2020 is £76,316,154 (2019: £47,545,015). The Company is permitted to sell or re-pledge the entire value of securities received, of which the fair value of collateral sold or re-pledged is £nil (2019: £37,704,685). The value attributed to collateral held is judgemental and is generally subject to valuation movements. Macquarie may also incur additional selling costs when a defaulted position is closed out.

Ageing analysis of assets past due but not individually impaired and individually impaired assets

2020	Past due but not individually impaired					
	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days	Default	Total
Class of Financial Asset	£'000	£'000	£'000	£'000	£'000	£'000
Fees and other receivables						
Other	-	1,017	-	1,751	563	3,331
Total	-	1,017	-	1,751	563	3,331

2019	Past due but not individually impaired					
	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days	Default	Total
Class of Financial Asset	£'000	£'000	£'000	£'000	£'000	£'000
Fees and other receivables						
Other	-	1,385	201	1,519	226	3,331
Total	-	1,385	201	1,519	226	3,331

A facility is considered to be past due when a contractual payment falls overdue by one or more days. When a facility is classified as past due, the entire facility balance after provisions is disclosed in the past due analysis.

The factors taken into consideration by the Company when determining an asset to be impaired are set out in Note 2(xiii)- *Impairment*.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 26. Financial risk management (continued)

26.2 Liquidity risk

Governance and oversight

Liquidity risk is managed at the entity level for the Company. The Company has a liquidity risk management framework consisting of regulatory and internal processes and controls allowing it to measure, monitor and manage liquidity risk. The framework is also designed to ensure the entity complies with the guidelines set by the regulator and meets the internal, Board-approved, liquidity risk appetite. This framework is articulated in the relevant policies and supporting documentation.

The Company is subject to regulatory liquidity standards in BIPRU 12. The Company, as an IFPRU investment firm, is a standard ILAS BIPRU firm and is required to prepare an ILAA, at least on an annual basis. The FCA, the Company's primary regulator, has provided the Company with a modification to the requirements under IFPRU 7.1.5R, through which the Company is exempt from compliance with the obligations in Part Six (liquidity requirements) of the EU CRR.

Liquidity risks are identified through on-going liquidity management and monitoring, which contribute to the development of the aforementioned liquidity risk management framework. All key liquidity risks in the Company are assessed through on-going business consultation and changes in business strategy. The Company is required to analyse each of the key sources of liquidity risks identified in BIPRU 12.5.13. These key risk drivers are then further analysed as part of the liquidity stress testing process which occurs both as part of the ILAA, as well on a monthly basis to ensure the entitiy's liquidity risk appetite statement is adhered to.

The liquidity risk appetite statement is an articulation of the nature and level of liquidity risk that is acceptable in the context of achieving each entities' strategic objectives. The risk appetite is supported by a series of risk tolerances which provide a quantitative measure of the acceptable level of risk.

The quantification of liquidity risks is therefore outlined in the below mentioned liquidity risk appetite metrics:
(1) Internal Risk Appetite Scenario.
(2) LAB Requirement.
(3) Cash Requirement.

These risk appetite metrics are further supported by a number of liquidity risk tolerances. The metrics and tolerances are also outlined in the Escalation and Triggers Framework ('ETF') for each entity which are monitored by Group Treasury. The reporting of the metrics and tolerances are performed by Finance or/and Group Treasury.

The Company also has in place Liquidity Early Warning Indicators ('LEWIs') which provide an early warning view of impending liquidity risks to the entity. The monitoring and escalation of these indicators are completed as part of the business as usual ("BAU") processes and also form part of the ETFs.

Based on the conclusions of the ILAA process for the Company, compliance with the FCA Overall Liquidity Adequacy Rule ('OLAR') is determined. The ILAA is prepared by Group Treasury in conjunction with Finance, various RMG teams and business unit contacts. The second line challenge is provided by RMG Treasury Risk Management ("TRM"). The ILAA is reviewed, challenged and approved by the respective Boards on an annual basis and subsequently submitted to the FCA.
On 29 March 2016, the Company entered into a share subscription agreement with its parent, MCHPL. This agreement was amended on 30 September 2016. Per the terms of the amended agreement, MCHPL will subscribe for up to 69,700,000 shares as required by a share subscription agreement notice at a subscription price of £1 per share. On 6 November 2017, the Company further amended the agreement which increases the maximum number of shares for which the Company may issue to 110,000,000. The latest date on which the Company may issue a share subscription notice under the amended agreement is 31 March 2020. There has been no extension of the amended agreement nor has the Company entered into a new share subscription agreement.

