MACQUARIE EURO LIMITED

COMPANY NUMBER 07713808

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

MACQUARIE

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

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

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

Principal activities
The principal activity of the Company during the financial year ended 31 March 2020 was to provide Euro denominated debt financing to other Macquarie Group undertakings domiciled in the United Kingdom and Continental Europe.

Review of operations
The profit for the financial year ended 31 March 2020 was €4,411,498, an increase of 1389% from the profit of €296,350 in the previous year.

Net operating profit for the financial year ended 31 March 2020 was €5,386,608, an increase of 351% from the operating profit of €1,193,922 in the previous year.

Total administrative expenses for the year ended 31 March 2020 were €871,125, a decrease of 68% per cent from €2,711,253 in the previous year.

As at 31 March 2020, the Company had net assets of €209,163,078 (2019: €204,751,580).

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 18.

On 29 March 2017, the United Kingdom invoked Article 50 of the Lisbon Treaty and officially notified the EU of its decision to withdraw from the EU (known as "Brexit"). The UK government and the EU Commission subsequently agreed an Article 50 Withdrawal Agreement, pursuant to which a transition period commenced which will last until 31 December 2020. The economic, regulatory and legal environment as a result of Brexit will depend on the nature of the post-Brexit arrangements, and the Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts. If the post-Brexit environment allows continued access to EEA markets by UK firms, the Company may seek to utilise those arrangements. In the absence of any such arrangements, it is envisaged the Company will continue to be able to work strategically with its EU-based affiliates within the Macquarie Group.

The Company is not subject to any other material risks or uncertainties, over and above those stated, although the Directors' note the impact of 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 effect of credit risk, liquidity risk, market risk, interest rate risk and foreign exchange risk. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

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

Financial risk management (continued)

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

Credit risk

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

Liquidity risk

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

Market risk

The Company is exposed to market risk through its facilitation activities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively.

Interest rate risk

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

Foreign exchange risk

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

Section 172 (1) Statement

Section 172(1) of the Companies Act 2006 requires Directors to act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:
(a) the likely long-term consequences of decisions;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly as between the Company's owners.

Consideration of these factors and other relevant matters, including in particular the Company's regulatory environment as a UK Credit Institution, is embedded into all Board decision-making, strategy development and risk assessment throughout the year.

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

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

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,

Sharand Maharaj
Director

Date: 7 December 2020

Directors' Report
for the financial year ended 31 March 2020

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

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

A Lilley
R Thompson
S Maharaj

The Secretary who held office as a Secretary of the Company throughout the 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 €4,411,498 (2019: profit of €296,350).

Dividends paid or provided for
No dividends were paid or provided for during the current financial year (2019: €10,000,000).No final dividend has been proposed

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

Events after the reporting date
At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 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.

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

Likely developments, business strategies and prospects (continued)

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

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

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

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 material impact with respect to COVID-19, refer accounting considerations on the 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, 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

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

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,

SM

Sharand Maharaj
Director

Date: 7 December 2020

Independent auditors' report to the members of Macquarie Euro Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Euro 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 changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, 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
8 December 2020

Financial Statements

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

	Note	2020 €	2019 €
Interest receivable and similar income	4	**17,061,327**	21,150,683
Interest payable and similar expenses	5	**(8,247,013)**	(16,091,075)
Administrative expenses	3	**(871,125)**	(2,711,253)
Other operating expenses	3	**(2,556,581)**	(1,154,433)
Operating profit		**5,386,608**	1,193,922
Profit on ordinary activities before taxation		**5,386,608**	1,193,922
Tax on profit on ordinary activities	6	**(975,110)**	(897,572)
Profit for the financial year		**4,411,498**	296,350

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.

