Macquarie Capital (Europe) Limited

COMPANY NUMBER 03704031

MACQUARIE

Annual Report and Financial Statements
for the financial year ended 31 March 2015

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

2015 Annual Report and Financial Statements
Contents

Strategic Report
for the financial year ended 31 March 2015

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

Principal activities
The principal activities of the Company during the financial year ended 31 March 2015 were as follows:

Cash Equities
The Company operates an institutional stockbroking business, acting as principal with external clients and the market, and as a market maker for a number of European equities. The Company also undertakes the activity of soliciting clients and introducing them to the other members of the Macquarie Group. Settlement operations have been outsourced to a third party.

Equities Research
The Company provides equity research services to clients.

Structured Products & Exotics
The Company employed staff who provided execution, settlement, issuance, arrangement and market making services to other members of the Macquarie Group. The business is currently being wound down.

Corporate Advisory
The Company undertakes advisory activities in the United Kingdom, the Republic of Ireland and Continental Europe.

The principal activities of the Company are undertaken in the United Kingdom and through its European branches.

Review of operations
The loss for the financial year ended 31 March 2015 was £11,551,485, in line with the loss of £12,202,812 in the previous year.

The operating loss for the year ended 31 March 2015 was £13,931,254, in line with the operating loss of £14,975,142 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 25.

Strategic Report (continued)
for the financial year ended 31 March 2015

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
The Company mitigates its material credit risk exposures through guarantee arrangements with its ultimate parent, MGL, and indemnity arrangements with Macquarie Corporate Holdings Pty Limited[1] ("MCH"). 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.

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 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-local currencies. Any material non-local currency exposures are managed by applying a group wide process of minimising exposure at an individual company level.

[1]Name changed from Macquarie Capital Group Limited on 13 April 2015 and from Macquarie Corporate Holdings Limited on 12 June 2015.

Strategic Report (continued)
for the financial year ended 31 March 2015

Key performance indicators (KPIs)

The return on assets for the financial year ended 31 March 2015 was negative 1.36 per cent (2014: negative 2.15 per cent) calculated as loss attributable to ordinary equity holders divided by total asset of the Company.

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 further 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

Matthew Grimme

Matthew Grimmer
Director
20 July 2015

Directors' Report
for the financial year ended 31 March 2015

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

D Fass
M Gummer
D Patel (appointed on 5 March 2015)
J Wentzel (resigned on 30 October 2014)

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

Results
The loss for the financial year attributable to ordinary equity holders for the financial year ended 31 March 2015 was £11,551,485 (2014: £12,202,812).

Dividends paid or provided for
No dividends were paid or provided for during the financial year (2014: £nil). No final dividend has been proposed.

State of affairs
The Company has branches in Germany, France, Ireland and the Netherlands. It also has representative offices in Geneva and Spain.

There were no 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 Year
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 2015 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.

Directors' Report (continued)
for the financial year ended 31 March 2015

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the 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 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

Matthew Grounds

Matthew Grounds
Director
20 July 2015

Independent Auditors' Report to the members of Macquarie Capital (Europe) Limited

Report on the finanical statements

Our opinion

In our opinion, Macquarie Capital (Europe) Limited's financial statements (the "financial statements"):
• give a true and fair view of the state of the Company's affairs as at 31 March 2015 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

Macquarie Capital (Europe) Limited's financial statements, comprise:
• the balance sheet as at 31 March 2015;
• the profit and loss account and statement of total recognised gains and losses 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 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and 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.

Responsibilities for the finanical 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 6, 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

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 Annual Report 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.

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

21 July 2015

Profit and loss account
for the financial year ended 31 March 2015

	Notes	2015 £	2014 £
Turnover	1 (v)	**112,616,969**	107,850,758
Administrative expenses	2	**(127,329,393)**	(123,000,274)
Other operating income		**781,170**	174,374
Operating loss		**(13,931,254)**	(14,975,142)
Interest receivable and similar income	3	**2,710,997**	5,016,331
Interest payable and similar charges	4	**(3,436,751)**	(5,754,066)
Impairment of current investment		**(395,329)**	-
Loss on ordinary activities before taxation	2	**(15,052,337)**	(15,712,877)
Tax on loss on ordinary activities	5	**3,500,852**	3,510,065
Loss for the financial year		**(11,551,485)**	(12,202,812)

The above profit and loss account should be read in conjunction with the accompanying notes on pages 12 to 30.

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

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

Statement of total recognised gains and losses for the financial year ended 31 March 2015

	Notes	2015 £	2014 £
Loss after tax for the financial year		**(11,551,485)**	(12,202,812)
Other recognised gains/(losses):			
Actuarial loss on pension scheme	26	**(1,276,467)**	(92,350)
Deferred tax associated with actuarial loss	15	**(130,848)**	(105,924)
Exchange differences on translation of foreign operations, net of tax	15	**(291,982)**	1,098,977
Total other recognised (losses)/gains for the financial year		**(1,699,297)**	900,703
Total recognised loss for the financial year		**(13,250,782)**	(11,302,109)
Total recognised loss for the financial year that is attributable to:			
Ordinary equity holders of Macquarie Capital (Europe) Limited		**(13,250,782)**	(11,302,109)

The above statement of total recognised gains and losses should be read in conjunction with the accompanying notes on pages 12 to 30.

