

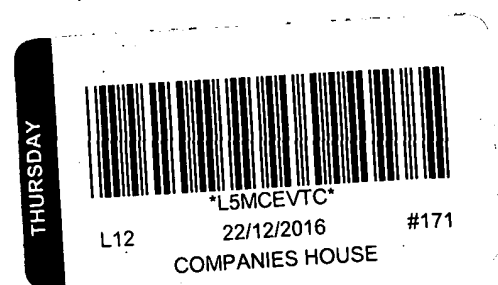
MACQUARIE UK HOLDINGS LIMITED

COMPANY NUMBER 02579363

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2016



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



Macquarie UK Holdings Limited

2016 Strategic Report, Directors' Report and Financial Statements

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Macquarie UK Holdings Limited

Strategic Report for the financial year ended 31 March 2016

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

Principal activity

The principal activity of the Company during the financial year ended 31 March 2016 was to carry on the business of an investment holding company.

Review of operations

The loss for the financial year ended 31 March 2016 was £5,286,944, an increase of 53 percent from a loss of £3,456,230 in the previous year.

Operating income for the year ended 31 March 2016 was £3,069,572, a decrease of 44 percent from operating profit of £5,459,201 in the previous year.

Administrative expenses for the year ended 31 March 2016 were £57,974, a decrease of 67 percent from £173,826 in the previous year.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in its financial statements and can be obtained from the address given in Note 19.

Financial risk management

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

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

Credit risk

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

Liquidity risk

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

Macquarie UK Holdings Limited

Strategic Report (continued) for the financial year ended 31 March 2016

Financial risk management (continued)

Market risk

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

Interest rate risk

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

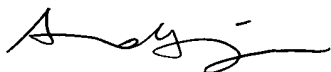
Foreign exchange risk

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

Key performance indicators (KPIs)

Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of KPIs in the Strategic Report is not necessary for an understanding of the development, performance or position of the business. KPIs are monitored at the Macquarie Group level.

On behalf of the Board



Director
20 December 2016

ABBY NOTTINGHAM

Macquarie UK Holdings Limited

Directors' Report for the financial year ended 31 March 2016

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

Directors and Secretaries

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

H Coleman	(appointed on 3 November 2016)
M Gummer	(resigned on 10 December 2015)
A Nottingham	(appointed on 10 December 2015)
J Tang	(resigned on 25 August 2016)
R Thompson	

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

H Everitt	
O Shepherd	(resigned on 16 December 2016)

Results

The loss for the financial year ended 31 March 2016 was £5,286,944 (2015: loss of £3,456,230).

Dividends and distributions paid or provided for

No dividends were paid during the financial year (2015: £11,500,000 on the ordinary shares and £6,680,000 in respect of the redeemable preference shares).

No final dividend has been proposed.

State of affairs

On 19 June 2015, the Company subscribed for 100 ordinary shares of £1 each in UK NPD Investments GP Limited.

On 25 September 2015, the Company subscribed for 100 ordinary shares of €1 each in GGB InBalans Investco UK GP Limited.

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

Events after the reporting period

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2016 not otherwise disclosed in this report.

Likely developments, business strategies and prospects

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

Indemnification and insurance of Directors

As permitted by the 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.

Macquarie UK Holdings Limited

Directors' Report (continued) for the financial year ended 31 March 2016

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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;
- make judgements and accounting estimates that are reasonable and prudent;
- 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;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; 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 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. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps necessary 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



Director

ABBY NOTTINGHAM

20 December 2016

Independent Auditors' Report to the members of Macquarie UK Holdings Limited

Report on the financial statements

Our opinion

In our opinion Macquarie UK Holdings Limited's financial statements ("financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2016;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the members of Macquarie UK Holdings Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Strategic Report, Directors' Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Hinchliffe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

 2016

Macquarie UK Holdings Limited

Financial Statements

Profit and loss account for the financial year ended 31 March 2016

	Note	2016 £	2015 £
Turnover		3,277,849	6,032,125
Administrative expenses		(57,974)	(173,826)
Other operating expenses	2	(150,303)	(399,098)
Operating profit		3,069,572	5,459,201
Interest receivable and similar income	3	2,142,760	1,256,323
Amount written off investments	7	(7,440,053)	(6,374,630)
Interest payable and similar charges	4	(2,509,255)	(1,283,362)
Loss on ordinary activities before taxation	2	(4,736,976)	(942,468)
Tax on loss on ordinary activities	5	(549,968)	(2,513,762)
Loss for the financial year		(5,286,944)	(3,456,230)

The above profit and loss account should be read in conjunction with the accompanying notes on pages 12 to 28.

