MACQUARIE INTERNATIONALE INVESTMENTS LIMITED

Company Number 04957256

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

MACQUARIE

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

2019 Strategic Report, Directors' Report and Financial Statements
Contents

Strategic Report
for the financial year ended 31 March 2019

In accordance with a resolution of the directors (the "Directors") of Macquarie Internationale Investments 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 2019 was to act as an investment holding company for the following investments:

- Macquarie International Holdings Limited ("MIHL"), which acts as a holding company;
- Macquarie Capital Securities (Japan) Limited ("MCSJL"), which operates as a Japanese stockbroking company;
- Macquarie Korea Opportunities Management Limited ("MKOM"), which acts as manager for the Macquarie Korea Opportunities Fund; and
- Macquarie Securities Korea Limited ("MSKL"), which operates a securities and derivatives dealing business.

Review of operations

The profit for the financial year ended 31 March 2019 was £6,987,798, a decrease of 72 percent from the profit of £24,777,989 in the previous financial year. This decrease is driven by the reduction in dividends received. Dividends are at the discretion of the Directors of the subsidiaries.

Total net operating profit for the year ended 31 March 2019 was £3,518,318, a decrease from the operating profit of £20,857,419 in the previous financial year.

Total operating expenses for the year ended 31 March 2019 were £1,253,061, an increase from £951,548 operating expenses in the previous financial year.

As at 31 March 2019, the Company had net assets of £162,966,474 (2018: £160,070,496).

The Company and its Directors have, during the financial year ended 31 March 2019, complied with all Listing Requirements and Debt Listing Requirements and related disclosure requirements for continued listing on the Johannesburg Stock Exchange.

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 21.

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

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

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

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

Credit risk
Credit exposures, approvals and limits are controlled 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.

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.

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

Other matters
Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of financial and non-financial key performance indicators, the company's business impact on the environment and social, community and human rights issues in the Strategic Report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

Director, ABIGAIL NETTINGHAM
31 JULY 2019

Directors' Report
for the financial year ended 31 March 2019

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

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

K Burgess
A Nottingham
R Thompson

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

H Everitt

Results
The profit for the financial year ended 31 March 2019 was £6,987,798 (2018: £24,777,989).

Dividends paid or provided for
Interim dividends of £4,000,000 (2018: £176,000,000) were paid during the financial year. No final dividend has been proposed.

State of affairs
On 28 August 2018, the Company issued ZAR denominated unsecured redeemable fixed rate notes with the Johannesburg Stock Exchange ("JSE") in the amount of ZAR 600,000,000 to Macquarie Securities South Africa Limited ("MSSA"). MSSA requires capital in order to comply with the Financial Resources Requirements in respect of its equity membership as prescribed by the directives issued by JSE. The notes amounting to ZAR 600,000,000 mature on 28 August 2023.

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

Events after the reporting year
The Directors of the Company approved a ZAR equivalent of USD 200m funding flow through to MSSA, on 11 April 2019. The Company will draw down funding from Macquarie Financial Holdings (Pty) Ltd ("MFHL"), another Macquarie Group undertaking.

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2019 not otherwise disclosed in this report.

Likely developments, business strategies and prospects
The Directors believe that no significant changes are expected other than those already disclosed in this report.
The financial risk management objectives and policies of the Company and the exposure of the Company to credit risk, liquidity risk, interest rate risks and foreign exchange risk are contained within the Strategic Report.

Other matters
The Company and its Directors have, during the financial year ended 31 March 2019, complied with all Listing Requirements and Debt Listing Requirements and related disclosure requirements for continued listing on the Johannesburg Stock Exchange.

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

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

Statement of Directors' responsibilities
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).

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, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to Auditors
In the case of each Director in office at the date the Directors' Report is approved:
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

On behalf of the Board

ABIGAIL NOTTINGHAM
Director
31 July 2019

Independent auditors' report to the members of Macquarie Internationale Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Macquarie Internationale Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Directors.

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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- Overall materiality: £2.4 million (2018: £3.6 million), based on 1% of total assets.

- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the financial statements.
- We identified all material financial statement line items and disclosures, including those that were considered qualitatively material, and conducted our work over these accordingly.
- A number of key processes and controls, including those relating to information systems, are centralised within certain global processing centres. We relied on various key controls tested by PwC Australia for local statutory audit purposes.

- We identified the listing of debt on the Johannesburg Stock Exchange and the associated investment in fixed rate notes issued by another group company as a key audit matter.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Listing of debt on the Johannesburg Stock Exchange (JSE) and the associated investment in fixed rate notes In August 2018, the Company issued ZAR600m of 5 year redeemable fixed rate notes with interest payable on maturity on the JSE. The notes were fully subscribed for by Macquarie Securities South Africa Ltd (MSSA) another Macquarie Group Company. The Company used the proceeds from the note issuance to subscribe for ZAR600m of 5 year redeemable fixed rate notes with interest payable on maturity that were issued by MSSA on the JSE under MSSA's South African Debt Issuance Programme. The note liability and loan asset are accounted for at amortised cost using the EIR method. We focused our testing on the recognition and measurement of the note liability and loan asset and the overall presentation and disclosure in the financial statements.	We assessed the overall presentation and disclosure of the transactions in the financial statements. We inspected the relevant agreements, receipt and payment of cash, and JSE listing information. We reviewed the IFRS 9 Business Model Assessment performed by management to determine whether the accounting treatment of amortised cost was appropriate. We substantively tested the valuation of the liability and loan asset at the year end date by inspecting the JSE listing details and the underlying term sheets. We reviewed the impairment assessment performed by management on the loan asset to confirm that no impairment was required. Based on the work performed above, we considered the accounting treatment and resulting amounts and disclosures in the financial statements were appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Our overall approach to setting our audit scope was to focus our audit in areas where we identified a higher risk of material misstatement to the financial statements, including areas where the directors made subjective judgements. To conduct this risk assessment, we considered the inherent risks facing the Company, including those arising from its respective business operations, and how the Company manages these risks. We also considered a number of other factors including the design and implementation of the Company's control environment relevant to the audit, the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements and the risk of management override of controls.