Macquarie Capital (Europe) Limited

Balance sheet
as at 31 March 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	6	**297,847**	318,251
Investments	7	**1**	1
		297,848	318,252
Current assets			
Deferred tax assets	8	**2,218,882**	1,839,829
Debtors	9	**837,949,242**	554,716,371
Investments	10	**1,251,876**	1,881,348
Cash at bank and in hand	11	**10,396,678**	9,624,589
		851,816,678	568,062,137
Current liabilities			
Creditors: amounts falling due within one year	12	**(823,867,437)**	(527,526,730)
Net current assets		**27,949,241**	40,535,407
Total assets less current liabilities		**28,247,089**	40,853,659
Provisions for liabilities	13	**(2,042,001)**	(2,751,271)
Net assets excluding pension liability		**26,205,088**	38,102,388
Pension liability	26	**(2,022,271)**	(668,790)
Net assets including pension liability		**24,182,817**	37,433,598
Capital and reserves			
Called up share capital	14	**105,901,000**	105,901,000
Share premium account	14	**4,999,000**	4,999,000
Equity contribution from ultimate parent	14	**1,807,047**	1,807,047
Other reserves	15	**(1,661,453)**	37,843
Profit and loss account	15	**(86,862,777)**	(75,311,292)
Total shareholders' funds	16	**24,182,817**	37,433,598

The above balance sheet should be read in conjunction with the accompanying notes on pages 12 to 30.

The financial statements on pages 9 to 30 were approved by the Board of Directors on 20 July 2015 and were signed on its behalf by:

Matthew Grimme

Director

Matthew Grimmer

Notes to the financial statements for the financial year ended 31 March 2015

Note 1. Summary of significant accounting policies

i) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006, and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Companies Act 2006 from the requirement to prepare consolidated financial statements as Company and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent, MGL, a company incorporated in Australia.

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 not yet effective

FRS 100 Application of Financial Reporting Requirements, FRS 101 Reduced Disclosure Framework and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Company has adopted FRS 101 for the annual reporting period commencing from 1 April 2015. FRS 101 sets out disclosure exemptions available to UK entities which otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. Financial statements prepared under the standard will be defined as Companies Act financial statements under the Companies Act 2006.

The key accounting policies which are likely to be impacted on adoption are:

- Financial instruments
- Foreign currency translation
- Deferred taxation.

ii) Foreign currency translations

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the local currency using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Exchange differences arising from the translation of the Company's foreign branches, which have local currencies other than sterling, are recognised in a reserve within equity.

iii) Revenue recognition

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

Interest income and expense

Interest receivable and similar income and interest payable and similar charges are brought to account on an accrual basis.
Interest receivable from and payable to other Macquarie Group undertakings has been disclosed on a gross basis in the profit and loss account. The balance sheet has been disclosed on a net basis as there is a legal right of set off and an intention to settle net or simultaneously.

Fee and commission income and expense

Corporate advice and other fees charged in respect of services provided are brought to account as work is completed and a fee is agreed with clients and the Company becomes entitled to it. Brokerage income is recognised when the related services are performed.

Notes to the financial statements (continued) for the financial year ended 31 March 2015

Note 1. Summary of significant accounting policies (continued)

iii) Revenue recognition (continued)

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.

iv) Other operating income/(expenses)

Net gains/(losses) arising from foreign currency transactions are accounted for as other operating income/(expenses) respectively.

v) Turnover

Turnover for the year comprises:

a) Advisory fee income, which is subject to a fee sharing arrangement with Macquarie Corporate Holdings Pty Limited;
b) Brokerage commission income from trades introduced to Macquarie Securities (Australia) Limited and Macquarie Bank Limited (Hong Kong branch), which is calculated at cost plus a mark-up, is brought to account in accordance with service agreements in place;
c) Brokerage commission income, from trades where the Company acts as principal with external clients and the market;
d) Trading income on the Company's facilitation and market making activities;
e) Research income derived by charging divisions within the Macquarie Group, in accordance with inter-divisional recovery policies in place; and
f) Income in relation to staff who provide execution, settlement, issuance, arrangement, market making and asset management services to other members of the Macquarie Group, in accordance with service agreements in place.

vi) Corporate tax

Taxation is based on the loss for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully in respect of all timing differences between the accounting and tax treatment of income and expenses, at the reporting date, the anticipated reversal of which will result in a change in the future liability to tax. The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and law. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

vii) Investments and other financial assets

Investments and other financial assets are classified into the following categories: loans and advances, investments in subsidiary and current asset investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Initially these are measured at the amount of the net proceeds after deducting issue costs and are subsequently measured at amortised cost. This is the amount recognised at initial recognition, minus principal repayments, minus any reduction for impairment and plus or minus the interest cost/income which are allocated to periods over the term of the loan at a constant rate.

