

MEIF (UK) Limited

COMPANY NUMBER 04866246

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



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



**2020 Directors' Report and Financial Statements
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MEIF (UK) Limited

Company Number 04866246

Directors' Report for the financial year ended 31 March 2020

In accordance with a resolution of the directors (the "Directors") of MEIF (UK) Limited (the "Company"), the Directors submit herewith the audited financial statements of the Company and report as follows.

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

Directors and Secretaries

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

J Dyckhoff
L Harrison
R Thompson

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

H Everitt

Principal activities

The Company is wholly owned by Macquarie UK Holdings Limited, a Company incorporated in the United Kingdom.

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

Results

The loss for the financial year ended 31 March 2020 was £72 (2019: loss £52).

Dividends

No dividends were paid or provided for during the current financial year (2019: £nil). No final dividend has been proposed.

State of affairs

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

Events after the reporting year

On 1 July 2020, ownership of the Company was transferred to Macquarie International Limited.

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

Directors' Report**for the financial year ended 31 March 2020 (continued)****Likely developments, business strategies and prospects****Coronavirus (COVID-19)**

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

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

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

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

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

Indemnification and insurance of Directors

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent purchased and maintained throughout the financial year Directors' liability insurance in respect of the Company and its Directors.

Directors' Report**for the financial year ended 31 March 2020 (continued)****Statement of Directors' responsibilities in respect of the financial statements**

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

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

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

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

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

Disclosure of information to auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, as at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board



Robert Thompson
Director

25 March 2021

Independent auditors' report to the members of MEIF (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, MEIF (UK) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 5, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

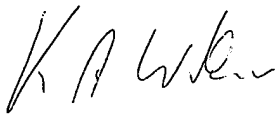
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 March 2021

MEIF (UK) Limited

Financial Statements

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

	Note	2020 £	2019 £
Other operating income/(expenses)	3	81	(11)
Operating profit/(loss)		81	(11)
Interest receivable and similar income	4	32	100
Interest payable and similar expense	5	(204)	(153)
Loss before taxation		(91)	(64)
Tax on loss	6	19	12
Loss for the financial year	12	(72)	(52)

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

Profit on ordinary activities before taxation relate wholly to continuing operations.

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

MEIF (UK) Limited

Balance sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments in subsidiaries	8	155	155
Current assets			
Debtors	9	7,270	7,008
Current liabilities			
Creditors: amounts falling due within one year	10	(369)	(35)
Net current assets		6,901	6,973
Net assets		7,056	7,128
Shareholders' funds			
Called up share capital	11	15,000	15,000
Equity contribution from parent	11	20,000	20,000
Profit and loss account	12	(27,944)	(27,872)
Total shareholders' funds		7,056	7,128

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

The financial statements on pages 9 to 23 were authorised for issue by the Board of Directors on 25 March 2021 and were signed on its behalf by:



Robert Thompson
Director

MEIF (UK) Limited

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

	Note	Called up share capital £	Equity contribution from parent £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2018		15,000	20,000	(27,820)	7,180
Loss for the financial year	12	-	-	(52)	(52)
Total comprehensive loss		-	-	(52)	(52)
Balance at 31 March 2019		15,000	20,000	(27,872)	7,128
Loss for the financial year	12	-	-	(72)	(72)
Total comprehensive loss		-	-	(72)	(72)
Balance at 31 March 2020		15,000	20,000	(27,944)	7,056

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

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

Note 1. Company information

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

Note 2. Summary of significant accounting policies

i) Basis of preparation

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

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

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 it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Group Limited ("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"). In accordance with FRS 101, the Company has availed of an exemption from the following paragraphs of IFRS:

- The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- The requirements of paragraphs 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding).
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 111 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

Critical accounting estimates and significant judgements

The preparation of the financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

- judgement in determining the appropriate business model for a group of financial assets (Note 2(vi)).
- judgement in timing and amount of credit impairment of investment in subsidiaries (Notes 7 and 8);

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

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

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Critical accounting estimates and significant judgements (continued)

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

Coronavirus (COVID-19) impact

Background

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

Processes applied

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

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

Consideration of the statements of financial position and further disclosures

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

Loans and receivables

In response to COVID-19 the Company undertook a review of loans to other Macquarie entities and the ECL for each. The review considered the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology, SICR thresholds, and definition of default remained consistent with prior periods. The impact of COVID-19 on the credit risk management disclosures, notably in relation to credit quality and collateral and other credit enhancements was also considered.

