MACQUARIE ROPEMAKER LIMITED
(formerly MACQUARIE BANK INTERNATIONAL LIMITED)

COMPANY NUMBER 06309906

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2022

MACQUARIE

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

Macquarie Ropemaker Limited
(formerly Macquarie Bank International Limited)

2022 Strategic Report, Directors' Report and Financial Statements

Contents

		Page
Strategic Report		2
Directors' Report		7
Financial Statements		
Profit and loss account		14
Statement of comprehensive income		15
Balance sheet		16
Statement of changes in equity		17
Notes to the financial statements		
Note 1.	Company information	18
Note 2.	Basis of preparation	18
Note 3.	Significant accounting policies	20
Note 4.	Profit before taxation	32
Note 5.	Employment information	33
Note 6.	Tax on (loss)/profit	33
Note 7.	Dividends paid	34
Note 8.	Receivables from financial institutions	34
Note 9.	Derivative financial instruments	35
Note 10.	Margin money and settlement assets	35
Note 11.	Other assets	36
Note 12.	Loan assets	36
Note 13.	Margin money and settlement liabilities	36
Note 14.	Payables to financial institutions	36
Note 15.	Other liabilities	36
Note 16.	Provisions	37
Note 17.	Called up share capital	37
Note 18.	Contribution from ultimate parent entity in relation to share-based payments	37
Note 19.	Reserves and profit and loss account	37
Note 20.	Capital management strategy	38
Note 21.	Directors' remuneration	38
Note 22.	Employee equity participation	38
Note 23.	Contingent liabilities and commitments	40
Note 24.	Related party information	40
Note 25.	Ultimate parent undertaking	40
Note 26.	Events after the reporting date	40
Independent Auditors' Report to the members of the Macquarie Ropemaker Limited		41

Macquarie Ropemaker Limited
(formerly Macquarie Bank International Limited)

Strategic Report
for the financial year ended 31 March 2022

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

Principal activities
The principal activity of the Company was to act as a licensed banking entity. This ceased on 15 September 2021, when the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") approved the Company's application to cancel the Company's Part 4A permission to act as a licensed banking entity. The Company and its branch in Germany do not hold any external client positions or engage in any significant business activity.

Review of operations
The loss for the financial year ended 31 March 2022 was £489,000, as compared to the profit of £5,689,000 in the previous year. The year on year change was due to the Company's prinicpal activities having been ceased during the current financial year.

Total operating income for the year ended 31 March 2022 was £1,337,000, a decrease of 87 per cent from the operating income of £10,688,000 in the previous financial year.

Total operating expenses for the year ended 31 March 2022 were £1,990,000, a decrease of 61 per cent from operating expenses of £5,094,000 in the previous financial year.

As at 31 March 2022, the Company had net assets of £11,089,000 (2021: net assets of £367,273,000).

The German branch contributed a profit of £67,000 (2021: loss of £355,000) to the overall loss before taxation of £653,000 (2021: profit of £5,594,000).

Principal risks and uncertainties
The Company is responsible for its own risk acceptance decisions. From the perspective of the Company, the principal risks are risk transfer agreement ("RTA") risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk, operational risk, Group risk, conduct risk, regulatory & compliance risk, strategic/business risk, environmental & social risk, financial crime risk, technology and cyber risk. The principal risks of the Company are monitored by the relevant division of the Risk Management Group ("RMG") of the Macquarie Group (Macquarie Group comprising Macquarie Group Limited ("MGL"), the ultimate parent of the Company, and its subsidiaries). There are currently no plans to engage in any significant business activity.

The range of factors that may influence the Company's short-term outlook include:

- market conditions including: events that cause significant volatility in the market, global inflation and interest rates, and the impact of geopolitical events
- the continued and evolving impact of COVID-19
- the uncertainty introduced by the Russia-Ukraine conflict
- potential tax or regulatory changes and tax uncertainties
- completion of period-end reviews and the completion rate of transactions
- the geographic composition of income and the impact of foreign exchange.

The continued impact and uncertainty surrounding Novel Coronavirus (COVID-19) pandemic and the Russia-Ukraine conflict have been monitored throughout the year for the Company by RMG. There was no significant financial impact, and the Company has continued to operate effectively throughout the pandemic.

The Company is not subject to any other principal risks or uncertainties, over and above those stated.

Strategic Report
for the financial year ended 31 March 2022
(continued)

Principal risks and uncertainties (continued)
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, liquidity and market risk. Additional risks faced by the Company include operational, 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 RMG to ensure appropriate assessment and management of these risks.

As an indirect subsidiary of Macquarie Group Limited, 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 to which the Company is exposed are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. Macquarie Group's internal approach to risk ensures that risks in subsidiaries are subject to the same rigour and risk acceptance decisions.

Financial Risk Management

Risk transfer agreement
During the financial year, the Company managed its risks in accordance with the Macquarie Group wide risk management framework and, additionally, transferred the majority of its financial risks to Macquarie Bank Limited London Branch ("MBL LB") through the Master Credit Agreement ("MCA") for credit risk and the Master Derivative Agreement ("MDA") for market risk, collectively the RTA. The Company managed the credit risk on Over-the-counter ("OTC") derivatives as per the Company's credit policy which sets out a credit risk framework including internal limits and exceptions, as determined by RMG. The principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in its financial statements, which do not form part of this report, and can be obtained from the address given in Note 25.

Credit risk
Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due (default risk) or changes in the creditworthiness of the obligor (migration risk). Credit risk on lending and trading transactions undertaken by the Company is managed as per the policy set by RMG. Certain business operations within the Company mitigate their exposure to credit risk by utilising the RTA to transfer credit risk to MBL.

Liquidity risk
Liquidity risk is the risk of an entity encountering difficulty in meeting financial obligations when they fall due. The Company is funded through equity and debt financing from other entities in the Macquarie Group. The Company also enters into funded participation arrangements with external parties and other entities in the Macquarie Group. Monitoring by RMG and Macquarie Group's Treasury department ensures that the Company has sufficient available funds for operations.

Interest rate risk
The Company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets include 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.

Strategic Report
for the financial year ended 31 March 2022 (continued)

Principal risks and uncertainties (continued)

Financial Risk Management (continued)

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

Non-Financial Risk Management

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.

Group risk
The risk that the actions and activities of one part of the Macquarie Group may compromise the financial, operational and reputational position of the Company. Management of financial group risk is embedded across underlying governance documents and committees relating to financial exposures. Management of reputation risk is embedded throughout the risk management framework and considered in the assessment of all risk types. Intragroup outsourcing is governed in accordance with the internal Macquarie policies.

Conduct risk
The risk of behaviour, action or omission by individuals employed by, or on behalf of, the Company or taken collectively in representing the Company that may have a negative outcome for the Company's clients, counterparties, the communities and markets in which it operates, its staff, or the Company. The Company's approach to conduct risk management is integrated in its risk management framework.

Regulatory & compliance risk
The risk of failure to comply with laws, regulations, rules statements of regulatory policy, and codes of conduct applicable to the Company's financial services and other regulated activities. Frameworks have been established to manage the identification, escalation, management and reporting of regulatory and compliance risks across Macquarie. These frameworks include policies, guidelines and standards which have been implemented to guide compliance.

Strategic / Business risk
Risk of the Company's business model being inadequate in the medium to long term. Business and strategic risk is managed and controlled through the annual strategy and business planning process. The Company Board has regular oversight of business risk in the Company.

Environmental & social risk
The risk of reputational or financial impacts due to failure to identify or manage material environmental or social issues arising from or with respect to the Company's investment, financing, client activities or supply chain. Under the Code of Conduct all staff share responsibility for identifying and managing environmental and social issues as part of normal business practice. Staff are supported by the RMG environmental and social risks ("ESR") team, as well as through access to environmental and social risk training.

Strategic Report
for the financial year ended 31 March 2022
(continued)

Principal risks and uncertainties (continued)

Non-Financial Risk Management (continued)

Financial crime risk
Risk of knowingly or unknowingly perpetuating or helping parties to commit or to further potentially illegal activity through the Company. Financial crime risk encompasses the risks of money laundering, terrorism financing, bribery and corruption, sanctions and technology and cyber risk. RMG Financial Crime Risk (FCR) manage and oversee financial crime risk, engage with regulators and maintain and monitor the effectiveness of global financial crime risk frameworks, programs and policies for Macquarie.