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

Macquarie UK Holdings Limited

Statement of comprehensive income for the financial year ended 31 March 2016

	2016 £	2015 £
Loss after income tax	(5,286,944)	(3,456,230)
Other comprehensive income:		
Available for sale investments, net of tax	3,846,294	9,028,616
Total other comprehensive income	3,846,294	9,028,616
Total comprehensive (expense)/income	(1,440,650)	5,572,386
Total comprehensive (expense)/income attributable to ordinary equity holders of the Company	(1,440,650)	5,572,386

The above statement of comprehensive income should be read in conjunction with the accompanying notes on pages 12 to 28.

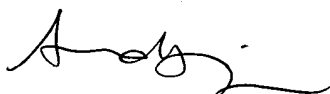
Macquarie UK Holdings Limited

Balance sheet as at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	7	66,917,666	71,492,235
Current assets			
Debtors	10	12,567,701	12,413,596
Current liabilities			
Deferred tax liabilities	11	(5,159,188)	(4,918,221)
Creditors: amounts falling due within one year	12	(23,172,471)	(14,226,711)
Net current liabilities		(15,763,958)	(6,731,336)
Total assets less current liabilities		51,153,708	64,760,899
Creditors: amounts falling due after more than one year	13	-	(12,166,541)
Net assets		51,153,708	52,594,358
Capital and reserves			
Called up share capital	14	100	100
Equity contribution from parent entity	14	37,087,113	37,087,113
Other reserves	15	23,309,977	19,463,683
Profit and loss account	15	(9,243,482)	(3,956,538)
Total shareholders' funds		51,153,708	52,594,358

The above balance sheet should be read in conjunction with the accompanying notes on pages 12 to 28.

The financial statements on pages 8 to 28 were approved by the Board of Directors on 20 Dec 2016 and were signed on its behalf by:



Director

ABBY NOTTINGHAM

Macquarie UK Holdings Limited

Statement of changes in equity for the financial year ended 31 March 2016

		Equity					
		Called up share capital	contribution from parent entity	Redeemable preference shares	Other reserves	Profit and loss account	Total shareholders' funds
	Note	£	£	£	£	£	£
Balance at 1 April 2014		100	-	6,423,921	10,435,067	11,255,771	28,114,859
Loss for the financial year		-	-	-	-	(3,456,230)	(3,456,230)
Other comprehensive income, net of tax	15	-	-	-	9,028,616	-	9,028,616
Total comprehensive income		-	-	-	9,028,616	(3,456,230)	5,572,386
Transactions with equity holders in their capacity as ordinary equity holders:							
Redemption of the Class A redeemable preference shares		-	-	(6,423,921)	-	6,423,921	-
Equity contribution from parent entity		-	37,087,113	-	-	-	37,087,113
Dividends Paid		-	-	-	-	(18,180,000)	(18,180,000)
Balance at 31 March 2015		100	37,087,113	-	19,463,683	(3,956,538)	52,594,358
Loss for the financial year		-	-	-	-	(5,286,944)	(5,286,944)
Other comprehensive income, net of tax	15	-	-	-	3,846,294	-	3,846,294
Total comprehensive income		-	-	-	3,846,294	(5,286,944)	(1,440,650)
Balance at 31 March 2016		100	37,087,113	-	23,309,977	(9,243,482)	51,153,708

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 12 to 28.

Macquarie UK Holdings Limited

Notes to the financial statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies

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

i) Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with FRS 101 and the Companies Act 2006 ("the Act"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment securities available for sale and certain other assets and liabilities (including derivatives) at fair value.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Act from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent, MGL, a company incorporated in Australia.

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

The Company is a qualifying entity for the purposes of FRS 101. Note 19 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 April 2014. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions available of by the Company in these financial statements.

The Company previously prepared its financial statements in accordance UK Generally Accepted Accounting Practice ("UK GAAP").

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

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

Note 21 gives details of the impact of adopting FRS 101 on the Company's previously adopted accounting policies. Note 21 gives an explanation of the transition to FRS 101 and a reconciliation of: (i) total shareholders' funds determined in accordance with UK GAAP to total shareholders' funds determined in accordance with FRS 101 as of 1 April 2014 and 31 March 2015; and (ii) profit or loss for the financial year determined in accordance with UK GAAP to profit or loss for the financial year determined in accordance with FRS 101 for the year ended 31 March 2015.

