Macquarie Transportation Holdings Limited
COMPANY NUMBER 11172202

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 Directors' Report and Financial Statements

Contents

Directors' Report
for the financial year ended 31 March 2020

In accordance with a resolution of the directors (the "Directors") of Macquarie Transportation Holdings Limited ("the Company"), the Directors submit herewith the audited financial statements of the Company and report as follows:

As the Company meets the qualifying conditions under section 382 of the Companies Act 2006 (the "Act"), the Directors' have taken advantage of the exemption provided in sections 414B (as incorporated into the Act by the Strategic Report and Directors' Report Regulations 2013) for the preparation of a Strategic Report.

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:

S Alison	(appointed on 15 October 2020)
A Byatt	(appointed on 23 April 2020)
T Durham	(resigned on 23 April 2020)
S Cook	
B O'Donnell	(appointed on 15 November 2019, resigned on 15 October 2020)
M Sims	(resigned on 15 November 2019)

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

Principal activities
The principal activity of the Company during the financial year ended 31 March 2020 was to act as a holding company.

Results
The profit for the financial year ended 31 March 2020 was $12,788,000 (2019: profit of $110,761,000).

The decrease in profit is primarily attributed to the sale of Macquarie AirFinance Group Limited ("MAGL") during the previous financial year.

Dividends
Interim dividend of $814,500,851 (2019: $13,232,000) were paid during the financial year. No other dividend has been proposed.

State of affairs
On 30 January 2018, the Company made an investment in a newly incorporated wholly owned subsidiary, Macquarie AirFinance Group Limited. The Company made further investments in this subsidiary during the reporting period. On 10 December 2018, the Company disposed its investment in Macquarie AirFinance Group Limited.

On 6 August 2019, the Company paid a dividend of $814,500,851 through a share capital reduction from $745,000,001 to $499,150 and an additional payment of dividend of $70,000,000 to Macquarie Finance Holdings PTY Limited ("MFHPL") due to the sale of the Company's primary asset in MAGL.

Directors' Report (continued)

for the financial year ended 31 March 2020

State of affairs (continued)

It is the intention of the Directors to liquidate the company at the end of the following financial year. Accordingly, the going concern basis of preparation is not appropriate for the Company and the financial statements have been prepared on a basis other than going concern. The Company's financial statements have been adjusted with the reclassification of long-term assets as current assets.

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.

Review of operations

The profit for the financial year ended 31 March 2020 was $12,788,000, a decrease of 88 percent from the profit of $110,761,000 in the previous year.

Net operating profit for the year ended 31 March 2020 was $16,104,000, an increase of 86 per cent from the operating profit of $112,550,000 in the previous year.

Total operating income for the year ended 31 March 2020 were $2,052,000, as compared to operating expense for the year ended 31 March 2019 of $2,184,000.

Events after the reporting year

It is the intention of the Directors to liquidate the entity. As a result of this intention, the financial statements are not prepared on a going concern basis.

On 25 March 2021 an interim dividend of $38,000,000 was paid to Macquarie Financial Holdings Pty Limited.

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.

Coronavirus (COVID-19)

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

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

Given that it is the intention of the Directors to liquidate Macquarie Transportation Holdings Limited, the going concern basis of preparation is not appropriate for the Company and the financial statements have been prepared on a basis other than going concern.

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

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "*Reduced Disclosure Framework*", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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.

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

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, 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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The financial statements on pages 9 to 25 were approved by the Board of Directors on 25 March 2021 and signed on its behalf by

On behalf of the Board

Sophia Alison
Director
25 March 2021

pwc

Independent auditors' report to the members of Macquarie Transportation Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Transportation Holdings 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 Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2020; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than 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.

pwc

With respect to the 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the 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 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 set out on page 4, 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Gillian Carroll (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
26 March 2021

Macquarie Transportation Holdings Limited

Financial Statements

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

	Note	2020 $'000	2019 $'000
		Discontinued operations	
Other operating income/(expenses)	3	**2,052**	(2,184)
Administrative expenses	3	**(23)**	(3,004)
Operating profit		**2,029**	(5,188)
Interest receivable and similar income	4	**17,177**	22,787
Interest payable and similar expenses	5	**(2,003)**	(10,340)
Net interest income		**15,174**	12,447
Income from subsidiaries	6	**(1,099)**	105,291
Profit on ordinary activities before taxation		**16,104**	112,550
Tax on (loss)/profit	8	**(3,316)**	(1,789)
(Loss)/profit for the financial year		**12,788**	110,761

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

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 $'000	2019 $'000
Current Assets			
Debtors	9	**51,653**	852,607
Current Liabilities			
Creditors: Amounts Falling Due Within One Year	10	**(10,837)**	(10,078)
Net current assets / (liabilities)		**40,816**	842,529
Total assets less current liabilities		**40,816**	842,529
Net assets		**40,816**	842,529
Capital and reserves			
Called up share capital	11	**499**	745,000
Profit and loss account	12	**40,317**	97,529
Total shareholders' funds		**40,816**	842,529

