MACQUARIE GROUP HOLDINGS (UK) NO.1 LIMITED

COMPANY NUMBER 06357992

Strategic Report, Directors' Report and Financial Statements
for the financial year ended 31 March 2016

MACQUARIE

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

Macquarie Group Holdings (UK) No.1 Limited

2016 Strategic Report, Directors' Report and Financial Statements
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Strategic Report
for the financial year ended 31 March 2016

In accordance with a resolution of the directors (the "Directors") of Macquarie Group Holdings (UK) No.1 Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

Principal activities
The principal activity of the Company during the financial year ended 31 March 2016 was to act as a holding company for Macquarie Group Holdings (UK) No.2 Limited.

Review of operations
The profit for the financial year ended 31 March 2016 was £1,281,929, as compared to profit of £17,730,664 in the previous year .

Operating loss for the year ended 31 March 2016 was £716, as compared to operating profit of £16,999,424 in the previous year.

Administrative expenses for the year ended 31 March 2016 were £711, as compared to £581 in the previous year.

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in its financial statements and can be obtained from the address given in Note 13.

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

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

Credit risk
Credit exposures, approvals and limits are controlled with the Macquarie Group's credit framework, as established by RMG. The Company mitigates its material credit risk exposures through guarantee arrangements with its ultimate parent, MGL, and indemnity arrangements with Macquarie Corporate Holdings Pty Limited ("MCHPL"). Credit exposures, approvals and limits are controlled within the Macquarie Group's credit risk framework, as established by RMG.

Liquidity risk
Liquidity risk is the risk of an entity encountering difficulty in meeting obligations with financial liabilities. The Directors have adopted the risk model used by the Macquarie Group, as approved by RMG. This model is incorporated into the Macquarie Group's risk management systems to enable the Company to manage this risk effectively.

Strategic Report
for the financial year ended 31 March 2016

Financial risk management (continued)

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

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

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

On behalf of the Board

LEIGH HARRISON

Director
1 DECEMBER 2016

Macquarie Group Holdings (UK) No.1 Limited

Directors' Report
for the financial year ended 31 March 2016

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

Directors and Secretaries

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

J Dyckhoff	*(appointed on 7 December 2015)*
D Fass	
M Gummer	(resigned on 7 December 2015)
L Harrison	(appointed on 19 September 2016)

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

H Everitt
O Shepherd

Results

The profit for the financial year ended 31 March 2016 was £1,281,929 (2015: £17,730,664).

Dividends and distributions paid or provided for

No dividends were paid or provided for during the financial year (2015: £nil).

No final dividend has been proposed.

State of affairs

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

Events after the reporting period

On 13 September 2016, the Company made an additional investment of £8,000,000 in its subsidiary, Macquarie Group Holdings (UK) No.2 Limited.

At the date of this report, the Directors are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2016 not otherwise disclosed in this report.

Indemnification and insurance of Directors

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

Directors' Report (continued)
for the financial year ended 31 March 2016

Likely developments, business strategies and prospects
The Directors believe that no significant changes are expected other than those already disclosed in this report.

Statement of Directors' responsibilities
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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors
So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps necessary 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 period unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board

LEIGH HARRISON
Director
1 DECEMBER 2016

Independent auditors' report to the members of Macquarie Group Holdings (UK) No.1 Limited

Report on the financial statements

Our opinion

In our opinion, Macquarie Group Holdings (UK) No.1 Limited's financial statements (the "financial

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Macquarie Group Holdings (UK) No.1 Limited's financial statements comprise:

- the Balance sheet as at 31 March 2016;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

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

What an audit of financial statements involves

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jonathan Hinchliffe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 December 2016

Macquarie Group Holdings (UK) No.1 Limited

Profit and loss account
for the financial year ended 31 March 2016

	Note	**2016** £	2015 £
Turnover		**-**	17,000,000
Administrative expenses		**(711)**	(581)
Other operating income		**(5)**	5
Operating (loss)/profit		**(716)**	16,999,424
Interest receivable and similar income	3	**1,603,127**	925,475
Interest payable and similar charges	4	**-**	(8)
Profit on ordinary activities before taxation	2	**1,602,411**	17,924,891
Tax on profit on ordinary activities	5	**(320,482)**	(194,227)
Profit for the financial year	10	**1,281,929**	17,730,664

The above profit and loss account should be read in conjunction with the accompanying notes on pages 11 to 18.

Turnover and profit on ordinary activities before taxation relate wholly to continuing operations.

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

Macquarie Group Holdings (UK) No.1 Limited

Balance sheet
as at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	6	**34,700,002**	34,700,002
Current assets			
Debtors	7	**51,793,540**	50,189,566
Creditors: amounts falling due within one year	8	**(516,272)**	(194,227)
Net current assets		51,277,268	49,995,339
Total assets less current liabilities		85,977,270	84,695,341
Capital and reserves			
Called up share capital	9	**62,900,002**	62,900,002
Equity contribution from parent	9	**82,700,000**	82,700,000
Profit and loss account	10	**(59,622,732)**	(60,904,661)
Total shareholders' funds		85,977,270	84,695,341

The above balance sheet should be read in conjunction with the accompanying notes on pages 11 to 18.