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

Balance sheet
as at 31 March 2020

	Note	2020 €	2019 €
Fixed and non-current assets			
Loan assets	8	**92,651,573**	82,333,022
Debtors	10	**60,008,065**	-
		152,659,638	82,333,022
Current assets			
Loan assets	8	-	11,288,706
Debtors	10	**561,782,356**	560,507,627
		561,782,356	571,796,333
Current liabilities			
Deferred tax liabilities	11	**(566,916)**	(510,975)
Creditors: amounts falling due within one year	12	**(504,704,555)**	(415,806,318)
Provisions for liabilities	13	**(7,445)**	-
Net current assets		**56,503,440**	155,479,040
Total assets less current liabilities		**209,163,078**	237,812,062
Creditors: amounts falling due after more than one year	14	-	(33,060,482)
Net assets		**209,163,078**	204,751,580
Capital and reserves			
Called up share capital	15	**202,601,446**	202,601,446
Profit and loss account	16	**6,561,632**	2,150,134
Total shareholders' funds		**209,163,078**	204,751,580

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 27 were approved by the Board of Directors on 4th December 2020 and were signed on its behalf by:

SM

Sharand Maharaj
Director
7 December 2020

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

	Notes	Called up share capital €	Profit and loss account €	Total shareholders' funds €
Balance at 1 April 2018		202,601,446	11,853,784	214,455,230
Profit for the financial year	16	-	296,350	296,350
Total comprehensive income		-	296,350	296,350
Transactions with equity holders in their capacity as ordinary equity holders:				
Dividends paid	7	-	(10,000,000)	(10,000,000)
Balance at 31 March 2019		**202,601,446**	**2,150,134**	**204,751,580**
Profit for the financial year	16	-	**4,411,498**	**4,411,498**
Total comprehensive income		-	**4,411,498**	**4,411,498**
Balance at 31 March 2020		**202,601,446**	**6,561,632**	**209,163,078**

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

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

Note 1. Company information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of 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 financial years presented, unless otherwise stated.

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

- financial assets and liabilities that are otherwise measured on an amortised cost basis.

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

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 paragraphs of IAS 1, 'Presentation of financial statements':
  - 10 (d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38 B-D (additional comparative information),
  - 111 (cash flow statement information), and
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

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 measurement of Expected Credit Loss (ECL) including the choice of inputs, estimates and assumptions relating to information about past events, current conditions and forecasts of economic conditions (Notes 2(viii) and 9).

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

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)

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

Coronavirus (COVID-19) impact

Background

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

Processes applied

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

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

Consideration of the statements of financial position and further disclosures

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

Loan assets, due from subsidiaries and other assets

In response to COVID-19 the Company undertook a review of wholesale and retail credit portfolios, loans to its subsidiaries 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, 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 8 and 9.

New Accounting Standards and amendments to Accounting Standards and that are 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 IFRIC 23 Interpretation 23 Uncertainty over Income Tax Treatments 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.

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

(iii) Foreign currency translations

Functional and presentation currency

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

Transactions and balances

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

(iv) Revenue and expense recognition

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

Net interest income/(expense)

Interest income and interest expense are recognised using the effective interest rate (EIR) method for financial assets, and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through OCI. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs that are integral to the lending arrangement are recognised in the profit and loss account over the expected life (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

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

The calculation of the EIR does not include ECL, except for financial assets which on initial recognition are classified as purchased or originated credit impaired ("POCI"). Interest income on these assets is determined using a credit adjusted EIR by discounting the estimated future cash receipts, including credit losses expected at initial recognition, through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest income on financial assets that are not credit impaired is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

Other operating (expenses)/income

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

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

Expenses

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

(v) Taxation

The balance sheet approach to tax effect accounting has been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences or tax losses.

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

Note 2. Summary of significant accounting policies (continued)

(v) Taxation (continued)

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, particularly in relation to tax losses, are probable of recovery.

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

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

(vi) Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

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

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:
- are entered into at the same time and in contemplation of one another
- have the same counterparty
- relate to the same risk
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction
- consideration of whether each of the financial instruments has its own terms and conditions and each may be transferred or settled separately.

De-recognition of financial instruments

Financial assets

Financial assets are 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.

