

MACQUARIE COMMODITIES FINANCE (UK) LIMITED

COMPANY NUMBER 05259503

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2017



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

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Macquarie Commodities Finance (UK) Limited

2017 Strategic Report, Directors' Report and Financial Statements Contents

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Macquarie Commodities Finance (UK) Limited

Strategic Report for the financial year ended 31 March 2017

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

Principal activity

The principal activity of the Company during the financial year ended 31 March 2017 was to operate as an investment holding company.

Review of operations

The loss for the financial year ended 31 March 2017 was £100,310, as compared to profit of £4,816,465 in the previous year.

Operating loss for the year ended 31 March 2017 was £11,933, as compared to operating profit of £4,791,972 in the previous year.

As of 31 March 2017, the Company had net assets of £221,146,371 (2016: £221,246,681).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in its financial statements and can be obtained from the address given in Note 18.

Financial risk management

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

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

Credit risk

Credit exposures, approvals and limits are controlled with the Macquarie Group's credit 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.

Macquarie Commodities Finance (UK) Limited

Strategic Report (continued) for the financial year ended 31 March 2017

Financial risk management (continued)

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances and receivables from other Macquarie Group undertakings, 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.

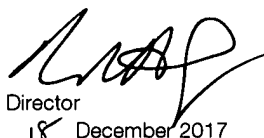
Foreign exchange risk

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

Key performance indicators (KPIs)

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

On behalf of the Board



Director

18 December 2017

ROBERT THOMPSON

Macquarie Commodities Finance (UK) Limited

Company Number 05259503

Directors' Report for the financial year ended 31 March 2017

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:

C Ferguson
P Plewman
R Thompson

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

H Everitt
O Shepherd (resigned 16 December 2016)

Results

The loss for the financial year ended 31 March 2017 was £100,310 (2016: profit of £4,816,465).

Dividends and distributions paid or provided for

No interim dividends (2016: £4,800,000) were paid during the financial year. No final dividend has been proposed.

State of affairs

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

Events after the reporting period

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2017 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 and foreign exchange risk are contained within the Strategic Report.

Indemnification and insurance of Directors

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

Macquarie Commodities Finance (UK) Limited

Company Number 05259503

Directors' Report

for the financial year ended 31 March 2017 (continued)

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 regulations.

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; 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

18 December 2017

ROBERT THOMPSON

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

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

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

- the Balance Sheet as at 31 March 2017;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

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

What an audit of financial statements involves

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

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

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

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

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



Amena Shaista (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
December 2017

Macquarie Commodities Finance (UK) Limited

Financial Statements

Profit and loss account

for the financial year ended 31 March 2017

	Note	2017 £	2016 £
Turnover		-	4,800,000
Administrative expenses		(10,115)	(7,602)
Other operating expenses	3	(1,818)	(426)
Operating (loss)/profit		(11,933)	4,791,972
Interest receivable and similar income	4	7,862	601,073
Interest payable and similar expenses	5	(121,317)	(572,464)
(Loss)/Profit on ordinary activities before taxation	3	(125,388)	4,820,581
Tax on loss/(profit) on ordinary activities	6	25,078	(4,116)
(Loss)/Profit for the financial year		(100,310)	4,816,465

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

Turnover and (loss)/profit on ordinary activities before taxation relate wholly to continuing operations.

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

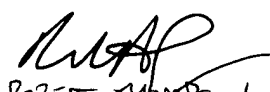
Macquarie Commodities Finance (UK) Limited

Balance sheet as at 31 March 2017

	Notes	2017 £	2016 £
Fixed assets			
Investments	8	225,847,473	225,133,270
Current assets			
Debtors	11	72,668	1,029,079
Current liabilities			
Creditors: amounts falling due within one year	12	(4,773,770)	(4,915,668)
Net current liabilities		(4,701,102)	(3,886,589)
Total assets less current liabilities		221,146,371	221,246,681
Net assets		221,146,371	221,246,681
Capital and reserves			
Called up share capital	13	220,262,609	220,262,609
Profit and loss account	14	883,762	984,072
Total shareholders' funds		221,146,371	221,246,681

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

The financial statements on pages 6 to 17 were approved by the Board of Directors on 18 December 2017 and were signed on its behalf by:


ROBERTO THOMPSON
Director

Macquarie Commodities Finance (UK) Limited

Statement of changes in equity for the financial year ended 31 March 2017

	Note	Called up share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2015		220,262,609	967,607	221,230,216
Profit for the financial year		-	4,816,465	4,816,465
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	4,816,465	4,816,465
Transactions with equity holders in their capacity as ordinary equity holders:				
Dividends paid	7	-	(4,800,000)	(4,800,000)
Balance at 31 March 2016		220,262,609	984,072	221,246,681
Loss for the financial year		-	(100,310)	(100,310)
Other comprehensive income, net of tax		-	-	-
Total comprehensive expense		-	(100,310)	(100,310)
Balance at 31 March 2017		220,262,609	883,762	221,146,371

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.

