GREEN INVESTMENT GROUP INVESTMENTS LIMITED

COMPANY NUMBER SC576143

Directors' Report and Financial Statements
for the financial year to 31 March 2020

MACQUARIE

The Company's registered office is:

Atria One
144 Morrison Street
Edinburgh, EH3 8EX
United Kingdom

Green Investment Group Investments Limited
Company Number SC576143

2020 Directors' Report and Financial Statements
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Directors' Report
for the financial year to 31 March 2020

In accordance with a resolution of the Directors (the "Directors") of Green Investment Group Investments Limited (the "Company"), the Directors submit herewith the audited financial statements of the Company and Directors' 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) and 415A of the Act 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:

Mark Dooley	
Edward Northam	
Daniel Wong	(resigned 21 April 2020)
Peter Knott	(appointed 21 April 2020)

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

Helen L Everitt

Principal activities

The principal activity of the Company is the making and selling of investments and loans which gives effect to its green purpose as set out in its Articles of Association.

Results

The profit for the financial year ended 31 March 2020 was £72,273k (2019:£3,020k). The increase in profit was driven by a £91,839k increase in investment gains, offset by a £24,893k increase in administrative expenses.

Dividends paid or provided for

No dividends or distributions were declared or paid during the current financial year (2019: nil).

State of affairs

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

Events after the reporting period

After the Balance Sheet date, four investments were sold for £86m that generated a gain of £27m.

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

Events after the reporting period (continued)

The Company extended the maturity dates of certain intercompany payables after year end, which is consistent with the terms of the master loan agreements. The result of the maturity extensions corrected the Company's net current liability position after year-end and as at the date of this report.

At the date of this report, the Directors are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of the operations or the state of affairs of the Company in the financial years subsequent to 31 March 2020 not otherwise disclosed in this report.

Likely developments, business strategies and prospects

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

IBOR are interest rate benchmarks that are used in a wide variety of financial instruments such as derivatives and lending arrangements. Examples of IBOR include 'LIBOR' (the London Inter-bank Offered Rate) and 'EURIBOR' (the Euro Inter-bank Offered Rate). Each IBOR is calculated and published daily based on submissions by a panel of banks. Over time, changes in interbank funding markets have meant that IBOR panel bank submissions have become based less on observable transactions and more on expert judgement. Financial markets' authorities reviewed what these changes meant for financial stability, culminating in recommendations to reform major interest rate benchmarks. As a result of these recommendations, many IBOR around the world are undergoing reforms.

During 2018, the 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.

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. Accounting considerations on Company's results is disclosed under Note 2.

Brexit

On 29 March 2017, the United Kingdom invoked Article 50 of the Lisbon Treaty and officially notified the EU of its decision to withdraw from the EU (known as "Brexit"). The UK government and the EU Commission subsequently agreed an Article 50 Withdrawal Agreement, pursuant to which a transition period commenced which lasted until 31 December 2020. On 24 December 2020, the United Kingdom and the EU reached agreement on a number of areas relating to their future relationship. This agreement generally did not address financial services, and the nature of the future financial services regime between the UK and EU remains subject to ongoing engagement between the parties. The Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts

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

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

Financial Risk Management
Risk is an integral part of the Macquarie Group's businesses. The Company is exposed to a variety of financial risks that include the effects of credit risk, liquidity risk market risk and operational risk. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

As ultimately an indirect subsidiary of MGL, the Company manages risk within the framework of the overall strategy and risk management structure of the Macquarie Group. RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL. The Head of RMG is a member of the Executive Committee of MGL.

RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board of MGL.

The risks which the Company is exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Credit risk
Credit exposures, approvals and limits are controlled within the Macquarie Group's credit risk framework, as established by RMG. Credit approvals are processed within this framework and limits are set in accordance with current practices. Daily monitoring occurs using the standard framework, with exposure information fed by the risk management system..

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

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

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

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

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, including 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.

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. 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

Peter Knott
Director
26 March 2021

Independent auditors' report to the members of Green Investment Group Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Green Investment Group Investments 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, 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 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, 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.

Shujaat Khan (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
26 March 2021

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

	Note	2020 £'000	Restated[1] 2019 £'000
Turnover	3	1,220	-
Net gain on investments	3	91,839	-
Administrative expenses	3	(26,500)	(1,607)
Other operating income/(expense)	3	2,413	(112)
Operating profit/(loss)		68,972	(1,719)
Interest receivable and similar income	4	6,628	9,500
Interest payable and similar expenses	5	(2,862)	(4,040)
Profit before taxation		72,738	3,741
Tax charge on profit	6	(466)	(721)
Profit for the financial period		72,273	3,020

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

[1]Certain comparative figures have been restated for 2019. Please refer to Note 2(xvii) for further details.