Investments in subsidiary

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern directly or indirectly decision-making in relation to financial and operating policies, so as to require that entity to conform with the Company's objectives. Investments in subsidiary undertakings are recorded at cost less provision for impairment.

Current asset investments

Current asset investments are held at the lower of cost and net realisable value.

Notes to the financial statements (continued) for the financial year ended 31 March 2015

Note 1. Summary of significant accounting policies (continued)

viii) Impairment

Loans and advances

Loans and advances are subject to regular review and assessment for possible impairment. Provisions for impairment are recognised in the profit and loss account and re-assessed at each reporting date. If, in a subsequent period, 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 period in which they are identified.

Investments in subsidiary

Investments in subsidiary undertaking is recorded at cost less provision for impairment. Where the Directors are of the opinion that there has been a permanent diminution in the value of the investments, the carrying amount of such investment is written down to its recoverable amount. The impairment of a fixed asset investment is recognised as an expense in the profit and loss account. At each balance date, an investment in subsidiary that has been impaired is reviewed for possible reversal of the impairment.

ix) Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and any impairment losses. Tangible fixed assets are reviewed for impairment annually. Historical cost includes expenditure directly attributable to the acquisition of the asset.

Depreciation on assets is calculated on a straight-line basis to allocate the difference between their cost and their residual values over their estimated useful lives, at the following annual rates:

Furniture and fittings	10 to 20 per cent
Leasehold improvements *	20 per cent
Communication equipment	33 per cent
Computer equipment	33 to 50 per cent

* Where remaining lease terms are less than five years, leasehold improvements are depreciated over the remaining lease term.

Useful lives and residual values are reviewed annually and reassessed in light of commercial and technological developments. If an asset's carrying value is greater than its recoverable amount due to an adjustment to its useful life, residual value or impairment, the carrying amount is written down immediately to its recoverable amount. Adjustments arising from such items and on disposal of tangible fixed assets are recognised in the profit and loss account.

Gains or losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised in the profit and loss account.

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

Note 1. Summary of significant accounting policies (continued)

x) Provisions for liabilities and charges

A provision is recognised where the Company has a present legal or constructive obligation to make a payment as a result of a past event where it is more probable than not that a transfer of economic benefit will be required to settle the obligation and the amount can be reliably estimated.

Employee benefits

A liability for employee benefits is recognised by the entity that has the obligation to the employee. Generally, this is consistent with the legal position of the parties to the employment contract.

Liabilities for unpaid salaries, salary related costs and provisions for annual leave are recorded in the balance sheet at the salary rates which are expected to be paid when the liability is settled. Provisions for other long-term benefits are recognised at the present value of expected future payments to be made.

In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using discount rates on high quality corporate bonds, except where there is no deep market in which case rates on the applicable government securities are used. Such discount rates have terms that match as closely as possible the expected future cash flows.

Provisions for unpaid employee benefits are derecognised when the benefit is settled, or is transferred to another entity and the Company is legally released from the obligation and does not retain a constructive obligation.

Share based payments

The ultimate parent entity, MGL, operates share-based compensation plans, which include awards (including those delivered through the Macquarie Group Employee Retained Equity Plan ("MEREP")) granted to employees under share acquisition plans. Information relating to these schemes is set out in note 19. The Company recognises an expense for its awards granted to its employees by MGL. The awards are measured at the grant dates based on their fair value and using the number of equity instruments expected to vest. This amount is recognised as an expense over the respective vesting periods.

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

Note 1. Summary of significant accounting policies (continued)

xi) Performance based remuneration

Profit share remuneration

The Company recognises a liability and an expense for profit share remuneration to be paid in cash.

xii) Cash at bank and in hand

Cash at bank and in hand comprise cash in hand and deposits repayable on demand with any qualifying financial institution. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed.

xiii) Leases

Leases entered into by the Company as lessee are primarily operating leases. The total fixed payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

xiv) Offsetting financial assets and liabilities

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.

xv) Defined benefit pension plan

Pension plan assets and obligations recognised in the balance sheet represent the net present value of the defined benefit obligation and the fair value of the plan assets at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

The determination of the pension cost and defined benefit obligation of the Company's defined benefit pension plans depends on certain assumptions, which include the discount rate, inflation rate, salary growth, longevity and expected return on plan assets.

Actuarial gains and losses arising from the difference between actual and expected returns on plan assets, experience adjustments on liabilities and changes in actuarial assumptions are recognised in the statement of total recognised gains and losses for the year.

xvi) 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.