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

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

- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation);
- The requirements of paragraphs 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of Paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities to the extent that they apply to non-financial assets);
- The requirements of IAS 7 'Statement of Cash Flows';
- 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'.

Macquarie UK Holdings Limited

Notes to the financial statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

New standards, amendments and IFRIC interpretations

No other new accounting standards, or amendments to accounting standards, or IFRIC interpretation that are effective for the year ended 31 March 2016, have had a material impact on the Company.

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment securities available for sale and certain other assets and liabilities (including derivatives) at fair value.

Critical accounting estimates and significant judgements

The preparation of the financial report in conformity 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 report such as:

- fair value of securities available for sale (note 8);
- impairment of investments (note 7); and
- recoverability of deferred tax assets and measurement of current and deferred tax liabilities (notes 5 and 11).

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 our assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

Deficiency of net current 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 2016 of £15,763,958. The signing authorities of Macquarie Financial Holdings Pty Limited have given a letter of comfort providing that funds will be contributed to the Company directly or indirectly to assist in settling its liabilities, where the Company has insufficient liquidity. The letter of comfort enables the Company to pay its debts as and when they fall due and therefore the financial statements have been prepared on a going concern basis.

ii) Foreign currency translations

Functional and presentation currency

Items included in the financial statements of foreign operations are measured using the currency of the primary economic environment in which the foreign operation operates (the functional currency). The Company's financial statements are presented in the presentation currency, which is also the Company's functional currency (pound sterling).

Transactions and balances

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

Translation differences on non-monetary items (such as equities) held at fair value through profit or loss, are reported as part of the fair value gain or loss in the profit and loss. Translation differences on non-monetary items classified as available for sale financial assets are included in the available-for-sale reserve in equity.

Macquarie UK Holdings Limited

Notes to the financial statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies (continued)

iii) Revenue and expense recognition

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

Net interest income/expense

Interest income and expense is brought to account using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future receipts or cash payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs associated with loans are capitalised and included in the effective interest rate and recognised in the profit and loss over the expected life of the instrument.

Dividends

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

Other gains/losses

Other gains/losses comprises other gains and losses relating to foreign exchange differences including all realised and unrealised fair value changes on derivatives which are recognized in the profit and loss.

iv) Turnover

Turnover comprises dividend income received from investments.

v) Income Tax

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Macquarie UK Holdings Limited

Notes to the financial statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies (continued)

vi) Derivative instruments

Derivative financial instruments entered into by the Company include FX forwards. These derivative instruments are principally used for the risk management of existing financial assets and financial liabilities.

All derivatives, including those used for Balance sheet hedging purposes, are recognised in the Balance sheet and are disclosed as an asset where they have a positive fair value at balance date or as a liability where the fair value at balance date is negative.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Movements in the fair values of derivatives are recognised in the profit and loss, unless the derivative meets the requirements for cash flow or net investment hedge accounting.

The best evidence of a derivative's fair value at initial recognition is the transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets. Where such alternative evidence exists, the Company recognises profits or losses immediately when the derivative is recognised.

vii) Hedge accounting

The Company designates certain derivatives or financial instruments as hedging instruments in qualifying hedge relationships. On initial designation of the hedge, the Company documents the hedging relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging relationships have been and will continue to be highly effective. Derivatives or financial instruments can be designated in one of three types of hedge relationships i.e. cash flow hedges, fair value hedges and net investment hedges.

Fair value hedges

For a derivative or financial instrument designated as hedging a fair value exposure arising from a recognised asset or liability (or an unrecognised firm commitment), the gain or loss on the derivative or financial instrument is recognised in the profit and loss account immediately together with the loss or gain on the hedged asset or liability that is attributable to the hedged risk.

viii) Investments and other financial assets

With the exception of trading portfolio assets and derivatives which are classified separately in the Balance sheet, the remaining investments are classified into the following categories: loans and receivables, other financial assets at fair value through profit or loss, investment securities available for sale, investments in subsidiaries and investments in associates and joint ventures. The classification depends on the purpose for which the financial asset was acquired and level of influence, which is determined at initial recognition and, except for other financial assets at fair value through profit or loss, is re-evaluated at each balance date.

Loans and receivables

This category includes loan assets held at amortised cost and amounts due from related entities, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Macquarie UK Holdings Limited

Notes to the financial statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies (continued)

viii) Investments and other financial assets (continued)

Investments securities available for sale

Investment securities available for sale comprise securities that are not actively traded and are intended to be held for an indefinite period. Such securities are available for sale and may be sold should the need arise, including purposes of liquidity, or due to the impacts of changes in interest rates, foreign exchange rates or equity prices.