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 £'000	2019 £'000
Fixed and non current assets			
Investments	7	**352,801**	**10,377**
Debtors: amounts falling due after more than one year	12	**13,344**	**8,083**
Current assets			
Investments held for sale	10	**-**	**108,560**
Debtors: amounts falling due within one year	13	**24,981**	**19,964**
Current liabilities			
Creditors: amounts falling due within one year	14	**(41,457)**	**(104,334)**
Net current (liabilities)/assets		**(16,476)**	**24,190**
Total assets less current liabilities		**349,669**	**42,650**
Creditors: amounts falling due after more than one year	15	**(4,376)**	**(38,951)**
Net assets		**345,293**	**3,699**
Capital and reserves			
Called up share capital	16	**269,000**	**-**
Profit and loss account	17	**76,293**	**3,699**
Total shareholders' funds		**345,293**	**3,699**

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 8 to 32 were approved by the Board of Directors on 26 March 2021 and were signed on its behalf by:

Peter Knott
Director

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

	Note	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 April 2018		-	1,000	1,000
Change on initial application of IFRS 9		-	(321)	(321)
Profit for the financial period		-	3,020	3,020
Balance at 31 March 2019		**-**	**3,699**	**3,699**
Profit for the financial period		**-**	**72,273**	**72,273**
Transactions with equity holders in their capacity as ordinary equity holders:				
Issue of share capital	16	**269,000**	**-**	**269,000**
Reversal of initial application of IFRS 9		**-**	**321**	**321**
Balance at 31 March 2020		269,000	76,293	345,293

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. General information

The Company is a private company limited by shares and is registered in Scotland. The address of its registered office is Atria One, 144 Morrison Street, Edinburgh, EH3 8EX, United Kingdom.

Note 2. Summary of significant accounting policies

(i) Basis of preparation

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

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

- financial instruments (including derivatives) required to be measured at fair value through profit or loss ("FVTPL"), financial assets classified as fair value through other comprehensive income ("FVOCI") and financial instruments that have been designated as FVTPL ("DFVTPL")
- financial assets and liabilities that are otherwise measured on a cost basis but adjusted for changes in fair value attributable to the risk being hedged in qualifying fair value hedge
- non-current assets and disposal groups that have been classified as held for sale and where the disposal group has been written down to its fair value less costs to sell

The financial statements contain information about the Company as an individual Company

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

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

- The requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 111 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures);
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- 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); and
- 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'.

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:

- 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);
- the choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss (ECL) including forecasts *of economic conditions and determination of significant increase in credit risk* (SICR);
- recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities (Note 2(v) and 7)
- recognition and measurement of certain revenue streams including performance fees from Macquarie managed funds and other capital market investments and transactions (Note 3)
- the impairment of goodwill and other identifiable intangible assets (Note 2(xii) and 9)
- amortisation period of the intangible asset

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

Note 2. Summary of significant accounting policies (continued)

(i) Basis of preparation (continued)

Critical accounting estimates and significant judgements (continued)

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

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

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;
- 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 items and related disclosures that have been impacted by COVID 19 were as follows:

Loans and receivables

In response to COVID 19 the Company undertook a review of wholesale and retail credit portfolios, loans 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 11 and 25.

Interest in associates and joint ventures, investments in subsidiaries

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

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

(a) IFRIC 23 Interpretation 23 Uncertainty over Income Tax Treatment

IFRIC Interpretation 23 (Interpretation 23) clarified the application of the recognition and measurement criteria in IAS 112 Income Taxes (IAS 112) where there is uncertainty over income tax treatments and requires an assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty is reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses and unused tax credits or tax rates.

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)

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

(a) IFRIC 23 Interpretation 23 Uncertainty over Income Tax Treatment (continued)

The amount is determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements are reassessed as and when new facts and circumstances are presented.

Interpretation 23 is effective for the Company's annual financial reporting period beginning on 1 April 2019. The Company's existing recognition and measurement accounting policies, together with accounting related judgements, were in alignment with those required by Interpretation 23 and hence no transition adjustment to retained earnings was required.

(b) IASB 2019-3- Interest Rate Benchmark Reform

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 judgment. 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 and some, including LIBOR, are being replaced with alternative reference rates (ARRs). The UK Financial Conduct Authority (the regulator of LIBOR) has confirmed that it will no longer compel or persuade panel banks to submit rates for the calculation of LIBOR beyond the end of 2021. As such, there can be no guarantee that LIBOR will be determined after 2021 on the same basis as at present, if at all.

As a diversified financial services group with a variety of global products and services, IBOR reforms, including the transition from LIBOR to ARRs are important changes for the Company.

MGL's IBOR project

During 2018, 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 scope of the project to manage the impacts of IBOR reform across MGL includes: assessing the impacts and risks of LIBOR transition across Operating and Support Groups including legal agreements, systems, models and processes; assessing the impact on clients and developing plans to support their transition to ARRs; developing ARR products and implementing plans for operational readiness; monitoring market developments with respect to both LIBOR and ARRs, including any changes to accounting standards and other regulator activity; and the identification of the impact of the reform on separate legal entities within MGL, including those entities that are subject to separate regulatory requirements and oversight.