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

	2015 £	2014 £

Note 2. Loss on ordinary activities before taxation

	2015 £	2014 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Wages and salaries	**3,255,388**	3,818,640
Social security costs	**52,551**	30,643
Staff resourcing charge from Macquarie Group undertakings	**26,839,727**	24,213,702
Other pension costs	**135,208**	117,808
Share based payment costs	**146,203**	297,990
Staff costs	**30,429,077**	28,478,783
Foreign exchange gains	**(781,170)**	(174,374)
Fee allocations to other Macquarie Group	**41,314,499**	44,972,289
Internal fee and management fee expenses	**11,192,773**	6,327,029
Brokerage expenses	**15,550,891**	15,200,244
Depreciation charges	**119,136**	400,453
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	**92,397**	87,614

Note 3. Interest receivable and similar income

	2015 £	2014 £
Interest receivable from other Macquarie Group undertakings	**2,687,321**	4,950,414
Interest receivable from unrelated parties	**23,676**	65,917
Total interest receivable and similar income	**2,710,997**	5,016,331

Note 4. Interest payable and similar charges

	2015 £	2014 £
Interest payable to other Macquarie Group undertakings	**3,213,319**	5,611,638
Interest payable to unrelated parties	**223,432**	142,428
Total interest payable and similar charges	**3,436,751**	5,754,066

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

	2015 £	2014 £
Note 5. Tax on loss on ordinary activities		
Analysis of tax credit for the year:		
Current tax		
UK corporation tax at 21% (2014: 23%)	**(3,477,671)**	(4,607,766)
Adjustments in respect of prior years	**(493,004)**	(2,999,578)
Foreign tax incurred	**497,049**	608,594
Total current tax	**(3,473,626)**	(6,998,750)
Deferred tax		
Origination and reversal of timing differences	**456,915**	1,053,003
Adjustments to tax in respect of prior years	**(485,502)**	2,154,860
Change in tax rate	**1,361**	280,822
Total deferred tax	**(27,226)**	3,488,685
Tax on loss on ordinary activities	**(3,500,852)**	(3,510,065)

The taxation credit for the year ended 31 March 2015 is lower (2014: higher) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before taxation	**(15,052,337)**	(15,712,877)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 21% (2014: 23%)	**3,160,990**	3,613,962
Effects of:		
Adjustment in respect of prior years	**493,004**	2,999,578
Capital allowance in excess of depreciation	**294,361**	(109,982)
Non deductible expenses	**(236,122)**	(172,672)
Foreign tax incurred	**(497,049)**	(608,594)
Deduction for foreign tax incurred	**95,888**	113,473
Employment expense related timing differences	**40,215**	107,258
Other timing differences	**122,339**	1,055,727
Total current tax	**3,473,626**	6,998,750

The UK Government has enacted a reduction in the main rate of corporation tax from 23% to 21% from 1 April 2014 and then from 21% to 20% from 1 April 2015. The closing deferred tax balance is recognised at 20%.

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

	2015	2014
	£	£
Note 6. Tangible assets		
Furniture, fittings and leasehold improvements		
Cost	**523,428**	2,179,730
Less accumulated depreciation	**(368,572)**	(2,009,222)
Total furniture, fittings and leasehold improvements	**154,856**	170,508
Communication equipment		
Cost	**10,638**	10,638
Less accumulated depreciation	**(10,638)**	(10,638)
Total communication equipment	**-**	-
Computer equipment		
Cost	**4,564,776**	5,357,447
Less accumulated depreciation	**(4,421,785)**	(5,209,704)
Total computer equipment	**142,991**	147,743
Total tangible assets	**297,847**	318,251

Reconciliation of the movement in the Company's tangible assets at their carrying value:

	Furniture, fittings and leasehold improvements	Communication equipment	Computer equipment	Total
	£	£	£	£
Balance at 1 April 2014	170,508	-	147,743	318,251
Acquisitions	91,015	-	64,216	155,231
Disposals*	(18,584)	-	-	(18,584)
Foreign exchange movements	(26,609)	-	(11,306)	(37,915)
Depreciation expense	(61,474)	-	(57,662)	(119,136)
Balance at 31 March 2015	**154,856**	**-**	**142,991**	**297,847**

* These assets were disposed of at a loss of £18,366.

Note 7. Fixed asset investments

	2015	2014
	£	£
Investment at cost	1	1
Total investment in subsidiary	**1**	1

Name of investment	Nature of business	Registered office	Country of incorporation	% ownership	2015 £	2014 £
Macquarie (Europe) Nominees Limited	Nominee company	Ropemaker Place 28 Ropemaker Street	England and Wales	100%	1	1

The Directors believe that the carrying value of the investment is supported by their underlying net assets.

Notes to the financial statements (continued) for the financial year ended 31 March 2015

Note 8. Deferred tax assets

	2015 £	2014 £
The balance comprises timing differences attributable to:		
Other assets and liabilities	**731,490**	216,187
Fixed assets	**1,487,394**	1,623,642
Total deferred tax assets	**2,218,884**	1,839,829
Reconciliation of the Company's movement in deferred tax assets:		
Balance at the beginning of the financial year	**1,839,829**	5,300,833
Timing differences:		
Amounts charged to profit and loss	**(456,915)**	(1,053,003)
Adjustments to tax in respect of prior years	**485,502**	(2,154,860)
Amounts credited to reserves	**369,420**	22,833
Change in tax rate	**(17,591)**	(280,822)
Change in tax rate relating to reserves	**(1,361)**	4,848
Balance at the end of the financial year	**2,218,884**	1,839,829

The company has unrecognised deferred tax assets of £678,000 (2014: £680,000) in relation to tax losses. This has not been recognised due to uncertainty over their recoverability.