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2017

Note 1. General information

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

Note 2. Summary of significant accounting policies

i) Basis of preparation

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

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment securities available for sale and certain financial assets and financial liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Group Limited ("MGL"), a company incorporated in Australia.

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

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

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraph 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- the requirements of International Accounting Standards ("IAS") 7 'Statement of Cash Flows';
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 111 of IAS 1 'Presentation of Financial Statements' (additional comparatives);
- 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 paragraphs 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets';
- the requirements of paragraph 17 or IAS 24 'Related Party Disclosures' (key management compensation); and
- the requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2017 (continued)

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

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 impairment on investment in subsidiary (Note 8) and determination of whether dividends received are recognised as income or a return of capital (Note 7).

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

Management believes the estimates used in preparing the financial 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 our assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

(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) Deficiency of net current assets

The Directors of the Company have prepared the financial statements on a going concern basis despite there being an excess of current liabilities over current assets at 31 March 2017 of £4,701,102. However, on 7 December 2017, the Company entered into a loan facility with Macquarie Bank Limited (UK Branch) to borrow up to US\$7,000,000 (£5,584,863) with a maturity of three years. As at the date of this report, the Company is in a net current asset position.

iv) Foreign currency translations

Functional and presentation currency

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

v) Revenue and expense recognition

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

Net interest income/expense

Interest income and expense is brought to account using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future 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.

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements

for the financial year ended 31 March 2017 (continued)

Note 2. Summary of significant accounting policies (continued)

v) Revenue and expense recognition (continued)

Other operating expenses

Other operating expense comprises of other gains and losses relating to foreign exchange differences which are recognised in the profit and loss.

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.

vi) 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.

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.

vii) Hedge accounting

The Company designates certain financial instruments as hedging instruments in qualifying hedge relationships. On initial designation of the hedge, the Company documents the hedging relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging relationships have been and will continue to be highly effective. Financial instruments are designated in the following type of hedge relationship:

Fair value hedges

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

viii) Investments and other financial assets

The investments are classified into the following categories: loans and receivables, investment securities available for sale, and investments in subsidiaries. The classification depends on the purpose for which the financial asset was acquired, which is determined at initial recognition and is re-evaluated at each balance date.

Loans and receivables

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

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2017 (continued)

Note 2. Summary of significant accounting policies (continued)

viii) Investments and other financial assets (continued)

Investment securities available for sale

Investment securities in this category are available for sale and may be sold should the need arise, including for purposes of liquidity, or due to the impacts of changes in interest rates, foreign exchange rates or equity prices.

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

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

Dividends from equity securities available for sale are recognised in the profit and loss account when the Company becomes entitled to the dividend or distribution.

Investments 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.

ix) Impairment

Loans and receivables

Loan assets are subject to regular review and assessment for possible impairment. Provisions for impairment on loan assets are recognised based on an incurred loss model and re-assessed at each balance sheet date. A provision for impairment is recognised when there is objective evidence of impairment, and is calculated based on the present value of expected future cash flows, discounted using the original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the profit and loss to the extent of what the amortised cost would have been had the impairment not been recognised.

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements

for the financial year ended 31 March 2017 (continued)

Note 2. Summary of significant accounting policies (continued)

ix) Impairment (continued)

Investment securities available for sale

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

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

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

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

Impairment losses recognised in the profit and loss for equity securities classified as available for sale are not subsequently reversed through the profit and loss.

Investments in subsidiaries

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

x) Cash at bank

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

xi) Called up share capital

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

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2017 (continued)

	2017 £	2016 £
Note 3. (Loss)/profit on ordinary activities before taxation		
(Loss)/Profit on ordinary activities before taxation is stated after charging:		
Foreign exchange losses	1,818	426
Fee allocations to other Macquarie Group undertakings	1,816	2,151
Fees payable to the Company's auditors for the audit of the Company	8,259	5,451

The Company had no employees during the year (2016: nil).

Note 4. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	7,862	601,073
Total interest receivable and similar income	7,862	601,073

Note 5. Interest payable and similar expenses		
Interest payable to other Macquarie Group undertakings	121,317	572,464
Total interest payable and similar expenses	121,317	572,464

Note 6. Taxation

i) Tax credit/(charge) included in profit or loss

Current tax

UK corporation tax at 20% (2016: 20%)	25,078	(4,116)
Total current tax	25,078	(4,116)

ii) Reconciliation of effective tax rate

The income tax credit/(charge) for the year is equal to (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

(Loss)/Profit before taxation	(125,388)	4,820,581
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 20% (2016: 20%)	25,078	(964,116)
Effects of:		
Non assessable income		960,000
Total tax on loss/(profit) on ordinary activities	25,078	(4,116)

The tax rate for the current year is equal to the prior year. The UK corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017 and will further reduce to 17% from 1 April 2020.

