MACQUARIE COMMODITIES (UK) LIMITED

COMPANY NUMBER 05259474

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

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2020 Strategic Report, Directors' Report and Financial Statements Contents

Strategic Report
for the financial year ended 31 March 2020

In accordance with a resolution of the directors (the "Directors") of Macquarie Commodities (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 undertake financing activities to other group companies by way of the purchase of trade receivables executed under debt factoring agreements, to be a holding company for an investment in another group subsidiary and to engage in the holding and storage of uranium inventory.

Review of operations
The loss for the financial year ended 31 March 2020 was £1,683,024, compared to a loss of £132,498 in the previous year.

Net operating profit for the year ended 31 March 2020 was £19,577,653, a decrease of 42% from £34,005,560 in the previous year.

As at 31 March 2020, the Company had net assets of £210,236,950 (2019: £211,919,974).

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 27.

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 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 and exposure to the performance of its subsidiary. 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 (continued)
for the financial year ended 31 March 2020

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 within the Macquarie Group's credit risk framework, as established by RMG.

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

Market risk
The Company is exposed to market risk 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.

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

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

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 Credit Institution, is embedded into all Board decision-making, strategy development and risk assessment throughout the year.

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

Section 172 (1) Statement (continued)
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.

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

Iain Lappin-Smith
Director
30 March 2021

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:

B Donnelly	(appointed on 14 October 2019)
I Lappin-Smith	
S McCarthy	
P Plewman	(resigned on 14 October 2019)

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

H Everitt

Results
The loss for the financial year ended 31 March 2020 was £1,683,024 (2019: loss of £132,498).

Dividends paid or provided for
No dividends were paid during the current financial year ended 31 March 2020 (2019: £3,000,000).

State of affairs
There were no 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 period
On 25 September 2020, the Board of Directors' of the Company approved a dividend of £2,000,000 to its shareholders.

In March 2021, the Company received a dividend of £4,000,000 from its subsidiary, Macquarie Trade & Asset Finance International Limited. Subsequently, the Board of Directors' of the Company approved of a dividend of £7,000,000 to its shareholders.

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
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, the Company'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.

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

Likely developments, business strategies and prospects (continued)
IBOR reform: Transition from inter-bank offered rates ("IBOR") to alternative reference rates ("ARRs") (continued)

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.

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 is disclosed under Note 2.

The Directors believe that no 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 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 a 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.

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

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

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.

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 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.

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 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.

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

Section 172 (1) Statement (continued)
(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.

The Board acknowledges the work of the Macquarie Group Foundation (the "Foundation"), which is the philanthropic arm of Macquarie. The Foundation encourages Macquarie staff to give back to the communities in which they live and work by contributing service, financial support and leadership to the community organisations they feel passionately about.

(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 to and included as part of risk reviews during internal approval process.

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.

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.

Where ESG issues are relevant to a proposal being brought to the Board, these matters are specifically addressed in the supporting paperwork and typically a member of the Risk or Sustainability team would be in attendance at the Board meeting considering that matter.

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

Section 172 (1) Statement (continued)

(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 with 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 required as per legal and regulatory requirements, 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.

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

Iain Lappin-Smith
Director
30 March 2021

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

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Commodities (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 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 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.

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 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, 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
30 March 2021

Profit and loss account
for the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	**18,415,348**	31,489,258
Administrative expenses	3	**(51,429)**	(41,800)
Other operating income	3	**1,213,734**	2,558,102
Operating profit		**19,577,653**	34,005,560
Other interest receivables and similar income	4	**3,414,489**	4,675,805
Interest payable and similar expenses	5	**(25,101,638)**	(38,824,562)
Loss before taxation		**(2,109,496)**	(143,197)
Tax on loss	6	**426,472**	10,699
Loss for the financial year		**(1,683,024)**	(132,498)

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

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

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

Balance sheet
as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments in subsidiaries	9	**199,999,993**	199,999,993
Financial investments	10	**4,547,883**	-
		204,547,876	199,999,993
Current assets			
Debtors	11	**283,134,736**	880,306,478
Derivative assets	12	**3,511,912**	3,631,454
Trading portfolio assets	13	**67,427,694**	32,475,781
Financial investments	10	**5,569,038**	-
		359,643,380	916,413,713
Current liabilities			
Creditors: amounts falling due within one year	14	**224,374,962**	904,493,732
Derivative liabilities	12	**6,226,093**	-
		230,601,055	904,493,732
Net current assets		**129,042,325**	11,919,981
Total assets less current liabilities		**333,590,201**	211,919,974
Creditors: amounts falling due after more than one year	15	**123,353,251**	-
Net assets		**210,236,950**	211,919,974
Shareholders' funds			
Called up share capital	17	**13**	13
Share premium account	17	**199,999,980**	199,999,980
Profit and loss account	18	**10,236,957**	11,919,981
Total shareholders' funds		**210,236,950**	211,919,974

