

MACQUARIE (UK) GROUP SERVICES LIMITED

COMPANY NUMBER 06287793

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



MACQUARIE

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



2020 Strategic Report, Directors' Report and Financial Statements Contents

	Page
Strategic Report	2
Directors' Report	5
Independent Auditors' Report	8
Financial Statements	
Profit and loss account	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	
Note 1. Company information	14
Note 2. Summary of significant accounting policies	14
Note 3. Profit on ordinary activities before taxation	26
Note 4. Interest receivable and similar income	26
Note 5. Interest payable and similar charges	26
Note 6. Tax on profit on ordinary activities	26
Note 7. Dividends paid	27
Note 8. Interests in associates and joint ventures	27
Note 9. Financial Investments	28
Note 10. Investments in subsidiaries	28
Note 11. Expected credit losses	29
Note 12. Debtors: recoverable after one year	30
Note 13. Debtors: recoverable within one year	30
Note 14. Held for sale assets	30
Note 15. Deferred tax liabilities	31
Note 16. Creditors: amounts falling due within one year	31
Note 17. Provisions for liabilities	31
Note 18. Creditors: amounts falling due after more than one year	31
Note 19. Called up share capital	31
Note 20. Other reserves and profit and loss account	32
Note 21. Related party information	32
Note 22. Directors' remuneration	33
Note 23. Contingent liabilities and commitments	33
Note 24. Ultimate parent undertaking	34
Note 25. Events after the reporting period	34

Macquarie (UK) Group Services Limited

Strategic Report for the financial year ended 31 March 2020

In accordance with a resolution of the directors (the "Directors") of Macquarie (UK) Group Services 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 operate as a holding company and to provide funding to other Macquarie Group companies.

Review of operations

The profit for the financial year ended 31 March 2020 was £32,277,694, a decrease of 39 per cent from the profit of £52,583,213 in the previous financial year. The significant decrease from the previous financial year was driven by a decrease in dividend income, as well as a decrease in gains recognized on disposal of investments, offset by the increase in impairment reversal during the year.

Operating profit for the financial year ended 31 March 2020 was £35,374,575, as compared to operating profit of £57,641,270 in the previous financial year.

Total administrative expenses for the financial year ended 31 March 2020 were £3,790,935, an increase of 15 per cent from administrative expenses of £3,300,493 in the previous financial year.

As at 31 March 2020, the Company had net assets of £410,986,116 (2019: £386,510,616).

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 24.

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

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

Strategic Report

for the financial year ended 31 March 2020 (continued)

Financial risk management (continued)

Credit risk

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

Liquidity risk

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

Market risk

The Company is exposed to market risk from changes in equity prices through its facilitation and market making activities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively. In addition, the Directors have approved RMG imposed cash limits on positions taken by the Equity Markets business.

Interest rate risk

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

The Company manages this risk by entering into interest rate swaps which have been designated in fair value hedge relationships.

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.

Operational risk

The Company operates within a global framework which is applied consistently across all business lines within the Macquarie Group for the identification, monitoring, management and reporting of operational risk. Operational risk management occurs largely as part of the normal day to day running of each business with the framework, policies and oversight being managed at a central level by RMG. The framework can be tailored to the risk profile of each business, but each business must comply with certain mandatory aspects.

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.

Strategic Report

for the financial year ended 31 March 2020 (continued)

Section 172 (1) Statement (continued)

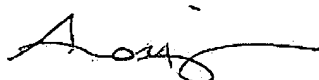
This is the first year that certain UK companies, including the Company, are required to publish a statement setting out how their directors have complied with this requirement. Our Section 172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed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

From the perspective of the Directors, the matters that it is responsible for considering under Section 172 of the Companies Act 2006 have been considered to an appropriate extent by the Company. 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 Director's Report on pages 6 to 7.

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



Abigail Nottingham
Director
29 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 financial year and until the date of this report, unless disclosed otherwise, were:

W Booth
R Thompson
A Nottingham
K Burgess (resigned 20 December 2019)

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

H Everitt

Results

The profit for the financial year ended 31 March 2020 was £32,277,694 (2019: £52,583,213).

Dividends paid or provided for

Dividends of £8,000,000 (2019: £180,000,000) were paid during the current financial year.

State of affairs

During the current year, Macquarie Group Limited (MGL), the ultimate parent entity; Macquarie Financial Holdings Pty Limited (MFHPL) and Macquarie Asset Management Holdings Pty Limited (MAMH) (a related group entity) entered into a Restructure Deed effective 6 December 2019 ('effective date'), to transfer all the economic risks and rewards and control of the Macquarie Asset Management (MAM) business (subject to certain excluded assets) from MFHPL to MAMH at fair market value.

Certain investments have been classified as assets held for sale at the reporting date on the balance sheet as the legal transfer of such investments to related group entities is expected to take place at a later date. The transfer of legal ownership is expected to be completed within the next 12 months.

Events after the reporting period

On 8 April, 2020, the Company made an additional investment of \$10,000,000 in XM Cyber Ltd.

On 1 July, 2020, post completion of legal procedures, the Company transferred certain investments in subsidiaries, interest in associates and joint ventures to related entities which were classified as 'Held for sale assets' as at 31 March 2020. The Company has entered into Share Purchase Agreement to transfer these investments at fair market value on the date of transfer, recognising a total gain of £487,449,862. The Company paid a dividend of £437,449,862 to its parent entity Macquarie Corporate Holdings Pty Limited (UK Branch) (MCHPL UK Branch) funded primarily from the gain on sale of investments as mentioned above.

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 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 ARR. 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.

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

Likely developments, business strategies and prospects (continued)

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. 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. The Company is not subject to a material impact with respect to Covid-19, refer accounting considerations on Company's results disclosed under Note 2.

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 the 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.

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 of 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 and have considered all relevant matters where appropriate in respect of the Company's stakeholders, who are principally its group shareholder.

The following sets out the requirements of section 172 (1) and notes how the Directors have discharged their duties. The key decisions made by the Company during the year related to was to operate as a holding company and to provide funding to other Macquarie Group companies.