Note 7. Dividends paid

Interim paid in March 2016	-	2,400,000
Interim paid in September 2015	-	2,400,000
Total dividends and distributions paid	-	4,800,000

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2017 (continued)

	2017 £	2016 £
Note 8. Investments		
Investments in subsidiaries (note 10)	225,847,472	225,133,269
Investment securities available for sale (note 9)	1	1
Total investments	225,847,473	225,133,270

Reconciliation of movement in investments		
Balance at beginning of the financial year	225,133,270	220,262,610
Additions	-	4,842,672
Foreign exchange movements	714,203	27,988
Balance at the end of the financial year	225,847,473	225,133,270

Note 9. Investment securities available for sale

Name of investment	Nature of business	Country of incorporation	2017 % ownership	2017 £	2016 £
Investment securities available for sale					
Macquarie Belgium TCG SPRL	Holding company	Belgium	<1	1	1
Total investment securities available for sale				1	1

Note 10. Investments in subsidiaries

Investments at cost without provisions for impairment	225,847,472	225,133,269
Total investments in subsidiaries	225,847,472	225,133,269

Name of investment	Nature of business	Country of incorporation	2017 % ownership	2017 £	2016 £
Investments in subsidiaries					
Macquarie Commodities Factoring Holdings (UK) Limited	Holding company	United Kingdom	100	220,262,609	220,262,609
Macquarie Physical Commodities (UK) Limited	Purchase, sale, transport and financing of physical commodities	United Kingdom	100	5,584,863	4,870,660
Total investments in subsidiaries				225,847,472	225,133,269

The Company also holds 1 share in Macquarie Structured Securities (Europe) Public Limited Company. The share is held on trust for Macquarie European Investment Holdings Limited. No consideration was paid for the share and the share does not have any value on the balance sheet.

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

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2017 (continued)

	2017 £	2016 £
Note 11. Debtors		
Amounts owed by other Macquarie Group undertakings ¹	51,707	1,029,079
Taxation	20,961	-
Total debtors	72,668	1,029,079

¹Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2017 the rate applied ranged between LIBOR plus 1.39% and LIBOR plus 1.53% (2016: between LIBOR plus 1.17% and LIBOR plus 2.65%).

Note 12. Creditors: amounts falling due within one year		
Amounts owed to other Macquarie Group undertakings ¹	4,773,770	4,911,552
Taxation	-	4,116
Total creditors	4,773,770	4,915,668

The majority of the above amounts are expected to be settled within 12 months of the balance date by the Company.

¹Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2017 the rate applied was LIBOR plus 1.39% (2016: LIBOR plus 1.32%).

Note 13. Called up share capital

	2017 Number of shares	2016 Number of shares	2017 £	2016 £
Called up share capital				
Opening balance of fully paid ordinary shares	696,000,001	696,000,001	220,262,609	220,262,609
Closing balance of fully paid ordinary shares	696,000,001	696,000,001	220,262,609	220,262,609

Note 14. Profit and loss account

Balance at the beginning of the financial year	984,072	967,607
(Loss)/Profit attributable to ordinary equity holders of the Company	(100,310)	4,816,465
Dividends and distributions paid (note 7)	-	(4,800,000)
Balance at the end of the financial year	883,762	984,072

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 18.

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.

Macquarie Commodities Finance (UK) Limited

Notes to the financial statements for the financial year ended 31 March 2017 (continued)

Note 15. Related party information (continued)

Details of holdings by related party undertakings are as below:

Name of related party	Registered office	% ownership	Class of shares
Related party undertakings of Macquarie Belgium TCG SPRL:			
JB Honoré S.à.r.l.	5, rue Guillaume Kroll, Luxembourg,	19.24%	Class A
	L-1882, Luxembourg	28.4%	Class B
		100%	Class C
Related party undertakings of Macquarie Commodities Factoring Holdings (UK) Limited:			
Macquarie Commodities (UK) Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100%	Ordinary
Macquarie Structured Securities (Europe) Public Limited Company	First Floor, Connaught House, 1 Burlington Road, Dublin 4, Ireland	<1%	Ordinary
Related party undertakings of Macquarie Commodities (UK) Limited:			
Macquarie Factoring (UK) Limited	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100%	Ordinary
Macquarie Structured Securities (Europe) Public Limited Company	First Floor, Connaught House, 1 Burlington Road, Dublin 4, Ireland	<1%	Ordinary

Note 16. Directors' remuneration

During the financial years ended 31 March 2017 and 31 March 2016, all directors were employed by and received all emoluments from, other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

Note 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. Ultimate parent undertaking

At 31 March 2017 the immediate parent undertaking of the Company is Macquarie Bank Limited (London Branch).

The ultimate parent undertaking and controlling party of the Company is MGL. The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is Macquarie 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.

Note 19. Events after the reporting year

There were no material events subsequent to 31 March 2017 that have not been reflected in the financial statements.