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 9 to 25 were authorised for issue by the Board of Directors on 25 March 2021 and were signed on its behalf by:

Sophia Alison
Director

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

	Notes	Called up share capital $'000	Other Reserves $'000	Profit and loss account $'000	Total shareholders' funds $'000
Balance at 31 March 2018		**-**	**-**	**-**	**-**
Profit for the financial year	12	-		110,761	110,761
Transactions with equity holders in their capacity as ordinary equity holders:					
Issue of share capital		745,000	-	-	745,000
Dividend paid	12	-	-	(13,232)	(13,232)
Balance at 31 March 2019		**745,000**	**-**	**97,529**	**842,529**
Loss for the financial year	12	-		12,788	12,788
Transactions with equity holders in their capacity as ordinary equity holders:					
Reduction in share capital		(744,501)	744,501	-	-
Dividend paid	12	-	(744,501)	(70,000)	(814,501)
Balance at 31 March 2020		**499**	**-**	**40,317**	**40,816**

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.

Given it is the intention of the Directors to liquidate the Company, the going concern basis of preparation is not appropriate for the Company and the financial statements have been prepared on a basis other than going concern, in accordance with the Companies Act 2006. No adjustments were necessary to reduce assets to their realisable values or to provide for liabilities arising from the decision.

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.

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 requirements of IFRS:

- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of paragraphs 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'.

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

Note 2. Summary of significant accounting policies (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 assessing whether the cash flows generated by a financial asset constitute solely payment of principal and interest. ("SPPI") may require the application of judgement (Note 2(vi)).

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 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:

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

Note 2. Summary of significant accounting policies (continued)

Loans and receivables

In response to COVID-19 the Company undertook a review of loan to 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, SICR thresholds, and definition of default remained consistent with prior periods. The impact of COVID-19 on the credit risk management disclosures, notably in relation to credit quality and collateral and other credit enhancements was also considered. Refer to Note 9.

Creditors

Debt-related covenants were assessed to determine whether there were any breaches for which disclosure is required. The Company identified no such breaches at 31 March 2020 nor at the time at which these financial statements were authorised for issue. Refer to Note 10.

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

The new accounting standards 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 intend to liquidate the Company, and therefore it will not continue in operational existence for the foreseeable future. The Company therefore has prepared the financial statements on a basis other than a going concern. The entity shall measure a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

iii) Foreign currency translations

Functional and presentation currency

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

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 (see Note 3).

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

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition

Net interest income/(expenses)

Interest income and interest expense is recognised using the effective interest rate ("EIR") method for financial assets, and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through OCI. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

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

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

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

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

Other operating expenses

Other operating expenses comprises of foreign exchange gains and losses, and impairment credit and charges.

Dividends

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

Dividends on financial assets are recognised as income when the Company becomes entitled to the dividend. Dividends from subsidiaries are recognised in the profit and loss account of the Company when the right to receive the dividend is established.

Expenses

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

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

Note 2. Summary of significant accounting policies (continued)

v) Taxation

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

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or the liabilities are settled under enacted or substantively enacted tax law.

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

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

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

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

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

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

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments

Recognition of Financial Instruments

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

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

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

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

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

Derecognition of financial instruments

Financial assets

Financial assets are derecognised from the balance sheet when:

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

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

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

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

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Classification and subsequent remeasurement

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.

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

Fair value through profit or loss ("FVTPL")

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

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

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

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Equity financial assets are measured at FVTPL.

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

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

Reclassification of financial instruments

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

The Company does not reclassify financial liabilities after initial recognition.

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either held for trading, in which case they are measured at FVTPL, or have been designated to be measured at FVTPL ("DFVTPL"). A financial liability may be DFVTPL if:

- the liability contains embedded derivatives which must otherwise be separated and carried at fair value; or
- such a designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen.

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

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

Offsetting of financial instruments

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

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

Note 2. Summary of significant accounting policies (continued)

vii) 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.

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

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").

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

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

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

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

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company applies its judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI. Detail on the Company's process to determine whether there has been a SICR is provided in Note 2(viii) *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.

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

Note 2. Summary of significant accounting policies (continued)

viii) Impairment (continued)

Expected credit losses "ECL" (continued)

(iii) Stage III – Lifetime ECL credit-impaired

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

(iv) Purchased or originated credit-impaired financial assets

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

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

Presentation of loss allowances

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.

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.

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

	2020 $'000	2019 $'000
Note 3. Profit on ordinary activities before taxation		
Profit on ordinary activities before taxation is stated after (charging)/crediting:		
Foreign exchange losses	**66**	(32)
Credit impairment credit/ (charges)	**1,986**	(2,152)
Other operating expenses	**2,052**	(2,184)
Other expenses	**-**	(3,004)
Auditors' remuneration	**(23)**	-
Administrative Costs	**(23)**	(3,004)

The Company had no employees and staff costs during the period.