Contractual undiscounted cash flows

The following tables summarise the maturity profile of the Company's financial liabilities as at 31 March based on a contractual undiscounted repayment basis and hence would vary from the carrying value as at the balance sheet date. Repayments subject to notice are treated as if notice were given immediately. This does not reflect the behaviour expected cash flows indicated by the Company's deposit retention history since the Company expects that many customers will not request repayment on the earliest date the Company could be required to pay.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 26. Financial risk management (continued)

26.2 Liquidity risk (continued)

As at 31 March 2020	On demand £'000	0 to 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
Due to brokers and customers	5,131	540,867	-	-	-	545,998
Amounts owed to other Macquarie Group undertakings	394,093	-	-	59,108	-	453,201
Other creditors[1]	10	56	704	-	-	770
Lease Liabilities	-	-	-	2,594	237	2,831
Total undiscounted cash flows	399,234	540,923	704	61,702	237	1,002,800

[1]Excludes items that are not financial instruments and non-contractual accruals and provisions.

As at 31 March 2019 Restated	On demand £'000	0 to 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
Due to brokers and customers	-	828,390	-	-	-	828,390
Amounts owed to other Macquarie Group undertakings	54,550	-	-	-	-	- 54,550
Trading portfolio liabilities	-	37,705	-	-	-	37,705
Other creditors	-	985	-	-	-	985
Total undiscounted cash flows	54,550	867,080	-	-	-	921,630

[1]Excludes items that are not financial instruments and non-contractual accruals and provisions.

26.3 Market risk

Market risk is the risk of adverse changes in the value of the Company's trading positions as a result of changes in market conditions. The Company is exposed to the following risks:

- **Price:** The risk of loss due to changes in price of a risk factor (interest rates, foreign exchange, etc.)
- **Volatility:** The risk of loss due to changes in the volatility of a risk factor
- **Correlation:** Risk that the actual correlation between two assets or variables is different from the assumed correlation
- **Concentration:** Risk of over concentration of trading exposures in certain markets and products

Market risk of the Company is managed on a globally consolidated basis for Macquarie Group as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk (i.e. not differentiating where the risk is taken within Macquarie) ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Interest rate risk

The Company has exposure to non-traded interest rate risk generated by interest bearing assets and liabilities.

The table below indicates the Company's exposure to movements in interest rates as at 31 March:

	Movement in basis points	2020 Sensitivity of profit before tax £'000	2019 Restated Sensitivity of profit before tax £'000
Australian Dollar	+50	(86)	(102)
Great British Pound	+50	474	752
Euro	+50	(29)	(249)
Swiss Franc	+50	37	81
United States Dollar	+50	(25)	(593)
Other currencies	+50	-	609
Australian Dollar	-50	86	102
Great British Pound	-50	(474)	(752)
Euro	-50	29	249
Swiss Franc	-50	(37)	(81)
United States Dollar	-50	25	593
Other currencies	-50	-	(609)

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 26. Financial risk management (continued)

26.3 Market risk

Foreign currency risk

The Company is exposed to foreign currency risk arising from transactions entered into in its normal course of business. Movement in foreign currency exchange rates will result in gains or losses in the profit and loss account due to the revaluation of certain balances or in movements in the foreign currency translation reserve due to the revaluation of foreign operations.

The table below indicates the sensitivity to movements in the Pound Sterling rate against various foreign currencies at 31 March. The Company is active in various currencies, those with the most impact on the sensitivity analysis are the Australian Dollar, Swiss Franc, Euro and United States Dollar as shown below.