(a) Likely consequences of any decision in the long term: The Company's ultimate parent is Macquarie Group Limited ("MGL"). The Company operates to the ethical and business 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 Group 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 the Macquarie Group's risk management framework, which is embedded across all Macquarie Group's operations. The Macquarie Group's approach to risk management is based on the following stable and robust core risk management principles i) ownership of risk at the business level; ii) understanding worst case outcomes and iii) independent sign off by the Risk Management Group.

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

Section 172 (1) Statement (continued)

Supporting each approval request, the Directors are given documentation which includes diligence on financial impacts, as well as non-financial factors and, as part of their deliberations, the Directors consider how the decision is in the best interests of the Company having due regard to the interests of the Shareholder and relevant stakeholders.

(b) Interests of the Company's workforce: The Company itself does not have any direct employees but utilises the services of employees employed by the Macquarie Group via a range of internal shared services agreements.

(c) Business relationships with suppliers, customers and others: The Directors are cognisant of the stakeholders of the Company and the importance of strong relationships, coupled with appropriate levels of communication and engagement. The Board oversees how the Company deals with its various business relationships.

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

Macquarie Group recognises that failure to manage ESG risks could expose the organisation to commercial, reputational and regulatory impacts and affect communities, the environment and other external parties. Assessing and managing Macquarie Group wide ESG risks is a key business priority and an important component of our broader risk management framework, to which the Company itself and business proposals brought to the Company are subject.

(e) Reputation for high standards: The reputations of the Company and its Directors are fundamental to the long-term success of the Company and significant effort is expended to ensure that performance and processes attain and wherever possible exceed expectations. The Macquarie Group and the Company are committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way and treating all stakeholders with honesty and integrity. These principles are further reflected in the Code. Macquarie's Integrity Office provides an internally independent and confidential point of contact for Macquarie's workforce and external parties to safely raise concerns about improper conduct. It is responsible for implementing the Whistleblower Policy and for managing the investigation of concerns raised under this policy, including any raised through the Macquarie Staff Hotline. The Integrity Office also promotes high ethical standards and good decision making through communications and engagement with Macquarie's workforce.

(f) Need to act fairly as between members of the Company: The Company is a 100% indirect subsidiary of MGL. Information is shared effectively to ensure that both the direct parent and ultimate shareholder are engaged as appropriate with respect to key decisions of the Company. Matters approved by the Directors during the financial year were not subject to shareholder engagement, however the interests of relevant stakeholders were considered by the Directors in the major developments, activities or transactions described in the principal activities in the strategic report, as well as the dividends section of this report.

Disclosure of information to auditors

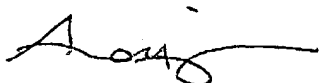
In the case of each Director in office at the date the Directors' Report is approved:

- 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



Abigail Nottingham
Director
29 March 2021

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

Report on the audit of the financial statements

Opinion

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

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

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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

Reporting on other information (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
29 March 2021

Macquarie (UK) Group Services Limited

Financial Statements

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

	Note	2020 £	2019 £
Turnover	3	2,543,626	8,233,604
Administrative expenses	3	(3,790,935)	(3,300,493)
Net gain on disposal of investments	3	4,660,574	50,721,273
Other operating income	3	31,961,310	1,986,887
Operating profit		35,374,575	57,641,270
Interest receivable and similar income	4	20,811,416	14,148,290
Interest payable and similar charges	5	(24,236,400)	(21,210,690)
Profit on ordinary activities before taxation		31,949,591	50,578,871
Tax on profit on ordinary activities	6	328,103	2,004,342
Profit for the financial year		32,277,694	52,583,213
Profit attributable to ordinary equity holders of Macquarie (UK) Group Services Limited		32,277,694	52,583,213

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 profit on ordinary activities before taxation relate wholly to continuing operations.

Macquarie (UK) Group Services Limited

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

	Note	2020 £	2019 £
Profit for the financial year		32,277,694	52,583,213
Other comprehensive income/(expense)			
Revaluation gain/(losses) recognised in other comprehensive income	20	197,806	(273,055)
Total other comprehensive income/(expense)		197,806	(273,055)
Total comprehensive income		32,475,500	52,310,158
Total comprehensive income for the financial year that are attributable to ordinary equity holders of the Company		32,475,500	52,310,158

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

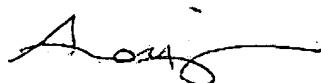
Macquarie (UK) Group Services Limited

Balance sheet as at 31 March 2020

	Note	2020 £	2019 £
Non-Current assets			
Interests in associates and joint ventures	8	27,415,649	17,886,110
Financial Investments	9	33,225,041	49,153,043
Investment in subsidiaries	10	163,242,483	230,212,075
Debtors: recoverable after one year	12	-	65,047,420
Current assets			
Debtors: recoverable within one year	13	537,660,870	337,024,754
Held for sale assets	14	110,314,993	25,012,261
		647,975,863	362,037,015
Current liabilities			
Deferred tax liabilities	15	(36,951)	(522,032)
Creditors: amounts falling due within one year	16	(460,280,430)	(137,367,004)
Provisions for liabilities	17	(555,539)	-
		(460,872,920)	(137,889,036)
Net current assets		187,102,943	224,147,979
Total assets less current liabilities		410,986,116	586,446,627
Creditors: amounts falling due after more than one year	18	-	(199,936,011)
Net assets		410,986,116	386,510,616
Shareholders' funds			
Called up share capital	19	349,701,890	349,701,890
Other reserves	20	7,210	(190,596)
Profit and loss account	20	61,277,016	36,999,322
Total shareholders' funds		410,986,116	386,510,616

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 10 to 34 were approved by the Board of Directors on 29 March 2021 and were signed on its behalf by:



Abigail Nottingham
Director

Macquarie (UK) Group Services Limited

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

	Note	Called up share capital £	Other reserves £	Profit and loss account £	Total shareholders' funds £
Balance as at 1 April 2018		349,701,890	82,459	164,416,109	514,200,458
Profit for the financial year	20	-	-	52,583,213	52,583,213
Other comprehensive expense, net of tax		-	(273,055)	-	(273,055)
Total comprehensive income/(loss)		-	(273,055)	52,583,213	52,310,158
Dividends paid	7	-	-	(180,000,000)	(180,000,000)
Balance as at 31 March 2019		349,701,890	(190,596)	36,999,322	386,510,616
Profit for the financial year	20	-	-	32,277,694	32,277,694
Other comprehensive income, net of tax		-	197,806	-	197,806
Total comprehensive income		-	197,806	32,277,694	32,475,500
Dividends paid	7	-	-	(8,000,000)	(8,000,000)
Balance as at 31 March 2020		349,701,890	7,210	61,277,016	410,986,116

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

Macquarie (UK) Group Services Limited

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

Note 1. Company information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom.

Note 2. Summary of significant accounting policies

i) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared in accordance with the Companies Act 2006 ("the Act") and under the historical cost convention except for the following items:

- financial assets and liabilities that are otherwise measured on an amortised cost basis or on a cost basis.
- 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
- non-current assets and disposal groups that have been classified as held for sale and where the disposal group has been written down to its fair value less costs to sell.

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 Act from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent MGL, a company incorporated in Australia.

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

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

- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 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 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Critical accounting estimates and significant judgements

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 determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by an asset constitute solely payment of principal and interest (SPPI) (Note 2(vi));
- 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(xiii) and 11);
- judgement in timing and amount of impairment of financial investments, interests in associates and joint ventures, investment in subsidiaries, and reversals of impairment thereof (if any) (Notes 8, 9 and 10);
- judgement in determination of significant influence over associates and joint control over joint ventures (Note 8);
- judgement in determination of control of subsidiaries and structured entities (Note 10);
- judgement and estimate of recoverability of deferred tax assets and measurement of current and deferred tax liabilities (Notes 6 and 15);
- determination of whether dividends and distributions received/receivable are recognised as income or a return of capital (Note 2(iv) and 7); and
- estimates in the timing of derecognition of assets and liabilities following the disposal of an investment, including the measurement of the associated gain or loss (Note 3).

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

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

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.

Process 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.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Consideration of the statements of financial position and further disclosures

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

Financial Investments

Given recent market volatility, the Company reviewed the appropriateness of the inputs to its valuations, which included the use of correlations, price volatilities, funding costs and bid offer, counterparty and own credit spreads. The impact of changes in valuation inputs has also been considered in terms of the classification of exposures in the fair value hierarchy, transfers within the fair value hierarchy and the Level 3 sensitivity analysis. The Company's financial investments include a portfolio of unlisted equity and debt investments which, in accordance with the Company's accounting policies, are measured at FVTPL. The determination of the investments' carrying value included a consideration of the impact of COVID-19 (Refer to Note 9).

Loans and receivables

In response to COVID-19 the Company undertook a review of amounts owed by other Macquarie entities and other financial asset exposures 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, significant increase in credit risk ("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 Notes 11, 12 and 13.

Held for sale assets

Held for sale assets includes interest in joint ventures for which the conditions precedent relating to the disposal were met or the assets were disposed post balance date. For these and other items that are classified as held for sale, the appropriateness of the held for sale classification at the reporting date was reassessed and affirmed. Further, the impact of COVID-19 on the carrying value of the assets that were classified as held for sale was assessed. Refer to Note 14.

Creditors

Amounts owed to other Macquarie group entities 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 16 and Note 18.

Interest in associates and joint ventures and investments in subsidiaries

When it has been assessed that there is an indicator of impairment on the interest in associates, joint ventures and investment in subsidiaries, the Company tests the carrying amount of each of its investments for impairment, by comparing the investment's recoverable amount with the carrying value. In addition to the Company assessing its investments in subsidiaries for impairment, the Company re-affirmed that there were no circumstances as a result of COVID-19 that would affect the existing control conclusion for its subsidiaries, including structured entities, nor did it highlight instances in which the Company now had control of such entities. Refer to Note 8 and 10.

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

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.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

iii) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the 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 profit and loss account.

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

Translation differences on financial assets classified as FVOCI are included in the profit and loss account, including when they form part of fair value hedge relationships.

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

iv) Revenue and expense recognition

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

Turnover

Turnover represents dividend income from subsidiaries, associates and joint ventures. Dividends or distributions from subsidiaries, associates and joint ventures are recognised in the profit and loss account of the Company when the right to receive the dividend or distribution is established.

Expenses

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

Other operating income/(charges)

Other operating income/(charges) comprises impairment losses/reversal of impairment losses on financial assets and gains and losses arising from subsequent changes in the fair values of equity investment securities, loan to joint ventures at fair value through profit or loss. It also includes foreign exchange differences and credit impairment charges/reversals (if any).

Net interest income/expense

Interest income and interest expense (with the exception of borrowing costs that are capitalised on a qualifying asset, which is not measured at fair value) are recognised using the effective interest rate (EIR) method for financial assets, and financial liabilities carried at amortised cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

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

The calculation of the EIR does not include ECL. 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 and expense on financial assets and liabilities that are classified as FVTPL is accounted for on a contractual rate basis.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition (continued)

Gain on sale of investment

On disposal of an investment, the difference between the sales consideration and the carrying value is recognised as a gain or loss in the profit or loss account.

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.

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. 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. Deferred tax liabilities are recognised when such temporary differences give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

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

The Company exercises judgement in determining whether deferred tax assets are probable of recovery.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/ (recovered from) tax authorities based on its understanding and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities.

Value-Added Tax ("VAT")

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

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.

