

MACQUARIE COMMODITIES (UK) LIMITED

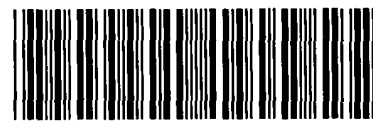
COMPANY NUMBER 05259474

**Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2019**



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

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Macquarie Commodities (UK) Limited

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Macquarie Commodities (UK) Limited

Strategic Report for the financial year ended 31 March 2019

In accordance with a resolution of the directors (the "Directors") of Macquarie Commodities (UK) 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 2019 were to undertake financing activities to other group companies by way of the purchase of trade receivables executed under debt factoring agreements. It also acts as a holding company for investments in other group subsidiaries.

The Company also engages in holding and storage of uranium inventory.

Review of operations

The loss for the financial year ended 31 March 2019 was £132,498, compared to a profit of £2,035,906 in the previous year.

Operating profit for the year ended 31 March 2019 was £34,005,560, an increase of 60% from £21,031,123 in the previous year.

As at 31 March 2019, the Company had net assets of £211,919,974 (2018: £215,918,849).

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 MGL's financial statements and can be obtained from the address given in Note 23.

The Macquarie Group operates parts of its European Union ("EU") business from United Kingdom based subsidiaries such as the Company. On 29 March 2017, the United Kingdom invoked Article 50 of the Lisbon Treaty and officially notified the EU of its decision to withdraw from the EU (known as "Brexit"). The economic, regulatory and legal environment as a result of Brexit will depend on the nature of the transitional arrangements (if any), and the Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts.

In the absence of any deal or transitional arrangements, passporting (meaning the ability for a firm authorised in the European Economic Area ("EEA") state to carry on activities that it has permission for in its home state and any other EEA state by either establishing a branch or agents in an EEA country or providing cross-border services) in its current form will end. In this case, it is envisaged the Company will wind down any EEA branches currently in operation, but will continue to be able to work strategically with its EU-based affiliates within the Macquarie Group.

If a transitional arrangement or deal is reached and the post Brexit environment allows continued access to EEA markets (whether by way of passporting, reciprocal arrangements or otherwise), the Company may seek to utilise those arrangements.

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, market risk and exposure to the performance of its subsidiary. 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.

Macquarie Commodities (UK) Limited

Strategic Report (continued) for the financial year ended 31 March 2019

Financial risk management (continued)

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk of an entity 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.

Interest rate risk

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

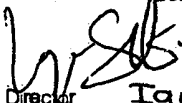
Foreign exchange risk

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

Other matters

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 financial and non-financial key performance indicators, the Company's business impact on the environment and social, community and human rights issues in the Strategic Report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board



Director

Iain Lappin-Smith

R/L2 2019

Macquarie Commodities (UK) Limited

Company number 05259474

Directors' Report

for the financial year ended 31 March 2019

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

Directors and Secretaries

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

M Gray	(resigned on 20 April 2018)
I Lappin-Smith	(appointed on 1 May 2018)
S McCarthy	
P Plewman	(resigned on 14 October 2018)
B Donnelly	(appointed on 14 October 2018)

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

H Everitt

Results

The loss for the financial year ended 31 March 2019 was £132,498 (2018: profit of £2,035,906).

Dividends paid or provided for

An interim dividend of £3,000,000 was paid during the financial year ended 31 March 2019 (2018: £7,500,000). No final dividend has been proposed.

State of affairs

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

Events after the reporting period

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 2019 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.

The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, liquidity risk, interest rate risk, market risk and foreign exchange risk are contained within the Strategic Report.

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.

Macquarie Commodities (UK) Limited

Company number 05259474

Directors' Report (continued) for the financial year ended 31 March 2019

Statement of Directors' responsibilities

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

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 the 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 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.

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.

Disclosure of information to auditors

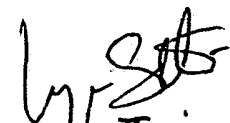
In the case of each Director in office at the date the Directors' Report is approved:

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

Independent auditors

Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board



Director

Iain Lappin-Smith

19 Dec. 2019

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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 Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

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

Reporting on other information (continued)

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 Strategic Report and 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.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 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 Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 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.

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

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.



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

20 December 2019

Macquarie Commodities (UK) Limited

Profit and loss account for the year ended 31 March 2019 financial results

	Note	2019 ¹ £	2018 £
Turnover	3	31,489,258	19,781,087
Income from shares in group undertakings		-	3,500,000
Administrative expenses		(11,006)	(11,697)
Other operating income/(expense)		2,527,308	(2,238,267)
Operating profit		34,005,560	21,031,123
Other interest receivables and similar income	4	4,675,805	8,592,761
Interest payable and similar expenses	5	(38,824,562)	(27,931,407)
(Loss)/profit before taxation	3	(143,197)	1,692,477
Tax on (loss)/profit	6	10,699	343,429
(Loss)/Profit for the financial year		(132,498)	2,035,906

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

¹The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments ("IFRS 9") on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. The effect of the adoption of this standard is explained in Note 2.

Turnover and (loss)/profit 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.