The financial statements on pages 8 to 18 were approved by the Board of Directors on 1 DECEMBER 2016 and were signed on its behalf by:

LEIGH HARRISON

Director

Macquarie Group Holdings (UK) No.1 Limited

Statement of changes in equity
for the financial year ended 31 March 2016

	Note	Called up share capital £	Contributed equity £	Profit and loss account £	Total shareholders' fund £
Balance at 1 April 2014		62,900,002	82,700,000	(78,635,325)	66,964,677
Profit for the financial year		-	-	17,730,664	17,730,664
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	17,730,664	17,730,664
Balance at 31 March 2015		62,900,002	82,700,000	(60,904,661)	84,695,341
Profit for the financial year		**-**	**-**	**1,281,929**	**1,281,929**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**1,281,929**	**1,281,929**
Balance at 31 March 2016		**62,900,002**	**82,700,000**	**(59,622,732)**	**85,977,270**

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 11 to 18.

Notes to the financial statements
for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies

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

i) Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006 ("the Act") as applicable to companies using FRS 101.

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

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

The Company is a qualifying entity for the purposes of FRS 101. Note 13 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These are the first financial statements of the company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 April 2014. The Company has notified its shareholders in writing about, and they do not object to the use of the disclosure exemptions availed of by the Company in these financial statements.

The Company previously prepared its financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

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

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

Note 15 provides details of the impact of adopting FRS 101 on the Company's previously adopted accounting policies. Note 15 gives an explanation of the transition to FRS 101 and a reconciliation of: (i) total shareholders' funds determined in accordance with UK GAAP to total shareholders' funds determined in accordance with FRS 101 as at 1 April 2014 and 31 March 2015; and (ii) profit or loss for the financial year determined in accordance with UK GAAP to profit or loss for the financial year determined in accordance with FRS 101 for the year ended 31 March 2015.

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

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

New standards, amendments and IFRIC interpretations

No other new accounting standards, or amendments to accounting standards, or IFRIC interpretation that are effective for the year ended 31 March 2016, have had a material impact on the Company.

Notes to the financial statements (continued)
for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment securities available for sale and certain other assets and liabilities (including derivatives) at fair value.

Critical accounting estimates and significant judgements

The preparation of the financial statement in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statement, such as impairment on investment in subsidiaries' as consistent with the other entities.

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

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

ii) Foreign currency translations

Functional and presentation currency

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

Transactions and balances

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

iii) Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Interest income and expense

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

Dividends

Interim dividends from UK companies are recognised when the dividend proceeds are received by the Company. Final dividends from investments in UK companies are recognised when the Company becomes entitled to the dividend.

iv) *Other operating income*

Net losses arising from foreign currency transactions are accounted for as other operating income or expenses respectively.

Notes to the financial statements (continued)
for the financial year ended 31 March 2016

Note 1. Summary of significant accounting policies (continued)

v) Income tax
Tax on the profit for the period comprises current tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

vi) Investments and other financial assets
Financial assets are classified into the following categories: loans and receivables and investments in subsidiaries. The classification depends on the purpose for which the financial asset was acquired and level of influence, which is determined at initial recognition and, except for other financial assets at fair value through profit or loss, is re-evaluated at each balance date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Initially these are measured at the amount of the net proceeds after deducting issue costs and are subsequently measured at amortised cost using the effective interest method. This is the amount recognised at initial recognition, minus principal repayments, minus any reduction for impairment and plus or minus the interest cost/income which are allocated to periods over the term of the loan at a constant rate.

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

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

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

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

Notes to the financial statements (continued)
Functional and presentation currency

Note 1. Summary of significant accounting policies (continued)

vii) Impairment

Loans and receivables

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

Individually assessed provisions for impairment are recognised where impairment of individual loans are identified. Where individual loans are found not to be impaired, they are placed into pools of assets with similar risk profiles and collectively assessed for losses that have been incurred but are not yet specifically identifiable.

The Company makes judgements as to whether there is any observable data indicating that there is a significant decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Changes in assumptions used for estimating future cash flows could result in a change in the estimated provisions for impairment on loan assets at the end of reporting period.

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

Investments in subsidiary

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

viii) Offsetting financial instruments

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

ix) Called up share capital

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

Notes to the financial statements (continued)
for the financial year ended 31 March 2016

	2016 £	2015 £

Note 2. Profit on ordinary activities before taxation

The cost of auditors' remuneration for auditing services of £5,451 (2015: £5,274) has been borne by Macquarie Corporate Holdings Pty Limited (UK Branch), a wholly owned subsidiary within the Macquarie Group. The auditors received no other benefits.

The Company had no employees during the year (2015: nil).