The best evidence of a financial instrument's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets. Where such alternative evidence exists, the Company recognises profit or loss immediately when the instrument is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in the income statement over the life of the transaction or when the inputs become observable. The Company applies this day 1 profit or loss policy to all financial instruments measured at fair value.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

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

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

De-recognition of financial instruments

Financial assets

Financial assets are derecognised from the balance sheet when:

- the rights to cash flows have expired; or
- the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Company i) transfers the contractual rights to receive the cash flows of the financial asset, or ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where:

- The Company is not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset,
- The Company is prohibited from selling or pledging the original asset other than as security to the eventual recipients, and
- The Company is obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay.

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

Financial liabilities

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

Gains and losses on the derecognition of debt related financial assets or financial liabilities that are subsequently measured at amortised cost are recognised in other income as part of other operating income and expenses.

Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are renegotiated or modified. A financial instrument that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms are modified such that the renegotiated financial instrument is a substantially different financial instrument. Where the modification results in derecognition of the original financial instrument, the new financial instrument is recorded initially at its fair value and the resulting difference is recorded in other income.

For financial instruments measured at amortised cost, and for debt financial assets measured at FVOCI, when the modification does not result in derecognition, a gain or loss is recognised in other income reflecting the adjustment of the gross carrying amount to reflect the renegotiated or modified contractual cash flows, discounted at the original EIR.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Classification and measurement

Financial assets

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

Business model assessment

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

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

The Company exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to 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 consideration for the time value of money and credit risk of the principal outstanding. Interest may also include consideration for other basic lending risks and costs.

Amortised cost

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

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
- (iii) the financial asset has not been designated to be measured at FVTPL (DFVTPL)

Interest income determined in accordance with the EIR is recognised in interest income. Gains and losses arising from the derecognition of financial assets that are measured on an amortised cost basis are recognised as part of other operating income and charges.

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).

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.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Fair value through other comprehensive income ("FVOCI")

A financial asset is subsequently measured at FVOCI if the following conditions are met:

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements; and,
- (iii) the financial asset has not been classified as DFVTPL.

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

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet when there is a legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

vii) Derivative instruments and hedging activities

Derivative instruments entered into by the Company include futures, forwards and forward rate agreements, swaps and options in the interest rate, foreign exchange, commodity, credit and equity markets. These derivative instruments are principally used by the Company for the purposes of risk management of existing and forecast financial and non-financial assets and liabilities.

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.

Hedge accounting

As part of its ongoing business, the Company is exposed to several financial risks, principally that of foreign exchange rates (referred to as the hedged risk or exposure). The Company has limited appetite for such risks and has policies and practices in place to ensure that these risks are effectively managed. The Company mitigates these risks through the use of derivative financial instruments and, in the case of foreign currency risk, foreign-denominated debt issued (collectively referred to as hedging instruments).

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

vii) Derivative instruments and hedging activities (continued)

In order to account for the difference in the gains and losses between the exposure that is being hedged and the hedging instrument, the Company applies hedge accounting as below:

Fair value hedge

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

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

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

viii) Financial investments

Investment securities in this category include investments in equity or debt securities 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 FVOCI and subsequently measured in accordance with the Company's accounting policy for financial instruments Note 2(vi)).

ix) Investments

Investment in subsidiaries

Subsidiaries are all those entities (including structured entities) over which the Company has the power to direct the relevant activities of the entity, exposure, 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*.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

ix) Investments (continued)

Interest in associates and joint ventures

Associates and joint ventures are entities, over which the Company has significant influence or joint control, but not control, are carried at cost in accordance with *IAS 27 Separate Financial Statements*.

The Company determines the dates of obtaining or losing significant influence or joint control of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to significantly influence the financial and operating policies or jointly control the relevant activities of that entity. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice, and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

x) Non-current assets and liabilities of disposal groups classified as held for sale

This category includes interests in subsidiaries, associates and joint ventures and other assets and liabilities, and subsidiaries that are acquired exclusively with a view to sell or distribute (disposal group) for which their carrying amount will be recovered principally through a sale or distribution transaction rather than continuing use.

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

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

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

Financial assets and liabilities that are classified as held for sale are measured in accordance with the Company's financial instruments' policies.

xi) Provisions and contingent liabilities

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

Contingent liabilities, which generally include letters of credit, indemnities, performance-related contingents and guarantees (other than financial guarantees) are not recognised in the financial statements but are disclosed in the notes to the financial statements unless they are considered remote.

xii) 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.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

xiii) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost, 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 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. Refer Note 11 for ECL disclosure.

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. Detail on the Company's process to determine whether there has been a SICR is provided in Note 11 Expected credit losses.

Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

iii) Stage III – Lifetime ECL credit-impaired:

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

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD and EAD, adjusted for FLI. Refer Note 11 for ECL disclosure.

Presentation of loss allowances

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

- Loans to related parties measured at amortised cost - as a deduction to the gross carrying amount.
- Lease receivables, contract receivables and other assets measured at amortised cost – as a deduction to the gross carrying amount.
- Loans to associates and joint ventures 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.

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.

Macquarie (UK) Group Services Limited

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

Note 2. Summary of significant accounting policies (continued)

xiii) Impairment (continued)

Impairment of interests in associates and joint ventures

The Company performs an assessment at each reporting date to determine whether there is any objective evidence that its interests in associates and joint ventures are impaired. The main indicators of impairment are significant changes in the market, economic or legal environment and a significant or prolonged decline in fair value below cost.

In making this judgement, the Company evaluates, among other factors, the normal volatility in share price and the period of time for which fair value has been below cost. If there is an indication that an investment in an associate or joint venture may be impaired, then the entire carrying amount of the investment in the associate or joint venture is tested for impairment by comparing the recoverable amount, being the higher of fair value less costs to sell and value in use and, with its carrying amount.

Impairment losses recognised in the profit and loss account for investments in associates and joint ventures are subsequently reversed through the profit and loss account if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised.

Fair value less costs to sell is estimated using market-based approaches using revenues, earnings and assets under management and multiples based on companies deemed comparable as well as other publicly available information relevant to the business.

Value in use is calculated using pre-tax cashflow projections of operating revenue and expenses. Forecasts are extrapolated using a growth rate and discounted using a pre-tax discount rate incorporating market risk determinants, adjusted for specific risks related to the cash generating units, if any, and the environment in which it operates.