Macquarie Commodities (UK) Limited

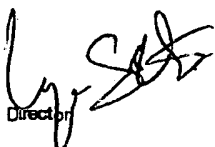
Balance sheet as at 31 March 2019

	Note	2019 ¹ £	2018 £
Fixed assets			
Investments	8	199,999,993	199,999,993
Current assets			
Debtors	9	880,306,478	818,009,325
Derivative assets	10	3,631,454	5,032,177
Trading portfolio assets	11	32,475,781	95,011,817
Current liabilities			
Creditors: amounts falling due within one year	12	(904,493,732)	(902,134,463)
Net current assets		11,919,981	15,918,856
Total assets less current liabilities		211,919,974	215,918,849
Capital and reserves			
Called up share capital	13	13	13
Share premium account	13	199,999,980	199,999,980
Profit and loss account	14	11,919,981	15,918,856
Total shareholders' funds		211,919,974	215,918,849

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

¹The 31 March 2019 financial results reflect the adoption of IFRS 9 on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. The effect of the adoption of this standard is explained in Note 2.

The financial statements on pages 9 to 32 were approved by the Board of Directors on **19 Dec.** 2019 and were signed on its behalf by:


Director

Iain Lapping-Smith

Macquarie Commodities (UK) Limited

Statement of changes in equity for the financial year ended 31 March 2019

	Note	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2017		13	199,999,980	21,382,950	221,382,943
Profit for the financial year	14	-	-	2,035,906	2,035,906
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	2,035,906	2,035,906
Transactions with equity holders in their capacity as ordinary equity holders:					
Dividends paid	7	-	-	(7,500,000)	(7,500,000)
Balance at 31 March 2018		13	199,999,980	15,918,856	215,918,849
Change on initial application of IFRS 9 ¹		-	-	(866,377)	(866,377)
Balance at 1 April 2018		13	199,999,980	15,052,479	215,052,472
Loss for the financial year	14	-	-	(132,498)	(132,498)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(132,498)	(132,498)
Transactions with equity holders in their capacity as ordinary equity holders:					
Dividends paid	7	-	-	(3,000,000)	(3,000,000)
Balance at 31 March 2019		13	199,999,980	11,919,981	211,919,974

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.

¹The year ended 31 March 2018 financial results reflect the adoption of IFRS 9 on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. The effect of the adoption of this standard is explained in Note 2.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019

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 the registered office is Ropemaker Place, 28 Ropemaker Place, 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 except for financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL) and financial instruments that are designated as FVTPL.

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 MGL, a company incorporated in Australia.

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

The Company is a qualifying entity for the purposes of FRS 101. Note 23 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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

- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 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; and
- The requirements of paragraphs 130(f)(i), 130(f)(ii), 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 conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

- judgement and estimate in fair value of financial assets and financial liabilities (Note 20);
- judgement in impairment on investment in subsidiary (Note 8);
- judgement and an estimate of recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities (Note 6);
- judgement in measurement of Expected Credit Loss (ECL) including the choice of inputs, estimates and assumptions relating to information about past events, current conditions and forecasts of economic conditions (Note 2(iv));
- judgement in determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by an asset constitute solely payment of principal and interest (SPPI)

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

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

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

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

IFRS 9 Financial Instruments

IFRS 9 replaced International Accounting Standard 39 Financial Instruments: Recognition and Measurement ("IAS 39") from 1 April 2018. IFRS 9 resulted in changes to accounting policies covering the classification, measurement and impairment of financial assets and the application of hedge accounting. The Company has applied the requirements of IFRS 9 in the current financial year beginning 1 April 2018.

Transition:

As permitted by IFRS 9, the Company has not restated its comparative financial statements and has recorded transition adjustments to its opening balance sheet and retained earnings at 1 April 2018 for the impact of the adoption of the IFRS 9 requirements.

The transition adjustment did not have a material impact and resulted in a reduction of the Company's shareholder's fund by £868,377 after tax.

The adoption of the Classification and Measurement requirements of the standard did not result in significant measurement differences when compared to those under IAS 39.

The key changes in the Company's significant accounting policies from the transition to IFRS 9 have been included within the relevant sections of this note and other notes of the financial statements. Accounting policies applicable to the prior period have been provided in *italics* as appropriate for comparability purposes.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all the previous guidance on revenue recognition from contracts with customers. It requires the identification of discrete performance obligations within a customer contract and an associated transaction price is allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occurs when control of the goods or services are transferred to the customer.

The Company adopted IFRS 15 Revenue from Contracts with Customers on 1 April 2018. No material adjustment to opening retained earnings were made as the amendments to accounting policy did not result in significant changes to the timing or amount of revenue recognised at 31 March 2018. Based on the assessment it has been concluded that all income streams are outside the scope of IFRS 15 so there is no transition impact due to adoption on the timing or amount of revenue recognised at 31 March 2018.

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 translations

Functional and presentation currency

The functional currency of the Company is determined as the currency of the primary economic environment in which the foreign operation operates (the functional currency). 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 recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Translation differences on financial instruments measured at fair value through profit or loss, are reported as part of the fair value gain or loss in the profit and loss account.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition

Net interest income/(expense)

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

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

The calculation of EIR does not include ECL, except for financial assets which on initial recognition are classified as purchased or originated credit-impaired (POCI). Interest income on these assets is determined using a credit-adjusted EIR by discounting the estimated future cash receipts, including credit losses expected at initial recognition, through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest income on financial assets that are not classified as POCI but are subsequently classified as credit-impaired, is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss).