Investment securities available for sale are initially carried at fair value plus transaction costs. Gains and losses arising from subsequent changes in fair value are recognised directly in the available for sale reserve in equity, until the asset is derecognised or impaired, at which time the cumulative gain or loss is recognised in the profit and loss. Fair values of quoted investments in active markets are based on current bid prices.

If the relevant market is not considered active (or the securities are unlisted), fair value is established by valuation techniques, including recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

Interest income on debt securities available for sale is recognised in the profit and loss in interest income using the effective interest method as disclosed in note 1(iii).

Investments in subsidiaries

The subsidiaries held by the Company are carried in its financial statements at cost less impairment in accordance with IAS 27 Separate Financial Statements.

Subsidiaries are all those entities (including structured entities) over which the Company has the power to direct the relevant activities of the entity, exposure 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 including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

The Company determines the dates of obtaining control (i.e. acquisition date) and losing control (i.e. disposal date) of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to direct 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 to complete. The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

ix) Loans and receivables

Loan assets are subject to regular review and assessment for possible impairment. Provisions for impairment are recognised based on an incurred loss model and re-assessed at each balance date. A provision for impairment is recognised when there is objective evidence of impairment, and is measured as the difference between the carrying value and the net realisable value.

If, in a subsequent year, the amount of impairment losses decrease and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment losses are reversed through the profit and loss account to the extent of the impairment earlier recognised. Bad debts are written off in the year in which they are identified.

Macquarie UK Holdings Limited

Notes to the financial statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies (continued)

ix) Loans and receivables (continued)

Investment securities available for sale

The Company performs an assessment at each balance date to determine whether there is any objective evidence that available for sale financial assets have been impaired. Impairment exists if there is objective evidence of impairment as a result of one or more events (loss event) which have an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For equity securities classified as available for sale, the main indicators of impairment are: significant changes in the market, economic or legal environment; and a significant or prolonged decline in fair value below cost. In making this judgement, the Company evaluates among other factors, the normal volatility in share price and the period of time for which fair value has been below cost.

In the case of debt securities classified as available for sale, observable data that relates to loss events are considered, including adverse changes in the payment status of the issuer and national or local economic conditions that correlate with defaults on those assets.

In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the investee, industry and sector performance, operational and financing cash flows or changes in technology.

When the fair value of an available for sale financial asset is less than its initial carrying amount and there is objective evidence that the asset is impaired, the cumulative loss recognised directly in reserves is removed from equity and recognised in the profit and loss.

Impairment losses recognised in the profit and loss for equity securities classified as available for sale are not subsequently reversed through the profit and loss. However impairment losses recognised for debt investment securities classified as available for sale are subsequently reversed through the profit and loss if the fair value increases and the increase can be objectively related to an event after the impairment loss was recognised in the profit and loss.

x) Impairment

Interests in subsidiaries

The Company performs an assessment at each balance date to determine whether there is any objective evidence that its interests in associates and joint ventures are impaired. The entire carrying amount of each investment in associate and joint venture is considered in the assessment. The main indicators of impairment are as for equity securities classified as available for sale, disclosed above.

If there is an indication that an investment in an associate or joint venture may be impaired, then the entire carrying amount of the investment in associate or joint venture is tested for impairment by comparing the recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Impairment losses recognised in the profit and loss for investments in associates and joint ventures are subsequently reversed through the profit and loss if there has been a change in the estimate used to determine recoverable amount since the impairment loss was recognised.

Investments in subsidiaries 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 loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount (which is the higher of fair value less costs to sell and value in use). At each reporting date, investments in subsidiaries that have suffered impairment are reviewed for possible reversal of the impairment.

Macquarie UK Holdings Limited

Notes to the financial statements for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies (continued)

x) Impairment (continued)

Investment securities available for sale

The Company performs an assessment at each balance date to determine whether there is any objective evidence that available for sale financial assets have been impaired. Impairment exists if there is objective evidence of impairment as a result of one or more events (loss event) which have an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For equity securities classified as available for sale, the main indicators of impairment are: significant changes in the market, economic or legal environment; and a significant or prolonged decline in fair value below cost. In making this judgement, the Company evaluates among other factors, the normal volatility in share price and the period of time for which fair value has been below cost.

When the fair value of an available for sale financial asset is less than its initial carrying amount and there is objective evidence that the asset is impaired, the cumulative loss recognised directly in reserves is removed from equity and recognised in the profit and loss.

