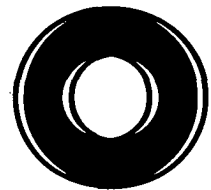


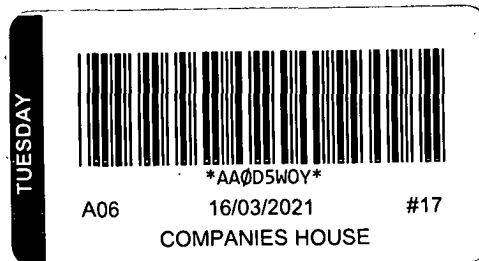
MACQUARIE INVESTMENTS (UK) LIMITED

COMPANY NUMBER 4104671

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



MACQUARIE



The Company's registered office is:
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

Macquarie Investments (UK) Limited

2020 Strategic Report, Directors' Report and Financial Statements Contents

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Macquarie Investments (UK) Limited

Strategic Report for the financial year ended 31 March 2020

In accordance with a resolution of the directors (the "Directors") of Macquarie Investments (UK) 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 to carry on the business of a finance, investment and investment holding company.

Review of operations

The profit for the financial year ended 31 March 2020 was £17,273,000, a decrease of 93% per cent from profit for the financial year ended 31 March 2019 of £261,068,000.

Total operating profit for the financial year ended 31 March 2020 was £21,628,000, a decrease of 87% from total operating profit of £170,981,000 in the previous financial year.

Total operating expenses for the financial year ended 31 March 2020 were £925,000, as compared to total operating income for the financial year ended 31 March 2019 of £120,000.

As at 31 March 2020, the Company had net assets of £402,181,000 (2019: £388,537,000).

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 19.

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 lasted until 31 December 2020. On 24 December 2020, the United Kingdom and the EU reached agreement on a number of areas relating to their future relationship. This agreement generally did not address financial services, and the nature of the future financial services regime between the UK and EU remains subject to ongoing engagement between the parties. The Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts.

The Company is not subject to any other material risks or uncertainties, over and above those stated, although the Directors' note that the situation with respect to Coronavirus ("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 and exposure to the performance of its subsidiaries. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

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

Financial risk management (continued)

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

Credit risk

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

Liquidity risk

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

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include 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 include amounts receivable from and payable to other Macquarie Group undertakings which are denominated in non-functional currencies. Any material non-functional currency exposures are managed by applying a group wide process of minimising exposure at an individual company level.

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 workforce;
- (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.

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.

Macquarie Investments (UK) Limited

Strategic Report

for the financial year ended 31 March 2020 (continued)

Financial risk management (continued)

Section 172 (1) Statement (continued)

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.

Other matters

Due to the nature of the business and the information provided elsewhere in this report, the Managers 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



Robert Thompson
Director
11 March 2021

Macquarie Investments (UK) Limited

Company Number 4104671

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 year and until the date of this report, unless disclosed otherwise, were:

G Agrawal
B Donnelly
R Thompson

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

H Everitt

Results

The profit for the financial year ended 31 March 2020 was £17,273,000 (2019: profit of £261,068,000).

Dividends

Interim dividends of £3,629,000 (2019: £254,738,000) were paid during the financial year. No final dividend has been proposed.

State of affairs

On 22 May 2019, the Company sold its 19.9% investment in Berkeley Futures limited.

On 31 March 2020, the Company sold 155,800 unlisted equity shares of Quadra Commodities for £2,149,000, reducing ownership from 17.65% to 7.65%.

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

Events after the reporting date

On 22 September 2020, an unwinding of redeemable preference shares ("RPS") structure that involved Company's subsidiary, Hydra Investments 2007 Limited, was completed, resulting in its impairment of £111,572,000. Subsequently, the Company completed a recapitalization of share capital in September 2020, resulting in £111,700,000 of share premium reserve.

In December 2020, the Company has renegotiated the loan facility with Bunhill Investments Unlimited of its short term borrowings of £70,000,000 to extend its tenor by 15 months.