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

Prior to the adoption of IFRS 9, interest income on financial assets that were measured at amortised cost (being loans and receivables and held to maturity financial assets), was recognised in accordance with the EIR method. There was no specified accounting treatment under IAS 39 for financial assets that are now classified as POCI. These assets were accounted for on a consistent basis as other financial assets that were measured at amortised cost.

v) Turnover

The turnover represents revenue recognised by the Company on debt factoring activities (Note 2(x)).

vi) Other operating income/(expenses)

Other operating income/(expenses) comprises other gains and losses relating to foreign exchange differences including all realised and unrealised fair value changes on derivatives and trading asset portfolios which are recognised in the profit and loss account.

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.

Expenses

Expenses are brought to account on an accruals basis and, if not paid at the end of the reporting period, are reflected in the balance sheet as a payable.

vii) Taxation

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

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

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

vii) Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

The Company undertakes transactions in the ordinary course of business where the income tax treatment and recognition of deferred tax assets requires the exercise of judgement. The Company estimates its tax liability based on its understanding of the tax law.

viii) 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 adjusted for (in the case of instruments not carried at FVTPL) transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument. Transaction costs relating to financial instruments carried at FVTPL are expensed in the profit and loss account.

De-recognition of financial instruments

Financial assets

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

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

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

Financial liabilities

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

Gains and losses on the derecognition of non-trading related financial assets and liabilities are recognised as other income or expense disclosed as part of other operating income and expenses.

Classification and subsequent measurement

Financial assets

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

Business model assessment

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

- i. how the performance of the financial assets held within that business model is evaluated and reported to the Macquarie Group's key management personnel;
- 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
- 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.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

viii) Financial instruments (continued)

Solely payment of principal and interest (SPPI)

Key considerations for the SPPI assessment include the timing of the contractual cash flows and the interest component, where interest primarily reflects the time value of money and the credit risk of the principal outstanding.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method if the following conditions are met:

- (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 designated to be measured at FVTPL (DFVTPL).
- Interest income determined in accordance with the EIR is recognised in interest income. Gains and losses arising from the derecognition of financial assets that are measured on an amortised cost basis are recognised as part of other operating income and charges.

Fair value through profit or loss (FVTPL)

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

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

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

For financial instruments measured at FVTPL, the best evidence of 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 financial instrument is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit is deferred and is recognised in the profit and loss account over the life of the transaction or when the inputs become observable.

Changes in the fair value of HFT financial instruments are recognised in net trading income. Changes in the fair value of financial assets that are DFVTPL and FVTPL are recognised as part of other operating income and charges.

The interest component of financial assets that are classified as HFT, DFVTPL and FVTPL are recognised in interest income.

Equity financial assets are measured at FVTPL.

Reclassification of financial instruments

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

The Company does not reclassify financial liabilities after initial recognition.

Prior to the adoption of IFRS 9, the Company's financial assets were classified into the following categories:

- *Loans and receivables: being receivables and amounts due from subsidiaries that were non-derivative financial assets with fixed or determinable payments and that were not quoted in an active market. The measurement and recognition of gains and losses of such assets aligns with that for financial assets classified as at amortised cost in terms of IFRS 9*
- *Held for trading financial assets, being those financial assets that were held for trading purposes. The measurement and recognition of gains and losses of such assets aligns with the HFT category in terms of IFRS 9.*

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

viii) Financial instruments (continued)

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either held for trading purposes, in which case they are classified as HFT, or have been designated to be measured at FVTPL.

All derivative liabilities are classified as HFT.

Gains and losses arising from the derecognition of financial liabilities that are subsequently measured on an amortised cost basis are recognised in other income as part of other operating income and expenses. The changes in fair value of financial liabilities that are classified as HFT are recognised as part of other income. The interest component of financial liabilities that is classified as HFT is recognised in interest expense.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet when there is a 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.

ix) Debt factoring

The Company purchases trade receivables from other Macquarie Group undertakings for an amount less than their face value. The Company is entitled to receive the face value of these receivables. The difference between purchase price and face value comprises a factoring discount determined with reference to prevailing market interest rates and expected collection periods. The difference between the purchase price and face value is recognised as turnover and is brought to account using the effective interest rate method over the expected period of collection.

x) Trading assets and liabilities

Trading portfolio assets (long positions) comprise uranium purchased with the intent of being actively traded. Assets and liabilities included in the trading portfolio are carried at fair value. Realised gains and losses, and unrealised gains and losses arising from changes in the fair value of the trading portfolio are recognised as other operating income/expense in the profit and loss account in the period in which they arise.

The Company uses trade date accounting when recording regular way purchases and sales of financial assets. At the date a transaction is entered into (trade date), the Company recognises the resulting financial asset or liability and any subsequent unrealised profits or losses arising from revaluing that contract to fair value in the profit and loss account. When the Company becomes party to a sale contract of a financial asset, it derecognises the asset and recognises a trade receivable from trade date until settlement date.

xi) Derivative instruments

Derivative financial instruments entered into by the Company include forward in the energy commodities markets. The Company uses these derivative financial instruments for economic hedging purposes.

All derivatives, including those held for hedging purposes, are classified as HFT. Derivatives are recognised in the balance sheet as an asset where they have a positive fair value at balance date or as a liability where the fair value at the balance date is negative.

Fair values are obtained from quoted market prices in active markets including recent market transactions, and valuation techniques including discounted cash flow models and option pricing models, as appropriate.