Impairment losses recognised in the profit and loss for equity securities classified as available for sale are not subsequently reversed through the profit and loss account. However impairment losses recognised for debt investment securities classified as available for sale are subsequently reversed through the profit and loss if the fair value increases and the increase can be objectively related to an event after the impairment loss was recognised in the profit and loss.

Loans and receivables

Loan assets are subject to regular review and assessment for possible impairment. Provisions for impairment are recognised based on an incurred loss model and re-assessed at each balance date. A provision for impairment is recognised when there is objective evidence of impairment, and is measured as the difference between the carrying value and the net realisable value.

If, in a subsequent year, the amount of impairment losses decrease and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment losses are reversed through the profit and loss account to the extent of the impairment earlier recognised. Bad debts are written off in the year in which they are identified.

xi) Financial liabilities

The Company has on issue financial instruments which are initially recognised at fair value net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

xii) 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 recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

xiii) Called up share capital

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

xiv) Comparatives

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

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

	2016 £	2015 £
Note 2. Loss on ordinary activities before taxation		
Loss on ordinary activities before taxation is stated after (crediting)/charging:		
Foreign exchange gains	(150,303)	(399,098)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	15,838	12,157
The Company had no employees during the year (2015: nil).		
Note 3. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	2,142,760	1,256,323
Total interest receivable and similar income	2,142,760	1,256,323
Note 4. Interest payable and similar charges		
Interest payable to other Macquarie Group undertakings	2,509,255	1,283,362
Total interest payable and similar charges	2,509,255	1,283,362
Note 5. Tax on loss on ordinary activities		
Analysis of tax expense for the year:		
Current tax		
UK corporation tax at 20% (2015: 21%)	52,206	3,390
Adjustments in respect of prior periods	12,018	1,856,459
Foreign tax incurred	495,681	604,822
Total current tax benefit	559,905	2,464,671
Factors affecting tax debit for the year:		
The income tax expense for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:		
Deferred tax		
Origination and reversal of temporary differences	(5,230)	51,546
Change in tax rate	(4,707)	(2,455)
Total deferred tax	(9,937)	49,091
Tax on loss on ordinary activities	549,968	2,513,762
Loss on ordinary activities before taxation	(4,736,976)	(942,468)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 20% (2015: 21%)		
	947,395	197,918
Effects of:		
Adjustment in respect of previous periods	(12,018)	(1,856,459)
Non deductible expenses	(1,488,010)	(1,338,672)
Foreign tax suffered	(495,681)	(604,822)
Deduction for foreign tax suffered	493,639	459,026
Non assessable income	-	626,792
Effect of changes in tax rates	4,707	2,455
Current Tax benefit	(549,968)	(2,513,762)

For companies subject to main rate of UK Corporate tax, the tax rate from 1 April 2015 was reduced from 21% to 20%. In October 2015, the main rate of UK Corporate tax was reduced from 20% to 19% from 1 April 2017 and 18% from 1 April 2020. As a result the closing deferred tax assets and liabilities have been measured at 18%.

In September 2016, the Corporation Tax main rate for the year starting 1 April 2020 was reduced to 17% rather than 18%. The 17% rate was not enacted or substantively enacted at the balance sheet date and so is not reflected in the period end workings.

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

	2016 £	2015 £
Note 6. Dividends paid		
Dividend paid in September 2014 on class A preference shares	-	6,680,000
2015 Interim dividend paid in March 2015 on ordinary shares	-	11,500,000
Total dividends paid	-	18,180,000

Note 7. Investments		
Investment securities available for sale (note 8)	66,645,927	71,220,793
Investment in subsidiaries (note 9)	271,739	271,442
Balance at the end of the financial year	66,917,666	71,492,235
Total investments	66,917,666	71,492,235

Reconciliation of movement in investments		
Balance at beginning of the financial year	71,492,235	62,814,099
Change in fair value	4,148,190	11,285,769
Additions	256	716
Foreign exchange movements	(1,282,961)	3,767,284
Impairment charge on investment securities available for sale	(7,440,053)	(6,374,630)
Disposals	-	(1,003)
Return of capital from subsidiary	(1)	-
Investments at recoverable amount	66,917,666	71,492,235
Balance at the end of the financial year	66,917,666	71,492,235

Note 8. Investments in securities available for sale		
Equity securities		
Listed	63,398,345	59,291,113
Unlisted ¹	3,247,582	11,929,680
Total investment securities available for sale	66,645,927	71,220,793

¹ Impairment recognized due to the significant decrease in the valuation of Macquarie Korea Opportunities Fund.