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.

Likely developments, business strategies and prospects

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.

Macquarie Investments (UK) Limited

Company Number 4104671

Directors' Report

for the financial year ended 31 March 2020 (continued)

Likely developments, business strategies and prospects (continued)

COVID-19 (continued)

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 Company's results are disclosed under Note 2.

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 Investments (UK) 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"), 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 Directors believe that no other significant changes are expected other than those already disclosed in this report and 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.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Macquarie Investments (UK) Limited

Company Number 4104671

Directors' Report

for the financial year ended 31 March 2020 (continued)

Statement of Directors' responsibilities in respect of the financial statements (continued)

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 (1) Statement

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 and external parties.

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 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 RMG.

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 is in the best interests of the Company having due regard to the interests of the Shareholder and relevant stakeholders.

(b) Interests of the Company's workforce:

The Company itself does not have any direct employees but utilises the services of employees employed by the Macquarie Group via a range of internal shared services agreements.

(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.

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.

Macquarie Investments (UK) Limited

Company Number 4104671

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

Section 172 (1) Statement (continued)

(d) Community and the environment:

Clear dialogue with stakeholders is important to building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our Environmental Social and Governance ("ESG") approach.

Macquarie Group 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 Group-wide ESG risks is a key business priority and an important component of our broader risk management framework, to which the Company itself and business proposals brought to the Company are subject.

(e) Reputation for high standards:

The reputations of the Company and its Directors are 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. Macquarie's Integrity Office provides an internally independent and confidential point of contact for Macquarie's workforce and external parties to safely raise concerns about improper conduct. It is responsible for implementing the Whistleblower Policy and for managing the investigation of concerns raised under this policy, including any raised through the Macquarie Staff Hotline. The Integrity Office also promotes high ethical standards and good decision-making through communications and engagement with Macquarie's workforce.

(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. The interests of relevant stakeholders were considered by the Directors for any major developments, activities or transactions.

Disclosure of information to auditors


In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

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

On behalf of the Board,



Robert Thompson
Director
11 March 2021

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

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Investments (UK) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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 and the statement of changes in equity for the year then ended ; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 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 6 and 7, 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.



Martin Cross (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 March 2021

Macquarie Investments (UK) Limited

Financial Statements

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

	Notes	2020 £'000	2019 £'000
Dividend income	2(v), 3	21,111	174,300
Administrative expenses		(210)	(21)
Interest receivable and similar income	4	31,117	16,374
Interest payable and similar expenses	5	(29,675)	(19,813)
Other operating (expenses)/income	3	(715)	141
Operating profit		21,628	170,981
Amounts written off investments	3	(3,153)	-
Other (losses)/gains	3	(1,156)	89,547
Profit on ordinary activities before taxation		17,319	260,528
Tax on profit on ordinary activities	6	(46)	540
Profit on ordinary activities for the financial year		17,273	261,068

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

Profit on ordinary activities before taxation relates wholly to continuing operations.

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

Macquarie Investments (UK) Limited

Balance sheet as at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	8	302,113	306,622
		302,113	306,622
Current assets			
Deferred tax assets	6	142	158
Debtors (includes £429,260,801 due after one year (2019: £17,108,868)) ¹	10	456,518	872,957
Held for sale assets	11	-	5,833
		456,660	878,948
Current liabilities			
Creditors: amounts falling due within one year	12	(175,943)	(797,033)
		280,717	81,915
Net current assets		280,717	81,915
Total assets less current liabilities		582,830	388,537
Creditors: amounts falling due after more than one year	13	(180,649)	-
Net assets		402,181	388,537
Capital and reserves			
Called up share capital	14	299,241	299,241
Share premium account	14	200	200
Other reserves	15	79,362	79,362
Profit and loss account	15	23,378	9,734
Total shareholders' funds		402,181	388,537

¹In the previous year financial statements, the Debtor balance maturing on 16 November 2020 was mistakenly annotated, within the description of Debtors on the balance sheet, as £107,916,213 due after one year instead of £17,108,868. This has been corrected in comparative financial information presented within the current year financial statements.