The best evidence of a derivative'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 derivative 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 profit and loss account 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.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

xii) Investments

With the exception of trading portfolio assets and derivatives which are classified separately on the balance sheet, the remaining investments in financial assets are classified into the following categories: loans and receivables and investments in subsidiaries. The classification depends on the purpose for which the financial asset was acquired, which is determined at initial recognition and re-evaluated at each balance date.

Investment in subsidiaries

Subsidiaries are all those entities over which the Company has the power to direct the relevant activities of the entity, exposure to significant variable returns and the ability to utilise power to affect the Company's own returns. The determination of control is based on current facts and circumstances and is continuously assessed.

The Company has power over an entity when it has existing substantive rights that give it the current ability to direct the entity's relevant activities. Relevant activities are those activities that significantly affect the entity's returns. The Company evaluates whether it has the power to direct the relevant activities. The Company also considers the entity's purpose and design. If the Company determines that it has power over an entity, the Company then evaluates whether it has exposure or rights to variable returns that, in aggregate, are significant. All variable returns are considered including, but not limited to, debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

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

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

Loans and receivables

This category includes loans and receivables that are not held for trading purposes and typically includes the Company's lending activities to its customers. Loan assets are initially recognised at fair value adjusted for directly attributable transaction costs on settlement date. Loan assets are subsequently measured in accordance with the Company's accounting policy for financial instruments Note 2(vii). Loan assets are subject to regular review and assessment for possible impairment.

xiii) 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.

xiv) Impairment Expected credit losses ("ECL")

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

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. 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.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

xiv) Impairment (continued)

Expected credit losses ("ECL") (continued)

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 (or for those financial assets for which the credit risk is considered to be low), ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FUI.

Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

(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 FUI. The Company assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FUI that includes significant management judgement.

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

Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

(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 FUI.

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.

(iv) Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired (POCI) financial assets are initially recognised at fair value with interest income subsequently determined using a credit-adjusted EIR. The credit-adjusted EIR is the EIR adjusted for expected credit losses on initial recognition. The ECL is measured as the product of the lifetime PD, LGD and EAD adjusted for FUI or by discounting the difference between the contractual and expected cash flows from the individual exposure using the credit-adjusted EIR, with increases and decreases in the measured ECL from the date of origination or purchase being recognised in profit and loss account as either an impairment gain or loss.

The loss allowances for ECL are presented in the balance sheet as debtors 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.

Prior to the adoption of IFRS 9, credit impairment provisions were recognised on an incurred loss basis. Key differences included:

- *an impairment loss was recorded where there was objective evidence of impairment as a result of one or more events (loss event) which had an impact on the estimated future cash flows of the financial asset that could be reliably estimated*
- *where the credit risk of an exposure had deteriorated but there was no objective evidence of impairment, no credit impairment was required to be recognised*
- *forward looking or macroeconomic information was not required to be incorporated into the determination of the credit impairment loss*
- *credit impairments were only required to be recognised for on-balance sheet exposures.*

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

xiv) Impairment (continued)

Expected credit losses ("ECL") (continued)

Credit impairments were calculated on the basis of the difference between the exposure's carrying value and the present value of expected future cash flows, discounted using the original EPR.

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.

xv) 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.

xvi) Called up share capital

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

xvii) Comparatives

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

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

	2019 £	2018 £
Note 3. (Loss)/profit before taxation		
(Loss)/profit before taxation is stated after crediting/(charging):		
Factoring turnover from other Macquarie Group undertakings	31,489,258	19,781,087
Foreign exchange gains/(losses)	193,392	(1,803,614)
Credit impairment charges ¹		
Debtors	(242,719)	-
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	(31,563)	(29,399)

¹The change in expected credit losses relating to financial assets under IFRS 9 is recorded under Credit impairment charges.

The Company had no employees during the year (2018: nil).

Note 4. Other interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	4,675,805	8,592,749
Interest receivable from unrelated parties	-	12
Total interest receivable and similar income	4,675,805	8,592,761

Note 5. Interest payable and similar charges		
Interest payable to other Macquarie Group undertakings	38,824,562	27,931,407
Total interest payable and similar charges	38,824,562	27,931,407

Note 6. Taxation		
Tax expense included in profit or loss		
Current tax		
UK corporation tax at 19% (2018: 19%)	68,968	343,429
Adjustments to tax charge in respect of prior year	(3,350)	-
Foreign tax suffered	(40,440)	4,137
Double tax relief for foreign tax suffered	-	(4,137)
Total current tax	25,178	343,429

Deferred tax		
IFRS 9 Transitional adjustment through equity	(16,182)	-
Change in tax rate	1,703	-
Total deferred tax	(14,479)	-
Total tax on (loss)/profit	10,699	343,429

Reconciliation of effective tax rate

The tax on profit for the year is higher (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

(Loss)/Profit before taxation	(143,197)	1,692,477
Current tax charge at 19% (2018: 19%)	27,207	(321,571)
Effects of:		
Adjustment to tax charge in respect of prior year	(3,350)	-
Foreign tax suffered	(40,440)	4,137
Overseas tax expense relief claimed	7,687	-
Deduction for foreign tax suffered	-	(4,137)
Non assessable income	17,892	665,000
Effect of changes in tax rates	1,703	-
Total tax on (loss)/profit	10,699	343,429

The tax rate for the current year is the same as prior year due to no change in the UK Corporation tax rate. The UK corporation tax rate is 19% for the current period, and will reduce to 17% from 1 April 2020. Deferred tax has been measured at 17%.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