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 12 to 40 were approved by the Board of Directors on 30 March 2021 and were signed on its behalf by:

Iain Lappin-Smith
Director

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

	Note	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2018		13	199,999,980	15,052,479	215,052,472
Loss for the financial year	18	-	-	(132,498)	(132,498)
Transactions with equity holders in their capacity as ordinary equity holders:					
Dividends paid	7	-	-	(3,000,000)	(3,000,000)
Balance at 31 March 2019		**13**	**199,999,980**	**11,919,981**	**211,919,974**
Loss for the financial year	18	**-**	**-**	**(1,683,024)**	**(1,683,024)**
Balance at 31 March 2020		**13**	**199,999,980**	**10,236,957**	**210,236,950**

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.

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 the registered office is Ropemaker Place, 28 Ropemaker Place, 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 are set out below. These policies 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");
- commodity inventories that are measured at fair value less costs to sell in accordance with the broker-trader exemption.

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").

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
- The requirements of paragraphs 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);
- 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; 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 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:

- judgement in assessing whether the cash flows generated by a financial asset constitute solely payment of principal and interest ("SPPI") may require the application of judgement, particularly for certain subordinated or non-recourse positions, and in the determination of whether compensation for early termination of a contract is reasonable (Note 2(vi));

Notes to the financial statements 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 (continued)

- 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(xiv));
- estimates in fair value of assets and liabilities including determination of non-recurring fair values and accounting for day 1 profits or losses for financial instruments (Note 2(vi))
- estimates in 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 6)

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 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 assets and liabilities reported.

Coronavirus (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 balance sheet and further disclosures

Key statements of the balance sheet items and related disclosures that have been impacted by COVID-19 were as follows:

Trading assets

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 determination of the investments' carrying value included a consideration of the impact of COVID-19.

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

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Coronavirus (COVID-19) impact (continued)

Derivative assets and liabilities

Given recent market volatility, the Company reviewed the appropriateness of the inputs to its valuations at balance date. These included valuation adjustments ("XVA") and notably the credit valuation adjustment ("CVA"), debit valuation adjustment ("DVA") and funding valuation adjustment ("FVA"). The impact of changes of inputs to the valuations has also been considered in terms of the classification of exposures in the fair value hierarchy and transfers within the fair value hierarchy.

Loans and receivables

In response to COVID-19 the Company undertook a review of wholesale credit portfolios, loans to other Macquarie entities and other financial asset exposures, as applicable, and the ECL for each. 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. The impact of COVID-19 on the credit risk management disclosures, notably in relation to credit quality and collateral and other credit enhancements was also considered. Refer to Note 2(xiv) and Note 23.

Investments in subsidiary

When it has been assessed that there is an indicator of impairment the Company tests the carrying amount of its investment for impairment, by comparing the investment's recoverable amount with its carrying value. In addition to the Company assessing its investment in subsidiary 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 subsidiary. Refer to Note 2(xiv).

Creditors

Debt-related covenants were assessed to determine whether there were any breaches for which disclosure is required. The Company identified no such breaches at 31 March 2020 nor at the time at which these financial statements were authorised for issue. Refer to Note 2(xiii), Note 14 and Note 15.

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

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) 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 Company operates. The Company's financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

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

Note 2. Summary of significant accounting policies (continued)

iii) Foreign currency translations (continued)

Transactions and balances

Foreign currency transactions are translated into the Company's 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 net trading income (see Note 2(iv)).

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. For the detailed policy on Financial instruments refer to Note 2(vi).

iv) Revenue and expense recognition

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).

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).

Other operating income/(expenses)

Other operating income/(expenses) comprises of net trading income, investment income, and other income.

Net trading income comprises gains and losses related to trading assets/liabilities and derivatives including all realised and unrealised fair value changes, dividends and foreign exchange differences.

Investment income includes gains and losses arising from subsequent changes in the fair values of equity and debt investment securities at fair value through profit or loss and dividends or distributions on these securities which represent the return on such investments. Impairment losses/reversal of impairment losses on these financial assets are not reported separately from other changes in fair value.

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

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition (continued)

Turnover

The turnover represents revenue recognised by the Company on debt factoring activities (Note 2(xii)).

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.

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 equity are also recognised in equity.

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.

Notes to the financial statements 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
- consideration of whether each of the financial instruments has its own terms and conditions and each may be transferred or settled separately.

De-recognition of financial instruments

Financial assets

Financial assets are de-recognised 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 for the financial year ended 31 March 2020

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

De-recognition of financial instruments (continued)

Financial liabilities

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

Gains and losses 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 charges, while those arising from the derecognition of debt financial assets, that are subsequently measured at FVTPL or at FVOCI, or financial liabilities, that are subsequently measured at FVTPL, 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

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 reflect 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

i. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
iii. the financial asset has not been 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.

Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI is 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).

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Solely payment of principal and interest (SPPI) (continued)

Fair value through profit or loss ("FVTPL") (continued)

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.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either held for trading, in which case they are measured at FVTPL, or 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.

All derivative liabilities are classified as held for the purpose of trading, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL.

The changes in fair value of financial liabilities that are measured at FVTPL are recognised as part of net trading income. 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 measured at FVTPL or 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) Trading assets and liabilities

Trading portfolio assets (long positions) comprise uranium purchased with the intent of being actively traded. Assets and liabilities included in the trading portfolio are carried at fair value. Realised gains and losses, and unrealised gains and losses arising from changes in the fair value of the trading portfolio are recognised as other operating income/expense in the profit and loss account in the period in which they arise.

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.

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

Note 2. Summary of significant accounting policies (continued)

viii) Derivative instruments

Derivative financial instruments entered into by the Company include forwards in the energy commodities markets. The Company uses these derivative financial instruments for economic hedging purposes.

Derivatives are recognised in the balance sheet as an asset where they have a positive fair value at the reporting date or as a liability where they have a negative fair value at the reporting date.

Fair values are obtained from quoted prices in active markets where available, and valuation techniques including discounted cash flow models and option pricing models, as appropriate.

The accounting for derivatives is subject to the application of the day 1 profit or loss policy as described in Note 2(vi) Financial instruments.

The Company applies trade date accounting to the recognition and derecognition of derivative financial instruments.

ix) Financial investments

Debt investment securities in this category are commodity linked notes ("CLN") which are not actively traded by the Company.

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

x) Investments

Investment in subsidiaries

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

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

All variable returns are considered 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.*

xi) Cash at bank

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

xii) Debt factoring

The Company purchases trade receivables from other Macquarie Group undertakings for an amount less than their face value. The Company is entitled to receive the face value of these receivables. The difference between purchase price and face value comprises a factoring discount determined with reference to prevailing market interest rates and expected collection periods. The difference between the purchase price and face value is recognised as turnover and is brought to account using the effective interest rate method over the expected period of collection.

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

Note 2. Summary of significant accounting policies (continued)

xiii) 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(iv) *Revenue and expense recognition* and Note 2(vi) *Financial instruments.*

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

xiv) Impairment

Expected credit losses ("ECL")

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

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

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk ("SICR") since initial recognition, 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. 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.

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

Note 2. Summary of significant accounting policies (continued)

xiv) Impairment (continued)

Expected credit losses ("ECL") (continued)

(iv) Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired ("POCI") financial assets are initially recognised at fair value with interest income subsequently determined using a credit-adjusted EIR. The credit-adjusted EIR is the EIR adjusted for expected credit losses on initial recognition.

The ECL is measured as the product of the lifetime PD, LGD and EAD adjusted for FLI or by discounting the difference between the contractual and expected cash flows from the individual exposure using the credit adjusted EIR, with increases and decreases in the measured ECL from the date of origination or purchase being recognised in the profit and loss account as either an impairment gain or loss.

Presentation of loss allowances

- 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.

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.

xv) Called up share capital

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

xvi) Comparatives

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

xvii) Rounding of amounts

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

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

	2020 £	2019 £
Note 3. Loss before taxation		
Loss before taxation is stated after crediting/(charging):		
Factoring turnover from other Macquarie Group undertakings	**18,415,348**	31,489,258
Other operating income/ (expenses)		
Net trading income	**742,914**	2,607,428
Foreign exchange gains	**871,463**	193,393
Credit impairment charges	**(400,643)**	(242,719)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company[1]	**(44,063)**	(31,563)
Recoveries	**(7,366)**	(10,237)

[1]Fees payable to the Company's auditors for current year includes £6,792 relating to previous year.

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

Note 4. Other interest receivable and similar income

	2020 £	2019 £
Interest receivable from other Macquarie Group undertakings	**3,414,489**	4,675,805
Total interest receivable and similar income	**3,414,489**	4,675,805

Note 5. Interest payable and similar expenses

	2020 £	2019 £
Interest payable to other Macquarie Group undertakings	**25,101,638**	38,824,562
Total interest payable and similar charges	**25,101,638**	38,824,562

Note 6. Tax on loss

	2020 £	2019 £
Tax expense included in profit or loss		
Current tax		
UK corporation tax at 19% (2019: 19%)	**439,795**	68,968
Adjustments to tax charge in respect of prior year	**(12,306)**	(3,350)
Foreign tax suffered	**(165)**	(40,440)
Double tax relief for foreign tax suffered	**-**	-
Total current tax	**427,324**	25,178
Deferred tax		
IFRS 9 Transitional adjustment through equity	**(28,491)**	(16,182)
Adjustments to tax in respect of prior years	**12,309**	-
Change in tax rate	**15,330**	1,703
Total deferred tax	**(852)**	(14,479)
Total tax on loss	426,472	10,699

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

	2020 £	2019 £

Note 6. Tax on loss (continued)

Reconciliation of effective tax rate

The tax on profit for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Loss before taxation	**(2,109,496)**	(143,197)
Current tax credit at 19% (2019: 19%)	**400,804**	27,207
Effects of:		
Adjustment to tax charge in respect of prior year	**3**	(3,350)
Foreign tax suffered	**(165)**	(40,440)
Overseas tax expense relief claimed	**-**	7,687
Deduction for foreign tax suffered	**-**	-
Non assessable income	**10,500**	17,892
Effect of changes in tax rates	**15,330**	1,703
Total tax on loss	**426,472**	10,699

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%.