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

The financial statements on pages 11 to 30 were authorised for issue by the Board of Directors on 11 March 2021 and were signed on its behalf by:



Robert Thompson
Director

Macquarie Investments (UK) Limited

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

	Note	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 April 2018		299,241	200	79,362	3,404	382,207
Profit after tax for the financial year	15	-	-	-	261,068	261,068
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	261,068	261,068
Transactions with equity holders in their capacity as ordinary equity holders:						
Dividends	7, 15	-	-	-	(254,738)	(254,738)
Balance at 31 March 2019		299,241	200	79,362	9,734	388,537
Profit after tax for the financial year	15	-	-	-	17,273	17,273
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	17,273	17,273
Transactions with equity holders in their capacity as ordinary equity holders:						
Dividends	7, 15	-	-	-	(3,629)	(3,629)
Balance at 31 March 2020		299,241	200	79,362	23,378	402,181

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.

Macquarie Investments (UK) Limited

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 under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006.

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

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

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

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

Critical accounting estimates and significant judgements

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

- judgement in the choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss ("ECL") including the determination of significant increase in credit risk ("SICR"), forecasts of economic conditions and the weightings assigned thereto (Note 2(xii));
- judgements regarding the identification of indicators of impairment in investment in subsidiaries (Notes 2(xii), 8 and 9);
- judgement in determination of control of subsidiaries (Notes 2(viii) and 9); and
- estimates in recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities (Notes 2(vi) and 6).

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

Macquarie Investments (UK) Limited

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

Note 2. Summary of significant accounting policies (continued)

(i) Basis of preparation (continued)

Critical accounting estimates and significant judgements (continued)

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

COVID-19 impact

Background

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.

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:

Loans, receivables and creditors

In response to COVID-19 the Company undertook a review of the credit portfolios, loan to other Macquarie entities, the ECL for each and creditors. The review considered the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology, SICR thresholds, and definition of default remained consistent with prior periods.

Investments in subsidiaries

The Company's investments in subsidiaries are diversified, have been acquired over time and cover various sectors and geographic locations. When it has been assessed that there is an indicator of impairment the Company tests the carrying amount of each of its investments for impairment, by comparing the investment's recoverable amount with the carrying value. In addition to the Company assessing its investments in subsidiaries for impairment, the Company re-affirmed that there were no circumstances as a result of COVID-19 that would affect the existing control conclusion for its subsidiaries, including structured entities, nor did it highlight instances in which the Company now had control of such entities. Refer to Note 9.

Macquarie Investments (UK) Limited

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

Note 2. Summary of significant accounting policies (continued)

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

The new accounting Standard IFRS 16 Leases, amendments to accounting Standards IAS 23 Borrowing costs and IAS 19 Employee benefits; and IFRS 23 Interpretation 23 Uncertainty over Income Tax Treatment that are effective for the year ended 31 March 2020 did not have a material impact on the Company's financial statements.

(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) Deficiency of net current assets

The Directors of the Company have prepared the financial statements on a going concern basis. While the financial statements as at 31 March 2020 show the Company in a net current asset position, there is a deficiency of current assets realisable in under one year of £148,544,000. This situation arises because loan assets are realisable in more than twelve months but less than two years from the year end. The Companies Act requires assets with a maturity of less than several years in the future to be classified as current. However, in September 2020 the Company completed a recapitalisation of share capital, resulting in £111,700,000 of share premium reserve and in December 2020 the Company renegotiated the loan facility with Bunhill Investments Unlimited of £70,000,000 to extend its tenor by 15 months. Therefore, the Company has an excess of current assets at the date of signing these financial statements.