	2019	2018
	£	£

Note 7. Dividends paid

Interim dividends paid	3,000,000	7,500,000
Total dividends paid (Note 14)	3,000,000	7,500,000

Note 8. Investments

Investments at cost	199,999,993	199,999,993
Total investments in subsidiaries	199,999,993	199,999,993

Name of investment	Nature of business	Registered office	% ownership	2019 £	2018 £
Macquarie Trade & Asset Finance International Limited	Financing activities	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 8HD, United Kingdom	100	199,999,993	199,999,993
Total investments				199,999,993	199,999,993

On 15 November 2018, the Company transferred the 1 share (2018: 1 share) held in Macquarie Structured Securities (Europe) Public Limited Company to Macquarie European Investment Holdings Limited. The share was held on trust for Macquarie European Investment Holdings Limited. No consideration was paid for the share and the share did not have any value on the balance sheet (2018: nil).

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

Note 9. Debtors

Amounts owed by other Macquarie Group undertakings ¹	173,229,722	400,972,026
Factored debtors receivable	706,877,486	416,689,737
Taxation	199,271	347,562
Total debtors	880,306,478	818,009,325

¹Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans at market rates and at 31 March 2019 the rate applied was between LIBOR plus 1.18% and LIBOR plus 1.46% (2018: LIBOR plus 1.15% and LIBOR plus 1.94%). Out of the above balance, the Company holds commodity linked notes issued by Macquarie Bank Limited carried at fair value of £9,896,481 (2018: £9,170,502).

At the reporting date, amounts owed from factored debtors receivable and other Macquarie Group undertakings have ECL allowance of £1,253,316 (2018: £1,011,159) which is net presented against the gross carrying amount.

Note 10. Derivative financial instruments

The derivatives positions represent commodity derivative trades that the Company entered into with other Macquarie Group entities to economically hedge the trading assets portfolio assets. As at 31 March 2019, the fair value of outstanding derivatives held by the Company was £3,631,454 positive value (2018: £5,032,177 positive value).

Note 11. Trading portfolio assets

Commodities	32,475,781	95,011,817
Total trading portfolio assets	32,475,781	95,011,817

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

	2019 £	2018 £
Note 12. Creditors: amounts falling due within one year		
Amounts owed to Macquarie Lending & Investment Partners LLP ¹	-	629,087,095
Amounts owed to Macquarie Aerospace Investments Limited ²	213,641,183	-
Amounts owed to other Macquarie Group undertakings ³	690,846,385	273,039,808
Other creditors	6,164	7,560
Total creditors	904,493,732	902,134,463

¹Amounts owed to Macquarie Lending & Investment Partners LLP ("MLIP") represented the discount note issued by the Company as at 31 March 2018. The interest rate applied on the note was between 6 month LIBOR plus 0.38% and 12 month LIBOR plus 0.42%. On 3 December 2018, this note was transferred to Macquarie Aerospace Investments Limited and matured on 29 March 2019.

²Amounts owed to Macquarie Aerospace Investments Limited represented the discount note issued by the Company as at 31 March 2019. The Company incurs interest on the note and at 31 March 2019 the rate applied was LIBOR plus 0.36% (2018: nil).

³Amounts owed to subsidiary undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on intercompany loans owed to Macquarie Group undertakings at market rates and at 31 March 2019 the rate applied was LIBOR plus 1.46% (2018: LIBOR plus 1.25%).

Note 13. Called up share capital and share premium account

	2019 Number of shares	2018 Number of shares	2019 £	2018 £
Authorised share capital				
Opening balance	1,000	1,000	1,000	1,000
Total authorised share capital	1,000	1,000	1,000	1,000
Ordinary share capital				
Opening balance of fully paid ordinary shares	13	13	13	13
Closing balance of fully paid ordinary shares	13	13	13	13
Share premium account				
Opening balance of share premium account			199,999,980	199,999,980
Closing balance of share premium account			199,999,980	199,999,980

Note 14. Profit and loss account

Balance at the beginning of the financial year	15,918,856	21,382,950
Change on initial application of IFRS 9 (Note 2)	(866,377)	-
Restated balance as at 1 April 2018	15,052,479	21,382,950
(Loss)/ profit for the financial year	(132,498)	2,035,906
Dividends paid or provided (Note 7)	(3,000,000)	(7,500,000)
Balance at the end of the financial year	11,919,981	15,918,856

Note 15. 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 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 23. 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 16. Directors' remuneration

During the financial years ended 31 March 2019 and 2018, 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.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 17. 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 18. Financial risk management

Risk is an integral part of the Macquarie Group's businesses. The main risks faced by the Group are strategic, reputation, conduct, credit, equity, asset, liquidity, market, compliance, operational, legal and tax. Primary responsibility for risk management lies at the business level. Part of the role of all business managers throughout Macquarie is to ensure they manage risk appropriately.

Risk Management Group ("RMG") is independent of all other areas of the Macquarie Group. RMG approval is required for all material risk acceptance decisions. RMG independently assesses and accepts all material risks and sets prudential limits, consistent with the Board approved Risk Appetite Statement. The Head of RMG, as Macquarie's CRO, is a member of the Executive Committee of MGL and MBL and reports directly to the CEO with a secondary reporting line to the Board Risk Committee.

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

Credit risk is the risk of a counterparty failing to complete its contractual obligations when they fall due. The consequent loss is either the amount of the loan or financial obligation not repaid, or the loss incurred in replicating a trading contract with a new counterparty. Credit risk within the Company is managed on a group basis by the RMG at MGL.