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.

xiv) Called up share capital

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

xv) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

For 2019 the Company has reclassified credit impairment charge amounting to £1,129,559 from 'Administrative expenses' to 'Other operating income' to correctly classify the impairment charge in the appropriate head based on its nature. These are voluntary changes in the reclassification as it has been determined that this is the appropriate classification given the nature of the balances.

	2019		Change £
	Revised £	Previously Reported £	
Profit and Loss:			
Administrative expense	(3,300,493)	(4,430,052)	1,129,559
Other operating income	1,986,887	3,116,446	(1,129,559)
Total	(1,313,606)	(1,313,606)	-

Macquarie (UK) Group Services Limited

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

	2020 £	2019 £
Note 3. Profit on ordinary activities before taxation		
Turnover		
Dividend income	2,543,626	8,233,604
Total turnover	2,543,626	8,233,604
Administrative expenses		
Service fees paid to Macquarie Group undertakings	(2,888,569)	(2,537,911)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	(47,754)	(40,269)
Other administrative expenses	(854,612)	(722,313)
Total administrative expenses	(3,790,935)	(3,300,493)
The Company had no employees during the year. (2019: Nil)		
Net gain on disposal of investments		
Gain on disposal of investments	4,660,574	50,721,273
Total net gain on disposal of investments	4,660,574	50,721,273
Other operating income		
Impairment (charge)/reversal		
Investment in subsidiary	35,425,311	-
Interest in associate	(2,275,940)	-
Net (loss)/gain on equity investments ¹	(249,664)	4,524,967
Foreign exchange losses	(866,655)	(1,407,041)
Credit impairment charges	(143,042)	(1,129,559)
Net trading income/(loss)	60,790	(1,480)
Service fees received from other Macquarie Group undertakings	10,510	-
Total other operating income	31,961,310	1,986,887
¹ Fair value gain and losses from equity financial investments that have been classified as FVTPL.		
Note 4. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	20,572,749	13,726,695
Interest receivable from unrelated parties	238,667	421,595
Total interest receivable and similar income	20,811,416	14,148,290
Note 5. Interest payable and similar charges		
Interest payable to other Macquarie Group undertakings	(24,236,400)	(21,210,690)
Total interest payable and similar charges	(24,236,400)	(21,210,690)
Note 6. Tax on profit on ordinary activities		
(i) Tax expense included in profit		
Current tax		
UK corporation tax at 19% (2019: 19%)	328,067	2,011,039
Adjustments in respect of prior years	(233,543)	(76,801)
Foreign tax suffered	(12,297)	(13,178)
Total current tax benefit	82,227	1,921,060
Deferred tax		
Origination and reversal of temporary differences	284,167	(653,362)
Adjustment in respect of prior years	(2,796)	746,442
Effect of changes in tax rates	(35,495)	(9,798)
Total deferred tax benefit	245,876	83,282
Tax on profit on ordinary activities	328,103	2,004,342

Macquarie (UK) Group Services Limited

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

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

	2020 £	2019 £
(ii) Reconciliation of effective tax rate		
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) The differences are explained below:		
Profit before taxation	31,949,591	50,578,871
Current tax charge at 19% (2019: 19%)	(6,070,422)	(9,609,985)
Effects of:		
Adjustment in respect of prior years	(236,339)	669,641
Non deductible expenses	(427,449)	(51,216)
Foreign tax suffered	(12,297)	(13,178)
Income allocation from partnerships	(178,060)	-
Other assessable income	-	(534,895)
Non assessable income	7,464,211	11,553,773
Effects of changes in tax rates	(35,495)	(9,798)
Chargeable gains	(176,046)	-
Total tax benefit on profit on ordinary activities	328,103	2,004,342

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

Ordinary share capital and exchangeable shares		
Dividends paid (2020: 1.7c per share; 2019: 39c per share)	(8,000,000)	(180,000,000)
Total dividends paid	(8,000,000)	(180,000,000)

Note 8. Interests in associates and joint ventures

Equity investments with no provisions for impairment	27,057,012	17,543,835
Equity investments with provisions for impairment		
Gross carrying value	2,275,940	-
Less: provisions for impairment	(2,275,940)	-
Equity investments with provisions for impairment	-	-
Loans to joint ventures carried at FVTPL	268,978	-
Loans to joint ventures carried at FVOCI	89,659	342,275
Total interests in associates and joint ventures	27,415,649	17,886,110

Summarised information of certain interests in material associates and joint ventures are as follows:

Name of investment	Nature of business	Country of Incorporation	2020 % ownership	2020 £	2019 £
Interests in associates					
BRUC Management Project, S.L. ²	Investment Fund	Spain ⁵	30%	-	648,827
ERS DGB Limited ¹	Insurance Company	United Kingdom ³	17.00	16,762,778	-
Idagio GmbH ²	Technology Solutions	Germany ⁴	10.37	-	2,215,624
Peel Logistics General Partner Limited	Real estate	Jersey ⁷	Nil	-	3,814
Peel Logistics Limited Partnership	Real estate	Jersey ⁸	Nil	-	2,337,758
Peel Logistics Management Limited	Holding Company	United Kingdom ⁵	Nil	-	735,050
Stocard GmbH ²	Technology Solutions	Germany ⁹	23%	9,778,197	-
Total equity interests in associates				26,540,975	5,941,073

¹ERS DGB Limited which was classified as 'Held for sale asset' as at 31 March 2019 has been reclassified to 'Interest in associate'

²The investments identified above are designated in hedging relationships as explained in Note 2.