Note 7. Dividends paid

	2020 £	2019 £
Interim dividends paid	**-**	3,000,000
Total dividends paid (Note 18)	**-**	3,000,000

Note 8. Investments

	2020 £	2019 £
Investment in subsidiary (Note 9)	**199,999,993**	199,999,993
Financial investments (Note 10)	**10,116,921**	-
Total investments	**210,116,914**	199,999,993

Note 9. Investments in subsidiaries

	2020 £	2019 £
Investments at cost with no provisions for impairment	**199,999,993**	199,999,993
Total investments in subsidiaries	**199,999,993**	199,999,993

Name of investment	Nature of business	Place of incorporation	% ownership	2020 £	2019 £
Macquarie Trade & Asset Finance International Limited	Financing activities	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	**199,999,993**	199,999,993
Total Investments in subsidiaries				**199,999,993**	199,999,993

The Directors believe that the carrying value of the investment is supported by their underlying net assets.

Note 10. Financial investments

	2020 £	2019 £
Debt securities		
Commodity linked notes	**10,116,921**	-
Total financial investments	**10,116,921**	-

The Company holds commodity linked notes issued by Macquarie Bank Limited London Branch carried at fair value.

The Company held commodity linked notes issued by Macquarie Bank Limited London Branch carried at fair value of £9,896,481 at 31 March 2019 presented in Note 11 - Debtors.

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

	2020 £	2019 £
Note 11. Debtors		
Factored debtors receivable	**278,940,322**	706,877,486
Amounts owed by other Macquarie Group undertakings[1]	**3,625,145**	173,229,722
Taxation	**439,817**	68,965
Deferred tax assets	**129,452**	130,305
Total debtors	**283,134,736**	880,306,478

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans at market rates and at 31 March 2020 the rate applied was between LIBOR plus 0.95% and LIBOR plus 1.11% (2019: LIBOR plus 1.18% and LIBOR plus 1.46%).

At the reporting date, amounts owed from factored debtors receivable and other Macquarie Group undertakings have ECL allowance of £1,760,631 (2019: £1,253,316) which is net presented against the gross carrying amount.

Note 12. Derivative financial instruments

The derivatives positions represent commodity derivative trades that the Company entered into with other Macquarie Group entities to economically hedge the trading assets portfolio assets.

Forwards and forward rate agreements: Forward contracts, which resemble futures contracts, are an agreement between two parties that a financial instrument or commodity will be traded at a fixed price and fixed date in the future. A forward rate agreement provides for two parties to exchange interest rate differentials based on an underlying principal amount at a fixed date in the future.

At 31 March 2020, the fair value of outstanding derivatives held by the Company was £3,511,912 positive value (2019: £758,550 positive value).

Swaps: Swap transactions provide for two parties to swap a series of cash flows in relation to an underlying principal amount, usually to exchange a fixed interest rate for a floating interest rate. Cross-currency swaps provide a tool for two parties to manage risk arising from movements in exchange rates.

At 31 March 2020, the fair value of outstanding derivatives held by the Company was £6,226,093 negative value (2019: £3,631,454 positive value).

	2020 £	2019 £
Note 13. Trading portfolio assets		
Commodities[1]	**67,427,694**	32,475,781
Total trading portfolio assets	**67,427,694**	32,475,781

[1]Includes certain arrangements where the Company has legal right to commodities but they are sold under forward contracts.

	2020 £	2019 £
Note 14. Creditors: amounts falling due within one year		
Amounts owed to Macquarie Aerospace Investments Limited[1]	**223,510,365**	213,641,183
Amounts owed to other Macquarie Group undertakings[2]	**857,573**	690,846,385
Other creditors	**7,024**	6,164
Total creditors: amounts falling due within one year	**224,374,962**	904,493,732

[1]Amounts owed to Macquarie Aerospace Investments Limited represents the discount note issued by the Company as at 31 March 2020. The Company incurs interest on the note and at 31 March 2020 the rate applied was LIBOR plus 1.63% (2019: 0.36%).

[2]Amounts owed to subsidiary undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on intercompany loans owed to Macquarie Group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 0.95% (2019: LIBOR plus 1.46%).