Technology & cyber risk
Risk of loss resulting from failure, inadequacy or misuse of technology and technology resources owned, managed or supplied by the Company including technology outsourced and/or managed on behalf of the Company. The RMG Operational Risk & Governance team are responsible for the independent oversight of technology risk.

Section 172 (1) Statement

During the reporting period the Directors of the Company have acted in a way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have regard to the matters set out in s172.(1)(a-f) of the Companies Act 2006) in their decision making.

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, including in particular the Company's regulatory environment as a UK Credit Institution, is embedded into all Board decision-making, strategy development and risk assessment throughout the year. 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.

The Directors of the Company consider, both individually and collectively, that they have acted in the way that would most likely promote the success of the Company for the benefit of its members as a whole (having regard to relevant stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2022. 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 Directors' report on pages 7 to 13.

Strategic Report

for the financial year ended 31 March 2022
(continued)

Other matters

Due to the nature of the business and the information provided elsewhere in this report, the Directors have decided not to include additional financial and non-financial key performance indicators (including with regard to environmental and employee matters) in the Strategic report because they would not materially improve an understanding of the development, performance or position of the business.

On behalf of the Board

Phillip Nash
Director

22 December 2022

Directors' Report
for the financial year ended 31 March 2022

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 financial year and until the date of this report, unless disclosed otherwise, were:

G Alford	(Independent Non-Executive Director; resigned 27 September 2021)
P Kearney	(Independent Non-Executive Director; resigned 27 September 2021)
P Nash	
P Plewman	
R Thompson	(appointed on 27 September 2021)

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

H Everitt

Results
The loss for the financial year ended 31 March 2022 was £489,000 (2021: profit of £5,689,000).

Dividends paid or provided for
Interim dividends of £355,900,000 (2021: £nil) were paid during the current financial year. No other dividend has been proposed.

State of affairs
On 31 December 2020, the United Kingdom left the European Union. In order to mitigate the impact of Brexit on the Macquarie Group's ability to provide regulated services to clients in the European Economic Area, on 7 September 2020, the Company entered into various internal agreements to transfer clients and assets to Macquarie Bank Europe DAC ("MBE") and other affiliated entities. During the previous and current financial year, the Company transferred its banking operations to other Macquarie Group entities.

On 20 July 2021, following the receipt of approval from the PRA, the Board approved to reduce its issued share capital by £279,999,720 through a proportional capital return across all issued shares. The Board agreed to reduce the Company's issued share capital of 330,000,000 ordinary fully paid-up shares from £1 to £0.151516 per share. Following the capital reduction, the Company paid dividends of £279,999,720 to its parent, Macquarie Holdings (UK) No.1 Limited.

On 15 September 2021, the PRA and FCA approved the Company's application to cancel the Company's Part 4A permission to act as a licensed banking entity during the financial year.

On 22 September 2021, the Company legally changed its name with the Registrar of Companies for England and Wales under the Companies Act 2006 from Macquarie Bank International Limited to Macquarie Ropemaker Limited.

On 29 September 2021, the Board approved to reduce its issued share capital by £49,999,950 through a proportional capital return across all issued shares. The Board agreed to reduce the Company's issued share capital of 330,000,000 ordinary fully paid-up shares from £0.151516 to £0.000001 per share. Following the capital reduction, the Company paid dividends of £70,900,000 to its parent, Macquarie Holdings (UK) No.1 Limited.

Directors' Report
for the financial year ended 31 March 2022 (continued)

State of affairs (continued)
IBOR reform: Transition from inter-bank offered rates ("IBOR") to alternative reference rates ("ARRs")
IBOR interest rate benchmarks, that are used in a wide variety of financial instruments such as derivatives and lending arrangements, are undergoing reforms. Examples of IBOR include the London Inter-bank Offered Rate ("LIBOR") and the Euro Inter-bank Offered Rate ("EURIBOR").

After 31 December 2021, 24 of 35 LIBOR currency-tenor pairings were discontinued, 6 LIBOR switched to a modified calculation methodology (known as 'synthetic' LIBORs) and 5 USD LIBOR tenors are expected to cease publication after 30 June 2023. Aside from the ongoing exceptional use of USD LIBOR, the use of LIBOR in new contracts ceased by the end of 2021.

During 2018, MGL initiated a group-wide project, 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 and comprised of senior executives from MGL's Operating Groups, Financial Management Group ("FMG"), RMG, Corporate Operations Group ("COG") and Legal and Governance. The project was wide in scope including identification of the impact of the reform on the separate legal entities within the MGL Group (including the Company) and implementing necessary changes in those legal entities.

In addition to the project's progress outlined in the Company's annual financial statements for prior periods, the project achieved several important milestones for the period ended 31 March 2022 including that the Company transitioned its internal USD LIBOR and EURIBOR funding to Secured overnight financing ("SOFR") and Euro Short-Term Rate ("ESTR") respectively.

Whilst IBOR reforms, including the transition from LIBOR to ARRs, are important changes for the Company, they have not resulted in changes to Macquarie Group's risk management strategy and these risks are managed within the existing risk management framework as described in the Financial Risk Management section of the Strategic Report.

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

Going concern
The principal activity of the Company of acting as a licensed banking entity has been ceased during the current financial year. The Company and its branch in Germany do not hold any external client positions or engage in any significant business activity.

Consequently, the Company made an assessment of whether the going concern assumption is still appropriate. The assessment included consideration of all the available information including material uncertainties that may cast a doubt upon the Company's ability to continue as a going concern.

The formal liquidation of the Company is contingent upon the resolution of the potential third party matter referred to in Note 16 – *Provisions* (which is not related to activities within scope of the Company's Part 4A permission).

The Company has excess of current assets over current liabilities at 31 March 2022 of £26,371,000. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future i.e. at least for a period of twelve months and accordingly the financial statements have been prepared on a going concern basis.

Directors' Report
for the financial year ended 31 March 2022 (continued)

Events after the reporting date
In May 2022, the Company transferred its lease liabilities to MBE.

In September 2022, the Company's branch in Germany was de-registered.

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 2022 not otherwise disclosed in this report.

Likely developments, business strategies and prospects
Coronavirus (COVID-19)
The Novel Coronavirus (COVID-19) has had significant impacts on global economies and financial markets, led to several changes in the economy and resulted in several support actions by financial markets, governments, and regulators. The impact of COVID-19 continues to evolve and, where applicable, has been incorporated into the determination of the Company's results of operations and measurements of its assets and liabilities at the reporting date.

COVID-19 did not have a material impact on the operations of the Company during the financial year.

Russia-Ukraine conflict
The risk presented by the Russia-Ukraine conflict is managed by the Company within the framework of the overall strategy and risk management structure of the Macquarie Group.

The Russia-Ukraine conflict did not have a material impact on the operations of the Company during the financial year.

The Directors believe that no other significant changes are expected other than those already disclosed in this report and the Strategic Report.

The principal activities, review of operations and the financial risk management objectives and policies of the Company and the exposure of the Company to risk transfer agreement ("RTA") risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk, operational risk, Group risk, conduct risk, regulatory & compliance risk, strategic/business risk, environmental & social risk, financial crime risk, technology and cyber risk are contained within the Strategic Report.

Indemnification and insurance of Directors
As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and also at the date of approval of the financial statements. 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 Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

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

Directors' Report
for the financial year ended 31 March 2022 (continued)

Statement of Directors' responsibilities in respect of the financial statements (continued)
Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
  prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for 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 also 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
During the year, the Directors considered the Company's stakeholders to be its direct and indirect shareholders, employees, regulators, internal and external customers. The following sets out the requirements of section 172 (1) and notes how the Directors have discharged their duties. In doing so they have had regard to matters including those in respect of the Company's stakeholders, who are principally group shareholders, internal and external customers.

(a) Likely consequences of any decision in the long term: The Company is a wholly-owned subsidiary of MGL and the Macquarie Group and therefore complies with the policies and practices, ethical and business standards that are set by the Macquarie Group Limited Board and are described in the Macquarie Group Annual Report. The following statement should therefore be read in conjunction with the Macquarie Group Limited Annual Report.