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.

Deficiency of net current assets/net assets

The Directors of the Company have prepared the financial statements on a going concern basis despite there being an excess of current liabilities over current assets at 31 March 2020 of £16,176k. The maturity dates of certain intercompany payables were extended after year end and are consistent with the terms of the Macquarie intercompany master loan agreement. As at the date of this report, the Company is in a net current asset position. .

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

Note 2. Summary of significant accounting policies (continued)

(ii) 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 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.

(iii) Revenue and expense recognition

Dividends and distributions

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

Expenses

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

Fee expense

Management fees and cost recoveries are charged to the Company in respect of services provided by other Macquarie group entities as per the agreed cost sharing arrangement. Such expenses are recognised on an accrual basis in accordance with the standard recovery methodology applied by the servicing entity.

Other operating income

Other operating income comprises of investment income, foreign currency translations and other income.

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

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

Interest income and 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. 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 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 no 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 fair value through profit and loss "FVTPL" is accounted for on a contractual rate basis.

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

Note 2. Summary of significant accounting policies (continued)

(iv) 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.

(v) 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.

De-recognition of financial instruments

Financial assets

Financial assets are de-recognised from the balance sheet when:

- the rights to cash flows have expired; and
- 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.

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

Note 2. Summary of significant accounting policies (continued)

(v) Financial instruments (continued)

De-recognition of financial instruments (continued)

Financial assets (continued)

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

Financial liabilities

Financial liabilities are de-recognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired. Gains and losses arising from the derecognition of debt financial assets or financial liabilities that are subsequently measured at amortised cost are recognised in other income as part of other operating income and expenses, while those arising from the derecognition of debt financial assets or financial liabilities that are subsequently measured at FVTPL are recognised as investment income as part of other operating income and expenses.

Classification and subsequent measurement:

Financial assets

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

Business model assessment

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

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

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

Solely payment of principal and interest (SPPI)

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

Amortised cost

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

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

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

Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised as part of other operating income and expenses in the profit and loss account.

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

Note 2. Summary of significant accounting policies (continued)

(v) Financial instruments (continued)

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

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

- financial assets that are held for active trading (held for trading or 'HFT'). This classification includes all derivative financial assets
- 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, or
- financial assets that fail the SPPI test (FVTPL).

Changes in the fair value of HFT financial instruments 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 classified as HFT, DFVTPL and FVTPL are recognised in interest income. Equity financial assets are measured at FVTPL.

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 instrument'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 purposes, in which case they are classified as HFT, or have been designated to be measured at FVTPL (DFVTPL).

(vi) Cash and cash equivalents

Cash and cash equivalents comprise of:

- cash and bank balance
- call deposits with qualifying financial institutions
- certain trading assets and liquid financial investments with an original contractual maturity of three months or less from the date of acquisition.

(vii) Investments

Investments in subsidiaries

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

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

All variable returns are considered in making that assessment including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts. Subsidiaries held by the Company are carried in its financial statements at cost less impairment in accordance with *IAS 27 Separate Financial Statements*.

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

Note 2. Summary of significant accounting policies (continued)

(vii) Investments

Interests in associate and joint ventures

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

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

(viii) Non-current assets of disposal groups classified as held for sale

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

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

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

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

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

(ix) 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(iv).

Certain finance lease receivables are also presented as part of loan assets. For the detailed policy on financial instruments, including treatment on derecognition, refer to Note 2(iv).

(x) Hedge accounting

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

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

Note 2. Summary of significant accounting policies (continued)

(x) Hedge accounting (continued)

Fair value hedges

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

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

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

(xi) Due to/from related parties

Transactions between the Company and its related entities, including its parent and subsidiaries, principally arise from the granting of loans and funding and are measured at amortised cost

(xii) Provisions and contingent liabilities

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made. Contingent liabilities, which generally include letters of credit, indemnities, performance-related contingents and guarantees (other than financial guarantees) are not recognised in the financial statements but are disclosed in the notes to the financial statements unless they are considered remote.

(xiii) Impairment

Expected credit losses ("ECL")

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

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Refer to Note 11 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.

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

Note 2. Summary of significant accounting policies (continued)

(xiii) Impairment (continued)

Expected credit losses ("ECL") (continued)

(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 FLI that includes significant management judgement.

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.

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.

(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.

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

When the Company concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

Impairment of investments in subsidiaries

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

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

Note 2. Summary of significant accounting policies (continued)

(xiv) Purchased or originated credit-impaired financial assets (continued)

Impairment of intangible assets

Intangible assets with indefinite lives (goodwill and certain intangible assets) are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

For intangible assets that have a finite useful life and property, plant and equipment, an assessment is made at each reporting date for indications of impairment.