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)

De-recognition of financial instruments (continued)

Financial assets

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

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

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

Financial liabilities

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

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

Classification and subsequent measurement

Financial assets

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

Business model assessment

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

(i) how the performance of the financial assets held within that business model is evaluated and reported to the Macquarie Group's senior management personnel and senior executives;

(ii) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed, and

(iii) how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

Solely payment of principal and interest ("SPPI")

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

Amortised cost

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

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements

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

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)

Amortised cost (continued)

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

Fair value through profit or loss ("FVTPL")

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

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:

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

Equity financial assets are measured at FVTPL.

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

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

Reclassification of financial instruments

The Company reclassifies debt financial assets when and only when its business model for managing those assets changes. Financial assets that are reclassified are subsequently measured based on the financial asset's new measurement category.

The Company does not reclassify financial liabilities after initial recognition.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

Offsetting of financial instruments

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

(vii) Loan assets

This category includes loans that are not held for trading purposes and typically includes the Company's lending activities to its customers.

Loan assets are initially recognised at fair value on settlement date (adjusted for directly attributable transaction costs for loan assets subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with the Company's accounting policy for financial instruments Note 2(vi).

(viii) Impairment

Expected credit losses ("ECL")

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

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

Note 2. Summary of significant accounting policies (continued)

(viii) Impairment (continued)

Expected credit losses ("ECL") (continued)

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Refer to Note 9 Expected credit loss for further information. Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk ("SICR") since initial recognition, ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

(ii) Stage II – Lifetime ECL not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company applies its judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI. Detail on the Company's process to determine whether there has been a SICR is provided in Note 9 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.

(iv) Purchased or originated credit imparied financial assets

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

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

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

- Loan assets and amounts due to other Macquarie Group undertakings measured at amortised cost – as a deduction to the gross carrying amount.

Presentation of loss allowances

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

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

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

Note 2. Summary of significant accounting policies (continued)

(viii) Impairment (continued)

Presentation of loss allowances (continued)

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.

(ix) Called up share capital

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

(x) Comparatives

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

For 2019 the Company has also presented €510,974 as a separate line in the financial statements as Deferred tax liabilities for 2019, which was previously included with Creditors: amounts falling due within one year. This is a voluntary change in accounting policy as it has been determined that the Deferred tax liability balance should be presented in a separate financial statement line item in order to reflect a more accurate presentation on the face of the balance sheet.

There is no impact on the retained earnings or net assets.

	Revised	Previously Reported	Change
2019 Balance sheet			
Deferred tax liabilities	(510,975)	-	(510,975)
Creditors: amounts due withing one year	(415,806,318)	(416,317,293)	510,975
Balance sheet total	(416,317,293)	(416,317,293)	-

In accordance with FRS 101 8(g) the Company has applied an exemption from the requirements of IFRS IAS 1 para 40A-D of presenting a third balance sheet.

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

	2020 €	2019 €
Note 3. Profit on ordinary activities before taxation		
Profit on ordinary activities before taxation is stated after (crediting)/charging:		
Administrative expenses by category:		
Other administrative expenses	**171,481**	17,729
Resource charge from Macquarie Group undertakings	**254,659**	310,486
Fee allocations to other Macquarie Group undertakings	**393,095**	2,336,657
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	**51,890**	46,381
Total administrative expense	**871,125**	2,711,253
Other operating expense/(income) by category:		
Credit impairment charges	**2,571,920**	1,258,721
Foreign exchange gains	**(18,376)**	(922)
Net trading loss/(income)	**3,037**	(106,164)
Other operating expense	**-**	2,798
Total other operating expense	**2,556,581**	1,154,433

The Company had no employees during the current and previous financial year.

Note 4. Interest receivable and similar income

	2020 €	2019 €
Interest receivable from other Macquarie Group undertakings	**8,962,076**	13,323,822
Interest receivable from unrelated parties	**8,099,251**	7,826,861
Total interest receivable and similar income	**17,061,327**	21,150,683

Includes interest income calculated using effective interest method of €17,061,327 (2019: €21,150,683) on the financial assets in the Company that are measured at amortised cost.