	Movement of +10%		Movement of -10%	
	2020	2019 Restated	**2020**	2019 Restated
	Sensitivity of profit before tax	Sensitivity of profit before tax	**Sensitivity of profit before tax**	Sensitivity of profit before tax
	£'000	£'000	**£'000**	£'000
Australian Dollar	**(1,739)**	(751)	**1,739**	751
Euro	**100**	38	**(100)**	(38)
Swiss Franc	**(1)**	651	**1**	(651)
United States Dollar	**(74)**	145	**74**	(145)
Other currencies	**(37)**	9	**37**	(9)

Note 27. Measurement categories of financial instruments

The following table contains information relating to the measurement categories of financial instruments of the Company. The descriptions of measurement categories are included in Note 2(vi) Financial instruments. The methods and significant assumptions that have been applied in determining the fair values of financial instruments are disclosed in Note 28 fair value of financial assets and financial liabilities.

The fair value of all financial assets and liabilities carried at amortised cost approximates their carrying value at balance sheet date.

		Financial Instruments Carried at fair value				
		FVOCI	**FVTPL**	**Amortised cost**	**Non-financial instruments**	**Total**
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets						
Tangible assets		-	-	-	2,830	2,830
Current assets						
Deferred tax assets		-	-	-	1,343	1,343
Debtors		-	-	1,114,961	1,952	1,116,913
Reverse repurchase agreements		74,380	-	-	-	74,380
Trading assets		-	638	-	-	638
Financial investments		-	2,751	-	-	2,751
Cash at bank		-	-	1,285	-	1,285
Total assets		**74,380**	**3,389**	**1,116,246**	**6,125**	**1,200,140**
Current liabilities						
Creditors: amounts falling due within one year	-	-	-	(940,860)	(5,626)	(946,486)
Total current	**-**	**-**	**-**	**(940,860)**	**(5,626)**	**(946,486)**
Creditors: amounts falling due after more than one year	-	-	-	(61,940)	(232)	(62,172)
Provisions for liabilities	-	-	-	-	(3,688)	(3,688)
Pension liability	-	-	-	-	(1,386)	(1,386)
Total other liabilities	**-**	**-**	**-**	**(61,940)**	**(5,306)**	**(67,246)**

Notes to the financial statements (continued)
for the financial year ended 31 March 2020

Note 28. Fair values of financial assets and liabilities

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

Financial instruments measured at fair value are categorised in their entirety, in accordance with the levels of the fair value hierarchy as outlined below:

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

The appropriate level for an instrument is determined on the basis of the lowest level input that is significant to the fair value measurement.
IFRS 13 Fair Value Measurement requires the use of the price within the bid-offer spread that is most representative of fair value.

Valuation systems will typically generate mid-market prices. The bid-offer adjustment reflects the extent to which bid-offer costs would be incurred if substantially all of the residual net exposure to market risks were closed, on portfolio basis, using available hedging instruments.

The fair values calculated for financial instruments which are carried in the balance sheet at amortised cost are for disclosure purposes only. The following methods and assumptions applied to derive these fair values can require significant judgement by management and therefore may not necessarily be comparable to other financial institutions nor may it be the price at which the asset is sold or a liability repurchased in a market based transaction:
– the fair values of liquid assets and other instruments maturing within three months are approximate to their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
– the fair values of variable rate financial instruments, including cash collateral on securities borrowed, cash collateral on securities lent, repurchase agreements approximates by their carrying amounts.
– the fair values of all loan assets, term deposits and debt liabilities carried at amortised cost, is determined with reference to changes in credit spreads as well as interest rates.
– the fair value of balances due from/to subsidiaries and other related body corporate entities is approximated by their carrying amount as the balances are generally at variable rate.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments including balances with subsidiaries and other related body corporate entities measured at fair value:

– trading assets and liabilities, derivative financial instruments and other transactions undertaken for trading purposes are measured at fair value by reference to quoted prices in active markets where available (for example listed securities). If quoted prices in active markets are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.
– repurchase and reverse repurchase agreements, being collateralised financing arrangements, are measured at fair value with reference to the securities which are held or provided as the collateral for the financing agreement.
– financial investments classified at FVTPL or FVOCI are measured at fair value by reference to quoted prices in active markets where available (for example listed securities). If quoted prices in active markets are not available, the fair values are estimated on the basis of pricing models or other recognised valuation techniques that maximise the use of market price and observable market inputs. Unrealised gains and losses on FVOCI assets, excluding impairment write-downs on debt instruments, are recorded in the FVOCI reserve in equity until the asset is sold, collected or otherwise disposed of.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020
Note 28. Fair values of financial assets and liabilities (continued)

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated periodically to test that outputs reflect prices from observable current market transactions in the same instrument or other available observable market data.