Impairment losses are recognised in other impairment charges as part of other operating income and charges for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Intangible assets (other than goodwill) for which an impairment loss has been recognised are reviewed for possible reversal of the impairment at each reporting date. A reversal is recognised only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

In relation to businesses acquired and held for disposal, the individual business is treated as a cash generating unit. Assets associated with strategic business acquisitions are allocated to each of the operating segments (refer to Note 9) and assessed for impairment.

(xv) Offsetting financial instruments

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

(xvi) 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.

(xvii) Comparatives

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

The Company presented as a separate line Interest income of £9,500k that was previously reported as Turnover, and Other operating expenses of £1,607k that was previously reported as Administrative expenses. This is a voluntary change in accounting policy as it has been determined that this is the appropriate classification given the nature of the balances.

There was no impact to 2018, retained earnings or net assets.

	Revised	Previously Reported	Change
2019 Income statement:	**£000**	**£000**	**£000**
Turnover	-	9,500	**(9,500)**
Administrative expenses	1,607	-	**1,607**
Other operating income/(expense)	-	1,607	**(1,607)**
Interest Income	9,500	-	**9,500**
Income statement total	11,107	11,107	-

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 third balance sheet.

(xviii) Rounding of amounts

All amounts in the Directors' Report and Financial Statements have been rounded off to the nearest thousand pound sterling (£'000) unless otherwise indicated.

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

Note 3. Profit before taxation

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

Turnover by category:	**2020 £000**	2019[1] £000
Dividend income	**1,220**	-
Total	**1,220**	-

[1]Certain comparative figures have been restated for 2019. Please refer to Note 2(xvii) for further details.

Net gain on investments by category:		
Net gain on sale of investments	**91,839**	-
Total net gain on investments	**91,839**	-

Administrative expenses by category:		
Fees payable to the Company's auditors for audit	**(22)**	(16)
Other administrative expenses	**(496)**	(1,591)
Resource charge from other Macquarie Group	**(25,982)**	-
Total administrative expenses	**(26,500)**	(1,607)

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

[1]Certain comparative figures have been restated for 2019. Please refer to Note 2(xvii) for further details.

Other operating income/(expense) by category:		
Credit impairment charges	**(442)**	(52)
Foreign exchange gains/(losses)	**2,862**	(60)
Net trading (loss)	**(7)**	-
Other operating income/(expense)	**2,413**	(112)

[1]Certain comparative figures have been restated for 2019. Please refer to Note 2(xvii) for further details.

Note 4. Interest receivable and similar income

	2020 £000	2019[1] £000
Interest receivable from other Macquarie Group undertakings	**6,628**	9,500
Total interest receivable and similar income	**6,628**	9,500

[1]Certain comparative figures have been restated for 2019. Please refer to Note 2(xvii) for further details.

Note 5. Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable to other Macquarie Group undertakings	**(2,862)**	(4,040)
Total interest payable and similar expenses	**(2,862)**	(4,040)

Note 6. Taxation

	2020 £000	2019 £000
Analysis of tax charge for the period:		
Current tax		
UK corporation tax at 19%	**(466)**	(721)
Total current tax	**(466)**	(721)
Tax per income statement	**(466)**	(721)

The taxation charge for the year ended 31 March 2020 is lower (2019: less) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)

Reconciliation of effective tax rate		
Profit before taxation	**72,738**	**3,741**
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19%	**(13,820)**	**(711)**
Effects of:		
Non-deductible expenses	**(4,635)**	**(10)**
Non-taxable income - Dividends	**232**	**-**
Non assessable income	**17,758**	**-**
Total tax expense	**(465)**	**(721)**

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%.

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

Note 7. Investments

	2020 £000	2019 £000
Loans to associates	1,432	-
Investment in associates	25,676	-
Investment in subsidiaries	325,693	10,377
Total investments	**352,801**	10,377
Assets held for sale - investments (Note 10)		

Note 8. Investments in subsidiaries

	2020 £000	2019 £000
Investments at cost[1]	325,693	10,377
Total investments in subsidiaries	**325,693**	10,377

[1] The Company applies hedge accounting for investments held in foreign currencies. Further detailed in Note 2xi).

