MACQUARIE COMMODITIES FINANCE (UK) LIMITED

COMPANY NUMBER 05259503

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

MACQUARIE

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

2020 Strategic Report, Directors' Report and Financial Statements
Contents

Strategic Report
for the financial year ended 31 March 2020

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 activities

The principal activities of the Company during the financial year ended 31 March 2020 were to operate as an investment holding company and to provide intercompany funding to other Macquarie related entities.

Review of operations

The profit for the financial year ended 31 March 2020 was £166,454, a decrease of 94 percent from the profit of £2,690,940 in the previous financial year.

Net operating profit for the financial year ended 31 March 2020 was £418,227, a decrease of 83 percent from the net operating profit of £2,494,006 in the previous financial year.

Total operating income for the financial year ended 31 March 2020 was £418,226, as compared to total operating expenses for the financial year ended 31 March 2019 of £505,994.

As at 31 March 2020, the Company has net assets of £220,600,766 (2019: £220,434,312).

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 20.

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 UK government and the EU Commission subsequently agreed an Article 50 Withdrawal Agreement, pursuant to which a transition period commenced which lasted until 31 December 2020. On 24 December 2020, the United Kingdom and the EU reached agreement on a number of areas relating to their future relationship. This agreement generally did not address financial services, and the nature of the future financial services regime between the UK and EU remains subject to ongoing engagement between the parties. The Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts.

The Company is not subject to any other material risks or uncertainties, over and above those stated, although the Directors' note that the emerging situation with respect to COVID-19 has potential, but not material business risks.

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.

Strategic Report
for the financial year ended 31 March 2020 (continued)

Financial risk management (continued)

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.

Interest rate risk

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

Operational risk

The Company operates within a global framework which is applied consistently across all business lines within the Macquarie Group for the identification, monitoring, management and reporting of operational risk. Operational risk management occurs largely as part of the normal day to day running of each business with the framework, policies and oversight being managed at a central level by RMG. The framework can be tailored to the risk profile of each business, but each business must comply with certain mandatory aspects.

Section 172(1) Statement

Section 172(1) of the Companies Act 2006 requires Directors to act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:
(a) the likely long-term consequences of decisions;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly as between the Company's owners.

Consideration of these factors and other relevant matters is embedded into all Board decision-making, strategy development and risk assessment throughout the year.

Strategic Report
for the financial year ended 31 March 2020 (continued)

Section 172(1) Statement (continued)

This is the first year that certain UK companies, including the Company, are required to publish a statement setting out how their Directors have complied with this requirement. Our Section 172 statement focusses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

From the perspective of the Directors, the matters that it is responsible for considering under Section 172 of the Companies Act 2006 have been considered to an appropriate extent by the Company. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors considered these matters is set out in the Director's report on pages 7 to 8.

Other matters

Due to the 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 (including with regard to environmental and employee matters) in the Strategic report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

Malcolm Eddington
Director

13 January 2021

Macquarie Commodities Finance (UK) Limited

Company Number 05259503

Directors' Report

for the financial year ended 31 March 2020

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 Secretarv

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 Eddington	(appointed on 4 September 2019)
C Ferguson	
P Plewman	(resigned on 4 September 2019)
R Thompson	

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

H Everitt

Results

The profit for the financial year ended 31 March 2020 was £166,454 (2019: £2,690,940).

Dividends

No dividends were paid or provided for during the current financial year (2019: £4,000,000). No final dividend has been proposed.

State of affairs

There were no 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 date

On 25 September 2020, the Directors of the Company's wholly-owned subsidiary, Macquarie Commodities Factoring Holdings (UK) Limited, approved a dividend of £2,000,000 to the Company.

In November 2020, the Company entered into a loan facility with Macquarie Investments (UK) Limited to borrow up to £5,000,000 with a long-term maturity, to mitigate the Company's deficiency in net current assets. As at the date of this report, the Company is in a net current asset position.

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

Directors' Report
for the financial year ended 31 March 2020 (continued)

Likely developments, business strategies and prospects

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

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

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

Coronavirus ("COVID-19")

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

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

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.

Statement of Directors' responsibilities in respect of the financial statements

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

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

Directors' Report
for the financial year ended 31 March 2020 (continued)

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

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

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

Section 172(1) Statement
The Directors acknowledge their responsibility under section 172 (1) of the Companies Act of 2006 and have acted in a way that they considered, in good faith, to be most likely to promote the long-term success of the Company and have considered all relevant matters where appropriate in respect of the Company's stakeholders, who are principally its group shareholder.