Note 9. Debtors

	2015 £	2014 £
Broking trade debtors	**658,659,250**	359,252,868
Amounts owed by other Macquarie Group undertakings	**147,649,369**	165,491,904
Fees and other receivables	**14,903,635**	15,192,666
Other trade debtors	**3,722,090**	5,619,056
VAT recoverable	**1,424,444**	3,162,527
Taxation	**6,850,626**	5,824,153
Prepayment and accrued income	**4,739,828**	173,197
Total debtors	**837,949,242**	554,716,371

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 2015 the rate applied ranged between LIBOR plus 1.31% and LIBOR plus 2.49% (2014: between LIBOR plus 1.36% and LIBOR plus 2.98%).

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

	2015 £	2014 £

Note 10. Current asset investments

	2015 £	2014 £
Equity securities	**1,251,876**	1,881,348
Total current asset investments	**1,251,876**	1,881,348

The above represents an investment in Firstextile AG. In 2013, 295,505 shares constituting a 2.5% stake in Firstextile AG were purchased. As at 31 March 2015, the Company holds 227,614 shares in Firstextile AG. The fair value of the investment approximates its carrying value.

Note 11. Cash at bank and in hand

	2015 £	2014 £
Cash at bank	**10,261,891**	9,504,782
Cash held with other Macquarie Group undertaking	**134,563**	119,588
Cash in hand	**224**	219
Total cash at bank and in hand	**10,396,678**	9,624,589

Note 12. Creditors: Amounts falling due within one year

	2015 £	2014 £
Due to brokers and customers[1]	**700,657,089**	441,223,440
Amounts owed to other Macquarie Group undertakings[2]	**83,604,418**	75,529,383
Trade creditors	**38,224,401**	7,987,880
Other creditors	**1,381,528**	2,786,027
Total creditors	**823,867,436**	527,526,730

[1] Amounts due to brokers and customers are payable within three working days of the relevant trade date.

[2] Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2015 the rate applied was LIBOR plus 2.49% (2014: LIBOR plus 2.91%).

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

	2015 £	2014 £

Note 13. Provisions for liabilities

	2015 £	2014 £
Provision for employee entitlements	**1,356,028**	1,380,988
Restructuring provision	**685,973**	1,370,283
Total provisions	**2,042,001**	2,751,271

Reconciliation of provisions:

	Employee provision £	Restructuring provision £	Total £
Balance at the beginning of the financial year	**1,380,988**	**1,370,283**	**2,751,271**
Provisions made during the year	**1,398,159**	**-**	**1,398,159**
Provisions used during the year	**(1,456,007)**	**(606,665)**	**(2,062,672)**
Transfers from related body corporate entities	**80,854**	**-**	**80,854**
Foreign exchange movements	**(47,966)**	**(77,645)**	**(125,611)**
Balance at the end of the financial year	**1,356,028**	**685,973**	**2,042,001**

The restructuring provision is in relation to the restructure of the Structured Products and Exotics business. The remaining provision as at 31 March 2015, is expected to be utilised over the next year.

Note 14. Called up share capital and share premium account

	2015 Number of shares	2014 Number of shares	2015 £	2014 £
Ordinary share capital				
Opening balance of fully paid ordinary shares	**105,901,000**	80,901,000	**105,901,000**	80,901,000
Issue of 10,000,000 ordinary shares on 20 November 2013 at £1 per share	**-**	10,000,000	**-**	10,000,000
Issue of 15,000,000 ordinary shares on 26 March 2014 at £1 per share	**-**	15,000,000	**-**	15,000,000
Closing balance of fully paid ordinary shares	**105,901,000**	105,901,000	**105,901,000**	105,901,000
Share premium account				
Opening balance of share premium			**4,999,000**	4,999,000
Closing balance of share premium account			**4,999,000**	4,999,000
Equity contribution from ultimate parent entity				
Opening balance of equity contribution from ultimate parent entity			**1,807,047**	1,807,047
Closing balance of equity contribution from ultimate parent entity			**1,807,047**	1,807,047

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

Note 15. Reserves and profit and loss account

	2015 £	2014 £
Reserves		
Foreign currency translation reserve		
Balance at the beginning of the financial year	**(91,418)**	(1,190,395)
Currency translation differences arising during the financial year	**(291,982)**	1,098,977
Balance at the end of the financial year	**(383,400)**	(91,418)

Exchange differences arising from the translation of the Company's foreign branches, which have local currencies other than sterling, are recognised within reserves.