Investments securities available for sale

Name of investment	Nature of business	Registered office	% ownership	2016 £	2015 £
Macquarie Korea Infrastructure Fund	Infrastructure investment	Hanwha Building, Sogong-dong, 109 Sogong-ro, Jung-gu, Seoul, 100-755, Republic of Korea	4	63,398,345	59,291,113
Macquarie Korea Opportunities Fund	Infrastructure investment	Hanwha Building, Sogong-dong, 109 Sogong-ro, Jung-gu, Seoul, 100-755, Republic of Korea	6	3,247,582	11,929,680
Total				66,645,927	71,220,793

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

				2016 £	2015 £
Note 9. Investments in subsidiaries					
Investments at cost				271,739	271,442
Total investments in subsidiaries				271,739	271,442
Name of investment	Nature of business	Registered office	% ownership	2016 £	2015 £
Goonzaran Bluebell Leasing Limited	Leasing	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	3,488	3,488
MEIF (UK) Limited	Holding company	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	-	-
GGB inBalans Investco UK GP Limited	General partner of a UK limited partnership	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	78	-
GGB inBalans Investco Ireland GP Limited	General partner of a UK limited partnership	1st Floor, Connaught House 1 Burlington Road Dublin 4	100	78	-
UK PPP Investments GP Limited	General partner of a UK limited partnership	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD	100	1	1
UK NPD Investments GP Limited	General partner of a UK limited partnership	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	100	-
Hermes Infrastructure Investco Ireland GP Limited	General partner of a UK limited partnership	1st Floor, Connaught House, 1 Burlington Road, Dublin 4 Ireland	100	756	714
Hermes Infrastructure Investco UK GP Limited (Formerly UK PPP Investments LP Limited)	Infrastructure investment	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	1	1
SiCURAnt InvestCo GP Limited	Dissolved on 5 May 2015	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	-	1
Poseidon InvestCo GP Ireland Limited	Holding company	First Floor Connaught House 1 Burlington Road Dublin 4 Ireland	100	837	837
Macquarie Capital (Korea) Limited	Advisory Fund	Hanwha Building, Sogong-dong, 109 Sogong-ro, Jung-gu, Seoul, 100-755,	100	266,400	266,400
Total				271,739	271,442

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

	2016 £	2015 £
Note 10. Debtors		
Amounts owed by other Macquarie Group undertakings	12,567,701	12,413,596
Taxation	-	-
Total debtors	12,567,701	12,413,596

Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. This category also contains the accrual amount on derivatives for which additional details are included Note 20. The Company derives interest on intercompany loans to group undertakings at market rates and during the year ended 31 March 2016 the rate applied ranged between LIBOR plus 1.32% and LIBOR plus 3.41% (2015: between LIBOR plus 1.31% and LIBOR plus 3.90%).

Note 11. Deferred income tax liabilities

Financial instruments	42,364	52,301
Tax effects of reserves	5,116,824	4,865,920
Total deferred income tax liabilities	5,159,188	4,918,221

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

Balance at the beginning of the financial year	4,918,221	2,611,977
Temporary differences:		
Deferred tax charged to income statement for the period	(5,230)	51,546
Effect of changes in tax rates in equity	(568,536)	(112,858)
Deferred tax charged to equity	819,440	2,370,011
Effect of changes in tax rates	(4,707)	(2,455)
Balance at the end of the financial year	5,159,188	4,918,221

Note 12. Creditors: amounts falling due within one year

Trade creditors	174,309	145,741
Amounts owed to other Macquarie Group undertakings ¹	19,021,409	10,030,348
Other financial market liabilities ²	2,053,902	2,190,632
Taxation	1,922,851	1,859,990
Total creditors	23,172,471	14,226,711

¹Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2016 the rate applied was LIBOR plus 2.65% (2015: LIBOR plus 2.49%).

²Other financial market liabilities represents derivative instruments.

Note 13. Creditors: amounts falling due after more than one year

Amount owed to other Macquarie Group undertaking ¹	-	12,166,541
Total creditors	-	12,166,541

¹Amounts owed to other Macquarie Group undertaking is unsecured and has a maturity date of 19 September 2016. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2016 the rate applied was LIBOR plus 2.65% (2015: LIBOR plus 2.49%).