Any decision taken is aligned to the wider Macquarie Group and made in accordance with Macquarie's Code of Conduct (the "Code") – and based on the three principles of – Opportunity, Accountability and Integrity.A233 Macquarie's purpose of 'empowering people to innovate and invest for a better future' is deeply embedded in Macquarie's culture is underpinned by these longstanding operating principles Before a proposal is brought to the Board for approval, it will have gone through a series of internal approvals, in accordance with the Macquarie Group's risk management framework. Macquarie adopts a conservative approach to risk management which is underpinned by a sound risk culture. Macquarie's robust risk management framework and risk culture are embedded across all Macquarie Group's operations.

To facilitate good decision making, Directors meet as required with documentation circulated in advance. Where relevant this may include diligence on financial impacts, as well as non-financial factors to allow them to fully understand the performance and position of the Company, along with the matters that are to be discussed.

Directors' Report
for the financial year ended 31 March 2022 (continued)

Section 172 (1) Statement (continued)

(a) Likely consequences of any decision in the long term (continued): The majority of decisions made by the Board during the years were deemed to be routine in nature and were taken on a cyclical basis. Key decisions which the Board met to consider during the year included Wind Down Project and Capital Reduction: a review of the wind down project for the Company to ensure adequate arrangements and financial resources were in place for an orderly wind down of the Company's regulated activities, payment of dividend to the Company's Shareholder and approval of annual accounts and financial statement.

During the current financial year, the Board continued to enable virtual attendance at Board and Committee meetings, workshops and meetings with management, as needed to respond to ongoing COVID-19 restrictions.

(b) Interests of the Company's employees: Though the Company itself does not have any direct employees (utilises the services of employees employed by the Macquarie group via a range of internal shared services agreements) the workforce's culture, values, behaviours, performance, and engagement drive how it serves its customers and interacts with suppliers. As of September 2020, the Company itself did not have any direct employees (its prior employees were transferred to other entities within the Group) but utilises the services of employees employed by the Macquarie Group via a range of internal shared services agreements. In addition the Company has Senior Managers with various senior management functions to perform functions as designated by the Financial Conduct Authority ('FCA'). The Company also has Material Risk Takers as identified under the Financial Conduct Authority's and Prudential Regulation Authority's Remuneration Codes ('the "CRD4 Remuneration Code").

(c) Business relationships with suppliers, customers and others: The Board is 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, including by way of regular board reporting with respect to business performance and risk management.

Suppliers: Macquarie Group is committed to ensuring high standards of environmental, social and governance performance across its supply chain. This commitment is driven by our business principles. Macquarie Group has put in place a Supplier Governance Policy to manage the risks associated with suppliers who provide the Macquarie Group with high inherent risk goods or services, and also 'Principles for Suppliers' to help uphold our core values with the aim of having supplier relationships that create long-term and sustainable value for our clients, shareholders and community.

Customers: The Company was not required to make material commercial decisions relating to external customers during the year.

Regulators: Regulated activity in the Company ceased in September 2021 after the PRA and FCA approved the Company's application to cancel the Company's Part 4A permission to act as a licensed banking entity. Regulated activity in our German branch ceased on 31 December 2020. The Board is committed to conducting business in accordance with applicable laws and regulations and in a manner that is consistent with the Code and the principles set out in "What We Stand For". The Board also recognises it is imperative that the Company fosters and maintains strong, positive relationships with our regulators and that all communications with regulators are timely, accurate and complete. As a result the Board has a strong focus on its regulatory status and compliance with its related obligations in line with Macquarie Group's Regulator Engagement Framework.

Directors' Report
for the financial year ended 31 March 2022
(continued)

Section 172 (1) Statement (continued)

(c) Business relationships with suppliers, customers and others (continued):

Regulators (continued): Everybody at the Macquarie Group is accountable for the way they conduct themselves, and the principles of regulatory engagement set within Macquarie's Regulator Interaction and Relationship Management Policy define the expectations for the workforce, including the Board, in engaging with our regulators. This policy is underpinned by Regulator Interaction Protocols for the Company to follow to ensure our interactions with regulators are consistent and co-ordinated, and that the Company has accurate records of all such interactions. The Board recognises it is imperative that the Company fosters and maintains strong, positive relationships with our regulators and that all communications with regulators are timely, accurate and complete. Channels of engagement are open and regular between the Company and its regulators with an emphasis by the Board on recognising the importance of the regulatory principles which apply to it, in particular Fundamental Rule 7 of the PRA Rulebook and Principle 11 of the FCA Handbook. These require the Company to deal with its regulators in an open and cooperative way, disclosing appropriately anything relating to the Company of which each regulator would reasonably expect notice.

The Board is provided with regular updates on regulatory interactions. Material matters relating to business relationships with suppliers, customers and other stakeholders are reported to the Board by management, as required.

(d) Community and the environment: The Board recognises the importance of sound Environmental, Social and Governance ("ESG") practices as part of its responsibility to our clients, shareholders, communities, people and the environment in which the Macquarie Group operates. As a subsidiary of the Macquarie Group, the Company has committed to the Group's ESG approach, which is structured around focus areas considered to be material to our business. Assessing and managing Macquarie Group wide ESG risks is a key business priority and an important component of Macquarie's broader risk management framework, to which the Company is subject.

Clear dialogue with stakeholders is important to building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our ESG approach. The Macquarie Group regularly engages with a broad range of stakeholders including clients, shareholders, investors, analysts, governments, regulators, the workforce, suppliers and the wider community.

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.

The Board acknowledges the work of the Macquarie Group Foundation (the "Foundation"), which is the philanthropic arm of Macquarie. The Foundation encourages Macquarie's employees to give back to the communities in which they live and work by contributing service, financial support and leadership to the community organisations they feel passionately about.

The Board and Management recognise the importance of sound Environmental, Social and Governance (ESG) practices as part of their responsibility to their clients, shareholders, communities, staff and the environment in which the Company operates. As a subsidiary of the Macquarie Group, the Company has committed to the Group's ESG approach, which is structured around focus areas considered to be material to our business. Assessing and managing Macquarie Group wide ESG risks is a key business priority and an important component of Macquarie's broader risk management framework, to which the Company is subject.

Clear dialogue with stakeholders is important to building strong relationships, understanding external dynamics, earning and maintaining trust, enhancing business performance and evolving our ESG approach. The Macquarie Group regularly engage with a broad range of stakeholders including clients, shareholders, investors, analysts, governments, regulators, the workforce, suppliers and the wider community.

Directors' Report
for the financial year ended 31 March 2022 (continued)

Section 172 (1) Statement (continued)

(d) Community and the environment (continued): Macquarie Group recognises that failure to manage ESG risks could affect communities, the environment and other external parties, and expose the organisation to commercial, reputational and regulatory impacts.

During the current financial year, Macquarie made a commitment to reach net zero operational emissions by 2025 and to align financing activity with the global goal of net zero emissions by 2050. Macquarie is committed to playing a leading role in driving the global transition to net zero. Alongside our own investment commitment and working with clients to deliver practical client solutions, we are playing an active role in the mobilisation of private capital through our participation in global initiatives.

The Board acknowledges the work of the Macquarie Group Foundation (the "Foundation"), which is the philanthropic arm of Macquarie. The Foundation encourages Macquarie's employees to give back to the communities in which they live and work by contributing service, financial support and leadership to the community organisations they feel passionately about.

(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.