	2015 £	2014 £
Retirement benefit reserve		
Balance at the beginning of the financial year	**129,261**	327,535
Actuarial loss on pension schemes	**(1,276,466)**	(92,350)
Deferred tax associated with actuarial loss	**(130,848)**	(105,924)
Balance at the end of the financial year	**(1,278,053)**	129,261
Total reserves	**(1,661,453)**	37,843
Profit and loss account		
Balance at the beginning of the financial year	**(75,311,292)**	(63,108,480)
Loss attributable to ordinary equity holders of Macquarie Capital (Europe) Limited	**(11,551,485)**	(12,202,812)
Balance at the end of the financial year	**(86,862,777)**	(75,311,292)
Total profit and loss account	**(86,862,777)**	(75,311,292)

Note 16. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Balance at the beginning of the financial year	**37,433,598**	23,735,707
Movement in foreign currency translation reserve	**(291,982)**	1,098,977
Loss for the financial year	**(11,551,485)**	(12,202,812)
Net movement in retirement benefit reserve	**(1,407,314)**	(198,274)
Shares issued during the year	**-**	25,000,000
Balance at the end of the financial year	**24,182,817**	37,433,598

Note 17. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 8 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 25.

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

Note 18. Directors' remuneration

During the financial years ended 31 March 2015 and 31 March 2014, 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.

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

Note 19. Employee equity participation

Macquarie Group Employee Retained Equity Plan

MGL continues to operate the MEREP in conjunction with remuneration arrangements. These arrangements included a decrease in the portion of staff profit share paid in cash and an increase in the portion delivered as equity, an increase in the proportion of deferred remuneration and cessation of new option grants under the Macquarie Group Employee Share Option Plan ("MGESOP").

Award Types under the MEREP

Restricted Share Units (RSUs)

A RSU is a beneficial interest in a Macquarie share held on behalf of a MEREP participant by the plan trustee ("Trustee"). The participant is entitled to receive dividends on the share and direct the Trustee how to exercise voting rights in the share. The participant also has the right to request the release of the share from the Trust, subject to the vesting and forfeiture provisions of the MEREP.

Deferred Share Units (DSUs)

A DSU represents the right to receive on exercise of the DSU either a share held in the Trust or a newly issued share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or procure the Trustee to acquire shares on-market for potential future allocations to holders of DSUs. Generally DSUs will provide for cash payments in lieu of dividends paid on MGL shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders generally of MGL shares do not receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as are provided to holders of RSUs. However, holders of DSUs will have no voting rights as to any underlying MGL shares. DSUs will only be offered in jurisdictions where legal or tax rules make the grant of RSUs impractical.

The following is a summary of Awards which have been granted to employees of the Company pursuant to the MEREP.

	Number of RSU Awards 2015	Number of RSU Awards 2014
RSUs on issue at the beginning of the financial year	**1,268**	10,458
Consolidation of one ordinary share into 0.9438 ordinary shares*	**-**	(75)
Vested RSU awards withdrawn from the MEREP during the financial year	**(773)**	(614)
Transfers (to)/from related body corporate entities	**944**	(8,501)
RSUs on issue at the end of the financial year	**1,439**	1,268
RSUs vested and not withdrawn from the MEREP at the end of the financial year	**-**	-

*Consolidation applied to MGL shares held in the MEREP as at the record date for the consolidation.

There were no RSU awards granted during the current or prior financial year.

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

Note 19. Employee equity participation (continued)

	Number of DSU Awards 2015	Number of DSU Awards 2014
DSUs on issue at the beginning of the financial year	**25,667**	56,876
Consolidation of one ordinary share into 0.9438 ordinary shares*	**-**	(1,556)
Granted during the financial year	**4,408**	5,011
Transfers to related body corporate entities	**-**	(239)
Exercised during the financial year	**(11,154)**	(30,735)
Forfeited during the financial year	**(699)**	(3,690)
DSUs on issue at the end of the financial year	**18,222**	25,667
DSUs exercisable at the end of the financial year	**2,247**	2,997

*Consolidation applied to MGL shares held in the MEREP as at the record date for the consolidation.

The weighted average fair value of the DSU awards granted during the financial year was AU$59.80 (2014: AU$41.52).

For the year ended 31 March 2015, compensation expense relating to the MEREP totalled £146,203 (2014: £297,990).

The awards are measured at their grant dates based on their fair value. This amount is recognised as an expense evenly over the respective vesting periods and the equity provided is treated as a capital contribution from MGL where MGL is not reimbursed or as a prepaid asset where MGL is reimbursed in advance.

MGL annually revises its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. The Company recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity from MGL.

Participation in the MEREP is currently provided to the following eligible employees:

- staff other than Executive Directors with retained profit share ("Retained Profit Share Awards") and staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed allocation of MEREP awards ("Promotion Awards"); and
- new Macquarie Group staff who commence at Associate Director, Division Director or Executive Director level and are awarded either a fixed number of MEREP awards or a fixed Australian dollar value, depending on level ("New Hire Awards").