Ratings and reviews

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

The balances disclosed in the credit risk tables below include only those financial assets and off-balance sheet items that are subject to impairment requirements of IFRS 9. Comparative tables as at 31 March 2018 as published in the 2018 annual report do not reflect the adoption of IFRS 9 and hence are not comparable.

Credit quality of financial assets

The table below discloses, by credit rating grades, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts of the Company. The credit quality is based on the counterparty's credit rating using the Company's credit rating system and excludes the benefit of any collateral and credit enhancements.

As at 31 march 2019				
	Stage I	Stage II	Stage III	Total
	£	£	£	£
Investment Grade				
Amounts owed by other Macquarie Group undertakings	173,229,722	-	-	173,229,722
Factored debtors receivable	520,490,941	-	-	520,490,941
Derivative financial instruments	3,631,454	-	-	3,631,454
Non-Investment grade				
Factored debtors receivable	186,386,545	-	-	186,386,545
Total¹	883,738,662	-	-	883,738,662

For definition of Stage I, II, III refer to Note 2(iv) – Expected credit losses.

¹This balance excludes other non-financial assets of £189,271, which are included in Note 9 - Debtors and Note 6 - Tax on (loss)/profit.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 18. Financial risk management

Credit risk concentration

The table below details the concentration of credit risk by significant geographical locations and counterparty type of the Company's financial assets and off-balance sheet items. The geographical location is determined by the domicile and counterparty type.

	Amounts owed by other Macquarie Group undertakings £	Factored debtors receivable £	Derivative financial instruments £	Total £
2019				
Australia				
Financial institutions	127,023	299,758	3,611,636	4,038,417
Other	-	10,658,131	-	10,658,131
Total Australia	127,023	10,957,889	3,611,636	14,696,548
Americas				
Governments	-	13,379,701	-	13,379,701
Financial institutions	-	43,588,487	-	43,588,487
Other	4,715,412	626,684,474	19,818	631,419,705
Total Americas	4,715,412	683,652,663	19,818	688,387,893
Asia Pacific				
Other	21,760	2,800,810	-	2,822,570
Total Asia Pacific	21,760	2,800,810	-	2,822,570
Europe, Middle East & Africa				
Financial institutions	167,941,888	442,997	-	168,384,885
Other	423,639	8,023,128	-	9,446,766
Total Europe, Middle East & Africa	168,365,527	9,466,125	-	177,831,651
Total	173,229,722	706,877,486	3,631,454	883,738,662
Total gross credit risk	173,229,722	706,877,486	3,631,454	883,738,662

Maximum exposure to credit risk

For on-balance sheet instruments, the maximum exposure to credit risk is the carrying amount reported on the balance sheet. For off-balance sheet instruments, the maximum exposure to credit risk generally represents the contractual notional amounts and is disclosed in Note 9 - Debtors.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 18. Financial risk management (continued)

18.1 Credit risk (continued)

Prior year comparative credit risk disclosures

The below credit risk disclosures were included in the 2018 financial statements and do not reflect the adoption of IFRS 9. These tables are accordingly not directly comparable to that provided in terms of IFRS 9.

Credit quality of financial assets

The table below details the credit quality of the Company's financial assets for the maximum exposure to credit risk. The credit quality is based on the individual counterparty's credit rating and industry type using the Company's credit rating system and excludes the benefit of collateral and credit enhancements except as otherwise indicated.

Maximum exposure to credit risk

2018	Amounts owed by other Macquarie Group undertakings £	Factored debtors receivable £	Derivative financial instruments £	Total £
Australia				
Financial institutions	391,058,457	-	5,032,177	396,090,634
Total Australia	391,058,457	-	5,032,177	396,090,634
Americas				
Governments	-	11,823,134	-	11,823,134
Financial institutions	-	12,116,440	-	12,116,440
Other	-	384,886,188	-	384,886,188
Total Americas	-	408,825,762	-	408,825,762
Asia Pacific				
Other	19,732	-	-	19,732
Total Asia Pacific	19,732	-	-	19,732
Europe, Middle East & Africa				
Other	9,893,837	7,863,975	-	17,757,812
Total Europe, Middle East & Africa	9,893,837	7,863,975	-	17,757,812
Total gross credit risk	400,972,026	416,689,737	5,032,177	822,693,940

Credit quality - 2018	Investment Grade £	Below Investment Grade £	Unrated £	Total £
Amounts owed by other Macquarie Group undertakings				
Financial institutions	391,058,457	-	-	391,058,457
Other	9,913,569	-	-	9,913,569
Factored debtors receivable				
Governments	11,441,676	381,457	-	11,823,133
Financial institutions	11,587,568	528,872	-	12,116,440
Other	258,327,084	134,423,080	-	392,750,164
Derivative financial instruments				
Financial institutions	5,032,177	-	-	5,032,177
Total	687,360,531	135,333,409	-	822,693,940

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 18. Financial risk management (continued)