The following sets out the requirements of section 172 (1), and notes how the Directors have discharged their duties. The key decisions made by the Company during the year related to acting as a holding company for various investments in the Macquarie Group.

(a) Likely consequences of any decision in the long term:
The Company's ultimate parent is MGL. The Company operates to the ethical and business standards set by MGL and the Macquarie Group. Any decision taken will be aligned to the strategy of the Company and the wider Macquarie Group and be made in accordance with Macquarie's Code of Conduct (the "Code"). The Code is based on the three principles that guide the way Macquarie does business – Opportunity, Accountability and Integrity. A guide to good decision making is contained within the Code, which emphasises key questions to ask, including the need to think long term and consider whether a decision will stand the test of time. Potential consequences of decisions made by the Board will vary depending on the matter at hand, but the Board typically considers relevant stakeholders, alignment with the long-term value creation strategy of the Company and the culture of the existing business. Before a proposal is brought to the Board for approval, it will have gone through a series of internal approvals, in accordance with Macquarie's risk management framework, which is embedded across all Macquarie Group's operations. The Macquarie Group's approach to risk management is based on the following stable and robust core risk management principles i) ownership of risk at the business level; ii) understanding worst case outcomes and iii) independent sign off by the Risk Management Group.

Supporting each approval request, the Directors are given documentation which includes diligence on financial impacts, as well as non-financial factors and, as part of their deliberations, the Directors consider how the decision is in the best interests of the Company having due regard to the interests of the shareholder and relevant stakeholders.

(b) Interests of the Company's workforce:
The Company itself does not have any direct employees but utilises the services of employees employed by the Macquarie Group via a range of internal shared services agreements.

Directors' Report

for the financial year ended 31 March 2020 (continued)

Statement of Directors' responsibilities in respect of the financial statements (continued)

Section 172(1) Statement (continued)

(c) Business relationships with suppliers, customers and others

The Directors are cognisant of the stakeholders of the Company and the importance of strong relationships, coupled with appropriate levels of communication and engagement. The Board oversees how the Company deals with its various business relationships.

(d) Community and the environment

Clear dialogue with stakeholders is important to building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our Environmental Social and Governance ("ESG") approach.

Macquarie Group recognises that failure to manage ESG risks could expose the organisation to commercial, reputational and regulatory impacts and affect communities, the environment and other external parties. Assessing and managing Macquarie Group-wide ESG risks is a key business priority and an important component of our broader risk management framework, to which the Company itself and business proposals brought to the Company are subject.

(e) Reputation for high standards:

The reputations of the Company and its Directors are fundamental to the long-term success of the Company and significant effort is expended to ensure that performance and processes attain and wherever possible exceed expectations. The Macquarie Group and the Company are committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way and treating all stakeholders with honesty and integrity. These principles are further reflected in the Code. Macquarie's Integrity Office provides an internally independent and confidential point of contact for Macquarie's workforce and external parties to safely raise concerns about improper conduct. It is responsible for implementing the Whistleblower Policy and for managing the investigation of concerns raised under this policy, including any raised through the Macquarie Staff Hotline. The Integrity Office also promotes high ethical standards and good decision making through communications and engagement with Macquarie's workforce.

(f) Need to act fairly as between members of the Company:

The Company is a 100% indirect subsidiary of MGL. Information is shared effectively to ensure that both the direct parent and ultimate shareholder are engaged as appropriate with respect to key decisions of the Company. Matters approved by the Directors during the financial year were not subject to shareholder engagement, however the interests of relevant stakeholders were considered by the Directors in the major developments, activities or transactions described in the principal activities in the Strategic report, as well as the Dividends section of this report.

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.

Directors' Report
for the financial year ended 31 March 2020 (continued)

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

On behalf of the Board

Malcolm Eddington
Director

13 January 2021

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit 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 2020; the profit and loss account and the statement of changes in equity for the financial year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

Reporting on other information (continued)

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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 in respect of the financial statements set out on pages 6 to 8, 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.

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 Finance (UK) Limited (continued)

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.

K A Wilkins

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

Financial Statements

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

	Note	2020 £	2019 £
Turnover	3	**1**	3,000,000
Administrative expenses	3	**(15,445)**	(8,591)
Other operating income/(expenses)	3	**433,671**	(497,403)
Operating profit		**418,227**	2,494,006
Interest receivable and similar income	4	**26,462,563**	10,993,583
Interest payable and similar expenses	5	**(26,778,136)**	(10,752,525)
Profit on ordinary activities before taxation		**102,654**	2,735,064
Tax on profit on ordinary activities	6	**63,800**	(44,124)
Profit for the financial year		**166,454**	2,690,940

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 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.