(iv) Foreign currency translations

Functional and presentation currency

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

Transactions and balances

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

(v) Revenue and expense recognition

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

Net interest income/(expense)

Interest income and interest expense 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. Fees and transaction costs that are integral to the lending arrangement are recognised in the profit and loss account over the expected life (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the re-measurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

Other operating (expenses)/income

Other operating expenses comprise other gains and losses relating to foreign exchange differences and credit impairment charges.

Other (losses)/gains

Other gains comprises of other gains and losses relating to gain on sale of fixed investment and reclassifications to held for sale which are recognised in the profit and loss account.

Macquarie Investments (UK) Limited

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

Note 2. Summary of significant accounting policies (continued)

(v) Revenue and expense recognition (continued)

Dividends

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

Expenses

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

(vi) 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.

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

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.

(vii) 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 fair value through profit or loss ("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.

Macquarie Investments (UK) Limited

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

Note 2. Summary of significant accounting policies (continued)

(vii) Financial instruments (continued)

Recognition of financial instruments (continued)

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;
- 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.

Financial liabilities

Financial liabilities are derecognised from the balance sheet when the Consolidated Entity's obligation has been discharged, cancelled or has expired.

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, that are subsequently measured at FVTPL, or financial liabilities, that are subsequently measured at FVTPL, are recognised as investment income as part of other operating income and expenses.

Classification and subsequent measurement

Financial assets

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

Business model assessment

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

- 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;
- 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
- 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).

Macquarie Investments (UK) Limited

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

Note 2. Summary of significant accounting policies (continued)

(vii) Financial instruments (continued)

Classification and subsequent measurement (continued)

Business model assessment (continued)

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 designated to be measured at FVTPL ("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.

FVTPL

Financial assets that do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income ("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 DFVTPL to eliminate or significantly reduce an accounting mismatch;
- 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 assets that are FVTPL are recognised as part of other operating income and expenses.

The interest component of financial assets that are measured at FVTPL is recognised in interest income.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet, when there is a 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.

(viii) Investments

Investments in subsidiaries

Subsidiaries are all those entities (including structured entities) over which the Company has the power to direct the relevant activities of the entity, exposure, or rights, to significant variable returns and the ability to utilise power to affect the Company's own returns.

Macquarie Investments (UK) Limited

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

Note 2. Summary of significant accounting policies (continued)

(viii) Investments (continued)

Investments in subsidiaries (continued)

The determination of control is based on current facts and circumstances and is continuously assessed. The Company has power over an entity when it has existing substantive rights that give it the current ability to direct the entity's relevant activities. Relevant activities are those activities that significantly affect the entity's returns. The Company evaluates whether it has the power to direct the relevant activities. The Company also considers the entity's purpose and design. If the Company determines that it has power over an entity, the Company then evaluates whether it has exposure or rights to variable returns that, in aggregate, are significant.

All variable returns are considered in making that assessment including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

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

(ix) Hedge accounting

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

Fair value hedge

- Nature of hedge: The hedge of the fair value risk on the non-functional currency investments by the Company due to changes in foreign currency rates;
- Hedged risk: Foreign exchange risk (spot);
- Hedged item: Foreign currency denominated investment;
- Hedging instrument: foreign currency denominated issued debt;
- Designation and documentation: At inception of the hedge relationship, documentation is required of the Company's risk management objective and strategy for the hedge, hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements;
- Hedge effectiveness method: All hedge relationships are required to be assessed for hedge ineffectiveness both at the inception and throughout the hedge relationship by demonstrating that:
 - an economic relationship exists between the hedged item and the hedging instrument;
 - credit risk does not dominate the changes in value of either the hedged item or the hedging instrument; and
 - the hedge ratio is reflective of the Company's risk management approach.

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

- Accounting treatment for the hedging instrument: Fair value through the profit and loss account;
- Accounting treatment for the hedged item: Carrying value adjusted for changes in fair value attributable to the hedged risk;
- Accounting treatment for hedge ineffectiveness: Recognised in the profit and loss account to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument;
- Accounting treatment if the hedge relationship is discontinued: Where the hedged item still exists, adjustments to the hedged item are amortised to the profit and loss account on an effective interest rate basis.