18.2 Liquidity risk

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

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

Contractual undiscounted cash flows

The table below summarises the maturity profile of the Company's financial liabilities as at 31 March based on contractual undiscounted repayment obligations and hence would vary from the carrying value as the balance sheet date. Repayments subject to notice are treated as if notice were given immediately. However, the Company expects that many customers will not request repayment on the earliest date the Company could be required to pay. Deposits are reported at their contractual maturity. The table does not reflect the behavior expected cash flows indicated by the Company's deposit retention history.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
2019	£	£	£	£	£	£
Derivative financial instruments	-	3,193,107	-	-	-	3,193,107
Creditors: amounts falling due within one year	690,846,385	6,164	-	-	-	690,852,549
Total undiscounted cash flows	690,846,385	3,199,272	-	-	-	694,045,657
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
2018	£	£	£	£	£	£
Creditors: amounts falling due within one year	273,039,808	7,560	629,087,095	-	-	902,134,463
Total undiscounted cash flows	273,039,808	7,560	629,087,095	-	-	902,134,463

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

18.3 Market risk

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

- Price: The risk of loss due to changes in price of a risk factor (interest rates, foreign exchange, commodities etc.);
- Volatility: The risk of loss due to changes in the volatility of a risk factor;
- Basis: Risk of imperfect correlation between offsetting investments in a hedging strategy; and
- Correlation: Risk that the actual correlation between two assets or variables is different from the assumed correlation

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

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 18. Financial risk management (continued)

18.3 Market risk (continued)

Interest rate risk

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

	Movement in basis points bps	2019 Sensitivity of profit before tax £	2018 Sensitivity of profit before tax £
United States dollars	+50	(3,730,795)	(2,371,172)
Great British pounds	+50	38,873	77,489
Australian dollars	+50	45,880	14,324
Euros	+50	(5,871)	(8,098)
Other currencies	+50	827	(1,961)
United States dollars	-50	3,730,795	2,371,172
Great British pounds	-50	(38,873)	(77,489)
Australian dollars	-50	(45,880)	(14,324)
Euros	-50	5,871	8,098
Other currencies	-50	(827)	1,961

Foreign currency risk

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

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

	Movement of +10%		Movement of -10%	
	2019 Sensitivity of profit before tax £	2018 Sensitivity of profit before tax £	2019 Sensitivity of profit before tax £	2018 Sensitivity of profit before tax £
United States dollars	11,939	376,794	(11,939)	(376,794)
Euros	(106,734)	(121,951)	106,734	121,951
Brazilian Reals	11,266	-	(11,266)	-
Hong Kong dollars	93,202	93,794	(93,202)	(93,794)
Swiss Francs	63,313	50,463	(63,313)	(50,463)
Australian dollars	828,266	288,480	(828,266)	(288,480)
Japanese Yen	(250,607)	(211,515)	250,607	211,515
Other currencies	45,485	28,032	(45,485)	(28,032)

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 19. Measurement categories of financial instruments

The following table contains information relating to the measurement categories of financial instruments under IFRS 9 of the Company. The descriptions of measurement categories are included in Note 2(vii) - Significant accounting policies. The methods and significant assumptions that have been applied in determining the fair values of financial instruments are disclosed in Note 20 - Fair value of financial assets and financial liabilities.

The fair value of all financial assets and liabilities carried at amortised cost approximates their carrying value at balance sheet date.

	Financial Instruments				Total
	Carried at fair value			Non-financial instruments	
	HFT	FVTPL	Amortised cost		
	£	£	£	£	£
Assets					As at 31 March 2019
Debtors	-	103,895,248	776,211,982	199,270	880,306,478
Derivative assets	3,631,454	-	-	-	3,631,454
Trading portfolio assets	-	32,475,781	-	-	32,475,781
Investments	-	-	-	199,999,993	199,999,993
Total assets	3,631,454	136,371,027	776,211,962	200,199,263	1,116,413,706
Liabilities					
Creditors: amounts falling due within one year	-	-	904,487,932	5,800	904,493,732
Total liabilities	-	-	904,487,932	5,800	904,493,732

The following table summarises the categories of financial instruments under IAS 39 as at 31 March 2018:

	Financial Instruments				Non-financial instruments	Total
	Carried at fair value					
	HFT	FVTPL	Amortised cost			
	£	£	£	£	£	£
Assets					As at 31 March 2018	
Debtors	-	8,170,502	808,491,077	347,747	818,009,326	
Derivative assets	5,032,178	-	-	-	5,032,178	
Trading portfolio assets	-	95,011,817	-	-	95,011,817	
Investments	-	-	-	199,999,993	199,999,993	
Total assets	5,032,178	104,182,319	808,491,077	200,347,740	1,118,053,314	
Liabilities						
Creditors: amounts falling due within one year	-	-	902,128,646	5,818	902,134,464	
Total liabilities	-	-	902,128,646	5,818	902,134,464	

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 20. Fair values of financial assets and liabilities

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

Financial instruments measured at fair value are categorised in their entirety, in accordance with the levels of the fair value hierarchy as outlined below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate level for an instrument is determined on the basis of the lowest level input that is significant to the fair value measurement.

The Company uses the portfolio exemption in IFRS 13 Fair Value Measurement to measure the fair value of certain groups of financial assets and financial liabilities. These are measured using the price that would be received to sell a net long position, or transfer a net short position, for a particular risk exposure.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments:

- Trading portfolio assets, derivative financial instruments and other transactions undertaken for trading purposes are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 20. Fair values of financial assets and liabilities (continued)

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated periodically to test that outputs reflect prices from observable current market transactions in the same instrument or other available observable market data. To the extent possible, models use only observable market data (e.g. for OTC derivatives), however management is required to make assumptions for certain inputs that are not supported by prices from observable current market transactions in the same instrument, such as volatility and correlation.