Balance sheet
as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	8	**225,892,090**	225,647,351
Loan assets	11	**428,138,783**	-
Current assets			
Debtors	12	**117,359**	822,992,058
Current liabilities			
Creditors: amounts falling due within one year	13	**(3,847,103)**	(822,820,356)
Net current (liabilities)/assets		**(3,729,744)**	171,702
Total assets less current liabilities		**650,301,129**	225,819,053
Creditors: amounts falling due after more than one year	14	**(429,700,363)**	(5,384,741)
Net assets		**220,600,766**	220,434,312
Shareholders' funds			
Called up share capital	15	**220,262,609**	220,262,609
Profit and loss account	16	**338,157**	171,703
Total shareholders' funds		**220,600,766**	220,434,312

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 13 to 30 were authorised for issue by the Board of Directors on 13 January 2021 and were signed on its behalf by:

Malcolm Eddington
Director

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

	Note	Called up share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2018		220,262,609	1,480,763	221,743,372
Profit for the financial year		-	2,690,940	2,690,940
Total comprehensive income		-	2,690,940	2,690,940
Transactions with equity holders in their capacity as ordinary equity holders:				
Dividends paid	7	-	(4,000,000)	(4,000,000)
Balance at 31 March 2019		**220,262,609**	**171,703**	**220,434,312**
Profit for the financial year		-	166,454	166,454
Total comprehensive income		-	166,454	166,454
Balance at 31 March 2020		**220,262,609**	**338,157**	**220,600,766**

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

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

Note 1. Company information

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

Note 2. Summary of significant accounting policies

(i) Basis of preparation

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

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

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent 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 paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- 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 and 111 and 134 to 136 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)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

Critical accounting estimates and significant judgements

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

- judgement in assessing whether the cash flows generated by a financial asset constitute solely payment of principal and interest ("SPPI");
- judgement in the choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss ("ECL") including the determination of significant increase in credit risk (SICR), forecasts of economic conditions and the weightings assigned thereto (Note 2(xii));

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

Note 2. Summary of significant accounting policies (continued)

(i) Basis of preparation (continued)

Critical accounting estimates and significant judgements (continued)

- judgement regarding the identification of indicators of impairment in financial investments and investment in subsidiaries (Note 2(xii)).

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

COVID-19 impact

Background

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

Processes applied

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

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

Consideration of the statements of financial position and further disclosures

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

Loans and receivables

In response to COVID-19 the Company undertook a review of loans to other Macquarie entities and other financial asset exposures and the ECL for each. The review considered the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology, SICR thresholds, and definition of default remained consistent with prior periods. Refer to Notes 11 and 12.

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

Note 2. Summary of significant accounting policies (continued)

(i) Basis of preparation (continued)

COVID-19 impact (continued)

Investments in subsidiaries

When it has been assessed that there is an indicator of impairment the Company tests the carrying amount of each of its investments for impairment, by comparing the investment's recoverable amount with its carrying value. In addition to the Company assessing its investments in subsidiaries for impairment, the Company re-affirmed that there were no circumstances as a result of COVID-19 that would affect the existing control conclusion for its subsidiaries, including structured entities, nor did it highlight instances in which the Company now had control of such entities. Refer to Notes 2(xii) and 9.

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

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

(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 2020 of £3,729,744. However, in November 2020, the Company entered into a loan facility with Macquarie Investments (UK) Limited to borrow up to £5,000,000 with a long-term maturity. As at the date of this report, the Company is in a net current asset position.

(iv) 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 Company operates. The Company's financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Transactions and balances

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

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

For the detailed policy on Financial instruments refer to Note 2(vii).

(v) Revenue and expense recognition

Turnover

Dividends from investments in UK companies and dividends from investments in overseas companies are recognised when the Company becomes entitled to the dividend.

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

Note 2. Summary of significant accounting policies (continued)

(v) Revenue and expense recognition (continued)

Net interest income/expense

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

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

Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount. Interest income on financial assets and liabilities that are classified as FVTPL is accounted for on a contractual rate basis.

Expenses

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

(vi) Taxation

The balance sheet approach to 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 against which to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences 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.

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.