(f) Need to act fairly as between members of the Company: The Company is a separate legal entity and is therefore making this statement as such, but in practical terms, the Company is part of a wider group and in addition to promoting the success of the Company as a whole, the duties of the directors of the Company are exercised in a way that is most likely to promote the success of the Company for the Macquarie group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

Directors' confirmations

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

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

Independent auditors

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

On behalf of the Board

Phillip Nash
Director

Financial statements

Profit and loss account
for the financial year ended 31 March

	Notes	2022 £'000	2021 £'000
Interest receivable and similar income		**287**	15,101
Interest payable and similar expenses		**(93)**	(9,304)
Net interest income	4	**194**	5,797
Fee and commission income		**1,596**	28,416
Fee and commission expense		**(453)**	(23,525)
Net fee and commission income	4	**1,143**	4,891
Total operating income		**1,337**	10,688
Net trading loss	4	**(142)**	(1,652)
Other operating income/(expenses)	4	**75**	(659)
Administrative expenses	4	**(1,923)**	(2,783)
Total operating expenses	4	**(1,990)**	(5,094)
(Loss)/profit before taxation		**(653)**	5,594
Tax on (loss)/profit	6	**164**	95
(Loss)/profit for the financial year		**(489)**	5,689

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

Statement of comprehensive income
for the financial year ended 31 March

	Note	2022 £'000	2021 £'000
(Loss)/profit for the financial year		**(489)**	5,689
Other comprehensive income[1]:			
Movements in items that may be subsequently reclassified to the profit and loss account:			
Fair value through other comprehensive income (FVOCI) reserve:			
Revaluation gains/(losses) recognised in other comprehensive income	19	**3**	(104)
Exchange differences on translation of foreign operations	19	**61**	332
Total other comprehensive income		**64**	228
Total comprehensive (expense)/income		**(425)**	5,917
Total comprehensive (expense)/income for the financial year attributable to the ordinary equity holders of the Company		**(425)**	5,917

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

[1]All items are net of tax, where applicable.

Macquarie Ropemaker Limited
(formerly Macquarie Bank International Limited)
Company Number 06309906

Balance sheet
as at 31 March

	Note	2022 £'000	2021 £'000
Current assets			
Receivables from financial institutions	8	**27,723**	413,492
Derivative assets	9	**-**	20,862
Margin money and settlement assets	10	**-**	2,957
Other assets	11	**17,409**	2,103
Loan assets	12	**-**	8,359
Tax receivables		**328**	-
Deferred tax assets	6	**-**	395
Current liabilities			
Derivative liabilities	9	**-**	21,021
Margin money and settlement liabilities	13	**-**	431
Payables to financial institutions	14	**-**	37,577
Current tax liabilities		**-**	548
Other liabilities	15	**19,070**	6,946
Deferred tax liabilities	6	**19**	-
Net current assets		**26,371**	381,645
Total assets less current liabilities		**26,371**	381,645
Provisions	16	**15,282**	14,372
Net assets		**11,089**	367,273
Capital and reserves			
Called up share capital	17	**-**	330,000
Contribution from ultimate parent entity in relation to share-based payments	18	**1,465**	1,324
Reserves	19	**(452)**	(516)
Profit and loss account	19	**10,076**	36,465
Total capital and reserves		**11,089**	367,273

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 14 to 40 were authorised for issue by the Board of Directors on 22 December 2022 and were signed on its behalf by:

Phillip Nash
Director

Statement of changes in equity
for the financial year ended 31 March 2022

	Note	Called up share capital £'000	Contribution from ultimate parent entity in relation to *share-based* payments £'000	Reserves £'000	Profit and loss account £'000	Total *shareholders'* funds £'000
Balance as at 1 April 2020		330,000	1,062	(744)	30,776	361,094
Profit for the financial year		-	-	-	5,689	5,689
Other comprehensive income, net of tax		-	-	228	-	228
Total comprehensive income	19	-	-	228	5,689	5,917
Other equity movements:						
Deferred tax on share-based payments		-	262	-	-	262
Balance as at 31 March 2021		**330,000**	**1,324**	**(516)**	**36,465**	**367,273**
Loss for the financial year		**-**	**-**	**-**	**(489)**	**(489)**
Other comprehensive income, net of tax		**-**	**-**	**64**	**-**	**64**
Total comprehensive income/(loss)	19	**-**	**-**	**64**	**(489)**	**(425)**
Other equity movements:						
Transactions with equity holders in their capacity as ordinary equity holders:						
Reduction of share capital		**(330,000)**	**-**	**-**	**330,000**	**-**
Dividends paid		**-**	**-**	**-**	**(355,900)**	**(355,900)**
Deferred tax on share-based payments		**-**	**141**	**-**	**-**	**141**
Balance as at 31 March 2022		**-**	**1,465**	**(452)**	**10,076**	**11,089**

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 2022

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.

The principal activity of the Company of acting as a licensed banking entity has been ceased during the current financial year. The Company and its branch in Germany do not hold any external client positions or engage in any significant business activity.

Note 2. Basis of preparation

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

The financial statements contain information about the Company as an individual Company.

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.

i) Going concern

The Company and its branch in Germany do not hold any external client positions or engage in any significant business activity.

Consequently, the Company made an assessment of whether the going concern assumption is still appropriate. The assessment included consideration of all the available information including material uncertainties that may cast a doubt upon the Company's ability to continue as a going concern.

The formal liquidation of the Company is contingent upon the resolution of the potential third party matter referred to in Note 16 – Provisions (which is not related to activities within scope of the Company's Part 4A permission).

The Company has excess of current assets over current liabilities at 31 March 2022 of £26,371,000. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future i.e. at least for a period of twelve months and accordingly the financial statements have been prepared on a going concern basis.

ii) Basis of measurement

The financial statements have been prepared in accordance with the Companies Act 2006 and under the historical cost convention except for the following items:

- financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL).
- *financial assets classified as fair value through other comprehensive income* (FVOCI).

iii) Disclosure exemptions

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 UK adopted international accounting standards ("IFRS").

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 2. Basis of preparation (continued)

iii) Disclosure exemptions (continued)

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

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment' (details of the number and weighted average exercise price of share-based payment arrangements concerning equity instruments of another group entity and how the fair value of goods or services received was determined).
- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - o Paragraph 79(a)(iv) of IAS 1(reconciliation of shares outstanding)
    - o 10 (d), (statement of cash flows);
    - o 16 (statement of compliance with all IFRS);
    - o 38A (requirement for minimum of two primary statements, including cash flow statements);
    - o 38 B-D (additional comparative information); and
    - o 111 (statement of cash flows information).
- 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 and 18A of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 'Related Party Disclosures' 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.

iv) Critical accounting estimates and significant judgements

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

- judgement in 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 (Notes 3(iii));
- estimates in fair value of assets and liabilities including determination of non- recurring fair values and accounting for day 1 profits or losses for financial instruments (Note 3(iv));
- judgement in recognition of fees by determining whether multiple services provided in a single contract are distinct and whether incurred expenses can be presented net of any associated revenue (Note 3(ii)); and
- an estimate of recognition and measurement of provisions related to actual and potential claims, including contingent liabilities (Note 3(xiii), 16).

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.

v) Coronavirus (COVID-19) impact

The Novel Coronavirus has had significant impacts on global economies and equity, debt and commodity markets, led to several changes in the economy and resulted in several support actions by financial markets, governments, and regulators. The impact of COVID-19 continues to evolve and, where applicable, has been incorporated into the determination of the Company's results of operations and measurement of its assets and liabilities at the reporting date.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 2. Basis of preparation (continued)

v) Coronavirus (COVID-19) impact (continued)

The Company's processes to determine the impact of COVID-19 for these financial statements is consistent with the processes disclosed and applied in its 31 March 2021 financial statements. Those processes identified that expected credit lose required continued judgement as a result of the impact of COVID-19.

As there is a higher than usual degree of uncertainty associated with these assumptions and estimates, actual outcomes may differ to those forecasted which may impact the accounting estimates included in these financial statements. 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.

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

The amendments to existing accounting standards that are effective for the annual reporting period beginning on 1 April 2021 did not result in a material impact to the Company's financial statements.

Note 3. Significant accounting policies

i) Foreign currency translation

Functional and presentation currency

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

At initial recognition, a foreign currency transaction is translated into the entity's functional currency using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:
• foreign currency monetary assets and liabilities are translated using the closing exchange rate
• non-monetary items (including equity) measured in terms of historical cost in a foreign currency remain translated using the spot exchange rate at the date of the transaction, and
• non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was measured.

Transactions and balances

At initial recognition, a foreign currency transaction is translated into the entity's functional currency using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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

For the detailed policy on Financial instruments refer to Note 3(iv).

Subsidiaries and other entities

The Company has a branch in Germany. The results and financial position of the Company's branch that has a functional currency of Euro are translated into Pound Sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet,
- income and expenses included in the profit and loss account are translated at actual exchange rates at the dates of the transactions, and
- all resulting exchange differences are recognised in other comprehensive income ("OCI") within a separate component of reserves, being the foreign currency translation reserve ("FCTR").

Foreign currency gains and losses on intragroup loans are recognised in other operating expenses, except where the loan is in substance part of the Company's net investment in the foreign operation, in which case the foreign currency gains and losses are recognised in the Company's FCTR.