(x) Due to/from related entities

Transactions between the Company and related entities principally arise from the provision of banking and other financial services, lending arrangements and acceptance of funds on deposit, intercompany services and transactions and the provision of financial guarantees. Refer to Note 2(v) Revenue and expense recognition and Note 2(vii) Financial instruments.

Financial assets and financial liabilities are presented net where the offsetting requirements are met (Note 2(vii)), such that the net amount is reported in the balance sheet.

Macquarie Investments (UK) Limited

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

Note 2. Summary of significant accounting policies (continued)

(xi) 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. Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a 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 II – Lifetime ECL not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company 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.

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 III – Lifetime ECL credit-impaired

Financial assets are classified as stage III where they are determined to be credit impaired, which generally matches the Australian Prudential Regulation Authority ("APRA") definition of default. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD and EAD, adjusted for FLI.

Presentation of loss allowances

The loss allowances for ECL are presented in the balance sheet as follows:

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.

Impairment of investments in subsidiaries

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

Macquarie Investments (UK) Limited

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

Note 2. Summary of significant accounting policies (continued)

(xii) Held for sale assets

This category includes subsidiaries for which carrying amount will be recovered principally through a sale or distribution transaction rather than continuing use.

These assets are classified as held for sale when they are available for immediate sale in their present condition and it is highly probable that they will be sold or distributed within 12 months. Where there is a planned partial disposal of a subsidiary resulting in loss of control, but the Company retains an interest in the disposed subsidiary, the entire carrying value of the subsidiary's assets and liabilities are classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Equity accounting, depreciation and amortisation are suspended when the held for sale criteria is satisfied.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell and is recognised in the profit and loss account. A gain is recognised for any subsequent increase in fair value less costs to sell, limited to the cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale is recognised at the date of sale.

(xiii) Called up share capital

Ordinary shares and other similar instruments are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(xiv) Comparatives

Where necessary, comparative information has been reclassified to conform to changes in presentation in the current year.

In the previous year financial statements, the Debtor balance maturing on 16 November 2020 was mistakenly annotated, within the description of Debtors on the balance sheet, as GBP 107,916,213 due after one year instead of GBP 17,108,868. This has been corrected in comparative financial information presented within the current year financial statements.

The Credit impairment charges reversal of £119,000 and foreign exchange gains of £22,000 have been reclassified to "Other operating (expense)/income" which were presented as "Other gains/(losses)" in the previous year. Comparative information has been reclassified represented to conform to the current year presentation.

Macquarie Investments (UK) Limited

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

2020	2019
£'000	£'000

Note 3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after crediting/(charging):

Dividend Income	21,111	174,300
Administrative expenses		
Fees payable to the Company's auditors for the audit of the Company	(34)	(29)
Other administrative (expenses)/income	(176)	8
Other operating (expenses)/income		
Credit impairment (charges)/reversals	(527)	119
Foreign exchange (losses)/gains	(188)	22
Other (expenses)/income		
Amounts written off investments	(3,153)	-
Net (loss)/profit on sale of fixed asset investment	(1,156)	89,547

The Company had no employees during the year (2019: nil).

Note 4. Interest receivable and similar income

Interest receivable from other Macquarie Group undertakings	31,117	16,374
Total interest receivable and similar income	31,117	16,374

Note 5. Interest payable and similar expenses

Interest payable to other Macquarie Group undertakings	29,675	19,813
Total interest payable and similar expenses	29,675	19,813

Note 6. Tax on profit on ordinary activities

Current tax

UK corporation tax at 19% (2019: 19%)	402	565
Adjustments to tax in respect of prior years	-	1
Foreign tax suffered	(432)	-
Total current tax	(30)	566