³The principal place of business is 21 Lombard Street, Candlewick, London, EC3V 9AH, United Kingdom

⁴The principal place of business is Reinhardtstr. 47, 10117 Berlin, Germany

⁵The principal place of business is Peel Dome, The Trafford Centre, Manchester, Lancashire, M17 8PL, United Kingdom

⁶The principal place of business is Avenida de Burgos 16E, 28036 Madrid, Spain

⁷The principal place of business is 47 Esplanade, St Helier, JE1 0BD, Jersey

⁸The principal place of business is 1st Floor, Waterloo House, Don Street, St Helier, JE 1AD, Jersey

⁹The principal place of business is Glücksteinallee 25, Quartier Hoch 4, Mannheim 68163, Germany

Macquarie (UK) Group Services Limited

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

Note 8. Interests in associates and joint ventures (continued)

Name of investment	Nature of business	Country of Incorporation	2020 % ownership	2020 £	2019 £
Interests in joint ventures					
BRUC Management Project, S.L. ¹	Investment Fund	Spain ²	30%	516,037	-
BM Japan 2 ¹	Power Company	Japan ³	Nil	-	2,083,706
Stocard GmbH ¹	Technology Solutions	Germany ⁴	23%	-	9,519,056
Total equity interests in joint ventures				516,037	11,602,762
Total equity interests in associates and joint ventures				27,057,012	17,543,835

¹The investments identified above are designated in hedging relationships as explained in Note 2.

²The principal place of business is Avenida de Burgos 16E, 28036 Madrid, Spain

³The principal place of business is Tokyo-to Chiyoda-ku, Kioi-cho 4 Ban 1 Go, New Otani Garden Court, Japan

⁴The principal place of business is Glücksteinallee 25, Quartier Hoch 4, Mannheim 68163, Germany

	2020 £	2019 £
Note 9. Financial Investments		
Equity securities (Unlisted) ¹	31,864,605	49,153,043
Debt securities	1,360,436	-
Total financial investments	33,225,041	49,153,043

¹Financial investments represent investments measured at FVTPL. As at 31 March 2020, the Company holds investments in Investment Funds of £16,773,196 (2019: £29,303,311), Investment Companies of £9,666,882 (2019: £16,003,489) and Technology Solution Companies of £4,021,057 (2019: £3,846,243).

Note 10. Investments in subsidiaries

Investments at cost with no provisions for impairment	163,242,483	-
Investments at cost with provisions for impairment	-	265,637,386
Less provisions for impairment ¹	-	(35,425,311)
Investments at recoverable amount	163,242,483	230,212,075
Total investments in subsidiaries	163,242,483	230,212,075

¹Impairment recognised due to Macquarie Infrastructure and Real Assets Investments Limited's valuation of one of its investments MPF Holdings/Calon Energy (Investments) Limited.

The material subsidiaries of the Company, based on contribution to the Company's profit after income tax, the size of the investment made by the Company or the nature of activities conducted by the subsidiary, are:

Name of subsidiary	Nature of business	Place of Incorporation	2020 % ownership	2020 £	2019 £
Macquarie Internationale Investments Limited	Holding company	United Kingdom ²	100%	139,586,719	139,586,719
Macquarie Corporate Holdings Belgium NV ¹	Investment company	Belgium ³	99.8%	54,392	52,952
Macquarie Juweel Investor LP ¹	Investment company	United States ⁴	100%	20,769,110	19,866,182
Macquarie Infrastructure and Real Assets Investments Limited	Holding company	United Kingdom ²	Nil	-	67,971,471
Macquarie Infrastructure Partners III GP LLC ¹	General Partner	United States ⁴	86%	2,763,814	2,669,275
Macquarie Septa (UK) I, LP ¹	Investment company	United Kingdom ²	60%	68,348	65,375
MPF Nominees Limited	Nominee company	United Kingdom ²	Nil	-	1
Craighouse Investments Limited	Nominee company	United Kingdom ²	100%	100	100
Total investments in subsidiaries				163,242,483	230,212,075

¹The investments identified above are designated in hedging relationships as explained in Note 2.

²The principal place of business is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom

³The principal place of business is Havenlaan 86C Bus 204, 1000 Brussel, Belgium

⁴The principal place of business is 125 West 55th Street, New York, NY 10019, United States

Macquarie (UK) Group Services Limited

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

Note 11. Expected credit losses

At the reporting date the Company has presented the ECL allowances in its balance sheet as follows:

Model inputs

The Company models ECL for on-balance sheet financial assets measured at amortised cost such as loans. For this purpose, the Company split its credit portfolio among other related Macquarie group entities.

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

	As at 31 March 2020		As at 31 March 2019	
	Gross exposure ⁽¹⁾	ECL allowance	Gross exposure ⁽¹⁾	ECL allowance
	£	£	£	£
Loans to associates and joint ventures ⁽²⁾	89,659	7,210	1,638,327	1,341,746
Debtors	535,630,651	304,172	400,423,734	363,529
Total credit impaired financial assets	535,720,310	311,382	402,062,061	1,705,275

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

²Loans to joint ventures represent loans measured at FVOCI. As at 31 March 2019, the Company holds a loan to BRUC Management Project, S.L.

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

	Financial Investments	Loans to associates and joint ventures	Debtors	Total
	£	£	£	£
Balance as at 1 April 2018	94,026	5,323	515,247	614,596
Impairment charge (Note 3)	(94,744)	1,371,477	(147,174)	1,129,559
Foreign exchange movement	718	(35,054)	(4,544)	(38,880)
Balance as at 1 April 2019	-	1,341,746	363,529	1,705,275
Impairment charge (Note 3)	-	161,002	(17,960)	143,042
Disposal	-	(1,324,374)	-	(1,324,374)
Foreign exchange movement	-	(171,164)	(41,397)	(212,561)
Balance as at 31 March 2020	-	7,210	304,172	311,382

The tables below represent the reconciliation from the opening balance to the closing balance of the ECL allowance on loans to joint ventures which are classified as investments to which the impairment requirements under IFRS 9 are applied.