Note 5. Interest payable and similar expenses

	2020 €	2019 €
Interest payable to other Macquarie Group undertakings	**8,247,013**	16,091,075
Total interest payable and similar expenses	**8,247,013**	16,091,075

Includes interest expense of €8,247,013 (2019: €16,091,075) on the financial liabilities measured at amortised cost.

Note 6. Tax on profit on ordinary activities

(i) Tax expense included in the profit or loss

	2020 €	2019 €
Current tax		
UK corporation tax at 19% (2019: 19%)	**(919,168)**	(518,925)
Adjustments to tax charge in respect of prior years	**-**	(361,127)
Current tax	**(919,168)**	(880,052)
Deferred tax		
Origination and reversal of temporary differences	**4,173**	(19,153)
Effect of changes in tax rates	**(60,115)**	1,633
Total deferred tax	**(55,942)**	(17,520)
Tax on profit on ordinary activities	**(975,110)**	(897,572)

(ii) Reconciliation of effective tax rate

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

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 €
Profit before taxation on ordinary activities	**5,386,608**	1,193,922
Profit before taxation on ordinary activities multiplied by standard rate corporation tax in the United Kingdom of 19% (2019: 19%)	**(1,023,454)**	(226,845)
Effects of:		
Adjustments to tax charge in respect of prior years	-	(361,127)
Non deductible expenses	**110,503**	(265,602)
Foreign tax suffered	-	-
Foreign exchange difference	**(2,044)**	(45,631)
Effect of changes in tax rates	**(60,115)**	1,633
Total tax on profit on ordinary activities	**(975,110)**	(897,572)

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

	2020 €	2019 €
Note 7. Dividends		
Dividends paid		
Dividend paid (€0.05 per share)	-	10,000,000
Total dividends paid	-	10,000,000

Note 8. Loan assets

	2020			2019		
	Gross	ECL allowance	Net	Gross	ECL allowance	Net
Corporate, commercial and other lending	**96,046,305**	**(3,394,732)**	**92,651,573**	93,863,167	(241,439)	93,621,728
Total loan assets	**96,046,305**	**(3,394,732)**	**92,651,573**	93,863,167	(241,439)	93,621,728

Of the above amounts,€nil (2019: €11,288,706) is expected to be recovered within 12 months of the reporting date by the Company. Of the above amounts €34,984,638 has a maturity date of 23 December 2024, €2,143,468 has a maturity date of 23 December 2021 and €58,918,199 has a maturity date of 03 May 2022. Following the economic consequences of COVID-19 at the reporting date the timing of contractual recovery is subject to evolving regulatory and industry support for counterparties requesting such support.

Note 9. Expected credit losses

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

- Financial assets measured at amortised cost: Deduction against the gross carrying amount.
- Purchased or originated credit-impaired financial assets: Recognised as part of the net carrying value of the asset on initial recognition.

Model Inputs

The Company models ECL for on-balance sheet financial assets measured at amortised cost or FVOCI such as loans and debt securities, as well as off-balance sheet items such as undrawn loan commitments. For this purpose, the Company split its credit portfolio among other related Macquarie Group entities and wholesale exposures.

Notes to the financial statements
for the financial year ended 31 March 2020 (continued)
Note 9. Expected credit losses (continued)

The key model inputs used in measuring the ECL include:
- Exposure at default: The EAD represents the estimated exposure in the event of a default. The EAD is estimated taking into consideration a range of possible scenarios including both repayments and future drawdowns of unutilised commitments up to the potential date of default. For internals, this is based on net balance in the books of accounts.
- Probability of default: The determination of PDs for wholesale exposures is generally performed at a facility level. Wholesale portfolio PDs are a function of industry type, internal credit ratings and transition matrices used to determine a point in time PD estimate. PD estimates for wholesale portfolios are also adjusted for Forward looking information ("FLI"). For internals, this is based on internally assigned rating grades of each entity and if not rated, this is based on the lowest existing rating grade. This is assessed and potentially adjusted on a semi-annual basis.
- Loss given default ("LGD"): The LGD associated with the PD used is the magnitude of the ECL in a default event. The LGD is estimated using historical loss rates considering relevant factors for individual exposures. These factors include collateral, seniority, industry, recovery costs and the structure of the facility. LGD estimates are also adjusted for FLI. For internals this is based on default LGD depending upon whether the counterparty is bank or non bank entity.