Vesting periods are as follows:

Award type	Level	Vesting
Retained profit share awards and Promotion awards	Below Executive Director	1/3rd on or after each 1 July, in the 2nd, 3rd and 4th year of grant[1]
New hire awards	All Director-level staff	1/3rd on each of the first day of a staff trading window on or after the 2nd, 3rd and 4th anniversaries of the date of allocation

[1] Vesting will occur on the first day of a staff trading window following 1 July of the specified year.

In limited cases, the application form for awards may set out a different vesting period, in which case that period will be the vesting period for the Award. For example, staff may have a different vesting period due to local regulatory requirements.

For Retained Profit Share Awards representing 2014 retention, the allocation price was the weighted average price of the Shares acquired for the 2014 purchase period, which was 14 May 2014 to 25 June 2014 inclusive (excluding the period from 23 May to 6 June 2014). That price was calculated to be AU$59.56 (2014 retention: AU$43.56).

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

Note 19. Employee equity participation (continued)

Option Plan

MGL suspended new offers under the MGESOP under the remuneration arrangements which were the subject of shareholder approvals obtained at the General Meeting of MGL in December 2009. The last grant of options under the MGESOP was on 8 December 2009. Currently MGL does not expect to issue any further Options under the MGESOP.

At 31 March 2015 and 31 March 2014, there were no participants in the MGESOP.

The following is a summary of options which have been granted to employees of the Company pursuant to the MGESOP:

	Number of options 2015	**Weighted average exercise price 2015 AU$**	Number of options 2014	Weighted average exercise price 2014 AU$
Outstanding at the beginning of the financial year	-	-	13,000	53.91
Lapsed during the financial year	-	-	(13,000)	53.91
Outstanding at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	-	-	-	-

Notes to the financial statements (continued) for the financial year ended 31 March 2015

Note 20. 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 21. Lease commitments

The Company has entered into lease agreements for office space and vehicles which are accounted for as operating leases. At 31 March 2015, future lease payments under the operating leases are as follows:

	2015	2014
	£	£
Non-cancellable operating leases expiring:		
Not later than one year	**21,061**	36,943
Later than one year and not later than two years	**1,287**	36,646
Later than two year and not later than five years	**387,350**	2,615
Later than five years	**83,285**	398,415
Total operating lease commitments	**492,983**	474,619

Total operating lease commitments include £491,186 in relation to leases over land and buildings (2014: £469,726).

Note 22. Segmental reporting

The Company was a wholly owned subsidiary within the Macquarie Group throughout the year and is included in the consolidated financial statements of MGL, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a segmental reporting note under the terms of SSAP 25.

Note 23. Cash Flow Statement

The Company was a wholly owned subsidiary within the Macquarie Group throughout the year and is included in the consolidated financial statements of MGL, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

Note 24. Employee Information

The average number of persons employed by the Company during the year calculated on a monthly basis was:

	Number of employees 2015	Number of employees 2014
By activity:		
Advisory and sales	**17**	19
Administration and support services	**4**	14
Total employees	**21**	33

The figures above include persons employed by the Company and seconded to other entities within the Macquarie Group.

Note 25. Ultimate Parent Undertaking

At 31 March 2015, the immediate parent undertaking of the Company is Macquarie Corporate Holdings Pty Limited (UK Branch).

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

Note 26. Pension commitments

The most recent actuarial valuations of the Macquarie Capital (Europe) Limited defined benefit pension plan was at 31 March 2015. The valuation of the plan used the projected unit credit actuarial cost method and was carried out by actuaries of Mercer Limited. The principal assumptions for the plan made by the actuaries were as follows:

	2015 %	2014 %
Discount rates	**2.68**	2.94
Expected rate of return on assets	**2.55**	2.82
Rate of increase in salaries	**0.63**	0.59
Inflation assumptions	**2.49**	1.41

The mortality assumptions used in the valuation of the defined benefit pension liabilities of the Swiss and German plans at 31 March 2015 are summarised in the table below. These are based on the BVG 2010 actuarial tables.

	Switzerland 2015	Switzerland 2014	**Germany 2015**	Germany 2014
Longevity at age 65 – current				
Men	23.08	23.16	18.85	18.71
Women	25.52	25.59	22.92	22.79
Longevity at age 65 – future				
Men	21.29	21.39	22.15	22.02
Women	23.76	23.86	26.06	25.94

Notes to the financial statements (continued) for the financial year ended 31 March 2015

Note 26. Pension commitments (continued)

Plan assets and rates of return were as follows:

	Long-term rate of return expected 31 March 2015	Value at 31 March 2015	Long-term rate of return expected 31 March 2014	Value at 31 March 2014
	%	£	%	£
Cash	2.37	2,130,049	2.47	2,076,343
Equity	1.85	113,988	4.1	104,130
Debt Securities	1.85	375,230	4.1	416,519
Total market value of assets		2,619,267		2,596,992
Present value of plan liabilities		(4,641,539)		(3,265,782)
Net deficit of the plan		(2,022,272)		(668,790)
Related deferred tax		424,677		153,822
Net pension plan liability		(1,597,595)		(514,968)