Investments in subsidiaries

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

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

The new accounting Standard IFRS 16 Leases, amendments to accounting Standards IAS 23 Borrowing costs and IAS 19 Employee benefits; and IFRS 23 Interpretation 23 Uncertainty over Income Tax Treatment that are effective for the year ended 31 March 2020 did not have a material impact on the Company's financial statements.

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

Note 2. Summary of significant accounting policies (continued)

ii) Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

iii) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

iv) Revenue and expense recognition

Net interest income/expense

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

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

Other operating income/expenses

Other operating income/(expenses) comprises of other gains and losses relating to foreign exchange differences which are recognised in the profit and loss account.

Expenses

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

v) Taxation

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

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/ (recovered from) tax authorities based on its understanding and interpretation of the law.

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments

Recognition of financial instruments

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

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

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

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

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

De-recognition of financial instruments

Financial assets

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

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

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

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

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

Financial liabilities

Financial liabilities are de-recognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired.

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Classification and subsequent measurement

Financial assets

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

Business model assessment

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

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

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

Solely payment of principal and interest (SPPI)

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

Amortised cost

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

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
- (iii) the financial asset has not been classified as DFVTPL.

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

Fair value through profit or loss ("FVTPL")

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

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

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

Equity financial assets are measured at FVTPL.

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

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

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

Note 2. Summary of significant accounting policies (continued)

vi) Financial instruments (continued)

Reclassification of financial instruments

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

The Company does not reclassify financial liabilities after initial recognition.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

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

Offsetting of financial instruments

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

vii) Investments

Investments in subsidiaries

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

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

All variable returns are considered in making that assessment including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

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

viii) Due to/ from related entities

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

Transactions between the Company and related entities principally arise from the lending arrangements and acceptance of funds on deposit. Refer to Note 2(vi) *Financial instruments*.

Financial assets and financial liabilities are presented net where the offsetting requirements are met (Note 2(vi)), such that the net amount is reported in the balance sheet.

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

Note 2. Summary of significant accounting policies (continued)

ix) Impairment

Expected credit losses ("ECL")

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

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

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

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

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

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

Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

(iii) Stage III – Lifetime ECL credit-impaired

Financial assets are classified as stage III where they are determined to be credit impaired. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

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

Interest income is determined by applying the financial asset's EIR to the financial asset's amortised cost carrying value, being the gross carrying value after the ECL provision.

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

- Loan assets, loans to related body corporate entities and subsidiaries, associates and joint ventures measured at amortised cost – as a deduction to the gross carrying amount

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

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

Note 2. Summary of significant accounting policies (continued)

ix) Impairment (continued)

Impairment of investments in subsidiaries

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

x) Cash at bank

The Company has no cash balances. Cash transactions are paid and received via other Macquarie Group entities, on behalf of the Company.

xi) Called up share capital

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

MEIF (UK) Limited

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

	2020 £	2019 £
Note 3. Loss before taxation		
Profit/(loss) before taxation is stated after (charging)/crediting:		
Foreign exchange gain/(loss)	81	(11)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company ¹	-	-
Operating profit/(loss)	81	(11)

¹The cost of auditors' remuneration for auditing services of £18,947, includes £8,774 relating to previous year (2019: £6,977), has been borne by Macquarie Corporate Holdings Pty Limited (UK Branch), a wholly owned subsidiary within the Macquarie Group. The auditors received no other non audit fees.