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

	2020 £	2019 £
Note 15. Creditors: amounts falling due after more than one year		
Amounts owed to other Macquarie Group undertakings[1]	**123,353,251**	-
Total creditors: amounts falling due within one year	**123,353,251**	-

[1]Amounts owed to subsidiary undertakings have a maturity date of 18 February 2022. The Company incurs interest on amounts owed to Macquarie Group undertakings, at 31 March 2020 the rate applied was LIBOR plus 0.95% (2019: nil).

Note 16. Deferred tax assets

The balance comprises temporary differences attributable to:

	2020	2019
IFRS 9 Transitional adjustment through equity	**129,452**	130,305
Net deferred tax assets	**129,452**	130,305

Reconciliation of the Company's movement in deferred tax assets:

	2020	2019
Balance at the beginning of the financial year	**130,305**	-
Temporary differences:		
Deferred tax changes to profit and loss account for the period	**(28,491)**	(16,182)
Effect of changes in tax rates	**15,330**	1,703
Deferred tax charged to equity	**-**	144,784
Adjustment in respect of previous periods	**12,309**	-
Net deferred tax assets	**129,453**	130,305

Note 17. Called up share capital and share premium account

	2020 Number of shares	2019 Number of shares	2020 £	2019 £
Authorised share capital				
Opening balance	**1,000**	1,000	**1,000**	1,000
Total authorised share capital	**1,000**	1,000	**1,000**	1,000
Ordinary share capital				
Opening balance of fully paid ordinary shares	**13**	13	**13**	13
Closing balance of fully paid ordinary shares	**13**	13	**13**	13
Share premium reserve				
Opening balance of share premium reserve			**199,999,980**	199,999,980
Closing balance of share premium reserve			**199,999,980**	199,999,980

Note 18. Profit and loss account

	2020	2019
Balance at the beginning of the financial year	**11,919,981**	15,918,856
Change on initial application of IFRS 9	**-**	(866,377)
Loss for the financial year	**(1,683,024)**	(132,498)
Dividends paid or provided (Note 7)	**-**	(3,000,000)
Balance at the end of the financial year	**10,236,957**	11,919,981

Note 19. Captial 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 safeguard the Company's ability to continue as a going concern.

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

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

Note 20. 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.

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 27. 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.

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

Note 21. 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.

Note 22. Contingent liabilities and commitments

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

Note 23. Financial risk management

Risk is an integral part of the Macquarie Group's businesses. The material risks faced by the Group include aggregate, 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. RMG approval is required for all material risk acceptance decisions. RMG reviews and assesses risks and sets limits. Where appropriate, these limits are approved by the Executive Committee and the Board. The Head of RMG, as Macquarie's CRO, is a member of the Executive Committee of MGL and MBL and reports directly to the CEO with a secondary reporting line to the Board Risk Committee.

During the current reporting period the Company's credit risk management framework remained consistent with that of the prior period.

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
for the financial year ended 31 March 2020 (continued)

Note 23. Financial risk management (continued)
Note 23.1 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.

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 internals 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 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(xiv) 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 ratings

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

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.

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

Note 23. Financial risk management (continued)
Note 23.1 Credit risk (continued)
Credit quality of financial assets

The following table 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.

				As at 31 March 2020
	Stage I[2]	Stage II[2]	Stage III[2]	Total
	£	£	£	£
Investment Grade				
Amounts owed by other Macquarie Group undertakings	3,630,222	-	-	3,630,222
Factored debtors receivable	192,824,400	-	-	192,824,400
Derivative financial instruments	3,511,912	-	-	3,511,912
Financial investments	10,116,921	-	-	10,116,921
Non-Investment grade				
Factored debtors receivable	81,842,910	6,033,643	-	87,876,553
Total[3]	**291,926,365**	**6,033,643**	**-**	**297,960,008**

[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(xiv) – Expected credit losses. Whilst exposures may have migrated to Stage II it should not be inferred that such exposures are of a lower credit quality.

[3]This balance excludes other non-financial assets of £569,269, which are included in Note 11 - Debtors and Note 6 - Tax on loss.

				As at 31 March 2019
	Stage I[2]	Stage II[2]	Stage III[2]	Total
	£	£	£	£
Investment Grade				
Amounts owed by other Macquarie Group undertakings	173,229,722	-	-	173,229,722
Factored debtors receivable	520,490,941	-	-	520,490,941
Derivative financial instruments	3,631,454	-	-	3,631,454
Non-Investment grade				
Factored debtors receivable	186,386,545	-	-	186,386,545
Total[3]	883,738,662	-	-	883,738,662

[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(xiv) – Expected credit losses. Whilst exposures may have migrated to Stage II it should not be inferred that such exposures are of a lower credit quality.

[3]This balance excludes other non-financial assets of £199,271, which are included in Note 11 - Debtors and Note 6 - Tax on loss.

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 2(xiv) - Expected credit losses.