Method of determining significant increase in credit risk ("SICR")

The Company periodically assesses exposures to determine whether there has been a SICR, which may be evidenced by either qualitative or quantitative factors. Quantitative factors are described below for the Company's material wholesale portfolios. Qualitative factors include, but are not be limited to, whether an exposure has been identified and placed on CreditWatch. Where there is a deteriorating credit risk profile, the exposures are monitored on a monthly basis through the CreditWatch reports. The business remains responsible for the management of the counterparty and of the risk position, but RMG oversight is increased to ensure that positions are managed for optimal outcomes. All exposures on CreditWatch are classified as stage II or, if defaulted, as stage III.

SICR thresholds, which require judgement, are used to determine whether an exposure's credit risk has increased significantly. The SICR methodology is based on a relative approach which considers changes in an underlying exposure's credit risk since origination. This may result in exposures being classified in stage II that are of a higher credit quality than other similar exposures that *are classified as stage I. Accordingly, while increases in the quantum of stage II exposures will suggest an increase in credit risk*, it should not necessarily be inferred that the assets are of a lower credit quality.

In response to COVID-19 the Company undertook a review of its wholesale portfolios the associated ECL. The review considered the macroeconomic outlook, client and customer credit quality, the type of collateral held, exposure at default and the effect of payment deferral options as at the reporting date. While these model inputs including forward-looking information were revised, the ECL models, SICR thresholds, and definitions of default remain consistent with prior periods.

Wholesale exposures

The Company assigns an internal credit rating to each exposure at origination based on information available at that date. These internal ratings are broadly aligned to external credit rating agencies such as Standard & Poor's and Moody's. The internal ratings for each exposure are reviewed at least once a year, or more frequently if necessary, to ensure any deterioration is identified and reflected in an adjustment to their rating.

Furthermore, other indicators of deterioration in credit quality are regularly monitored, such as payment history, credit limit utilisation, requests to modify the debt of forbearance, changes in the exposure's business, external data from credit reference agencies, media reports, external credit ratings and external quoted bond and credit default swap prices.

Where an exposure's assigned credit rating deteriorates beyond pre-defined thresholds, the exposure is categorised as stage II. If the exposure's rating subsequently improves so that it does not exceed the threshold, the exposure is assessed for reclassification to stage I. The methodology has been calibrated so that a larger change in rating is required for higher quality credit rated exposures than for lower quality credit rated exposures to be classified as stage II. The rating methodology is periodically reviewed and calibrated based on historical default experience.

The Company completed a review of the wholesale exposures in March 2020. Judgement resulted in one counterparty being downgraded due to the increasing risk of default arising from the macroeconomic environment as at 31 March 2020.

For wholesale portfolios:
- The AASB 9 'low credit risk' exemption is not applied by the Company to material portfolios of any significant duration in assessing whether there has been a SICR.

Notes to the financial statements
for the financial year ended 31 March 2020 (continued)
Note 9. Expected credit losses (continued)

Definition of default

The Company's definition of default determines the reference point for the calculation of the ECL components, and in particular the PD. Default is generally defined as the point when the borrower is unlikely to pay its credit obligations in full, without recourse by the Company to the realisation of collateral; or the borrower is 90 days or more past due.

The Company periodically monitors its exposures for potential indicators of default such as significant financial difficulty of the borrower which includes breaches of lending covenants; it is probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Wholesale exposures that are identified as in default can be reclassified from stage III following a pre-defined period over which the exposure demonstrates that it has returned to a performing status and, in the case of wholesale exposures, based on an individual assessment of the exposure.