Name of investment	Country of incorporation	2020 % ownership
Bilbao Offshore TopCo Limited	UK[2]	100%
Chablis TK Holdings Limited	UK[2]	100%
Chaptre Greenco Holdings Limited	UK[2]	100%
Enso Green Holdings Limited	UK[2]	50%
GIG OSW Extension TopCo Limited	UK[2]	100%
Gnowee Iberia Holdings Limited	UK[2]	100%
Green Empire WtE Holdings Limited	UK[2]	100%
Green Investment Group Developments Limited	UK[2]	100%
Nordic Renewable Power Holdings (UK) Limited	UK[2]	100%
Poland Wind HoldCo Limited	UK[2]	100%
Sole Renewables Limited	UK[2]	90%
Indirect related undertakings:		
Bilbao Offshore Investment Limited	UK[2]	100%
Bilbao Offshore Holding Limited	UK[2]	100%
Bing TK Topco Limited	Jersey[3]	50%
Bing TK Holdings Limited	UK[2]	100%
Bing TK Limited	UK[2]	100%
Bramford Green Limited	UK[2]	100%
Bridgewater Green Limited	UK[2]	100%
Crowley Baldon Green Limited	UK[2]	100%
Elstree Green Limited	UK[2]	100%
Iron Action Green Limited	UK[2]	100%
Lovedean Green Limited	UK[2]	100%
Melksham Calne Green Limited	UK[2]	100%
Rayleigh Green Limited	UK[2]	100%
Walpole Green Limited	UK[2]	100%
Paseta Servicios Empresariales, S.L.	Spain[4]	100%
Tencata Servicios Empresariales, S.L.	Spain[4]	100%
Encina New Energy S.L.	Spain[5]	80%
Ficus Solar PV, S.L.	Spain[5]	80%
Manzano Solar PV, S.L.	Spain[5]	80%
Solar-PV EXT 001 Sociedad Limitada	Spain[6]	80%
Ticopa Servicios Empresariales, S.L.	Spain[4]	100%
Abeto New Energy S.L.	Spain[5]	80%
Loto Solar PV, S.L.	Spain[5]	80%
Magnolia Solar PV, S.L.	Spain[7]	80%
Olivo New Energy S.L.	Spain[5]	80%
Sabina Solar PV S.L.	Spain[5]	80%

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

Note 8. Investments in subsidiaries (continued)

Name of investment	Country of incorporation	2020 % ownership
Sauce New Energy, S.L.	Spain[5]	80%
Crezco Holdings Limited	UK[2]	79.9%
Green Lighthouse Developpement	France[8]	80%
Cordouan 1	France[8]	100%
Cordouan 2	France[8]	100%
Cordouan 3	France[8]	100%
Cordouan 4	France[8]	100%
Cordouan 5	France[8]	100%
Cordouan 6	France[8]	100%
Cordouan 7	France[8]	100%
Cordouan 8	France[8]	100%
Cordouan 9	France[8]	100%
Landes De	France[8]	100%
SOCOA	France[8]	100%
SOCOA 1	France[8]	100%
SOCOA 2	France[8]	100%
SOCOA 3	France[8]	100%
SOCOA 4	France[8]	100%
SOCOA 5	France[8]	100%
SOCOA 6	France[8]	100%
SOCOA 7	France[8]	100%
SOCOA 8	France[8]	100%
SOCOA 9	France[8]	100%
GIG Development Holdings Italy Limited	UK[2]	100%
Sonne (Italy) Holdings Limited	UK[2]	100%
Trisol 81 S.r.l.	Italy[9]	100%
GIG Development Holdings UK Limited	UK[2]	100%
Ilios Investment Limited	UK[2]	100%
Sonne Solar Limited	UK[2]	100%
Nordic Renewable Power (Holdings) AB	Sweden[10]	100%
Nordic Renewable Power AB	Sweden[10]	100%
Buheii Vindkraft AS	Norway[11]	100%
Lake Wind AB	Sweden[10]	100%
Tysvaer Vindpark AS	Norway[12]	100%
Sole Renewables Italy Limited	UK[2]	100%
Energia Verde Trapani S.r.l.	Italy[13]	100%
SOL PV1 S.R.L.	Italy[14]	100%
SR Augusta S.R.L.	Italy[15]	100%
SR Bari S.R.L.	Italy[15]	100%
SR Project 1	Italy[15]	100%
SR Project 2	Italy[15]	100%
SR Project 3	Italy[15]	100%
SR Project 4 S.R.L.	Italy[15]	100%
SR Project 5 S.R.L.	Italy[15]	100%
SR San Giuseppe S.R.L.	Italy[15]	100%
SR Taranto S.R.L.	Italy[15]	100%
SR Torino S.R.L.	Italy[15]	100%
SR Trapani S.R.L.	Italy[15]	100%

[2]The registered address is Ropemaker Place, 28 Ropemaker Street, London, United Kingdom, EC2Y 9HD.

[3]The registered address is 3rd Floor, 37 Esplanade, St Helier, Jersey, JE1, Jersey

[4]The registered address is Avenida Felipe II numero 17, First Floor, 28009, Madrid, Spain

[5]The registered address is Paseo Del Club Deportivo 1 - Somosaguas, ED. 06 A, Parque Empresarial La Finca, Plantapozuelo De Alarcon, 28223, Madrid, Spain

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

Note 8. Investments in subsidiaries (continued)