Deferred tax

Origination and reversal of timing differences	(28)	(28)
Adjustments to tax in respect of prior years	(6)	-
Effect of changes in tax rates	18	2
Total deferred tax	(16)	(26)
Tax on profit on ordinary activities	(46)	540

Macquarie Investments (UK) Limited

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

2020	2019
£'000	£'000

Note 6. Tax on profit on ordinary activities (continued)

(i) Reconciliation of effective tax rate

The taxation charge for the year ended 31 March 2020 is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%), as outlined below:

Profit before taxation	17,319	260,528
Current tax charge at 19% (2019: 19%)	(3,291)	(49,500)
Effects of:		
Adjustments to tax in respect of prior years	(6)	1
Non deductible expenses	(714)	(4,267)
Foreign tax suffered	(432)	-
Non assessable income	4,379	54,304
Effect of changes in tax rates	18	2
Total tax on profit on ordinary activities	(46)	540

The UK Corporation tax main 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%.

(ii) Deferred tax comprises timing differences attributable to:

Financial instruments	142	158
Total deferred income tax assets	142	158

(iii) Reconciliation of the Company's movement in deferred tax:

Balance at the beginning of the financial year	158	184
Temporary differences:		
Deferred tax charged to profit and loss account for the period	(28)	(28)
Effect of changes in tax rates	18	2
Adjustment in respect of previous periods	(6)	-
Balance at the end of the financial year	142	158

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

Note 7. Dividends paid

Dividends paid

Dividend paid (£0.01 per share; 2019: £0.69 per share)	3,629	254,738
Total dividends paid (note 16)	3,629	254,738

Note 8. Investments

Unlisted equity securities	1,793	3,942
Investment in subsidiaries (Note 9)	300,320	302,680
Total investments	302,113	306,622

Note 9. Investments in subsidiaries

Investments at cost without provisions for impairment	132,908	141,101
Investments at cost with provisions for impairment	184,081	175,095
Less provisions for impairment	(16,669)	(13,516)
Investments with provisions for impairment at recoverable amount	167,412	161,579
Total investments in subsidiaries	300,320	302,680

Macquarie Investments (UK) Limited

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

Note 9. Investments in subsidiaries (continued)

Name of investment	Nature of business	Registered Office	2020 % ownership	2020 £'000	2019 £'000
Bunhill Investments Unlimited	Investment company	Level 1, IFC 1, Esplanade St Helier JE2 3BX Jersey	100	101,197	101,197
Macquarie Global Investments (UK) Limited	Funding vehicle	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	3,073	3,073
Macquarie Investments 2 Limited	Holding company	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	10,503	10,503
Hydra Investments 2007 Limited	Investment company	Level 1, IFC 1, Esplanade St Helier JE2 3BX Jersey	100	158,636	158,636
Macquarie Corporate and Asset Finance 2 Limited	Operating and finance leasing	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	2,870	2,870
Macquarie Denmark Limited A/S	Securities lending, purchase and sale of listed equities	Harbour House Sundkrogsgade 21 2100 Copenhagen Denmark	-	-	1,417
Macquarie Structured Products (Europe) GmbH	Issue of listed structured products	OpfernTurm Bockenheimer Landstrasse 2-4 60306 Frankfurt am Main Germany	100	18	190
Macquarie Structured Securities (Europe) Public Limited Company	Issue of structured bonds and structured products	First Floor Connaught House 1 Burlington Road Dublin 4 D04 C5Y6 Ireland	100	33	62
Macquarie Distribution Finance Ltd.	Brokerage and software licensing agreement	Claridenstrasse 41 CH-8002 Zurich Switzerland	100	1,512	1,399
Macquarie France SARL	Securities and derivative dealing business	41 Avenue George V 75008 Paris France	100	19,697	19,175
Macquarie Investments Deutschland GmbH	Management of own assets% dealing in shares, equity swaps and stock loans	OpfernTurm Bockenheimer Landstrasse 2-4 60306 Frankfurt am Main Germany	100	2,781	4,158
Total investments in subsidiaries				300,320	302,680