Note 3. Significant accounting policies (continued)

i) Foreign currency translation (continued)

Subsidiaries and other entities (continued)

The exchange gains or losses recognised in FCTR are reclassified to the income statement or reattributed within equity as follows:

- if there is a disposal of a foreign operation, then the accumulated FCTR is reclassified from OCI to investment income within other operating income/expenses
- if there is a partial disposal of a foreign operation that is an associate or joint arrangement, without loss of significant influence or joint control, then a proportionate share of the accumulated FCTR is reclassified to investment income
- if there is a partial disposal of a foreign operation that is a subsidiary, without loss of control, then a proportionate share of the accumulated FCTR is reattributed within equity to non-controlling interests.

ii) Revenue and expense recognition

Net interest income

Interest income and interest expense are recognised using the effective interest rate ("EIR") method for financial assets, and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through OCI. 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 to the net carrying amount of the financial asset or liability. The calculation of the EIR does not include ECL. Fees and transaction costs that are integral to the lending arrangement are recognised in interest income or interest expense, as applicable, over the expected life (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

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 on financial assets that are not credit impaired is determined by applying the financial asset's EIR to the financial asset's gross carrying amount. Interest income on financial assets that are subsequently classified as credit impaired (Stage 3), is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss).

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

Fee and commission income

Revenue earned by the Company from its contracts with customers primarily consists of the following categories of fee and commission income:

Brokerage and Commission - The Company enters into contracts with customers to act as an agent to buy and sell securities. The brokerage and commission income related to this service is recognised on trade date and is presented net of any rebates.

Other fee and commission income - Other fee and commission income includes fees earned on a range of banking products and services platforms, wealth services, credit cards, structuring fees, lending services, stock borrow and lending activities and income on structured products which are recognised when the performance obligation is satisfied.

Other operating income/(expenses)

Other operating (expenses)/income includes net trading income, credit impairment charges and reversals on financial assets, gains and losses on sale of loan assets, and other income.

Net trading loss

Net trading loss comprises gains and losses relating to derivative assets and liabilities including all realised and unrealised fair value changes and foreign exchange differences.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

ii) Revenue and expense recognition (continued)

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

Fee share from/shared with related entities
Fees shared with related entities are recognised as per the agreed fee sharing arrangement. These are recognised in the Company's profit and loss account under Administrative expenses.

Fee expense
Management fees and cost recoveries are charged to the Company in respect of services provided by other Macquarie group entities as per the agreed cost sharing arrangement. Such expenses are recognised under Administrative expenses in the Company's profit and loss account on an accrual basis in accordance with the standard recovery methodology applied by the servicing entity.

iii) Taxation
The balance sheet approach to tax effect accounting has been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax basis 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 basis 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 on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised in OCI are also recognised in OCI.

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, 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 with reference to the nature of the underlying uncertainty.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

iii) Taxation (continued)

Value-Added Tax (VAT)
Where VAT is not recoverable from tax authorities, it is either capitalised to the balance sheet as part of the cost of the related asset or is recognised as a part of other operating expenses in the profit and loss account. Where VAT is recoverable from or payable to tax authorities, the amount is recorded as a separate asset or liability in the balance sheet.

iv) 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) for 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 paid or received relating to financial instruments carried at FVTPL are recorded in the profit and loss account.

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

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 or
- 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 de-recognised 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;
- prohibited from selling or pledging the original asset other than as security to the eventual recipients; and
- 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 2022 (continued)

Note 3. Significant accounting policies (continued)

iv) Financial instruments (continued)

Derecognition of 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.

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 uses judgement in determining the business model at the level that reflects how groups of financial assets are managed and its intention with respect to its financial assets. 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).

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; and
iii. the financial asset has not been classified as DFVTPL.

Interest income determined in accordance with the EIR method is recognised as part of interest and similar income.

Fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at FVOCI if the following conditions are met:

i. the financial asset is held within a business model whose objective is to both collecting contractual cash flows and to sell the financial asset;
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements; and,
iii. the financial asset has not been classified as DFVTPL.

Subsequent changes in fair value are recognised in OCI, with the exception of interest (which is recognised as part of interest income), ECL (which is recognised in credit and other impairment charges/reversal) and foreign exchange gains and losses (which are recognised in net trading income) and is net of any related hedge accounting adjustments. When debt financial assets classified at FVOCI are de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to investment income in respect of debt financial investments and loans to associates, or to other income/(loss) as part of other operating income/(expenses) for all other financial assets.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

iv) Financial instruments (continued)

Classification and subsequent measurement (continued)

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.

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

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

Equity financial assets that are not held for active trading are measured at FVTPL. Subsequent changes in fair value are recognised as investment income within other operating income/expenses.

Subsequent changes in the fair value of debt financial assets are measured at FVTPL are presented as follows:

- Changes in the fair value of financial assets that are classified as HFT and financial assets managed on a fair value basis are recognised in net trading income;
- *Changes in the fair value of debt financial investments and loans to associates and joint ventures that fail SPPI are* recognised in investment income as part of other operating income/expenses; and
- Changes in the fair value of all other FVTPL and DFVTPL financial assets are recognised as part of other income/(loss) within other operating income/expenses.

Where applicable, the interest component of financial assets is recognised as interest and similar 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 asset's new measurement category.

The Company does not reclassify financial liabilities after initial recognition.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either HFT, in which case they are measured at FVTPL, or have been designated to be measured at FVTPL ("DFVTPL"). A financial liability may be DFVTPL if:

- such a designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen;
- a group of financial liabilities, or financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the liability contains embedded derivatives which must otherwise be separated and carried at fair value.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

iv) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities (continued)
All derivative liabilities are classified as HFT, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL. Refer to Note 3(vi) Derivative instruments and hedging activities for the detailed hedge accounting policy.

Changes in the fair value of financial liabilities that are not classified as HFT are, with the exception of changes in fair value relating to changes in the Company's own credit risk that are presented separately in OCI and are not subsequently reclassified to profit or loss, are recognised in other income and charges as part of other operating income/expenses.

Where applicable, the interest component of financial liabilities is recognised as interest and similar expense.

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

v) Reverse repurchase agreements

As part of its financing activities, the Company enters into reverse repurchase agreements, where the Company purchases securities under an agreement to resell on a collateralised basis. The securities subject to the reverse repurchase agreement are not recognised on the balance sheet of the Company, as the risks and rewards of ownership remain with the initial holder. These reverse repurchase agreements which are held in the Company's liquid asset portfolio are measured at FVOCI to reflect the Company's business model to both collect contractual cash flows and with the intention to sell. Refer Note 3(iv) for the detailed Financial Instruments accounting policy.

vi) Derivative instruments and hedging activities

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

Derivatives are recognised in the balance sheet as an asset where they have a positive fair value at the reporting date or as a liability where they have a negative fair value at the reporting date.

Derivatives that may have both positive or negative values must meet both the asset and liability derecognition tests before it is derecognised from the balance sheet.

Fair values are obtained from quoted prices in active markets where available, or valuation techniques including discounted cash flow models and option pricing models, as appropriate. The accounting for derivatives is subject to the application of the day 1 profit or loss policy as described in Note 3(iv) Financial instruments.

The Company applies trade date accounting to the recognition and derecognition of derivative financial instruments.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

vii) Margin money and settlement assets and liabilities

Margin money and settlement assets and liabilities includes trade settlement balances, margin monies and balances with clearing houses. Margin monies primarily represent deposits placed with clearing houses in relation to futures trading and other derivatives transactions. The balance includes both initial margin and variance margin which varies based on trading activities. The balance also includes client margin calls which are funded by the Company. Settlement balances represent outstanding trade timing balances as at the reporting date due to the timing difference between trade date and settlement date. Balances are carried at amortised cost except for certain margin money balances that are held in the form of money market funds and certain settlement balances which are carried at FVTPL.

viii) Loan assets

This category includes loans that are not held for trading purposes and typically includes the Company's lending activities to its customers.

Loan assets are initially recognised on settlement date at fair value (adjusted for directly attributable transaction costs for loan assets subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with Note 3(iv) *Financial Instruments*.