Credit risk concentration

The following tables detail the concentration of credit risk by significant geographical locations and counterparty type of the Company's assets measured at amortised cost 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.

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

Note 23. Financial risk management (continued)
Note 23.1 Credit risk (continued)

As at 31 March 2020[1]	Financial investments £	Amounts owed by other Macquarie Group undertakings £	Factored debtors receivable £	Derivative financial instruments £	Total £
Australia					
Financial institutions	10,116,921	85	-	-	10,117,006
Other	-	-	-	3,511,912	3,511,912
Total Australia	10,116,921	85	-	3,511,912	13,628,918
Americas					
Governments	-	-	13,716,229	-	13,716,229
Financial institutions	-	-	9,079,922	-	9,079,922
Other	-	-	257,904,802	-	257,904,802
Total Americas	-	-	280,700,953	-	280,700,953
Europe, Middle East & Africa					
Other	-	3,630,137	-	-	3,630,137
Total Europe, Middle East & Africa	-	3,630,137	-	-	3,630,137
Total gross credit risk	10,116,921	3,630,222	280,700,953	3,511,912	297,960,008

[1]This balance excludes other non-financial assets of £569,269, which are included in Note 11 - Debtors and Note 6 - Tax on loss.

As at 31 March 2019[1]	Amounts owed by other Macquarie Group undertakings £	Factored debtors receivable £	Derivative financial instruments £	Total £
Australia				
Financial institutions	127,023	299,758	3,611,636	4,038,417
Other	-	10,658,131	-	10,658,131
Total Australia	127,023	10,957,889	3,611,636	14,696,548
Americas				
Governments	-	13,379,701	-	13,379,701
Financial institutions	-	43,588,487	-	43,588,487
Other	4,715,412	626,684,474	19,818	631,419,704
Total Americas	4,715,412	683,652,662	19,818	688,387,892
Asia Pacific				
Other	21,760	2,800,810	-	2,822,570
Total Asia Pacific	21,760	2,800,810	-	2,822,570
Europe, Middle East & Africa				
Financial institutions	167,941,888	442,997	-	168,384,885
Other	423,639	9,023,128	-	9,446,767
Total Europe, Middle East & Africa	168,365,527	9,466,125	-	177,831,652
Total gross credit risk	173,229,722	706,877,486	3,631,454	883,738,662

[1]This balance excludes other non-financial assets of £199,271, which are included in Note 11 - Debtors and Note 6 - Tax on loss.

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

Note 23. Financial risk management (continued)
Note 23.1 Credit risk (continued)

Derivative instruments

Derivatives may be traded on an exchange ("exchange traded") or they may be privately negotiated contracts, which are referred to as Over the Counter ("OTC") derivatives. Certain of the Group's OTC derivatives are cleared and settled either through central clearing counterparties ("OTC cleared"), or bilateral contracts between two counterparties.

Exchange traded derivatives

Exchange traded derivatives contracts have reduced credit risk as the Company's counterparty is a clearing house. The clearing house is responsible for managing the risk associated with the process on behalf of their members and ensuring it has adequate resources to fulfil its obligations when they become due. Members are required to provide initial margins in accordance with the exchange rules in the form of cash or securities and provide daily variation margins in cash to cover changes in market values. Further, all members are generally required to contribute to (and guarantee) the compensation or reserve fund which may be used in the event of default and shortfall of a member.

Over the Counter derivative contracts

For OTC derivative contracts, the Company often has master netting agreements (usually ISDA Master Agreements) with certain counterparties to manage the credit risk. The credit risk associated with positive replacement value contracts is reduced by master netting arrangements. In an event of default, they require balances with a counterparty covered by the agreement (for example derivatives and cash margins) to be terminated and settled on a net basis. Macquarie also often executes a Credit Support Annex in conjunction with a master netting agreement, which facilitates the transfer of margin between parties during the term of arrangements, to mitigate counterparty risk arising from changes in market values of the derivatives.

23.1 Liquidity risk

Liquidity risk is the risk of an entity encountering difficulty in meeting its obligations with financial liabilities.

Liquidity risk within the Company is managed on a group basis by Group Treasury with oversight from the Asset and Liability Committee and RMG.

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.

	On demand	Less than 3 *months*	3 to 12 *months*	1 to 5 years	Over 5 years	Total
2020	**£**	**£**	**£**	**£**	**£**	**£**
Derivative financial instruments	-	6,226,093	-	-	-	6,226,093
Creditors	1,059,744	7,024	223,308,194	123,353,251	-	347,728,213
Total undiscounted cash flows	1,059,744	6,233,117	223,308,194	123,353,251	-	353,954,306

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

Note 23. Financial risk management (continued)
23.1 Liquidity risk

2019	On demand £	Less than 3 months £	3 to 12 months £	1 to 5 years £	Over 5 years £	Total £
Derivative financial instruments	-	3,193,107	-	-	-	3,193,107
Creditors: amounts falling due within one year	690,846,385	6,164	-	-	-	690,852,549
Total undiscounted cash flows	690,846,385	3,199,271	-	-	-	694,045,656

Excludes items that are not financial instruments, non-contractual accruals and provisions.