The Company exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

Factors considered include the ability to offset tax losses within the tax consolidated group or groups of entities in overseas jurisdictions, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/ (recovered from) tax authorities based on its understanding and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities.

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

Note 2. Summary of significant accounting policies (continued)

(vii) Financial instruments

Recognition of financial instruments

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

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

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

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:
- are entered into at the same time and in contemplation of one another
- have the same counterparty
- relate to the same risk
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction
- consideration of whether each of the financial instruments has its own terms and conditions and each may be transferred or settled separately.

Derecognition of financial instruments

Financial assets

Financial assets are derecognised from the balance sheet when:
- the rights to cash flows have expired; or
- the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Company i) transfers the contractual rights to receive the cash flows of the financial asset, or ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where:
- the Company is not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- the Company is prohibited from selling or pledging the original asset other than as security to the eventual recipients; and
- the Company is obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay.

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

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

Note 2. Summary of significant accounting policies (continued)

(vii) Financial instruments (continued)

Financial liabilities

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

Gains and losses arising from the derecognition of debt financial assets or financial liabilities that are subsequently measured at amortised cost are recognised in other income as part of other operating income and expenses, while those arising from the derecognition of debt financial assets, that are subsequently measured at FVTPL or financial liabilities, that are subsequently measured at FVTPL, are recognised as investment income 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 senior management personnel and senior executives;
ii. the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
iii. how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

Solely payment of principal and interest (SPPI)

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

Amortised cost

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

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

Fair value through profit or loss (FVTPL)

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

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

Note 2. Summary of significant accounting policies (continued)

(vii) Financial instruments (continued)

Fair value through profit or loss (FVTPL) (continued)
For the purposes of the Company's financial statements, the FVTPL classification consists of 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).

Equity financial assets are measured at FVTPL.

Changes in the fair value of financial assets that are FVTPL *are recognised as part of other operating income and expenses.*

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

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

The Company does not reclassify financial liabilities after initial recognition.

Financial liabilities
Financial liabilities are subsequently measured at amortised cost.

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

(viii) Hedge accounting
As part of its ongoing business, the Company is exposed to several financial risks, principally that of foreign exchange rates (referred to as the hedged risk or exposure). The Company has limited appetite for such risks and has policies and practices in place to ensure that these risks are effectively managed. The Company mitigates foreign currency risk through the use of foreign-denominated debt issued (collectively referred to as hedging instruments). In order to account for the difference in the gains and losses between the exposure that is being hedged and the hedging instrument, the Company applies hedge accounting as below:

Fair value hedge
- Nature of hedge: The hedge of the fair value risk on the non-functional currency investments by the Company due to changes in foreign currency rates.
- Hedged risk: Foreign exchange risk (spot)
- *Hedged item: Foreign currency denominated investment*
- Hedging instrument: Foreign currency denominated issued debt
- Designation and documentation: At inception of the hedge relationship, documentation is required of the Company's risk management objective and strategy for the hedge, hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.
- Hedge effectiveness method: All hedge relationships are required to be assessed for hedge ineffectiveness both at the inception and throughout the hedge relationship by demonstrating that:
  - an economic relationship exists between the hedged item and the hedging instrument;
  - credit risk does not dominate the changes in value of either the hedged item or the hedging instrument; and
  - the hedge ratio is reflective of the Company's risk management approach.

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

Note 2. Summary of significant accounting policies (continued)

(viii) Hedge accounting (continued)

- The hedge effectiveness assessment is performed by a combination of qualitative and, where applicable, quantitative assessments. Changes in the hedge ratio, or rebalancing, may be required to adjust the hedged item or the hedging instrument.
- Accounting treatment for the hedging instrument: Fair value through the profit and loss account.
- Accounting treatment for the hedged item: Carrying value adjusted for changes in fair value attributable to the hedged risk.
- Accounting treatment for hedge ineffectiveness: Recognised in the profit and loss account to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.
- Accounting treatment if the hedge relationship is discontinued: Where the hedged item still exists, adjustments to the hedged item are amortised to the profit and loss account on an effective interest rate basis.

(ix) Investments

Investments in subsidiaries

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

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

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

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

Financial investments

Investment securities in this category include investments in equity securities which are not actively traded by the Company.

Financial investments are initially recognised at fair value adjusted for directly attributable transaction costs on settlement date and subsequently measured in accordance with the Company's accounting policy for financial instruments Note 2(vii).