Certain finance lease receivables are also presented as part of asset financing within loan assets. For the detailed policy on financial instruments, including treatment on derecognition, refer to Note 3(iv).

ix) Tangible assets and Right-of-use (ROU) assets

Tangible assets are stated at historical cost (which includes, where applicable, directly attributable borrowing costs and expenditure directly attributable to the acquisition of the asset) less accumulated depreciation and, where applicable, accumulated impairment losses.

ROU assets are initially measured at cost and comprise the amount that corresponds to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date (less any lease incentives received), initial direct costs and restoration-related costs. Subsequently, it is stated at historical cost less accumulated depreciation and, where applicable, impairment losses, and adjusted for remeasurement of lease liabilities.

Tangible assets and ROU assets include assets leased out under operating leases.

Tangible assets and ROU assets include assets leased out under operating leases. Depreciation on all assets is calculated on a straight-line basis to allocate the difference between cost and residual values over their estimated useful lives, at the following annual depreciation rates:

Furniture, fittings and leasehold improvements*	10 to 20 percent
Right-of-use asset: Property	21 percent

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in the light of commercial and technological developments. Gains and losses on disposal are determined by comparing the proceeds with the asset's carrying amount and are recognised as part of other operating income/expenses in the profit and loss account.

The depreciation charge is recognised as part of Administrative expenses.

The Company does not recognise a ROU asset for short term or low value leases, instead the expense is recognised over the lease term as appropriate as part of operating expenses in the profit and loss account.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

x) Other assets and liabilities

Contract assets and contract liabilities

Where the Company provides services to clients and the consideration is unconditional, a receivable is recognised. Where the consideration is conditional on something other than passage of time, such as performance fees, these are recorded as contract assets. Both receivables and contract assets are assessed for impairment in accordance with IFRS 9.

The Company, as permitted by IFRS 15 Revenue from Contracts with Customers, has applied the practical expedient that allows for costs incurred to obtain a contract to be expensed as incurred where the amortisation period for any asset recognised would be less than 12 months. The Company also applies the practical expedient not to adjust consideration for the effects of a significant financing component, where the period between transferring a good or service and when the customer pays for that good or service is expected to be one year or less.

Contract liabilities relate to prepayments received from customers where the Company is yet to satisfy its performance obligation.

xi) Provisions and contingent liabilities

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made. Contingent liabilities, which generally include letters of credit, indemnities, performance-related contingents and guarantees (other than financial guarantees) are not recognised in the financial statements but are disclosed in the notes to the financial statements unless they are considered remote.

Employee benefit provisions

Employee benefit provisions are recognised by the Company as and when the service has been rendered after deducting amounts already paid. Liabilities for unpaid salaries, salary-related costs and provisions for annual leave are recorded on the balance sheet at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made.

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

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

xii) Due to/from related entities

Transactions between the Company and its subsidiaries principally arise from the provision of lending arrangements and acceptance of funds on deposit, intercompany services and transactions and the provision of financial guarantees, and are accounted for in accordance with Note 3(ii) Revenue and expense recognition and Note 3(iv) Financial Instruments. Financial assets and financial liabilities are presented net where the offsetting requirements are met (Note 3(iv)), such that the net amount is reported in the balance sheet.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

xiii) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts issued that are not DFVTPL. 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 information ("FLI").

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 1 – 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 probability of default ("PD") over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI. Stage 1 also includes financial assets where the credit risk has improved and has been reclassified from stage 2.

(ii) Stage 2 – 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 lifetime PD and the lifetime losses associated with that PD, adjusted for FLI. The Company exercises judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI.

Use of 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 adjusted, where appropriate, for prepayments, extension, call and similar options, of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type. Stage 2 may include financial assets where the credit risk has improved and has been reclassified from stage 3.

(iii) Stage 3 – Lifetime ECL credit-impaired

Financial assets are classified as Stage III where they are determined to be credit impaired, which generally matches definition of default. This includes [is not limited to] 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 for portfolios of exposure, ECL is measured as the product of the lifetime PD, the loss given default (LGD) and the exposure at default ("EAD"), adjusted for FLI.

Presentation of loss allowances

The ECL allowances are presented in the balance sheet as 'Amounts due from other Macquarie group entities and 'Factored debtors receivables' as a deduction to the gross carrying amount.

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

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

xiv) Performance based remuneration

Share-based payments

The Company participates in its ultimate parent company, MGL's share based compensation plans, being the Macquarie Group Employee Retained Equity Plan (MEREP). Information relating to these schemes is set out in Note 22 – *Employee equity participation*. The Company recognises a prepaid asset at grant for these awards, since MGL is reimbursed in advance. This amount is recognised as an expense over the respective vesting periods. MGL recognises a corresponding increase in equity for the equity settled awards and a corresponding increase in liability for the cash settled awards granted to employees.

The awards are measured at the grant date based on their fair value and using the number of equity instruments expected to vest.

Profit share remuneration

The Company recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

xv) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. At inception, or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component unless an election is made to account for the lease and non-lease components as a single lease component.

(a) Accounting where the Company is lessee

The Company leases corporate buildings for which contracts are typically entered into for fixed periods of 12 months to 33 years and may include extension options. Leases are recognised as a ROU asset (as explained in Note 3(ix) *Tangible assets and right-of-use assets*) and a corresponding liability at the commencement date, being the date the leased asset is available for use by the Company.

Lease liabilities

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Lease payments are allocated between principal and interest expense. Interest expense is, unless capitalised on a qualifying asset which is not measured at fair value, recognised as part of interest and similar expense in the profit and loss account over the lease period on the remaining lease liability balance for each period. Any variable lease payments not included in the measurement of the lease liability are also recognised as net operating lease income in the period in which the event or condition that triggers those payments occurs.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, to net operating lease income, where the carrying value of the ROU asset has been reduced to zero.

Presentation

The Company presents ROU assets in 'Other assets' and lease liabilities in 'Other liabilities' (refer to Note 15) in the balance sheet.

(b) Accounting where the Company is lessor

Leases where the lessee has substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance leases. All other leases are operating leases.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 3. Significant accounting policies (continued)

xv) Leases (continued)

Finance lease

Where finance leases are granted to third parties, the present value of the minimum lease payments plus an estimate of the value of any unguaranteed residual value is recognised as a receivable and included in loan assets.

The difference between the gross receivable and the present value of the receivable is unearned interest income. Lease receipts are discounted using the interest rate implicit in the lease. Lease income is recognised over the term of the lease using the EIR method, which reflects a constant rate of return. Finance lease income is presented within interest and similar income in the profit and loss account.

xvi) Called up share capital

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

xvii) Risk transfer agreements

The Company has entered into financial arrangements/instruments with external counterparties. The credit and market risk associated with most of these transactions is transferred from the Company to MBL, via the RTA, in the form of back to back trades with MBL. The effect of these agreements is to pass on the risks and rewards of the underlying transactions. These arrangements do not meet the derecognition criteria under IFRS 9 *Financial Instruments*.

xviii) Fiduciary assets

The Company engages in fiduciary activities that result in the holding or placing of assets on behalf of third parties. Where such assets are controlled, and future economic benefits are expected to be realised by the Company, such assets and the income thereon are reflected in the balance sheet and profit and loss account respectively. Where this is not the case, these assets and the income thereon are excluded from the Company's financial statements as they are not the assets of the Company. Fee income earned, by the Company relating to its responsibilities from fiduciary activities is included in the as part of profit and loss account.

xix) Rounding of amounts

All amounts in the Strategic Report, Directors' Report and Financial Statements have been rounded to the nearest thousand pound sterling (£'000) unless otherwise indicated.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

	2022 £'000	2021 £'000
Note 4. Profit before taxation		
Net interest income		
Interest receivable and similar income from:[1]		
Related entities	**250**	1,612
Unrelated parties	**37**	13,430
Finance lease income from unrelated parties	**-**	59
Interest payable and similar charges to:		
Other related entities	**(67)**	(6,660)
Unrelated parties	**(26)**	(2,644)
Net interest income	**194**	5,797

[1]Includes interest income calculated using effective interest method of £260,000 (2021: £15,005,000) on financial assets that are measured at amortised cost and £27,000 (2021: £96,000) on financial assets that are measured at FVOCI.