Forward looking information

The inclusion of FLI in calculating ECL allowances adjusts the PD, the determination of SICR as well as the LGD (that is relevant to the determination of the recovery rates on collateral). The Company has identified several key indicators that are used in modelling the ECL, the most significant of which are gross domestic product ("GDP"), the unemployment rate, the level of house prices, interest rates, equity indices and commodity prices. The predicted relationships between various market indicators and the key model inputs in measuring the ECL have been developed by analysing historical data as part of the model build, calibration and validation process. These indicators, both in terms of the magnitude and type of indicator, are reviewed throughout the financial year.

The Company has used judgement to apply overlays in adjusting modelled ECL results during the period. These overlays reflect the Company's assessment of how ECL outcomes may vary to the modelled outcomes using the key indicators noted above. The total quantum of overlays at the balance date was not material to the Company's ECL.

RMG is responsible for the FLI including the development of scenarios and the weighting applied to those scenarios. For this purpose, three possible economic scenarios have been developed, being an upside, downside and base case scenario. In calculating the ECL, each of the scenarios are probability weighted and then applied to the exposure's PDs and LGDs. The scenarios and the assigned probabilities are updated semi-annually or more frequently if a material disruption event were to occur.

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	**ECL allowance**	Gross exposure[1]	ECL allowance
	€	**€**	€	€
Debtors	**622,690,273**	**899,852**	562,103,389	1,606,143
Loan assets	**96,046,305**	**3,394,732**	93,863,167	241,439
Total credit impaired financial assets	**718,736,578**	**4,294,584**	655,966,556	1,847,582

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

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

	Loans assets	**Debtors**	**Total**
	€	**€**	**€**
Balance as at 1 April 2018	56,921	531,003	587,924
Impairment charge/(reversal) (Note 3)	184,597	1,074,124	1,258,721
Foreign exchange movement	(79)	1,016	937
Balance as at 31 March 2019	241,439	1,606,143	1,847,582
Impairment charge/(reversal) (Note 3)	3,153,517	(581,597)	2,571,920
Foreign exchange movement	(224)	(124,694)	(124,918)
Balance as at 31 March 2020	**3,394,732**	**899,852**	**4,294,584**

Notes to the financial statements
for the financial year ended 31 March 2020 (continued)
Note 9. Expected credit losses (continued)

The table below represent the reconciliation from the opening balance to the closing balance of the ECL allowance on loan assets to which the impairment requirements under IFRS 9 are applied.

ECL on Loan assets

	Stage I 12 month ECL	Stage II Not credit impaired	Stage III Credit impaired	Total ECL allowance
	€	€	€	€
Balance as at 1 April 2018	56,921	-	-	56,921
Impairment charge (Note 3)	184,597	-	-	184,597
Foreign exchange movement	(79)	-	-	(79)
Balance as at 31 March 2019	241,439	-	-	241,439
Impairment charge (Note 3)	203,517	-	2,950,000	3,153,517
Foreign exchange movement	-	-	(224)	(224)
Balance as at 31 March 2020	**444,956**	**-**	**2,949,776**	**3,394,732**

	2020	2019
	€	€
Note 10. Debtors		
Amounts owed by other Macquarie Group undertakings[1]	**621,790,421**	560,497,246
Other debtors	**-**	10,381
Total debtors	**621,790,421**	560,507,627
Maturity profile of debtors		
Current	**561,782,356**	560,507,627
Non-current	**60,008,065**	-
Balance at the end of the financial year	**621,790,421**	560,507,627

[1] Amounts owed by other Macquarie Group undertakings within one year 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: LIBOR plus 1.18% and LIBOR plus 2.41%).

At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of €899,852 (2019: €1,606,143) which is net presented against the gross carrying amount.