To the extent possible, models use only observable market data (for example OTC derivatives), however, management is required to make assumptions for certain inputs that are not supported by prices from observable current market transactions in the same instrument such as volatility and correlation.

The fair value of all financial assets and liabilities approximates their carrying value at balance sheet date and are predominantly classified as level 2 in the fair value hierarchy except for cash at bank of £1,285,000 (2019: £1,366,743) which is classified as level 1.

The fair values calculated for financial instruments which are carried on the balance sheet at amortised cost are for disclosure purposes only. The methods and assumptions applied to derive these fair values, as described earlier, can require significant judgement by management and therefore may not necessarily be compared to other financial institutions.

The following table summarises fair value of financial assets and financial liabilities measured at amortized cost, including the level within the fair value hierarchy:

2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collateral on securities borrowed and reverse repurchase agreements	-	74,380	-	74,380
Trading assets	638	-	-	638
Derivative assets	-	-	-	-
Financial investments[1]	2,751	-	-	2,751
Total assets	**3,389**	**74,380**	**-**	**77,769**

[1]The equity investment in Firstextile AG of £nil (2019: £nil) is classified as level 3 in the fair value hierarchy

The following table summarises the levels of the fair value hierarchy for financial assets and liabilities measured at amortized cost.

2019 Restated	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Collateral on securities borrowed and reverse repurchase agreements	-	61,731	-	61,731
Trading assets	37,945	-	-	37,945
Derivative assets	-	38		38
Financial investments[1]	-	-	4,518	4,518
Total assets	**37,945**	**61,769**	**4,518**	**104,232**
Liabilities				
Trading liabilities	(37,705)	-	-	(37,705)
Derivative Liabilities	-	(3)	-	(3)
Total liabilities	**(37,705)**	**(3)**	**-**	**(37,708)**

[1]The equity investment in Firstextile AG of £nil (2019: £nil) is classified as level 3 in the fair value hierarchy

Notes to the financial statements (continued)
for the financial year ended 31 March 2020
Note 29. Offsetting financial assets and financial liabilities

The Company reports financial assets and financial liabilities on a net basis on the balance sheet in accordance with criteria described in Note 2(vi) - *Financial instruments*. The following tables provide information on the impact of offsetting on the balance sheet, as well as amounts covered by enforceable netting arrangements that do not qualify for offsetting in the balance sheet. Enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty only in the event of default or other pre-determined events, such that their potential effects on the Company's financial position in that circumstance is to settle as one arrangement. The Company uses a variety of credit risk mitigation strategies in addition to netting and collateral arrangements, therefore amounts presented in this note are not intended to represent the credit risk exposure of the entity, refer to Note 26.1 - *Credit risk* for information on credit risk management.

	Amounts subject to enforceable netting arrangements[1]						
	Subject to offsetting in balance sheet			Related amounts not offset			
2020	Gross amounts £'000	Amounts offset £'000	Net amounts presented £'000	Cash and other financial collateral £'000	Net amount £'000	Amounts not subject to enforceable netting arrangements £'000	Balance sheet total £'000
Amounts owed by other Macquarie Group undertakings	124,508	(109,230)	15,278	-	15,278	668,586	683,864
Reverse repurchase agreements	74,380	-	74,380	(74,380)	-	-	74,380
Cash collateral on securities borrowed	2,494	-	2,494	(2,494)	-	-	2,494
Total assets	**201,382**	**(109,230)**	**92,152**	**(76,874)**	**15,278**	**668,586**	**760,738**
Amounts owed to other Macquarie Group falling due within one year	(110,761)	109,197	(1,564)	-	(1,564)	(392,529)	(394,093)
Amounts owed to other Macquarie Group falling due after one year	(33)	33	-	-	-	(59,108)	(59,108)
Total liabilities	**(110,794)**	**109,230**	**(1,564)**	**-**	**(1,564)**	**(451,637)**	**(453,201)**

[1]There are no amounts not offset related to other recognised financial instruments.