	2022 £'000	2021 £'000
Net fee and commission income		
Brokerage and commission income	**-**	5,231
Other fee and commission income	**1,596**	23,185
Other fee and commission expense	**(453)**	(23,525)
Net fee and commission income	**1,143**	4,891
Net trading loss	**(142)**	(1,652)
Other operating income/(expenses)		
Credit impairment reversals/(charges)[1]	**25**	(758)
Impairment reversals/(charges) of ROU	**-**	(413)
Gain on sale of loan assets	**50**	507
Other income	**-**	5
Total other operating income/(expenses)	**75**	(659)

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

	2022 £'000	2021 £'000
Administrative expenses		
Staff costs:		
Wages and salaries	**-**	(237)
Staff benefit costs	**-**	(17)
Social security costs	**(5)**	(12)
Share-based payment costs	**(1)**	(29)
Other staff costs expense	**(40)**	(121)
Directors' emoluments	**(72)**	(149)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company[1]	**(97)**	(446)
Fees payable to the Company's auditors and its associates for other services pursuant to legislation	**-**	(96)
Depreciation	**(2)**	(145)
Services from other Macquarie Group undertakings	**(268)**	(837)
Other professional fees	**(421)**	(293)
Other expenses	**(1,017)**	(401)
Total administrative expenses	**(1,923)**	(2,783)
Total operating expenses	**(1,990)**	(5,094)

[1]Fees payable to the Company's auditors for current year includes £57,000 relating to previous year.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 5. Employment information

The average number of persons employed by the Company during the financial year calculated on a monthly basis was nil (2021: 1) under the CGM business. As at 31 March 2022, the Company has no employees.

	2022 £'000	2021 £'000

Note 6. Tax on (loss)/profit

(i) Tax (expense)/benefit included in profit or loss

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax at 19% (2021:19%)	**(6)**	(582)
Adjustments to tax in respect of prior years	**394**	1,259
Foreign tax relief	**-**	35
Total current tax	**388**	712
Deferred tax:		
Origination and reversal of temporary differences	**141**	(542)
Adjustments to tax in respect of prior years	**(303)**	104
Change in tax rate	**(62)**	(179)
Total deferred tax	**(224)**	(617)
Tax on (loss)/profit	**164**	95

(ii) Reconciliation of effective tax rate

The taxation expense for the year ended 31 March 2022 is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021:19%). The differences are explained below:

	2022 £'000	2021 £'000
(Loss)/profit before taxation	**(653)**	5,594
Current tax charge at 19% (2021: 19%)	**124**	(1,063)
Effects of:		
Adjustments to tax in respect of prior years	**92**	1,305
Foreign tax incurred	**(5)**	35
Double tax relief	**(1)**	-
Non deductible expenses	**-**	(21)
Non assessable income	**2**	(18)
Share-based payments	**14**	36
Effect of changes in tax rates	**(62)**	(179)
Total tax on profit	**164**	95

The UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 6. Tax on (loss)/profit (continued)

	2022 £'000	2021 £'000
(iii) Deferred tax comprises temporary differences attributable to:		
Other assets	**9**	562
MEREP	**105**	-
Total deferred tax assets	**114**	562
Other liabilities	**(132)**	(167)
Financial instruments	**(1)**	-
Total deferred tax liabilities	**(133)**	(167)
Net deferred tax (liabilities)/assets	**(19)**	395
(iv) Reconciliation of the Company's movement in deferred tax assets:		
Balance at the beginning of the financial year	**562**	969
Temporary differences:		
Amounts credited to profit and loss	**124**	(551)
Adjustments to tax in respect of prior years	**(303)**	103
Change in tax rate	**(79)**	(186)
Deferred tax charged to equity	**(190)**	227
Balance at the end of the financial year	**114**	562
(v) Reconciliation of the Company's movement in deferred tax liabilities:		
Balance at the beginning of the financial year	**(167)**	(188)
Temporary differences:		
Amounts credited to profit and loss	**17**	-
Amounts debited to reserves	**-**	14
Adjustments to tax in respect of prior years	**-**	1
Change in tax rate	**17**	6
Balance at the end of the financial year	**(133)**	(167)

Note 7. Dividends paid

	2022 £'000	2021 £'000
Dividends paid		
Ordinary share capital		
- Dividends paid (Interim)	**(355,900)**	-
Total dividends paid (Note 19)	**(355,900)**	-

Note 8. Receivables from financial institutions

	2022 £'000	2021 £'000
Reverse repurchase agreements[1]	**-**	334,744
Amounts owed by other Macquarie Group undertakings[2]	**27,723**	78,748
Total receivables from financial institutions	**27,723**	413,492

[1]The balances have matured and have been settled during the current financial year. Includes £77,180,000 of reverse repurchase agreements with MBL as of 31 March 2021.

[2]The above amounts are expected to be recovered within 12 months of the balance sheet date by the Company.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 9. Derivative financial instruments

The following tables provide details of the Company's outstanding derivative financial instruments as at 31 March 2022.

	2022 Notional amount £'000	2022 Asset valuation £'000	2022 Liability valuation £'000	2022 Net fair value £'000	2021 Notional amount £'000	2021 Asset valuation £'000	2021 Liability valuation £'000	2021 Net fair value £'000
Interest rate contracts								
Swaps	-	-	-	-	1,579	9	-	9
Total interest rate contracts	-	-	-	-	1,579	9	-	9
Foreign exchange contracts								
Forwards	-	-	-	-	63,219	905	(905)	-
Options	-	-	-	-	66,931	1,086	(1,086)	-
Total Foreign exchange contracts	-	-	-	-	130,150	1,991	(1,991)	-
Commodity contracts								
Forwards	-	-	-	-	36,586	15,233	(15,233)	-
Swaps	-	-	-	-	35,005	3,255	(3,255)	-
Options	-	-	-	-	4,327	543	(543)	-
Total commodity contracts	-	-	-	-	75,918	19,031	(19,031)	-
Total derivative contracts outstanding	-	-	-	-	207,647	21,031	(21,022)	9
Valuation adjustment (XVA)	-	-	-	-	-	(169)	1	(168)
Net derivative contracts outstanding	-	-	-	-	207,647	20,862	(21,021)	(159)

The novation of derivative financial instruments to MBE is client centric.

The trades outstanding as at 31 March 2021 were either novated to MBE or settled during the current financial year. This includes the external positions and back to back trades under the MDA.

	2022 £'000	2021 £'000
Note 10. Margin money and settlement assets		
Margin money with external parties[1]	-	2,957
Total margin money and settlement assets	-	2,957

[1]The amounts as of 31 March 2021 include €3,000,000 (£2,553,000) minimum default fund placed with the European Commodity Clearing exchange ("ECC") which was realised in May 2021. The remaining balance of £404,000 relates to margin placed for reverse repurchase agreements which were settled during the current financial year.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

	2022 £'000	2021 £'000
Note 11. Other assets		
Amounts owed by other Macquarie Group undertakings[1]	**17,406**	1,960
Debtors and prepayments	**-**	99
VAT receivable	**3**	44
Total other assets	**17,409**	2,103

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment.
The above amounts are expected to be recovered within 12 months of the balance sheet date by the Company.

Note 12. Loan assets

	2022			2021		
	Gross £'000	**ECL allowance £'000**	**Net £'000**	Gross £'000	ECL allowance £'000	Net £'000
Loans and advances	**-**	**-**	**-**	8,537	(178)	8,359
Total loan assets	**-**	**-**	**-**	8,537	(178)	8,359

One loan outstanding at 31 March 2021 had a carrying value of £5,978,000 and maturity of April 2023, and was novated to MBE in May 2021 (including the funded sub participation arrangement). The other loan of £2,553,000 had a maturity date of 12 August 2021 and was settled during the current financial year.

	2022 £'000	2021 £'000
Note 13. Margin money and settlement liabilities		
Margin money owed to other Macquarie Group undertakings	**-**	74
Margin money deposits from external parties	**-**	357
Total margin money and settlement liabilities	**-**	431

The above amounts were settled during the current financial year.

	2022 £'000	2021 £'000
Note 14. Payables to financial institutions		
Amounts owed to other Macquarie Group undertakings	**-**	37,577
Total payables to financial institutions	**-**	37,577

The above amounts were settled during the current financial year.