The following methods and significant assumptions have been applied in determining the fair values of financial instruments which are carried at amortised cost:

- the fair values of liquid assets and other instruments maturing within three months are approximate to their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- the fair value of demand deposits with no fixed maturity is approximately their carrying amount as they are short term in nature or are payable on demand;
- the fair value of fixed rate loans and debt carried at amortised cost is estimated by reference to current market rates offered on similar loans and the credit worthiness of the borrower;
- the fair values of amounts owed by/amounts owed to other Macquarie Group undertakings are approximated by their carrying amount as the balances are generally receivable/payable on demand.

The fair value of all financial assets and liabilities approximates their carrying value at balance sheet date.

As at 31 March 2019 and 2018, the fair values for "Trading portfolio assets" are classified as level 2 in the fair value hierarchy.

Note 21. Offsetting financial assets and financial liabilities

The Company reports financial assets and financial liabilities on a net basis on the balance sheet in accordance with criteria described in Note 2(viii) - offsetting of financial instruments. The following tables provide information on the impact of offsetting that has occurred in the balance sheet, as well as amounts subject to enforceable netting arrangements that do not meet all the criteria for offsetting in the balance sheet. Enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty only in the event of default or other pre-determined events, such that their potential effects on the Company's financial position in that circumstance is to settle as one arrangement. The amounts presented in this note do not represent the credit risk exposure of the entity, refer to Note 18.1 - Credit risk for information on credit risk management.

	Amounts covered by enforceable netting arrangements ¹						
	Subject to offsetting on balance sheet			Related Amounts Not Offset		Amounts not subject to enforceable netting	
	Gross amounts	Amounts offset	Net amount presented	Other recognised financial instruments	Net amount	arrangements	Balance Sheet total
2019	£	£	£	£	£	£	£
Debtors ²	509,987,094	(336,757,372)	173,229,722	-	173,229,722	706,877,486	880,107,208
Derivative assets	6,824,561	(3,193,107)	3,631,454	-	3,631,454	-	3,631,454
Total assets	516,811,655	(339,950,480)	176,861,176	-	176,861,176	706,877,486	883,738,661
Derivative liabilities	(3,193,107)	3,193,107	-	-	-	-	-
Creditors ³	(1,241,244,940)	336,757,372	(904,487,568)	-	(904,487,568)	(6,164)	(904,493,732)
Total liabilities	(1,241,244,940)	336,757,372	(904,487,568)	-	(904,487,568)	(6,164)	(904,493,732)

¹There are no amounts not offset related to cash and other financial collateral or other recognised financial instruments.

²This balance excludes other non-financial assets of £189,271, which are included in Note 9 - Debtors.

Macquarie Commodities (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2019 (continued)

Note 21. Offsetting financial assets and financial liabilities (continued)

	Amounts covered by enforceable netting arrangements ¹				Related		Amounts not subject to enforceable netting arrangements	Balance Sheet total
	Subject to offsetting on balance sheet	Amounts Not Offset	Other recognised financial instruments	Net amount	Net amount	Net amount		
	Gross amounts £	Amounts offset £	Net amount presented £	£	£	£	£	£
2018								
Debtors ²	806,344,254	(405,372,228)	400,972,026	-	400,972,026	416,689,737	817,661,763	
Derivative financial instruments	5,032,177	-	5,032,177	-	5,032,177	-	5,032,177	
Total assets	811,376,431	(405,372,228)	406,004,203	-	406,004,203	416,689,737	822,693,940	
Creditors ³	(1,307,489,131)	405,372,228	(902,126,903)	-	(902,126,903)	(7,560)	(902,134,463)	
Total liabilities	(1,307,489,131)	405,372,228	(902,126,903)	-	(902,126,903)	(7,560)	(902,134,463)	

¹ There are no amounts not offset related to cash and other financial collateral or other recognised financial instruments.

² This balance excludes other non-financial assets of £347,562, which are included in Note 9 - Debtors.

³ This balance excludes other non-financial liabilities of £595,482, which are included in Note 12 - Creditors: amounts falling due within one year.

Offsetting on balance sheet

Amounts are offset in accordance with the criteria described in Note 2(vii) - offsetting of financial instruments and are limited to the gross carrying values of the financial instruments. Therefore, when an asset is offset by a liability and the asset carrying value exceeds the liability carrying value, then the net amount presented for the asset will be the difference, and for the liability will be nil.

Amounts subject to enforceable netting arrangements

Enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty only in the event of default or other pre determined events, such that their potential effect on the consolidated entity's and company's financial position in that circumstance is to settle as one arrangement.

'Other recognised financial instruments' discloses other financial instruments recognised on balance sheet and 'Cash and other financial collateral' discloses amounts received or pledged in relation to the gross amounts of assets and liabilities. Both are subject to enforceable netting arrangements but are not offset due to the rights of set off applying only upon default or other predetermined events. This excludes non-financial instrument collateral.

The amounts subject to enforceable netting arrangements but not set off on the balance sheet have been limited to the net amount presented on the balance sheet so as not to include effects of over-collateralisation.

Note 22. Events after the reporting period

There were no material events subsequent to 31 March 2019 that have not been reflected in the financial statements.

Note 23. Ultimate parent undertaking

At 31 March 2019, the immediate parent undertaking of the Company is Macquarie Commodities Factoring Holdings (UK) 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 Bank Limited ("MBL"), a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MBL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000 Australia.