Macquarie Investments (UK) Limited

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

	2020	2019
	£'000	£'000
Note 10. Debtors		
Amounts owed by other Macquarie Group undertakings ^{1,2}	453,948	872,392
Other debtors	2,570	565
Total debtors	456,518	872,957

¹In the previous year financial statements, Debtor balance maturing on 16 November 2020 was mistakenly annotated, within the description of Debtors on the balance sheet, as GBP 107,916,213 due after one year instead of GBP 17,108,868. This has been corrected in comparative financial information presented within the current year financial statements.

²Amounts 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 0.85% and LIBOR plus 2.30% (2019: between LIBOR plus 1.18% and LIBOR plus 2.41%).

At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £458,802 (2019: £118,867) which is net presented against the gross carrying amount.

Note 11. Held for sale assets

Interests in associates	-	5,833
Total assets classified as held for sale	-	5,833

Note 12. Creditors: amounts falling due within one year

Amounts owed to other Macquarie Group undertakings ¹	175,715	797,033
Other creditors	228	-
Total creditors: amount falling due within one year	175,943	797,033

¹Amounts 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 0.95% (2019: LIBOR plus 1.32%).

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

Amounts owed to other Macquarie Group undertakings ¹	180,649	-
Total creditors: amount falling due after more than one year	180,649	-

¹Amounts due to other Macquarie Group undertakings as of 31 March 2020 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 0.95%.

Note 14. Called up share capital

	2020	2019	2020	2019
	Number of shares	Number of shares	£'000	£'000
Ordinary share capital				
Opening balance of fully paid ordinary shares at £0.81 per share	369,432,867	369,432,867	299,241	299,241
Closing balance of fully paid ordinary shares at £0.81 per share	369,432,867	369,432,867	299,241	299,241
Share premium account				
Opening balance of share premium account			200	200
Closing balance of share premium account			200	200

Macquarie Investments (UK) Limited

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

	2020	2019
	£'000	£'000
Note 15. Other reserves and profit and loss account		
Capital redemption reserve		
Balance at the beginning of the financial year	79,362	79,362
Balance at the end of the financial year	79,362	79,362
Profit and loss account		
Balance at the beginning of the financial year	9,734	3,404
Profit for the financial year	17,273	261,068
Dividends paid (Note 7)	(3,629)	(254,738)
Balance at the end of the financial year	23,378	9,734

Note 16. 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 is not comparable with the previous year wherein they have been offset with other balances under the Omnibus.

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 19.

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

Details of holdings by subsidiary undertakings as at 31 March 2020 are as below:

Name of related party	Registered office	% ownership	Class of shares
Subsidiaries of Hydra Investments 2007 Limited			
Macquarie Investments (Singapore) Limited	Walker House, 87 Mary Street PO Box 908, George Town Grand Cayman, KY1-9005	100	Ordinary shares Preference shares
Macquarie Funding Inc.	Brookfield Place 181 Bay Street Suite 3100 Toronto ON M5J 2T3 Canada	100	Preference shares
Subsidiaries of Macquarie Investments 2 Limited			
Macquarie Corona Energy Holdings Limited	Edward Hyde Building 38 Clarendon Road Watford, England WD17 1JW United Kingdom	100	Ordinary Redeemable Golden
Corona Energy Limited	Building 2, Level 2 Croxley Park Watford WD18 8YA United Kingdom	100	Class A Ordinary Class B Ordinary Ordinary

Macquarie Investments (UK) Limited

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

Note 16. Related party information (continued)