	2022 £'000	2021 £'000
Note 15. Other liabilities		
Amounts owed to other Macquarie Group undertakings[1]	**18,766**	6,206
Lease liabilities[2]	**262**	436
Other	**42**	75
Accrued charges and sundry provisions	**-**	86
Deferred income	**-**	143
Total other liabilities	**19,070**	6,946

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

[1]Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment.

[2]The Company has transferred its lease liabilities to MBE in May 2022. The corresponding ROU asset was fully impaired as at 31 March 2021.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

	2022 £'000	2021 £'000
Note 16. Provisions		
Provision for employee entitlements	-	15
Legal provision[1]	**15,282**	13,900
Other provision	-	457
Total provisions	**15,282**	14,372

[1]Litigation and regulatory matters may arise in the normal course of the Company's business. The Company provides for these matters where required. For a specific matter in connection with trades with and the provision of custodial services to clients in 2008 and 2009, the Company engaged a third party which it undertook to indemnify in certain circumstances. That third party has indicated that it may call on that indemnity. Additionally or alternatively, some of those clients could bring a claim against the Company. Whether or not there will be an outflow of economic resources, the timing, and the amount are all uncertain. The provision represents the Company's best estimate. The Company has recognised an indemnity asset receivable from MBL equivalent to the provision recognised in respect of the matter. Whilst the provision and indemnity asset are recognised gross within the balance sheet, the Company expects any possible outflow of economic resources in respect of the matter to be met with an equivalent inflow under the indemnity held. The movement in provision during the year relates to a true-up of the provision of £1,522,000 and foreign exchange revaluation gains of £140,000.

Note 17. Called up share capital

	2022 Number of shares	2021 Number of shares	2022 £'000	2021 £'000
Ordinary share capital				
Opening balance of fully paid ordinary shares	**330,000,000**	330,000,000	**330,000**	330,000
Share capital reduction during the year[1]	-	-	**(330,000)**	-
Closing balance of fully paid ordinary shares	**330,000,000**	330,000,000	-	330,000

[1]The ordinary share capital of the Company as at balance sheet date is £330.

	2022 Number of shares	2021 Number of shares	2022 £'000	2021 £'000
Authorised share capital				
Ordinary shares of £1 each	**400,000,000**	400,000,000	**400,000**	400,000
Total authorised share capital	**400,000,000**	400,000,000	**400,000**	400,000

Note 18. Contribution from ultimate parent entity in relation to share-based payments

	2022 £'000	2021 £'000
Opening balance of contribution from ultimate parent entity in relation to share-based payments	**1,324**	1,062
Deferred tax on share-based payments	**141**	262
Closing balance of contribution from ultimate parent entity in relation to share-based payments	**1,465**	1,324

Note 19. Reserves and profit and loss account

Reserves

	2022 £'000	2021 £'000
Foreign currency translation reserve		
Balance at the beginning of the financial year	**(513)**	(845)
Exchange differences on translation of foreign operations	**61**	332
Balance at the end of the financial year	**(452)**	(513)

Exchange differences arising from the translation of the Company's foreign branches, which have functional currencies other than pound sterling, are taken to the foreign currency translation reserve.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

	2022 £'000	2021 £'000
Note 19. Reserves and profit and loss account (continued)		
FVOCI reserve		
Balance at the beginning of the financial year	**(3)**	101
Revaluation gains/(losses) recognised in OCI, net of tax	**3**	(104)
Balance at the end of the financial year	**-**	(3)
Profit and loss account		
Balance at the beginning of the financial year	**36,465**	30,776
(Loss)/profit for the financial year	**(489)**	5,689
Reduction of share capital	**330,000**	-
Dividends paid on ordinary share capital (Note 7)	**(355,900)**	-
Balance at the end of the financial year	**10,076**	36,465
Total profit and loss account	**10,076**	36,465

Note 20. Capital management strategy

The Company's capital management strategy is to maximise shareholder value through optimising the level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Company's capital management objectives are to ensure sufficient capital resource to support the Company's business and operational requirements and safeguard the Company's ability to continue as a going concern.

Periodic reviews of the Company's capital requirements are performed to ensure the Company is meeting its objectives. Capital is defined as share capital plus reserves.

Note 21. Directors' remuneration

Directors' emoluments paid by the Company for the financial year ended 31 March 2022 were £72,000 (2021: £149,000).

During the financial years ended 31 March 2022 and 31 March 2021, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform Directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be meaningful.

Note 22. Employee equity participation

Macquarie Group Employee Retained Equity Plan ("MEREP")

The Company participates in its ultimate parent Company's, MGL, share based compensation plans, being the MEREP. In terms of this plan, awards are granted by MGL to qualifying employees for delivery of MGL shares.

Award Types under the MEREP

Deferred Share Units ('DSUs')

A DSU represents the right to receive on exercise of the DSU either an MGL share held in the Trust or a newly issued MGL share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 22. Employee equity participation (continued)

Macquarie Group Employee Retained Equity Plan ("MEREP") (continued)

Award Types under the MEREP (continued)

Deferred Share Units ('DSUs') (continued)

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of the MGL's shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of Restricted Share Units ("RSUs"). However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

DSUs will only be offered in jurisdictions where legal or tax rules make the grant of RSUs impractical, or where Performance Share Units ("PSUs") are structured as DSUs. DSUs have been granted with an expiry period of up to nine years.

	Number of DSU Awards	
	2022	2021
DSUs on issue at the beginning of the financial year	**2,600**	2,600
Granted during the financial year	**-**	222
Exercised during the financial year	**(600)**	-
Transfers to related body corporate entities	**-**	(222)
DSUs on issue at the end of the financial year	**2,000**	2,600
DSUs exercisable at the end of the financial year	**2,000**	2,600

The weighted average fair value of the DSU awards granted during the financial year was $nil (2021: $124.40).

Participation in the MEREP is currently provided to the following Eligible Employees:
– Staff other than Executive Directors with retained profit share above a threshold amount ("Retained Profit Share Awards") and staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards ("Promotion Awards")

Vesting periods are as follows:

Award type	Level	Vesting
Retained Profit Share Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant(1)

(1) Vesting will occur during an eligible staff trading window.

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

Assumptions used to determine fair value of MEREP awards

DSUs are measured at their grant dates based on their fair value. This amount is recognised as an expense evenly over the respective vesting periods.

The Company annually revises its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, as part of employment expenses in the profit and loss account. For the financial year ended 31 March 2022, compensation expense relating to the MEREP totalled $1,211 (2021: $53,449).

Notes to the financial statements for the financial year ended 31 March 2022 (continued)

Note 23. 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 24. 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 25.

The Master Loan Agreement (the "MLA") governs the funding arrangements between various subsidiaries and related body *corporate entities which are under the common control of* MGL *and have acceded to the* MLA. *During the current financial year,* the Tripartite Outsourcing Major Services Agreement (TOMSA) became effective governing the provision of intra-group services between the Company and its related body corporate entities other than certain excluded entities.

Relationships with an entity which is not a party to the MLA have been presented on a gross basis.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group or the Directors as mentioned above. All transactions with related entities were made on normal commercial terms and conditions and at market rates except where indicated.

Note 25. Ultimate parent undertaking
At 31 March 2022 the immediate parent undertaking of the Company is Macquarie Holdings (UK) No.1 Limited.

The ultimate parent undertaking and controlling party of the Company is MGL. The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is 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 26. Events after the reporting date
In May 2022, the Company transferred its lease liabilities to MBE.

In September 2022, the Company's branch in Germany was de-registered.

There were no other material events subsequent to 31 March 2022 and up until the authorisation of the financial statements for issue, that have not been reflected in the financial statements.

Independent auditors' report to the members of Macquarie Ropemaker Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Ropemaker Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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, including 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 2022; the Profit and loss account, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to relevant Financial Conduct Authority rules and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for manual journal entries being recorded in order to manipulate financial performance, and applying management bias in the determination of accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inquiries of management and those charged with governance, including review of meeting minutes in so far as they relate to the financial statements, and consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of correspondence with regulators, including the Financial Conduct Authority ('FCA');
- Incorporating an element of unpredictability into the nature, timing and / or extent of our testing.
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Applying risk based criteria to all journal entries posted in the audit period, including consideration of backdated entries, post close entries and those journals posted by a defined group of unexpected users.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.

Daniel Pearce (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 December 2022