(x) Loan assets

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 on settlement date (adjusted for directly attributable transaction costs for loan assets subsequently measured at amortised cost) and subsequently measured in accordance with the Company's accounting policy for financial instruments (Note 2(vii)).

Transactions between the Company and related entities principally arise from the provision of lending arrangements and acceptance of funds on deposit, intercompany services and transactions and the provision of financial guarantees. Refer to Note 2(v) Revenue and expense recognition and Note 2(vii) Financial instruments.

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

Note 2. Summary of significant accounting policies (continued)

(xi) Due to/from related entities
Financial assets and financial liabilities are presented net where the offsetting requirements are met (Note 2(vii)), such that the net amount is reported in the balance sheet.

(xii) Impairment

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

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

The ECL is determined with reference to the following stages:

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

(ii) Stage II – Lifetime ECL not credit-impaired
When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company applies its judgment in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI.

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

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

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

Presentation of loss allowances
The loss allowances for ECL are presented in the balance sheet for amounts from other Macquarie Group undertakings. Credit impairment charges are presented in other operating expenses.

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

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

Note 2. Summary of significant accounting policies (continued)

(xii) Impairment (continued)

Impairment of investments in subsidiaries

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

(xiii) 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.

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

	2020 £	2019 £
Note 3. Profit on ordinary activities before taxation		
Profit on ordinary activities before taxation is stated after (charging)/crediting:		
Turnover		
Dividend income	**1**	3,000,000
Credit impairment reversals/(charges)	**438,441**	(497,165)
Foreign exchange losses	**(4,770)**	(238)
Fees payable to the Company's auditors for the audit of the Company[1]	**(15,333)**	(8,480)
Other expenses	**(112)**	(111)

[1]Includes £1,635 that relates to audit services for the prior year.

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

Note 4. Interest receivable and similar income

	2020 £	2019 £
Interest receivable from other Macquarie Group undertakings	**26,462,563**	10,993,583
Total interest receivable and similar income	**26,462,563**	10,993,583

Represents interest income calculated using the effective interest method of £26,462,563 (2019: £10,993,583) on the financial assets in the Company that are measured at amortised.

Note 5. Interest payable and similar expenses

	2020 £	2019 £
Interest payable to other Macquarie Group undertakings	**26,778,136**	10,752,525
Total interest payable and similar expenses	**26,778,136**	10,752,525

Represents interest expense of £26,778,136 (2019: £10,752,525) on the financial liabilities in the Company that are measured at amortised cost.

Note 6. Tax on profit on ordinary activities

(i) Tax expense included in profit or loss

	2020 £	2019 £
Current tax		
UK corporation tax at 19% (2019: 19%)	**63,800**	(44,124)
Total current tax	**63,800**	(44,124)

ii) Reconciliation of effective tax rate

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

	2020 £	2019 £
Profit on ordinary activities before taxation	**102,654**	2,735,064
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	**(19,504)**	(519,662)
Effects of:		
Non assessable income	**83,304**	475,538
Total tax on profit on ordinary activities	**63,800**	(44,124)

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

Note 7. Dividends

	2020 £	2019 £
Dividends paid (2019: £0.01 per share)	-	(4,000,000)
Total dividends paid	-	(4,000,000)

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

	2020 £	2019 £
Note 8. Investments		
Investments in subsidiaries (Note 9)	**225,892,089**	225,647,350
Financial investments (Note 10)	**1**	1
Total investments	**225,892,090**	225,647,351
Reconciliation of movement in investments		
Balance at beginning of the financial year	**225,647,351**	225,252,341
Foreign exchange movements	**244,739**	395,010
Balance at the end of the financial year	**225,892,090**	225,647,351

Note 9. Investments in subsidiaries

	2020 £	2019 £
Investments at cost with no provisions for impairment[1]	**225,892,089**	225,647,350
Total investments in subsidiaries	**225,892,089**	225,647,350

Name of investment	Nature of business	Country of incorporation	2020 % ownership	2020 £	2019 £
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	**5,629,480**	5,384,741
Total investments in subsidiaries				**225,892,089**	225,647,350

[1]In accordance with the Company's accounting policies the Company reviewed its investments in subsidiaries for indicators of impairment. Where its investments had indicators of impairment, the investments' carrying value was compared to its recoverable value which was determined to be its fair value less costs to sell (valuation). The review of the investments for indicators of impairment and the measurement of the recoverable value considered the impact of COVID-19. The valuations have been calculated using a valuation technique whose most significant inputs include the subsidiary's maintainable earnings, growth rates and relevant earnings multiples. A range of valuations of the investments in the subsidiaries, including associated stress tests, were used that demonstrated that no impairment loss was required to be recognised by the Company during the year.