[6]The registered address is Calle Boadbdil, Numero 4, Edificio Vega 6, 2 a Planta, Parque Empresarial Vega Del Rey, -CP 41900, Camas Sevilla, Spain
[7]The registered address is Paseo del Club Deportivo, Edificio 6-A, planta 1a, Parque Empresarial La Finca, 28223, Somosaguas, Pozuelo de Alarcon, C.P., Madrid, Spain
[8]The registered address is 1 Allee J. Rostand, Technopole Montesquieu, 33650, Martillac, France
[9]The registered address is Milano (MI), Via, Cusani 5. CAP . 20121, Italy
[10]The registered address is Permian, Bryggargatan 5, 111 21, Stockholm, Sweden
[11]The registered address is Wergelandsveien 23B, 0167 Oslo, Oslo, 0301, Norway
[12]The registered address is 5570 Aksdal, Tysvaer 1146, Norway
[13]The registered address is Venti Settembre, 69, Palermo, Italy+C326
[14]The register address is Augusta (SR), Via Deledda 5, 96011, Sicily, Italy
[15]The register address is Largo Donegani 2, 20121, Milano, CAP, Italy

Note 9. Interests in associates

	2020	2019
	£000	£000
Investment in associates	**25,676**	-
Loans to associates	**1,432**	-
Total interests in associates	**27,108**	-

Note 10. Investments held for sale

	2020	2019
	£000	£000
Investment in subsidiary [(1)]	-	29,666
Amounts owed from other Macquarie Group Undertakings	-	78,894
Total loan assets at amortised cost	-	108,560

[1]Intention to sell a 80% share in Dalmatia WtE EUR Topco Limited as listed above.

Note 11. Expected credit losses

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

	As at 31 March 2020		As at 31 March 2019	
	Gross exposure[(1)]	**ECL allowance**	**Gross exposure[(1)]**	**ECL allowance**
	£000	**£000**	**£000**	**£000**
Amounts owed from other Macquarie Group Undertakings	**38,325**	**(129)**	107,071	(371)
Total credit impaired financial assets	**38,325**	**(129)**	107,071	(371)

[(1)]Gross exposure represents the carrying value of assets subject to impairment requirements of IFRS 9.

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

	Amounts owed from other Macquarie Group Undertakings[(1)]	Total
	£000	£000
Balance as at 1 April 2018	**(321)**	(321)
Transfers during the period:	**(50)**	(50)
To 12 month ECL	-	-
Balance as at 31 March 2019	**(371)**	(371)
Disposal during the financial year	**(283)**	(283)
To 12 month ECL	**442**	442
Balance as at 31 March 2020	**(212)**	(212)

[(1)] Balances as at 31 March 2020 relate to 'Stage 1 12 month ECL'.

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

Note 12. Debtors: amounts falling due after more than one year

	2020 £000	2019 £000
Amounts owed from other Macquarie Group Undertakings	13,344	8,083
Total debtors	**13,344**	8,083

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 risk derived market rates and at 31 March 2020 the average rate applied for the year was 11% (2019: 11%).

Note 13. Debtors: amounts falling due within one year

	2020 £000	2019 £000
VAT recoverable	-	240
Amounts owed from other Macquarie Group Undertakings[1]	24,981	19,724
Total debtors	**24,981**	19,964

[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 for the period was LIBOR plus 2.86% (2019: 10%).

Note 14. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Accruals and deferred income	(22)	(16)
Taxation	(466)	(721)
Amounts owed to other Macquarie Group undertakings[1]	(40,969)	(103,597)
Total creditors amounts falling due within one year	**(41,457)**	(104,334)

[1] Amount due to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 2.30% (2019: 3.24%).

Note 15. Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Amounts owed to other Macquarie Group undertakings	(4,376)	(38,951)
Total creditors amounts falling due after more than one year	**(4,376)**	(38,951)

Amounts owed to other Macquarie Group undertakings are unsecured and repayable on 18 February 2027. The Company incurs interest on amounts owed to other Macquarie Group undertakings, at 31 March 2020 the rate applied was LIBOR plus 1.74% (2019: 2.04%).

Note 16. Called up share capital

	Number of shares 2020	Number of shares 2019	2020 £	2019 £
Ordinary share capital				
Opening balance of fully paid ordinary shares	100	100	100	100
Shares issued during the year	269,000,000	-	269,000,000	-
Closing balance of fully paid ordinary shares	**269,000,100**	100	**269,000,100**	100

Note 17. Profit and loss account

	2020 £000	2019 £000
Balance at the beginning of the financial year	3,699	1,000
Change on initial application of IFRS 9	321	(321)
Profit for the financial year	72,273	3,020
Balance at the end of the financial year	**76,293**	3,699

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

Note 18. 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 Company'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 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.

Note 20. 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 21. Contingent liabilities and commitments

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

Note 22. Financial risk management

Risk management group (RMG)

Risk is an integral part of the Macquarie Group's businesses. The material risks faced by the Group include aggregate, asset, conduct, credit, environmental and social (including climate change), equity, financial crime, legal, liquidity, market, operational (including cyber and information security), regulatory and compliance, reputational, strategic, tax, and work health and safety risks.

The primary responsibility for risk management lies with the business. An important part of the role of all staff throughout Macquarie is to ensure they manage risks appropriately.

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

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

The risks which the Company are exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions (i.e. not differentiating where the risk is taken within Macquarie).