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

Note 14. Called up share capital

	2016 Number of shares	2015 Number of shares	2016 £	2015 £
Called up share capital				
Opening balance of fully paid ordinary shares	100	100	100	100
Opening balance of Class A redeemable preference shares	-	63,600	-	6,423,921
Redemption of the Class A redeemable preference shares on 29 September 2014	-	(63,600)	-	(6,423,921)
Closing balance of shares	100	100	100	100

Equity contribution from parent entity

Opening balance of equity contribution from parent entity	37,087,113	37,087,113
Closing balance of equity contribution from parent entity	37,087,113	37,087,113

Note 15. Reserves and profit and loss account

	2016 £	2015 £
Available for sale reserve		
Balance at the beginning of the financial year	19,463,683	10,435,067
Revaluation movement, net of tax	3,846,294	9,028,616
Balance at the end of the financial year	23,309,977	19,463,683
Total other reserves	23,309,977	19,463,683
Profit and loss account		
Balance at the beginning of the financial year	(3,956,538)	11,255,771
Loss for the financial year	(5,286,944)	(3,456,230)
Dividends paid or provided	-	(18,180,000)
Redemption of equity component of preference shares	-	6,423,921
Balance at the end of the financial year	(9,243,482)	(3,956,538)

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

Note 16. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by Macquarie Group Limited ("MGL"), incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 19.

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

Details of holdings by subsidiary undertakings are as below:

Name of related party	Registered office	% ownership	Class of shares
Subsidiaries of Goonzaran Bluebell Leasing Limited			
Goonzaran Bluebell Funding Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	Ordinary Shares
Subsidiaries of Goonzoran Bluebell Funding Limited			
The Bluebell Transportation LLP	50 Lothian Road, Festival Square, Edinburgh Scotland EH3 9WJ	100	Partnership Interest
The Goonzaran LLP	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	Partnership Interest
Subsidiaries of MEIF (UK) Limited			
Macquarie (Scotland) GP Limited	50 Lothian Road, Festival Square, Edinburgh Scotland EH3 9WJ	100	Ordinary Shares
Macquarie GP Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	Ordinary Shares
Macquarie GP2 Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	Ordinary Shares
Macquarie Infrastructure GP Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	Ordinary Shares
Subsidiaries of UK NPD Investments GP Limited			
UK NPD Investments LP	200 Aldersgate Street, London EC1A 4HD	99	Ordinary Shares
Subsidiaries of UK PPP Investments GP Limited			
UK PPP Investments LP	730 Third Avenue, New York, New York, 1017, USA	99	Ordinary Shares
Wigg (Holdings) Limited	8 Baden Place, Crosby Row, London, SE1 1YW, United Kingdom	100	Ordinary Shares
Subsidiaries of Wigg (Holdings) Limited			
Wigg Investments Limited	8 Baden Place, Crosby Row, London, SE1 1YW, United Kingdom	100	Ordinary Shares
Subsidiaries of Wigg Investments Limited			
Merseylink (Holdings) Limited	Forward Point, Tan House Lane, Widnes, Cheshire, WA8 0RR, United Kingdom	38	Ordinary Shares
Subsidiaries of Merseylink (Holdings) Limited			
Merseylink (Finance) Limited	Forward Point, Tan House Lane, Widnes, Cheshire, WA8 0RR, United Kingdom	100	Ordinary Shares
Subsidiaries of Merseylink (Finance) Limited			
Merseylink (Issuer) PLC	Forward Point, Tan House Lane, Widnes, Cheshire, WA8 0RR, United Kingdom	100	Ordinary Shares
Merseylink Limited	Forward Point, Tan House Lane, Widnes, Cheshire, WA8 0RR, United Kingdom	100	Ordinary Shares

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

Note 17. Directors' emolument

During the financial years ended 31 March 2016 and 31 March 2015, 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 feasible. Accordingly, no separate remuneration has been disclosed.

Note 18. 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 19. Ultimate Parent undertaking

At 31 March 2016, The immediate parent undertaking of the Company is Macquarie Corporate International Holdings Pty 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 20. Derivative financial instruments

Certain derivative transactions may qualify as fair value hedges, if they meet the appropriate strict hedge criteria outlined in note 1(viii). The Company uses derivatives to hedge its foreign exchange risk on its foreign currency denominated investments, which have been designated into a fair value hedging relationship.

Fair value hedges:

The fair value hedges comprise of foreign exchange forward contracts used to hedge against changes in the fair value of foreign denominated equity instruments as a result of movements in market foreign exchange rates.

As at 31 March 2016, the fair value of outstanding derivatives held by the Company and designated as fair value hedges was £2,053,902 negative value (2015: £2,190,632 negative value).