Name of related party	Registered office	% ownership	Class of shares
Corona Energy Retail 1 Limited	Building 2, Level 2 Croxley Park Watford WD18 8YA United Kingdom	100	Ordinary
Corona Energy Retail 2 Limited	50 Lothian Road Festival Square Edinburgh EH3 9WJ United Kingdom	100	Class A Ordinary Class B Ordinary Ordinary
Corona Gas Management Limited	Building 2, Level 2 Croxley Park Watford WD18 8YA United Kingdom	100	Ordinary
Corona Energy Retail 3 Limited	Building 2, Level 2 Croxley Park Watford WD18 8YA United Kingdom	100	Class A Ordinary Class B Ordinary
Corona Energy Retail 4 Limited	Building 2, Level 2 Croxley Park Watford WD18 8YA United Kingdom	100	Ordinary
Corona Energy Retail 5 Limited	Building 2, Level 2 Croxley Park Watford WD18 8YA United Kingdom	100	Ordinary
Macquarie Investments 1 Limited	Ropemaker Place 28 Ropemaker Street London, EC2Y 9HD United Kingdom	100	Ordinary
Macquarie Avenir No. 1 PTY Limited	Level 6 50 Martin Place Sydney NSW 2000 Australia	0.01	Ordinary
Macquarie Finance Korea Co. LTD	9th Floor, Hanwha Building 109 Sogong-ro, Jung-gu Seoul 04525 Korea	100	Ordinary
Macquarie Treuermögen GmbH	OpernTurm Bockenheimer Landstrasse 2-4 60306 Frankfurt am Main Germany	100	Ordinary
Macquarie Leasing Limited	Ropemaker Place 28 Ropemaker Street London, EC2Y 9HD United Kingdom	100	Ordinary

Macquarie Investments (UK) Limited

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

Note 16. Related party information (continued)

Name of related party	Registered office	% ownership	Class of shares
Macquarie Products (Ireland) Limited	1st Floor, Connaught House 1 Burlington Road Dublin 4 D04 C5Y6 Ireland	100	Ordinary
Macquarie Restorations Limited	Ropemaker Place 28 Ropemaker Street London, EC2Y 9HD United Kingdom	100	Ordinary
Macquarie Services SA	Route de Florissant 81 1206 Geneva Switzerland	100	Ordinary
Macquarie Specialised Investment Solutions Limited	Ropemaker Place 28 Ropemaker Street London, EC2Y 9HD United Kingdom	100	Ordinary
Macquarie Management GmbH	OpfernTurm Bockenheimer Landstrasse 2-4 60306 Frankfurt am Main Germany	100	Ordinary
Subsidiaries of Bunhill Investments Unlimited			
C. Czarnikow Limited	Paternoster House, 65 St. Paul's Churchyard London, EC4M 8AB United Kingdom	42.5	Ordinary
Dominvest Holding B.V.	Overschiestraat 63 Amsterdam 1062XD Netherlands	19.5	Ordinary
Future Transport Systems Ltd	Milburn House, Floor A Dean Street Newcastle Upon Tyne NE1 1LE United Kingdom	18.2	Ordinary
Smarterhomes Technologies PVT Ltd	Garden Layout, 24th Main, No. 46 Sector 2, HSR layout Bangalore India	26.8	Ordinary

Note 17. Directors' remuneration

During the financial years ended 31 March 2020 and 31 March 2019, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be meaningful. Accordingly, no separate remuneration has been disclosed apart from where stated above.

Note 18. Contingent liabilities and commitments

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

Macquarie Investments (UK) Limited

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

Note 19. Ultimate parent undertaking

At 31 March 2020 the immediate parent undertaking of the Company is Macquarie Bank Limited, London Branch.

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

Note 20. Events after the reporting year

On 22 September 2020, an unwinding of RPS structure that involved Company's subsidiary, Hydra Investments 2007 Limited, was completed, resulting in its impairment of £111,572,000. Subsequently, the Company completed a recapitalization of share capital in September 2020, resulting in £111,700,000 of share premium reserve.

In December 2020, the Company has renegotiated the loan facility with Bunhill Investments Unlimited of its short term borrowings of £70,000,000 to extend its tenor by 15 months.

There were no other 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.