Amounts owed from/to other Macquarie undertakings netting is governed by the standard terms and rights of set-off as per the MLA. Refer to Note 22 - *Related party information* for further details.

	Amounts subject to enforceable netting arrangements[1]						
	Subject to offsetting in balance sheet			Related amounts not offset			
2019 Restated	Gross amounts £'000	Amounts offset £'000	Net amounts presented £'000	Cash and other financial collateral £'000	Net amount £'000	Amounts not subject to enforceable netting arrangements £'000	Balance sheet total £'000
Amounts owed by other Macquarie Group undertakings	589,038	(430,507)	158,531	-	158,531	-	158,531
Reverse repurchase agreements	44,552	-	44,552	(44,552)	-	-	44,552
Cash collateral on securities borrowed	17,179	-	17,179	(17,179)	-	-	17,179
Total assets	**650,769**	**(430,507)**	**220,262**	**(61,731)**	**158,531**	**-**	**220,262**
Amounts owed to other Macquarie Group undertakings	(485,057)	430,507	(54,550)	-	(54,550)	-	(54,550)
Total liabilities	**(485,057)**	**430,507**	**(54,550)**	**-**	**(54,550)**	**-**	**(54,550)**

[1]There are no amounts not offset related to other recognised financial instruments.

Notes to the financial statements (continued)
for the financial year ended 31 March 2020
Note 29. Offsetting financial assets and financial liabilities (continued)

Offsetting on balance sheet

Amounts are offset in accordance with the criteria described in Note 2(vi) - *Financial instruments* and are limited to the gross carrying values of the financial instruments. Therefore, when an asset is offset by a liability and the asset carrying value exceeds the liability carrying value, then the net amount presented for the asset will be the difference, and for the liability will be nil.

Amounts covered by enforceable netting arrangements

Enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty only in the event of default or other pre determined events, such that their potential effect on the Company's financial position in that circumstance is to settle as one arrangement.

'Other recognised financial instruments' discloses other financial instruments recognised on the balance sheet and 'Cash and other financial collateral' discloses amounts received or pledged in relation to the gross amounts of assets and liabilities. Both are subject to enforceable netting arrangements but are not offset due to the rights of set off applying only upon default or other predetermined events. This excludes non-financial instrument collateral.

The amounts subject to enforceable netting arrangements but not set off on the balance sheet have been limited to the net amount presented on the balance sheet so as not to include effects of over-collateralisation.

Note 30. Pledged assets and transfers of financial assets

Transfer of financial assets

The Company enters into transactions in the normal course of business that transfer financial assets recognised in the balance sheet to other entities in the Macquarie Group. Depending on the criteria discussed in Note 2(vi), the Company may be unable to derecognise the transferred asset. The following transactions typically result in the transferred assets continuing to be recognised in full.

Securities loaned

Equity instruments subject to lending agreements continue to be recognised on the balance sheet and an associated liability is recognised for the consideration received. In certain arrangements, the equity instruments transferred cannot otherwise be pledged or sold by the transferee, however the assets may be substituted if the required collateral is maintained.

The table below includes those assets not derecognised due to securities lending agreements:

	As at 31 March 2020		As at 31 March 2019	
	Carrying amount of transferred assets	**Carrying amount of associated liabilities**	Carrying amount of transferred assets	Carrying amount of associated liabilities
	£'000	**£'000**	£'000	£'000
Financial assets not derecognised due to repurchase and securities lending agreements:				
Trading assets	-	-	34,957	30,021
Financial investments	-	-	4,518	5,078

Notes to the financial statements (continued)
for the financial year ended 31 March 2020
Note 30. Pledged assets and transfers of financial assets (continued)

Assets pledged as security
Assets pledged as security for liabilities include £nil (2019: £34,957,114) of securities included under trading assets and £nil (2019: £4,518,072) of financial investments pledged as collateral for stock lending arrangements with other companies in the Macquarie Group. These transactions are governed by standard industry agreements. In each case, the transferee has the right to sell or re-pledge the value of securities received.