ECL on loans to joint ventures

	Lifetime ECL			Total ECL Allowance
	Stage I 12 month ECL	Stage II Not credit impaired	Stage III Credit impaired	
	£	£	£	£
Balance as at 1 April 2018	99,349	-	-	99,349
Transfers during the financial year to credit impaired	(5,323)	-	5,323	-
Impairment charge	(53,586)	-	1,330,319	1,276,733
Foreign exchange movement	(5,330)	-	(29,006)	(34,336)
Balance as at 1 April 2019	35,110	-	1,306,636	1,341,746
Transfers during the financial year to credit impaired	-	-	-	-
Impairment charge	(39,210)	-	200,212	161,002
Disposal	-	-	(1,324,374)	(1,324,374)
Foreign exchange movement	4,100	-	(175,264)	(171,164)
Balance as at 31 March 2020	-	-	7,210	7,210

Macquarie (UK) Group Services Limited

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

	2020	2019
	£	£
Note 12. Debtors: recoverable after one year		
Amounts owed by other Macquarie Group undertakings	-	65,047,420
Total debtors: recoverable after one year	-	65,047,420

Note 13. Debtors: recoverable within one year		
Amounts owed by other Macquarie Group undertakings ^{1,2}	535,326,479	335,012,785
Taxation	325,153	2,011,969
Other debtors	2,009,238	-
Total debtors: recoverable within one year	537,660,870	337,024,754

¹At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £304,172 (2019: 363,529) which is net presented against the gross carrying amount.

²Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2020 the rate applied ranged between LIBOR plus 0.85% and LIBOR plus 2.86% (2019: between LIBOR plus 1.18% and LIBOR plus 2.41%).

Note 14. Held for sale assets

During the current year, Macquarie Group Limited (MGL), the ultimate parent entity; Macquarie Financial Holdings Pty Limited (MFHPL) and Macquarie Asset Management Holdings Pty Limited (MAMH) (a related group entity) entered into a Restructure Deed effective 6 December 2019 ('effective date'), to transfer all the economic risks and rewards and control of the Macquarie Asset Management (MAM) business (subject to certain excluded assets) from MFHPL to MAMH at fair market value.

Due to pending regulatory approval and ongoing operational arrangements for the transfer of risk and rewards from MFHPL to MAMH, legal transfer of certain assets and liabilities relating to the MAM business held by the Company is expected to be transferred to MAMH or its subsidiaries at a later date. Accordingly, these assets were classified as Held for Sale. Details are given below:

	2020	2019
	£	£
Held for sale assets		
Investments in subsidiaries	103,396,784	-
Interests in associates and joint ventures	6,918,209	25,012,261
Total held for sale assets¹	110,314,993	25,012,261

¹The above assets have been remeasured at lower of carrying value and fair value less cost to sell. There is no significant fair value loss recognised in the income statement due to remeasurement at the date of classification to Held for Sale.

The tables below summarises the investments and the respective ownership percentage of those investments which are classified as 'Held for sale'.

Name of subsidiary	2020 % ownership	2020	2019
		£	£
Macquarie Infrastructure and Real Assets Investments Limited	100	103,396,783	-
MPF Nominees Limited	100	1	-
Total investment in subsidiary		103,396,784	-

Name of associate and joint venture

Peel Logistics General Partner Limited	19	3,813	-
Peel Logistics Management Limited	28	885,492	-
Peel Logistics Limited Partnership	19	3,786,790	-
BM Japan 2	65	2,242,114	-
ERS DGB Limited	17	-	16,762,778
BM Japan Inc.	65	-	8,249,483
Total interest in associate and joint venture		6,918,209	25,012,261
Total held for sale assets		110,314,993	25,012,261

Macquarie (UK) Group Services Limited

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

	2020	2019
	£	£
Note 15. Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Financial investments ¹	(52,052)	(301,704)
Specific provision	15,101	(220,328)
Total deferred tax liabilities	(36,951)	(522,032)

¹Relates to equity securities in Genui Partners, Pollen Street Capital Limited III, PSC Marlin LP and Marwyn Value Investors II LP.

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

Balance at the beginning of the financial year	-	-
Temporary differences:		
Deferred tax charged to income statement for the period	(1,888)	-
Deferred tax charged to equity	18,877	-
Adjustment in respect of prior years	(1,888)	-
Balance at the end of the financial year	15,101	-

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

Balance at the beginning of the financial year	(522,032)	(384,986)
Temporary differences:		
Deferred tax credited to profit and loss for the year	286,055	(653,362)
Effect of changes in tax rates	(35,495)	(9,798)
Deferred tax charged to equity	220,328	(220,328)
Adjustment in respect of prior years	(908)	746,442
Balance at the end of the financial year	(52,052)	(522,032)

Revenue authorities undertake risk reviews and audits as part of their normal activities. The Company has assessed these and other taxation claims and litigation, including seeking external advice where appropriate, and considers that it holds appropriate positions.

Note 16. Creditors: amounts falling due within one year

Amounts owed to other Macquarie Group undertakings ¹	460,280,430	137,192,098
Other creditors	-	174,906
Total creditors: amounts falling due within one year	460,280,430	137,367,004

¹Amount due to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 2.66% (2019: LIBOR plus 1.93%).

Note 17. Provisions for liabilities

Accruals and provisions	555,539	-
Total provisions for liabilities	555,539	-

Note 18. Creditors: amounts falling due after more than one year

Amounts owed to other Macquarie Group undertakings	-	199,936,011
Total creditors: amounts falling due after more than one year	-	199,936,011

Note 19. Called up share capital

	2020	2019	2020	2019
	Number of shares	Number of shares	£	£
Ordinary share capital				
Opening balance of fully paid ordinary shares	460,134,066	460,134,066	349,701,890	349,701,890
Closing balance of fully paid ordinary shares	460,134,066	460,134,066	349,701,890	349,701,890

Macquarie (UK) Group Services Limited

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

	2020	2019
	£	£
Note 20. Other reserves and profit and loss account		
FVOCI reserve		
Balance at the beginning of the financial year	(190,596)	-
Change on initial application of IFRS 9	-	82,459
Revaluation losses recognised in OCI, net of tax	197,806	(273,055)
Balance at the end of the financial year	7,210	(190,596)
Profit and loss account		
Balance at the beginning of the financial year	36,999,322	164,690,453
Change on initial application of IFRS 9	-	(274,344)
Profit attributable to ordinary equity holders of the Company	32,277,694	52,583,213
Dividends paid on ordinary share capital (Note 7)	(8,000,000)	(180,000,000)
Balance at the end of the financial year	61,277,016	36,999,322

Note 21. 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.