23.2 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, commodities etc.);
- Volatility: The risk of loss due to changes in the volatility of a risk factor;
- Basis: Risk of imperfect correlation between offsetting investments in a hedging strategy; and
- Correlation: Risk that the actual correlation between two assets or variables is different from the assumed correlation

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 also 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.

		2020	2019
	Movement in basis points bps	**Sensitivity of profit before tax £**	Sensitivity of profit before tax £
United States dollars	**+50**	**(1,773,684)**	(3,730,795)
Pound sterling	**+50**	**37,226**	38,873
Australian dollars	**+50**	**1,414**	45,880
Euros	**+50**	**2**	(5,871)
Other currencies	**+50**	**2,857**	827
United States dollars	**-50**	**1,773,684**	3,730,795
Pound sterling	**-50**	**(37,226)**	(38,873)
Australian dollars	**-50**	**(1,414)**	(45,880)
Euros	**-50**	**(2)**	5,871
Other currencies	**-50**	**(2,857)**	(827)

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

Note 23. Financial risk management (continued)

23.2 Market risk (continued)

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 due to the revaluation of certain balances.

The table below indicates the sensitivity to movements in the Great British pounds 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 United States dollar, Australian dollar, Swiss Francs and Brazilian Reals as shown below.

	Movement of +10%		Movement of -10%	
	2020 Sensitivity of profit before tax £	2019 Sensitivity of profit before tax £	**2020 Sensitivity of profit before tax £**	2019 Sensitivity of profit before tax £
United States dollars	**81,908**	11,939	**(81,908)**	(11,939)
Euros	**4,350**	(106,734)	**(4,350)**	106,734
Brazilian Reals	**(10,218)**	11,266	**10,218**	(11,266)
Hong Kong dollars	**(251)**	93,202	**251**	(93,202)
Swiss Francs	**(14,422)**	63,313	**14,422**	(63,313)
Australian dollars	**(57,715)**	828,266	**57,715**	(828,266)
Japanese Yen	**389**	(250,607)	**(389)**	250,607
Other currencies	**(9,287)**	45,485	**9,287**	(45,485)

Note 24. 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 25 *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 £
Assets				As at 31 March 2020	
Debtors	-	4,286,447	278,279,020	569,269	283,134,736
Derivative assets[1]	-	3,511,912	-	-	3,511,912
Trading portfolio assets	-	67,427,694	-	-	67,427,694
Investments in subsidiaries	-	-	-	199,999,993	199,999,993
Financial investments	-	10,116,921	-	-	10,116,921
Total assets	**-**	**85,342,974**	**278,279,020**	**200,569,262**	**564,191,256**
Liabilities					
Derivative liabilities[1]	-	6,226,093	-	-	6,226,093
Creditors: amounts falling due within one year	-	-	224,369,144	5,818	224,374,962
Creditors: amounts falling due after more than one year	-	-	123,353,251	-	123,353,251
Total liabilities	**-**	**6,226,093**	**347,722,395**	**5,818**	**353,954,306**

[1]All derivatives are measured at FVTPL.

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

Note 24. Measurement categories of financial instruments (continued)

The following table summarises the categories of financial instruments under IFRS 9 as at 31 March 2019:

	Financial Instruments				
	Carried at fair value				
	FVOCI	FVTPL	Amortised cost	Non-financial instruments	Total
	£	£	£	£	£
Assets					As at 31 March 2019
Debtors	-	103,895,246	776,211,962	199,270	880,306,478
Derivative assets[1]	-	3,631,454	-	-	3,631,454
Trading portfolio assets	-	32,475,781	-	-	32,475,781
Investments	-	-	-	199,999,993	199,999,993
Total assets	**-**	**140,002,481**	**776,211,962**	**200,199,263**	**1,116,413,706**
Liabilities					
Creditors: amounts falling due within one year	-	-	904,487,932	5,800	904,493,732
Total liabilities	**-**	**-**	**904,487,932**	**5,800**	**904,493,732**

[1]All derivatives are measured at FVTPL.

Note 25. Fair value of financial assets and financial 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 – quoted prices (unadjusted) 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 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 portion of all other financial assets and financial
- the fair value of demand deposits with no fixed maturity approximates their carrying amount as they are short-term in nature or are payable on demand
- the fair value of fixed rate loans and debt investments carried at amortised cost is estimated by reference to current market rates offered on similar loans and the creditworthiness of the borrower
- substantially all of the Company's commitments to extend credit are at variable rates. As such, there is no significant exposure to fair value fluctuations resulting from interest rate movements relating to these commitments
- 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.