Reconciliation of present value of scheme liabilities:

	2015	2014
	£	£
Balance at the beginning of the financial year	3,265,782	3,300,746
Current service cost	112,821	121,183
Past service cost	-	(18,527)
Interest cost	86,750	91,168
Contributions by plan participants	29,302	29,223
Foreign currency exchange rate movements	(136,714)	(69,449)
Premiums paid	(23,999)	(22,471)
Benefits (paid)/received from the plan	-	(4,820)
Actuarial gain	1,307,597	43,164
Curtailments	-	-
Settlements	-	(204,435)
Balance at the end of the financial year	4,641,539	3,265,782

Reconciliation of fair value of scheme assets:

	2015	2014
Balance at the beginning of the financial year	2,596,992	3,182,115
Expected return on scheme assets	64,363	76,016
Actuarial (losses)/gains	31,131	(49,186)
Foreign currency exchange rate movements	(99,759)	(58,563)
Premiums paid	(23,999)	(22,471)
Contributions paid by participants	29,302	29,223
Benefits paid from the plan	-	(4,820)
Contributions paid by employer	21,237	(202,974)
Settlements	-	(352,348)
Balance at the end of the financial year	2,619,267	2,596,992

The expected return on scheme assets is determined by considering the expected returns available on the assets based on the current investment policy.

The actual return on the scheme assets in the year was £95,493 (2014: £26,830).

It is estimated that in the year to 31 March 2016, the Company will make additional contributions to scheme of £74,266.

Notes to the financial statements (continued)
for the financial year ended 31 March 2015

Note 26. Pension commitments (continued)

Amounts recognised in the profit or loss account are as follows:

	2015	2014
	£	£
Current service cost	**112,821**	121,183
Past service cost	**-**	(18,527)
Expected return on pension scheme assets	**(64,363)**	(76,016)
Interest on pension scheme liabilities	**86,750**	91,168
Gain associated with curtailment	**-**	-
Total charge	**135,208**	117,808

The current service cost is included within administration expense category in the profit or loss statement.

Experience adjustments in plan assets	**31,131**	(49,186)
Experience adjustments in plan liabilities	**(1,307,597)**	(43,164)
Total actuarial loss recognised in statement of total recognised gains and losses	**(1,276,467)**	(92,350)

Note 27. Pillar III Disclosure

For the purposes of the Financial Conduct Authority Pillar III disclosure requirements, the Company has made available the necessary documents on its UK website. This can be found at http://www.macquarie.com/uk/about/investors/regulatory-disclosures.

Note 28. Events after the Reporting Year

There were no material events subsequent to 31 March 2015 that have not been reflected in the financial statements.

Macquarie Capital (Europe) Limited & Macquarie (Europe) Nominees Limited ("the Companies" or "the MCEL Group")

Country by country disclosure

Region	Activity	Turnover	Profit/(loss)	Corporation tax paid	Average FTE employees
		£	£	£	
Germany	Corporate advisory services	18,673,993	916,491	2,787,737	8
Ireland	Corporate advisory services	526,435	(1,119,256)	2,322	5
France	Corporate advisory services	144,739	100,691	-	-
Netherlands	Corporate advisory services	683,933	(1,011,717)	16,993	3
Switzerland	Cash equity trade introductions	1,565,766	1,101,310	100,472	5
UK	Corporate advisory services, institutional stockbroking, market making	94,573,104	(15,039,856)	-	1
Intercompany Elimination		(3,551,001)	-	-	-
Total		112,616,969	(15,052,337)	2,907,523	21

Note 1. Basis of preparation

The Capital Requirements (Country by country reporting) Regulations 2013 came in to effect on 1 January 2014, and have been transposed into UK law to impose certain reporting obligations on institutions within the United Kingdom within the scope of EU Capital Requirements Directive IV (CRDIV). The Directors are responsible for preparation of the country by country reporting disclosure in accordance with the above regulations.

Macquarie Capital (Europe) Limited ("MCEL") does not prepare consolidated finalised statements as disclosed in the Note 1 to the financial statements for the year ended 31 March 2015. The Companies, which form part of the MCEL Group, prepare and present their financial statements on a stand alone company basis.

The table above presents the MCEL Group's consolidated turnover, profit/loss, corporation cash tax paid and number of employees, allocated by country on the basis of each entity's tax domicile.

Turnover has been disclosed in line with the financial statements of the standalone entities within the MCEL Group. Employee numbers represent average full-time equivalent (FTE) permanent employees.

The entities did not receive any public subsidies.

Independent Auditors' Report to the members of Macquarie Capital (Europe) Limited & Macquarie (Europe) Nominees Limited ("the Companies")

We have audited the accompanying schedule of the Companies for the year ended 31 March 2015 ("the schedule"). The schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' Responsibility for the schedule

The directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the country-by-country information in the schedule as at 31 March 2015 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the schedule, which describes the basis of preparation. The schedule is prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors of the companies. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

Carl Sizer (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 July 2015