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 24.

Details of holdings by subsidiary undertakings are as below:

Name of related party	Registered office	2020 % ownership	Class of shares
Subsidiaries of Macquarie Infrastructure and Real Assets Investments Limited			
Macquarie Infrastructure and Real Assets Core Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	Ordinary shares
Macquarie Infrastructure and Real Assets Investments (Luxembourg) S.à r.l.	Level 4, 20 Boulevard Royal, L-2449, Luxembourg	99.99	Ordinary shares
Macquarie Infrastructure Partners IV GP LLC	CT Corporation 1209 Orange Street Wilmington DE 19801 United States	99.8	Membership interest shares
Macquarie Infrastructure Partners V GP LLC	CT Corporation 1209 Orange Street Wilmington DE 19801 United States	100	Membership interest shares
MIF Holdings Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	Ordinary shares
MIRA Infrastructure Global Solution GP LLC	CT Corporation, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	100	Membership interest shares
Subsidiaries of Macquarie Internationale Investments Limited			
Macquarie Capital Securities (Japan) Limited	Po Box 309Gt, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands	100	Ordinary shares
Macquarie International Holdings Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	Ordinary shares
Macquarie Securities Korea Limited	3rd Floor, Hanwha Building, Sogong-dong, 109 Sogong-ro, Jung-gu, Seoul, 04525, Republic of Korea	100	Ordinary shares

Macquarie (UK) Group Services Limited

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

Note 21. Related party information (continued)

Name of related party	Registered office	2020 % ownership	Class of shares
Subsidiaries of Macquarie International Holdings Limited			
Macquarie Capital Limited	Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong	100	Ordinary shares
Macquarie Asia Securities Limited	Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong	100	Ordinary shares
Macquarie Capital Securities (Mauritius) Limited	Les Cascades Building, Edith Cavell Street, Port-Louis, Mauritius	100	Ordinary shares
Macquarie Capital Securities (Philippines) Inc.	Level 29, Tower 1, The Enterprise Center, Ayala Avenue, Makati City 1226, Philippines	99.99	Ordinary shares
Macquarie Securities (Thailand) Limited	28th Floor, CRC Tower, All Seasons Place, 87/2 Wireless Road, Lumpini, Patumwan, Bangkok 10330, Thailand	99.99	Ordinary shares
PT Macquarie Sekuritas Indonesia	Indonesia Stock Exchange Tower 1, 8th Floor, Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190, Indonesia	85	Ordinary shares
Subsidiaries of Macquarie Capital Securities (Mauritius) Limited			
Macquarie Capital Securities (India) Private Limited	92 Level 9, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India	99.99	Ordinary shares and Preference shares
Subsidiaries of Macquarie Capital Securities (India) Private Limited			
Macquarie Infrastructure and Real Assets (India) Private Limited	92 Level 9, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India	99.99	Equity shares
Subsidiaries of Macquarie Infrastructure Partners III GP LLC			
MIP III Tigerfish (Canada) GP LLC	CT Corporation 1209 Orange Street Wilmington DE 19801 United States	100	Membership interest shares
Subsidiaries of Macquarie Infrastructure Partners IV GP LLC			
MIP IV (Canada) GP, LLC	1209 Orange Street Wilmington, New Castle County DE 19801 United States	100	Membership interest shares
MIP IV Excoutivos, LP	1208 Orange Street Wilmington, New Castle County DE 19801 United States	100	Membership interest shares

Note 22. 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.

	2020 £	2019 £
Note 23. Contingent liabilities and commitments		
Contingent liabilities exist in respect of^{1,2}:		
Performance related contingents	313,598	305,287
Total contingent liabilities ^{2,3}	313,598	305,287
Commitments exist in respect of:		
Undrawn credit facilities ³	27,924,813	16,581,469
Total commitments ⁴	27,924,813	16,581,469
Total contingent liabilities and commitments	28,238,411	16,886,756

¹Contingent liabilities exist in respect of actual and potential claims and proceedings that arise in the conduct of the Company's business. In the event it is likely that a loss is probable and can be reliably measured, then a liability is recognised and the exposure is excluded from the contingent liabilities above. Other than those recognised liabilities, the Company is currently not engaged in any litigation or claim which is likely to have a material adverse effect on the Company's business, financial condition or performance.

²It is not practical to ascertain the timing of any outflow and the possibility of any reimbursement related to these contingent liabilities.

³Undrawn credit facilities are irrevocably extended to clients. These amounts include fully or partially undrawn commitments that are legally binding and cannot be unconditionally cancelled by the Company. Securities underwriting includes firm commitments to underwrite debt and equity securities issuances and private equity commitments.

⁴Total commitments also represent contingent assets. Such commitments to provide credit may convert to loans and other assets in the ordinary course of business.

Macquarie (UK) Group Services Limited

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

Note 24. Ultimate parent undertaking

At 31 March 2020, the immediate parent undertaking of the Company is Macquarie Corporate Holdings (Pty) Limited (UK Branch).

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

The consolidated financial statements are also available for viewing on the Macquarie Group website.

Macquarie Group Investor Relations

website: www.macquarie.com.au/investorrelations

Note 25. Events after the reporting period

On 8 April, 2020, the Company made an additional investment of \$10,000,000 in XM Cyber Ltd.

On 1 July, 2020, post completion of legal procedures, the Company transferred certain investments in subsidiaries, interest in associates and joint ventures to related entities which were classified as 'Held for sale assets' as at 31 March 2020. The Company has entered into Share Purchase Agreement to transfer these investments at fair market value on the date of transfer, recognising a total gain of £487,449,862. The Company paid a dividend of £437,449,862 to its parent entity MCHPL UK Branch funded primarily from the gain on sale of investments as mentioned above.

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.