Note 10. Financial investments

	2020 £	2019 £
Unlisted equity shares	**1**	1
Total financial investments	**1**	1

Name of investment	Nature of business	Country of incorporation	2020 % ownership	2020 £	2019 £
Macquarie Belgium TCG SPRL	Holding company	Belgium	<1	**1**	1
Financial investments				**1**	1

Note 11. Loan assets

	2020 £	2019 £
Amounts owed from other Macquarie Group undertakings[1]	**428,138,783**	-
Total loan assets	**428,138,783**	-

[1]Amounts owed by other Macquarie Group undertakings are expected to be recovered 12 months after the reporting date by the Company. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2020 the rate applied ranged between LIBOR plus 0.85% and LIBOR plus 0.95%. At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £266,153 (2019: £nil) which is net presented against the gross carrying amount.

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

	2020 £	2019 £
Note 12. Debtors		
Amounts owed by other Macquarie Group undertakings[1]	**53,560**	822,992,058
Taxation	**63,799**	-
Total debtors	**117,359**	822,992,058

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2020 the rate applied ranged between LIBOR plus 0.85% and LIBOR plus 2.30% (2019: between LIBOR plus 1.18% and LIBOR plus 1.93%). At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £nil (2019: £748,346) which is net presented against the gross carrying amount.

	2020 £	2019 £
Note 13. Creditors: amounts falling due within one year		
Amounts owed to other Macquarie Group undertakings[1]	**3,847,103**	822,776,232
Taxation	**-**	44,124
Total creditors: amounts falling due within one year	**3,847,103**	822,820,356

[1]Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2020 the rate applied was LIBOR plus 0.95% (2019: LIBOR plus 1.32%).

	2020 £	2019 £
Note 14. Creditors: amounts falling due after more than one year		
Amounts owed to other Macquarie Group undertakings[1]	**429,700,363**	5,384,741
Total creditors: amounts falling due after more than one year	**429,700,363**	5,384,741

[1]Amounts owed to other Macquarie Group undertakings represent unsecured loan facilities with Macquarie Investments (UK) Limited due to mature on 18 February 2022. The balance in the previous financial year represented unsecured loan facilities with Macquarie Bank Limited (London Branch) originally due to mature on 29 January 2021 and was settled during the year. The Company incurs interest at the rate of LIBOR plus 0.95% (2019: 1.32%).

Note 15. Called up share capital

	2020 Number of shares	2019 Number of shares	2020 £	2019 £
Ordinary 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 16. Profit and loss account

	2020 £	2019 £
Balance at the beginning of the financial year	**171,703**	1,480,763
Profit for the financial year	**166,454**	2,690,940
Dividends paid (Note 7)	**-**	(4,000,000)
Balance at the end of the financial year	**338,157**	171,703

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

Note 17. Related party information

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

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

Subsidiaries

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

All transactions with subsidiaries are in accordance with regulatory requirements, the majority of which are on commercial terms.

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

A list of subsidiaries is set out in Note 9 *Investments in subsidiaries*.

As 100% of the voting rights of the Company are controlled within the group headed by MGL, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in Note 20.

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.

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, L-1882, Luxembourg	19%	Class A
		28%	Class B
		100%	Class C
Related party undertakings of Macquarie Commodities Factoring Holdings (UK) Limited:			
Macquarie Commodities (UK) Limited[1]	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100%	Ordinary
Related party undertakings of Macquarie Commodities (UK) Limited:			
Macquarie Trade & Asset Finance International Limited[1]	Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom	100%	Ordinary

[1]These related parties are indirectly held subsidiaries of the Company.

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

Note 18. Directors' remuneration

During the financial years ended 2020 and 2019, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform Directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be meaningful. Accordingly, no separate remuneration has been disclosed.

Note 19. Contingent liabilities and commitments

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

Note 20. Ultimate parent undertaking

At 31 March 2020 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 21. Events after the reporting date

On 25 September 2020, the Directors of the Company's wholly-owned subsidiary, Macquarie Commodities Factoring Holdings (UK) Limited, approved a dividend of £2,000,000 to the Company.

In October 2020, the Company entered into a loan facility with Macquarie Investments (UK) Limited to borrow up to £5,000,000 with a long-term maturity, to mitigate the Company's deficiency in net current assets. As at the date of this report, the Company is in a net current asset position.

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