Note 11. Deferred tax liabilities

The balance comprises timing differences attributable to:

	2020	2019
Uplift of asset value under Cook & Bell Transfer	**(533,532)**	(477,371)
IFRS 9 Transitional adjustment through equity	**(33,384)**	(33,604)
Total deferred income tax liabilities	**(566,916)**	(510,975)
Net deferred income tax liabilities	**(566,916)**	(510,975)

Reconciliation of the Company's movement in deferred tax assets:		
Balance at the beginning of the financial year	-	17,614
Timing differences:		
Deferred tax charged to profit or loss account for the period	-	(19,686)
Change in tax rate	-	2,072
Balance at the end of the financial year	**-**	-

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

Note 11. Deferred tax liabilities (continued)

	2020 €	2019 €
Reconciliation of the Company's movement in deferred tax liabilities:		
Balance at the beginning of the financial year	**(510,975)**	-
Timing differences:		
Deferred tax charged to profit or loss account for the period	**4,173**	4,173
Deferred tax charged to equity	**-**	(514,709)
Change in tax rate	**(60,114)**	(439)
Balance at the end of the financial year	**(566,916)**	(510,975)

Note 12. Creditors: amounts falling due within one year

	2020 €	2019 €
Amounts owed to other Macquarie Group undertakings[1]	**503,771,264**	415,329,126
Other liabilities	**15,915**	-
Taxation	**917,376**	477,192
Total creditors	**504,704,555**	415,806,318

[1]Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment and are repayable on demand. The Company incurs interest on amounts owed to group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 1.65% (2019: LIBOR plus 1.93%).

Note 13. Provisions for liabilities

	2020 €	2019 €
Other provisions	**7,445**	-
Total provisions for liabilities	**7,445**	-

Of the above amounts, €7,445 (2019: €nil) is expected to be settled within 12 months of the reporting date by the Company.

Note 14. Creditors: amounts falling due after more than one year

	2020 €	2019 €
Related entities		
Amounts owed to other Macquarie Group undertakings	**-**	33,060,482
Total creditors	**-**	33,060,482

The Company incurs interest on amounts owed to other Macquarie Group undertakings, at 31 March 2020 the rate applied was LIBOR plus 1.65% (2019: LIBOR plus 1.93%).

Note 15. Called up share capital

	2020 Number	2019 Number	2020 €	2019 €
Called up share capital				
Opening balance of fully paid ordinary shares at €1 per share	**202,601,446**	202,601,446	**202,601,446**	202,601,446
Closing balance of fully paid ordinary shares	**202,601,446**	202,601,446	**202,601,446**	202,601,446
Authorised share capital				
Ordinary shares at €1 per share	**202,601,446**	202,601,446	**202,601,446**	202,601,446
Total authorized share capital	**202,601,446**	202,601,446	**202,601,446**	202,601,446

Note 16. Profit and loss account

	2020 €	2019 €
Profit and loss account		
Balance at the beginning of the financial year	**2,150,134**	11,853,784
Profit for the financial year	**4,411,498**	296,350
Dividends paid on ordinary share capital (Note 7)	**-**	(10,000,000)
Balance at the end of the financial year	**6,561,632**	2,150,134

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

Note 17. Directors' remuneration
During the financial years ended 31 March 2020 and 31 March 2019, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform Directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be meaningful.

Note 18. Ultimate parent undertaking
At 31 March 2020, the immediate parent undertaking of the Company is Macquarie European Investment Holdings Limited.

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

Note 19. Related party information
During the year, a new Master Loan Agreement (the "MLA") replaced the Omnibus Loan and Deposit Agreement (the "Omnibus"), which contains the key terms for funding and related arrangements between various related body corporate entities which are under the common control of MGL. The MLA clarifies terms including tenor, pricing, settlement and offsetting terms for entities within the group. Substantially all entities which were a party to the Omnibus have acceded to the MLA.

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

As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in in Note 18.

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

Note 20. *Capital management strategy*
The Company's capital management strategy is to maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Company's capital management objectives are to:
- ensure sufficient capital resource to support the Company's business and operational requirements; and
- safeguard the Company's ability to continue as a going concern.

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

Note 21. Events after the reporting date
There were no other material events subsequent to 31 March 2020 that have not been reflected in the financial statements.