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

Note 21. Transition to FRS101

Reconciliation

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with UK GAAP. The Company has adopted FRS 101 and these financial statements, for the year ended 31 March 2016, are the first the Company prepared in accordance with FRS 101.

Accordingly, the accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening balance sheet as at 1 April 2014, the Company's date of transition.

Reconciliation of balance sheet as at 1 April 2014

	UK GAAP	Fair Value of AVS Investment	Deferred Tax on AVS Investment	Derivatives at Fair Value	Deferred Tax on Derivatives	FRS 101
1 April 2014						1 April 2014
	£	£	£	£	£	£
Fixed assets						
Investments	49,770,265	13,043,834	-	-	-	62,814,099
Current assets						
Debtors	31,885,031	-	-	-	-	31,885,031
Current liabilities						
Deferred tax liabilities	-	-	(2,608,767)	-	(3,210)	(2,611,977)
Creditors: amounts falling due within one year	(63,988,345)	-	-	16,051	-	(63,972,294)
Net current liabilities	(32,103,314)	-	(2,608,767)	16,051	(3,210)	(34,699,240)
Total assets less current liabilities	17,666,951	13,043,834	(2,608,767)	16,051	(3,210)	28,114,859
Creditors: amounts falling due after more than one year	-	-	-	-	-	-
Net assets	17,666,951	13,043,834	(2,608,767)	16,051	(3,210)	28,114,859
Capital and reserves						
Called up share capital	100	-	-	-	-	100
Redeemable preference shares	6,423,921	-	-	-	-	6,423,921
Other Reserves	508,563	12,535,271	(2,608,767)	-	-	10,435,067
Profit and loss account	10,734,367	508,563	-	16,051	(3,210)	11,255,771
Total shareholders' funds	17,666,951	13,043,834	(2,608,767)	16,051	(3,210)	28,114,859

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

Note 21. Transition to FRS101 (continued)

Reconciliation of balance sheet as at 31 March 2015

	UK GAAP	Fair Value of AVS Investment	Deferred Tax on AVS Investment	Derivatives at Fair Value	Deferred Tax on Derivatives	FRS 101
31 Mar 2015						31 Mar 2015
£	£	£	£	£	£	£
Fixed assets						
Investments	47,162,632	24,329,603	-	-	-	71,492,235
Current assets						
Debtors	12,413,596	-	-	-	-	12,413,596
Current liabilities						
Deferred tax liabilities	-	-	(4,865,920)	-	(52,301)	(4,918,221)
Creditors: amounts falling due within one year	(14,488,219)	-	-	261,508	-	(14,226,711)
Net current liabilities	(2,074,623)	-	(4,865,920)	261,508	(52,301)	(6,731,336)
Total assets less current liabilities	45,088,009	24,329,603	(4,865,920)	261,508	(52,301)	64,760,899
Creditors: amounts falling due after more than one year	(12,166,541)	-	-	-	-	(12,166,541)
Net assets	32,921,468	24,329,603	(4,865,920)	261,508	(52,301)	52,594,358
Capital and reserves						
Called up share capital	100	-	-	-	-	100
Equity contribution from parent entity	37,087,113	-	-	-	-	37,087,113
Other reserves	508,563	23,821,040	(4,865,920)	-	-	19,463,683
Profit and loss account	(4,674,308)	508,563	-	261,508	(52,301)	(3,956,538)
Total shareholders' funds	32,921,468	24,329,603	(4,865,920)	261,508	(52,301)	52,594,358

Macquarie UK Holdings Limited

Notes to the financial statements (continued) for the financial year ended 31 March 2016

Note 21. Transition to FRS101 (continued)

Reconciliation of statement of comprehensive income as at 31 March 2015

	UK GAAP	Fair Value of AVS Investment	Deferred Tax on AVS Investment	Derivatives at Fair Value	Deferred Tax on Derivatives	FRS 101
31 Mar 2015						31 Mar 2015
	£	£	£	£	£	£
Profit after income tax	(3,652,596)	-	-	245,457	(49,091)	(3,456,230)
Other comprehensive income: Available for sale investments	-	11,285,769	(2,257,153)	-	-	9,028,616
Total other comprehensive income	-	11,285,769	(2,257,153)	-	-	9,028,616
Total comprehensive income	(3,652,596)	11,285,769	(2,257,153)	245,457	(49,091)	5,572,386
Total comprehensive income attributable to ordinary equity holders of the Company	(3,652,596)	11,285,769	(2,257,153)	245,457	(49,091)	5,572,386

Note 22. Events after the reporting period

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2016 not otherwise disclosed in this report.