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

Note 22. Financial risk management (continued)

Note 22.1 Credit risk

Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. The consequent loss is either the amount of the loan or financial obligation not paid back, or the loss incurred in replicating a trading contract with a new counterparty.

Credit risk within the Company is managed on a group basis by the RMG at MGL.

Credit assessment and approval

Exercise of credit authority within Macquarie is undertaken under authority delegated by the MGL and MBL Boards directly. Credit risk assessment includes a comprehensive review of the creditworthiness of the counterparty and related entities, key risk and mitigants, and that the downside risk is properly understood and acceptable. After this analysis is undertaken, limits are set for an acceptable level of potential exposure. All wholesale limits and ratings are reviewed at least once a year or more frequently if required. Retail credit exposures are monitored by the business units and overseen by RMG Credit on a portfolio basis.

All credit exposures are monitored regularly against limits. Credit exposures for loan assets are reported at amortised cost or fair value. Derivative exposures are measured using high confidence potential future underlying asset prices. To mitigate credit risk, where appropriate, the Company makes use of margining and other forms of collateral or credit enhancement techniques (including guarantees, letters of credit and the purchase of credit default swaps).

For internals balances, credit rating of each affiliate entity has been defined based on entity classification into bank or non-bank which is broadly aligned to external credit rating agencies. This is assessed and potentially adjusted on an annual basis, whenever required.

The balances disclosed in the credit risk tables below include only those financial assets and off-balance sheet items that are subject to the impairment requirements of IFRS 9.

Ratings and reviews

Refer to Note 11 Expected credit losses for details regarding the manner in which the Company has adopted and applied IFRS 9's expected credit loss impairment requirements.

Credit quality of financial assets

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount(1) of assets measured at amortised cost or FVOCI and off balance sheet exposures of the Company subject to the impairment requirements of IFRS 9. The credit quality is based on the counterparty's credit rating using the Company's credit rating system and excludes the benefit of collateral and credit enhancements.

2020	Gross carrying value[1] £000	12 month ECL £000	Total £000
Satisfactory			
Amounts owed from other Macquarie Group Undertakings	38,325	(129)	38,196
Total	**38,325**	**(129)**	**38,196**

[1] All exposures are in Stage 1

For the purposes of this disclosure gross carrying amount is defined as the amortised cost of a financial asset, before adjusting for any loss allowance. As such the gross carrying amount will not reconcile to the balance sheet.

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

Note 22. Financial risk management (continued)

2019	Gross carrying value[1] £000	12 month ECL £000	Total £000
Satisfactory			
Amounts owed from other Macquarie Group Undertakings(1)	27,880	(74)	27,806
Amounts owed from other Macquarie Group Undertakings(1) held for sale	79,191	(297)	78,894
Total	**107,071**	**(371)**	**106,700**

[1] All exposures are in Stage 1

For the purposes of this disclosure gross carrying amount is defined as the amortised cost of a financial asset, before adjusting for any loss allowance. As such the gross carrying amount will not reconcile to the balance sheet.

Credit risk concentration

The tables below detail the concentration of credit risk by significant geographical locations and counterparty type of the Company's assets measured at amortised cost or FVOCI and off balance sheet exposures subject to the impairment requirements of IFRS 9. The geographical location is determined by the country of risk or country of domicile. Counterparty type is based on APRA classification.

2020	Amounts owed from other Macquarie Group Undertakings held for sale £000	Amounts owed from other Macquarie Group Undertakings £000	Total £000
Europe, Middle East & Africa			
Other	-	38,196	38,196
Total gross credit risk	-	38,196	38,196

2019	Amounts owed from other Macquarie Group Undertakings held for sale £000	Amounts owed from other Macquarie Group Undertakings £000	Total £000
Europe, Middle East & Africa			
Other	78,894	27,806	106,700
Total gross credit risk	78,894	27,806	106,700

Maximum exposure to credit risk

For on-balance sheet instruments, the maximum exposure to credit risk is shown in the above credit quality table. For off-balance sheet instruments, the maximum exposure to credit risk generally represents the contractual notional amounts and is disclosed in Note 11- Expected credit losses.

Credit quality of financial assets

The table below details the credit quality of the Company's financial assets for the maximum exposure to credit risk. The credit quality is based on the individual counterparty's credit rating and industry type using the Company's credit rating system.

Note 22.2 Liquidity risk

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

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

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

Note 22. Financial risk management (continued)

Contractual undiscounted cash flows

The following tables summarise the maturity profile of the Company's financial liabilities as at 31 March based on a contractual undiscounted repayment basis and hence would vary from the carrying value as at the balance sheet date. Repayments subject to notice are treated as if notice were given immediately. This does not reflect the behaviour expected cash flows indicated by the Company's deposit retention history since the Company expects that many customers will not request repayment on the earliest date the Company could be required to pay.