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

Note 25. Fair value of financial assets and financial liabilities (continued)

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 portfolio assets, derivative financial instruments and other transactions undertaken for trading purposes are measured at fair value by reference to quoted market prices when available (for example listed securities). If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.
- 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
- for financial assets carried at fair value, in order to measure counterparty credit risk, a Credit Valuation Adjustment ("CVA") is incorporated into the valuation. The CVA is calculated at a counterparty level taking into account all exposures to that counterparty.
- for financial liabilities carried at fair value, in order to measure the Company's own credit risk, a Debit Valuation Adjustment ("DVA") is incorporated into the valuation
- the Company has incorporated market implied funding costs for uncollateralised derivative positions as a Funding Valuation Adjustment ("FVA"). FVA is determined by calculating the net expected exposures at a counterparty level and applying MBL's internal Treasury lending rates as an input into the calculation. The approach takes into account the PD of each counterparty, as well as any mandatory break clauses.

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.

As at 31 March 2020 and 2019, the fair values for "Trading portfolio assets" are classified as level 2 in the fair value hierarchy.

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

Note 26. 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) - *Offsetting of financial instruments*. The following tables provide information on the impact of offsetting that has occurred in the balance sheet, as well as amounts subject to enforceable netting arrangements that do not meet all the criteria for offsetting and therefore presented gross 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 these contracts 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 23.1 – *Credit risk* for information on credit risk management.

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

Note 26. Offsetting financial assets and financial liabilities (continued)

	Amounts covered by enforceable netting arrangements[1]						
	Subject to offsetting on balance sheet			Related Amounts Not Offset			
2020	Gross amounts £	Amounts offset £	Net amount presented £	Other recognised financial instruments £	Net amount £	Amounts not subject to enforceable netting arrangements £	Balance Sheet total £
Debtors[2]	5,053,205	(1,428,061)	3,625,144	-	3,625,144	278,940,322	282,565,466
Derivative assets	3,511,912	-	3,511,912	-	3,511,912	-	3,511,912
Total assets	**8,565,117**	**(1,428,061)**	**7,137,056**	**-**	**7,137,056**	**278,940,322**	**286,077,378**
Derivative liabilities	(6,226,093)	-	(6,226,093)	-	(6,226,093)	-	(6,226,093)
Creditors	(225,795,999)	1,428,061	(224,367,938)	-	(224,367,938)	(123,360,275)	(347,728,213)
Total liabilities	**(232,022,092)**	**1,428,061**	**(230,594,031)**	**-**	**(230,594,031)**	**(123,360,275)**	**(353,954,306)**

[1]There are no amounts not offset related to cash and other financial collateral or other recognised financial instruments.
[2]This balance excludes other non-financial assets of £569,269, which are included in Note 11 - Debtors.

	Amounts covered by enforceable netting arrangements[1]						
	Subject to offsetting on balance sheet			Related Amounts Not Offset			
2019	Gross amounts £	Amounts offset £	Net amount presented £	Other recognised financial instruments £	Net amount £	Amounts not subject to enforceable netting arrangements £	Balance Sheet total £
Debtors[2]	509,987,094	(336,757,372)	173,229,722	-	173,229,722	706,877,486	880,107,208
Derivative assets	6,824,561	(3,193,107)	3,631,454	-	3,631,454	-	3,631,454
Total assets	516,811,655	(339,950,479)	176,861,176	-	176,861,176	706,877,486	883,738,662
Derivative liabilities	(3,193,107)	3,193,107	-	-	-	-	-
Creditors	(1,241,244,940)	336,757,372	(904,487,568)	-	(904,487,568)	(6,164)	(904,493,732)
Total liabilities	(1,244,438,047)	339,950,479	(904,487,568)	-	(904,487,568)	(6,164)	(904,493,732)

[1]There are no amounts not offset related to cash and other financial collateral or other recognised financial instruments.
[2]This balance excludes other non-financial assets of £199,270, which are included in Note 11 - Debtors.

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

Note 26. Offsetting financial assets and financial liabilities (continued)

Offsetting on balance sheet

Amounts are offset in accordance with the criteria described in Note 2(vi) - *Offsetting of 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 subject to 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 consolidated entity's and company's financial position in that circumstance is to settle as one arrangement.

'Other recognised financial instruments' discloses other financial instruments recognised on 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 27. Ultimate parent undertaking

At 31 March 2020, the immediate parent undertaking of the Company is Macquarie Commodities Factoring Holdings (UK) Limited.

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 28. Events after the reporting period

On 25 September 2020, the Board of Directors' of the Company approved a dividend of £2,000,000 to its shareholder.

In March 2021, the Company received a dividend of £4,000,000 from its subsidiary, Macquarie Trade & Asset Finance International Limited. Subsequently, the Board of Directors' of the Company approved of a dividend of £7,000,000 to its shareholders.

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.