Assets received as security
The Company receives equity instruments from other companies in the Macquarie Group in stock borrowing arrangements. These transactions are governed by standard industry agreements. The Company posts cash collateral in connection with these transactions. The net collateral posted of £2,494,000 (2019: £17,179,143) is recognised in 'cash collateral on securities borrowed' within Debtors (Note 9).

The Company is permitted to sell or re-pledge certain equity instruments received in these arrangements. The fair value of such collateral is £3,948,000 (2019: £47,545,015), of which £nil (2019: £37,704,685) was sold or re-pledged. The Company has the obligation to return these instruments.

Reverse repurchase agreements
The Company enters into reverse repurchase transactions, where the Company purchases securities under an agreement to resell. The fair value of the securities received is £76,316,000 (2019: £44,542,856). The collateral posted of £74,380,000 (2019: £44,552,088) is recognised in 'reverse repurchase agreements' within Debtors (Note 9).

Note 31. Ultimate parent undertaking

At 31 March 2020, the immediate parent undertaking of the Company is Macquarie Corporate Holdings Pty Limited (UK Branch).
The ultimate parent undertaking and controlling party of the Company is Macquarie Group Limited. 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 32. Pillar 3 disclosure

For the purposes of the Financial Conduct Authority Pillar 3 disclosure requirements, the Company has made available the necessary unaudited documents on its UK website. This can be found at: http://www.macquarie.com/uk/about/investors/regulatory-disclosures.

Note 33. Events after the reporting period

There were no material events subsequent to 31 March 2020 and up until the authorisation of the financial statements for issue, that have not been reflected in the financial statements.

Country by country reporting disclosure

2020

Region	Activity	Turnover £'000	Profit/(loss) before taxation £'000	Corporation tax paid £'000	Average FTE employees number
Germany	Corporate advisory services	34,529	5,880	797	-
Ireland	Corporate advisory services	470	(752)	(2)	1
Netherlands	Corporate advisory services	4,868	3,434	356	5
France	Corporate advisory services	710	(4,783)	-	4
Switzerland	Cash equity trade introductions	517	(872)	(61)	1
Spain	Corporate advisory services	-	(2,107)	-	2
UK	Corporate advisory services, institutional stockbroking, market making, commodities trading	169,958	(11,038)	-	-
Total		**211,052**	**(10,238)**	**1,090**	**13**

Note 1. Basis of preparation

The Capital Requirements (Country by Country Reporting) Regulations 2013 came in to effect on 1 January 2014, and have been transposed into UK law to impose certain reporting obligations on institutions within the United Kingdom within the scope of the EU Capital Requirements Directive IV (CRDIV). The Directors are responsible for preparation of the country by country reporting disclosure in accordance with the above regulations.

The table above presents Macquarie Capital (Europe) Limited's (the "Company's") turnover, profit/loss, corporation cash tax paid and number of employees, allocated by country on the basis of the Company's tax domicile.

Turnover has been disclosed in line with the financial statements of the Company. Employee numbers represent average full-time equivalent (FTE) permanent employees.

The entity did not receive any public subsidies.

Independent auditors' report to the directors of Macquarie Capital (Europe) Limited

Report on the audit of the country-by-country information

Opinion

In our opinion, Macquarie Capital (Europe) Limited's country-by-country information for the year ended 31 March 2020 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 March 2020 in the Country-by-Country Report.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information 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 country-by-country information in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to note 1 of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is not appropriate; or
- the directors have not disclosed in the country-by-country information 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 country-by-country information is authorised for issue.

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

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in Note 1 of the country-by-country disclosure and accounting policies in Note 2 to the financial statements and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, 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 country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is 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 this country-by-country information.

A further description of our responsibilities for the audit of the country-by-country information 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 opinion, has been prepared for and only for the company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27th July 2020