Note 3. Interest receivable and similar income

	2016 £	2015 £
Interest receivable from other Macquarie Group undertakings	**1,603,127**	925,475
Total interest receivable and similar income	**1,603,127**	925,475

Note 4. Interest payable and similar charges

	2016 £	2015 £
Interest payable to other Macquarie Group undertakings	-	8
Total interest payable and similar charges	-	8

Note 5. Tax on profit on ordinary activities

Analysis of tax charge for the year:

	2016 £	2015 £
Current tax		
UK corporation tax at 20% (2015: 21%)	**320,482**	194,227
Total current tax	**320,482**	194,227

Factors affecting tax charge for the year:

The income tax expense for the year is equal (2015: lower) to the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before taxation	**1,602,411**	17,924,891
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 20% (2015: 21%)	**(320,482)**	**(3,764,227)**
Effects of:		
Non assessable income	-	3,570,000
Current Tax Charge	**(320,482)**	(194,227)

For companies subject to main rate of UK Corporate tax, the tax rate from 1 April 2015 was reduced from 21% to 20%. In October 2015, the main rate of UK Corporate tax was reduced from 20% to 19% from 1 April 2017 and 18% from 1 April 2020.

Notes to the financial statements (continued)
for the financial year ended 31 March 2016

	2016 £	2015 £
Note 6. Investments		
Investments in subsidiary at cost without provisions for impairment	**34,700,002**	34,700,002
Total investments in subsidiaries	**34,700,002**	34,700,002

Name of investment	Nature of business	Registered Office	2016 % ownership	2015 % ownership	2016 £	2015 £
Macquarie Group Holdings (UK) No.2 Limited ("MGH2L")	Holding company for Macquarie UK regulated entity	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	100	**34,700,002**	34,700,002
					34,700,002	34,700,002

The Directors believe that the carrying value of the investments is supported by their recoverable amounts.

	2016 £	2015 £
Note 7. Debtors		
Amounts owed by other Macquarie Group undertakings	**51,793,540**	50,189,566
Total debtors	**51,793,540**	50,189,566

Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to other Macquarie Group undertakings at market rates and at 31 March 2016 the rate applied was LIBOR plus 2.65% (2015: LIBOR plus 2.49%).

	2016 £	2015 £
Note 8. Creditors: Amounts falling due within one year		
Amounts owed to other Macquarie Group undertakings	**195,790**	-
Taxation	**320,482**	194,227
Total creditors	**516,272**	194,227

Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2016 the rate applied was LIBOR plus 1.88.% (2015: LIBOR plus 2.49%).

Notes to the financial statements (continued)
for the financial year ended 31 March 2016

Note 9. Called up share capital

	2016 Number of shares	2015 Number of shares	2016 £	2015 £
Called up ordinary share capital				
Opening balance of fully paid ordinary shares	**63,426,318**	63,426,318	**62,900,002**	62,900,002
Closing balance of fully paid ordinary shares	**63,426,318**	63,426,318	**62,900,002**	62,900,002
Authorised share capital				
Ordinary shares	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Ordinary A shares	**21,052,632**	21,052,632	**20,000,000**	20,000,000
Total authorised share capital	**121,052,632**	121,052,632	**120,000,000**	120,000,000
Equity contribution from parent entity				
Balance at the beginning of the financial year			**82,700,000**	82,700,000
Closing balance of equity contribution from parent entity			**82,700,000**	82,700,000

Note 10. Profit and loss account

	2016 £	2015 £
Balance at the beginning of the financial year	**(60,904,661)**	(78,635,325)
Profit attributable to ordinary equity holders of Macquarie Group Holdings (UK) No.1 Limited	**1,281,929**	17,730,664
Balance at the end of the financial year	**(59,622,732)**	(60,904,661)

Note 11. 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 8 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 14.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

Details of holdings by subsidiary undertakings is as below:

Name of related party	Registered office	% ownership	Class of shares
Subsidiary of MGH2L:			
Macquarie Infrastructure and Real Assets (Europe) Limited ("MIRAEL")	Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD	100	Ordinary shares
Subsidiary of MIRAEL :			
Macquarie Korea Asset Management Co., Ltd.	9th Floor, Hanwha Building, Sogong-dong 109 Sogong-ro, Jung-gu Seoul 04525	100	Ordinary and Type 1 Preferred shares
	Korea	80.1	Type 2 Preferred shares

Note 12. Directors' remuneration

During the financial year ended 2016 and 2015, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

Notes to the financial statements (continued)
for the financial year ended 31 March 2016

Note 13. Contingent liabilities and commitments

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

Note 14. Ultimate Parent undertaking

At 31 March 2016 the immediate parent undertaking of the Company is Macquarie Corporate International Holdings Pty Limited.

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

Note 15. Transition to FRS 101

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with UK GAAP. The Company has adopted FRS 101 and the financial statements for the year ended 31 March 2016 are the first the Company prepared in accordance with FRS 101. Accordingly, the accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015. No transitional impact was identified in respect to the statement of financial position, the statement of comprehensive income, or the shareholders' fund at the date of transition or the end of the comparative year, and therefore no additional reconciliation to demonstrate the impact of the adoption of the FRS 101 has been presented.

Note 16. Events after the reporting period

On 13 September 2016, the Company made an additional investment of £8,000,000 in its subsidiary, Macquarie Group Holdings (UK) No.2 Limited.

There were no other material events subsequent to 31 March 2016 that have not been reflected in the financial statements.