The cost of auditors' remuneration for auditing services paid to the statutory auditor for 2020 was $23,000 (excluding VAT and including expenses). For the prior year, the audit fee of $6,000 has been borne by Macquarie Bank International Limited, a wholly owned subsidiary within the Macquarie Group. The auditors received no other benefits.

Note 4. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	**17,177**	22,787
Total interest receivable and similar income	**17,177**	22,787

Includes interest income calculated using effective interest method of $17,176,665 (2019: $22,786,920) on the financial assets in the Company that are measured at amortised cost.

	2020 $'000	2019 $'000
Note 5. Interest payable and similar expenses		
Interest payable to other Macquarie Group undertakings	**2,003**	10,340
Total interest payable and similar expenses	**2,003**	10,340

Includes interest expense of $2,002,026 (2019: $10,337,396) on the financial liabilities measured at amortised cost.

	2020 $'000	2019 $'000
Note 6. Income from subsidiaries		
Gain on sale of subsidiary	**(1,099)**	83,813
Dividends from subsidiary	**-**	21,478
Total income from subsidiaries	(1,099)	105,291

The gain on sale in the current year represents an adjustment arising from the finalisation of the sales proceeds.

	2020 $'000	2019 $'000
Note 7. Dividend paid		
Interim dividend paid (Note 12)	**70,000**	13,232
Total dividend paid	**70,000**	13,232

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

	2020 $'000	2019 $'000
Note 8. Tax on (loss)/profit		
(i) Analysis of tax charge for the period:		
Current tax		
Current tax payable	**(2,970)**	(1,789)
Adjustment in respect of previous periods	**(346)**	-
Total Current tax	**(3,316)**	(1,789)

(ii) Reconciliation of effective tax rate

The income tax benefit for the financial year is lower (2019: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%). The differences are explained below:

(Loss)/profit before taxation	**16,103**	112,550
Current tax charge at 19% (2019: 19%)	**(3,060)**	(21,385)
Effect of:		
Adjustment to tax charge in respect of previous periods	**(463)**	-
Non deductible expenses	**(287)**	-
Non-taxable income - Other	**377**	-
ForEx	**117**	-
Non-taxable items	**-**	19,596
Tax on (loss)/profit on ordinary activities	**(3,316)**	(1,789)

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%. Deferred tax has been measured at 19%.

	2020 $'000	2019 $'000
Note 9. Debtors		
Amounts owed by Macquarie Group undertakings[1]	**51,653**	852,607
Total debtors	**51,653**	852,607

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2020 the rate applied ranged between LIBOR plus 1.74% and LIBOR plus 2.86% (2019: between LIBOR plus 1.93% and LIBOR plus 2.41%).

At the *reporting date, amounts owed from other Macquarie Group undertakings* has ECL allowance of $nil (2019: $2,099,985) which is net presented against the gross carrying amount.

	2020 $'000	2019 $'000
Note 10. Creditors: amounts falling due within one year		
Amounts owed to other Macquarie Group undertakings[1] .	**(7,884)**	(5,469)
Taxation	**(2,953)**	(1,863)
Other creditors	**-**	(2,746)
Total creditors: amounts falling due within one year	**(10,837)**	(10,078)

[1]Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 2.86% (2019: LIBOR plus 2.41%).

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

Note 11. Called up share capital

	2020 Number of shares	2019 Number of shares	2020 $'000	2019 $'000
Ordinary share capital				
Opening balance of ordinary shares at $1 per share	745,000,001	745,000,001	**745,000**	745,000
Reduction of 744,500,851 ordinary shares on 7 August 2019 from $1 per share to $0.00067.	**(744,500,851)**	-	**(744,501)**	-
Closing balance of ordinary shares	**499,150**	745,000,001	**499**	745,000

	2020 $'000	2019 $'000
Note 12. Profit and loss account		
Profit and loss account		
Balance at the beginning of the financial year	**97,529**	-
Dividend paid (Note 7)	**(70,000)**	(13,232)
Profit for the financial year	**12,788**	110,761
Balance at the end of the financial year	**40,317**	97,529

Note 13. 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 Macquarie Group Limited ("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.

Note 14. Directors' remuneration

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

Note 15. Contingent liabilities and commitments

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

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

Note 16. Ultimate parent undertaking

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

The ultimate parent undertaking and controlling party of the Company is Macquarie Asset Holdings Limited ("MAHL"). 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 17. Events after the reporting date

It is the intention of the Directors to liquidate the entity. As a result of this intention, the financial statements are not prepared on a going concern basis.

On 25 March 2021 an interim dividend of $38,000,000 was paid to Macquarie Financial Holdings Pty Limited.

There were no additional material events subsequent to 31 March 2020 that have not been reflected in the financial statements.