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

Note 4. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	32	100
Total interest receivable and similar income	32	100

Note 5. Interest payable and similar expense		
Interest payable to other Macquarie Group undertakings	204	153
Total interest payable and similar expense	204	153

Note 6. Taxation

(i) Tax credit included in profit or loss

Current tax		
UK corporation tax at 19% (2019: 19%)	17	12
Adjustments to tax in respect of prior years	2	-
Total current tax	19	12

(ii) Reconciliation of effective tax rate

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

Loss before taxation	(91)	(64)
Current tax credit at 19% (2019: 19%)	17	12
Effects of:		
Adjustments to tax in respect of prior years	2	-
Total tax on loss	19	12

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

Note 7. Investments

Investment in subsidiaries (Note 8)	155	155
Total investments	155	155

MEIF (UK) Limited

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

	2020 £	2019 £
Note 8. Investments in subsidiaries		
Investment at cost with no provisions for impairment	155	155
Total investment in subsidiaries	155	155

The subsidiaries of the Company are:

Name of subsidiary	Nature of business	Place of incorporation	% ownership		
Macquarie Infrastructure GP Limited	General Partner	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	151	151
Macquarie (Scotland) GP Limited	General Partner	50 Lothian Road, Festival Square, Edinburgh Scotland EH3 9WJ	100	1	1
Macquarie GP2 Limited	Managing member	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	2	2
Macquarie GP Limited	Managing member	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100	1	1
				155	155

Note 9. Debtors

Amounts owed by other Macquarie Group undertakings ¹	7,270	7,008
Total debtors	7,270	7,008

¹Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2020 the rate applied ranged between LIBOR plus 1.22% and LIBOR plus 2.30% (2019: LIBOR plus 1.46% and LIBOR plus 1.93%).

At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £5 (2019: £6) which is net presented against the gross carrying amount.

Note 10. Creditors: amounts falling due within one year

Amounts owed to other Macquarie Group undertakings ¹	333	-
Taxation	36	35
Total creditors: amounts falling due within one year	369	35

¹Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest at market rates and at 31 March 2020 the rate applied was LIBOR plus 1.74% (2019: LIBOR plus 2.41%).

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

Note 11. Called up share capital and reserves

	2020	2019	2020	2019
	Number of shares	Number of shares	£	£
Called up share capital				
Opening balance of fully paid ordinary shares at £1 per share	15,000	15,000	15,000	15,000
Closing balance of fully paid ordinary shares at £1 per share	15,000	15,000	15,000	15,000
Authorised share capital				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
Total authorised share capital	50,000	50,000	50,000	50,000

Equity contribution from parent entity¹

Opening balance of equity contribution from parent entity	20,000	20,000
Closing balance of equity contribution from parent entity	20,000	20,000

¹Equity contribution from parent entity – i.e. debt forgiveness, share based payments

Note 12. Profit and loss account

Profit and loss account

Balance at the beginning of the financial year	(27,872)	(27,814)
Change on initial application of IFRS 9	-	(6)
Loss for the financial year	(72)	(52)
Balance at the end of the financial year	(27,944)	(27,872)

Note 13. Related party information

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

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

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

Note 13. Related party information (continued)

Subsidiaries

Transactions between the Company and its subsidiaries principally arise from the granting of loans, deposit of funds, provision of management and administration services and the provision of guarantees.

Balances may arise from lending and borrowing activities between the Company and its subsidiaries, which are either repayable on demand or may be extended on a term basis and where appropriate may be either subordinated or collateralized.

A list of subsidiaries is set out in Note 8 Investments in subsidiaries.

As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 16.

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 14. Directors' remuneration

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

Note 15. Contingent liabilities and commitments

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

Note 16. Ultimate parent undertaking

At 31 March 2020 the immediate parent undertaking of the Company is Macquarie UK Holdings Limited.

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

Note 17. Events after the reporting year

On 1 July 2020, ownership of the Company was transferred to Macquarie International Limited.

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