2020	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	Total £000
Amounts owed to other Macquarie Undertakings	(40,969)	-	-	(4,375)	(45,344)
Total undiscounted cash flows	**(40,969)**	**-**	**-**	**-**	**(45,344)**

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

2019	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	Total £000
Amounts owed to other Macquarie Undertakings	(103,597)	-	-	(38,951)	(142,548)
Total undiscounted cash flows	(103,597)	-	-	(38,951)	(142,548)

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

Note 22.3 Market risk

Market risk is the risk of adverse changes in the value of the Company's trading positions as a result of changes in market conditions. The Company is exposed to the following risks

- Price: The risk of loss due to changes in price of a risk factor (Interest rates, foreign exchange, commodities etc.)
-Correlation: Risk that the actual correlation between two assets or variables is different from the assumed correlation

Market risk of the Company is managed on a globally consolidated basis for Macquarie Group as a whole, including all subsidiaries, in all locations. Macquarie's internal approach to risk (i.e. not differentiating where the risk is taken within Macquarie) ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Interest rate risk

The Company has exposure to non-traded interest rate risk generated by GBP interest bearing net receivables (2019: GBP interest bearing net payables) and EUR interest bearing net payables.
The table below indicates the Company's exposure to movements in interest rates as at 31 March.

	Movement in basis points %	2020 Sensitivity of profit before tax £000	2019 Sensitivity of profit before tax £000
Great British Pound	+50	**364**	**(1)**
Great British Pound	-50	**(364)**	**1**
Euro	+50	**(441)**	**(180)**
Euro	-50	**441**	**180**

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

Note 22. Financial risk management (continued)

Foreign currency risk

The Company is exposed to foreign currency risk arising from transactions entered into in its normal course of business. Movement in foreign currency exchange rates will result in gains or losses in the profit and loss account due to the revaluation of certain balances or in movements in the foreign currency translation reserve due to the revaluation of foreign operations.

The table below indicates the sensitivity to movements in the Great British pounds rate against various foreign currencies at 31 March.

	Movement in exchange rates %	2020 Sensitivity of profit before tax £000	2019 Sensitivity of profit before tax £000
Australian dollar	+10	(14)	-
Australian dollar	-10	14	-
Euro	+10	-	2,140
Euro	-10	-	(2,140)

Measurement categories of financial instruments

The following table contains information relating to the measurement categories of financial instruments under IFRS 9 of the Company. The descriptions of measurement categories are included in Note 2 - Significant accounting policies.

	Financial Instrument			Fair value	
	Amortised cost	Non-financial instruments	Total	Financial instruments at fair value	Financial instruments at amortised cost
31 March 2020	£000	£000	£000	£000	£000
Assets					
Investment in subsidiaries	-	325,693	325,693	-	-
Interests in joint ventures	-	27,108	27,108	-	-
Debtors [1]	24,981	-	24,981	-	24,981
Total Assets	24,981	352,801	377,782	-	24,981
Liabilities					
Other creditors [2]	(40,969)	(22)	(40,991)	-	(40,969)
Total Liabilities	(40,969)	(22)	(40,991)	-	(40,969)

[1] Non-financial assets represent provision for income tax benefit.

[2] Non-financial liabilities represent provision for income tax.

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

Note 22. Financial risk management (continued)

Measurement categories of financial instruments (continued)

The folllowing table summarises the categories of financial instruments under AASB 39 as at 31 March 2019:

	Financial Instrument			Fair value	
	Amortised cost	Non-financial instruments	Total	Financial instruments at fair value	Financial instruments at amortised cost
31 March 2019	£000	£000	£000	£000	£000
Assets					
Investment in subsidiaries	-	10,377	10,377	-	-
Subsidiary investment held for sale					
Equity	-	29,666	29,666	-	-
Debt	78,894	-	78,894	-	78,894
Debtors[1]	27,807	240	28,047	-	27,807
Total Assets	**106,701**	**40,283**	**146,984**	**-**	**106,701**
Liabilities					
Other creditors [2]	(142,548)	(737)	(143,285)	-	(142,548)
Total Liabilities	**(142,548)**	**(737)**	**(143,285)**	-	**(142,548)**

[1] Non-financial assets represent recoverable VAT.

[2] Non-financial liabilities represent accruals and provision for income tax.

Note 23. Fair values of financial assets and financial liabilities

For years ended 2020 and 2019, the Company does not hold any financial instruments measured at fair value.

Note 24. Ultimate parent undertaking

At 31 March 2020 the immediate parent undertaking of the Company is Green Investment Group 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 25. Events after the reporting year

After the Balance Sheet date, four investments were sold for £86m that generated a gain of £27m.

The Company extended the maturity dates of certain intercompany payables after year end, which is consistent with the terms of the master loan agreements. The result of the maturity extensions corrected the Company's net current liability position after year-end and as at the date of this report.

There were no material events subsequent to 31 March 2020 and up until the authorisation of the financial statements for issue, that have not been reflected in the financial statements.