A number of key processes and controls, including those relating to information systems, are centralised within certain global processing centres. We relied on various key controls tested by PwC Australia for local statutory audit purposes.

We performed audit work for all financial statement line items with balance above our performance materiality of £1.8 million. For each in-scope line item, we performed audit procedures to bring the untested balance below performance materiality.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2.4m (2018: £3.6m).
How we determined it	1% of total assets.
Rationale for benchmark applied	Considering the nature of the entity, the users of the financial statements are likely to focus on the assets position of the entity therefore we consider that using total assets as a benchmark is most appropriate. The benchmark percentage has been decreased from 2% in the prior year to 1% in the current year as a result of the debt listing on the JSE classifying the Company as a Public Interest Entity (PIE).

We agreed with the Directors that we would report to them misstatements identified during our audit above £0.12 million (2018: £0.18 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Lawrence Wilkinson

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

31 July 2019

Financial Statements

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

	Notes	2019[1] £	2018 £
Turnover	2(v)	**4,771,379**	21,808,967
Administrative expenses	3	**(18,216)**	(23,529)
Other operating expenses	3	**(1,234,845)**	(928,019)
Operating profit		**3,518,318**	20,857,419
Interest receivable and similar income	4	**10,318,710**	7,409,353
Interest payable and similar charges	5	**(6,039,336)**	(2,626,237)
Profit before taxation		**7,797,692**	25,640,535
Tax on profit	6	**(809,894)**	(862,546)
Profit for the financial year		**6,987,798**	24,777,989

The above profit and loss account should be read in conjunction with the accompanying notes.

Turnover and profit before taxation relate wholly to continuing operations.

[1]The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments (IFRS 9) on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

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 Internationale Investments Limited

Balance sheet
as at 31 March 2019

	Notes	2019[1] £	2018 £
Fixed assets			
Investments in subsidiaries	8	**159,324,292**	156,443,694
Loan assets	9	**34,179,331**	-
Current assets			
Deferred tax assets	10	**102,212**	119,245
Debtors	11	**51,141,723**	40,425,002
Current liabilities			
Creditors: amounts falling due within one year	12	**(34,747,958)**	(24,725,127)
Net current assets		**16,495,977**	15,819,120
Total assets less current liabilities		**209,999,600**	172,262,814
Creditors: amounts falling due after more than one year	13	**(47,033,126)**	(12,192,318)
Net assets		**162,966,474**	160,070,496
Capital and reserves			
Called up share capital	14	**36,230,816**	36,230,816
Other reserves	15	**122,301,683**	122,301,683
Profit and loss account	16	**4,433,975**	1,537,997
Total shareholders' funds		**162,966,474**	160,070,496

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

[1]The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments (IFRS 9) on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

The financial statements on pages 8 to 25 were authorised for issue by the Board of Directors on 31 July 2019 and were signed on its behalf by:

ABIGAIL NOTTINGHAM
Director

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

	Notes	Called up share capital £	Other reserves £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2017		234,092,157	-	77,200,350	311,292,507
Profit for the financial year	16	-	-	24,777,989	24,777,989
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	24,777,989	24,777,989
Transactions with equity holders in their capacity as ordinary equity holders:					
Reduction of 165,051,497 ordinary shares on (26 September 2017) at £1 per share	14	(165,051,497)	-	165,051,497	-
Redemption of Class A redeemable preference shares of £1 each	14	(32,809,844)	-	32,809,844	-
Redemption of Class A, Class B and Class C redeemable preference shares on 26 September 2017	15	-	272,301,683	(272,301,683)	-
Distribution on 20 December 2017	15	-	(150,000,000)	150,000,000	-
Dividends	7	-	-	(176,000,000)	(176,000,000)
Balance at 31 March 2018		**36,230,816**	**122,301,683**	**1,537,997**	**160,070,496**
Change on initial application of IFRS 9[1]		-	-	(91,820)	(91,820)
Restated balance at 1 April 2018		**36,230,816**	**122,301,683**	**1,446,177**	**159,978,676**
Profit for the financial year	16	-	-	**6,987,798**	**6,987,798**
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	**6,987,798**	**6,987,798**
Dividends	7	-	-	**(4,000,000)**	**(4,000,000)**
Balance at 31 March 2019		**36,230,816**	**122,301,683**	**4,433,975**	**162,966,474**

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.

[1]The March 2019 financial results reflect the adoption of IFRS 9 – Financial Instruments (IFRS 9) on 1 April 2018. As permitted by IFRS 9, the Company has not restated previously reported financial periods. Refer to Note 2 for the impact on the Company from initial adoption of IFRS 9.

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

Note 1. Company information

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

Note 2. Summary of significant accounting policies

i) Basis of preparation

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

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

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

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

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

- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities to the extent that they apply to non-financial assets);
- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- 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'.

Critical accounting estimates and significant judgements

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

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

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

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

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Critical accounting estimates and significant judgements (continued)

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

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

IFRS 9 Financial Instruments

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

Transition:

As permitted by the IFRS 9, the Company has not restated comparative financial statements and has recorded a transition adjustment to the opening balance sheet, retained earnings and OCI at 1 April 2018.

The transition adjustment, which mainly relates to IFRS 9's expected credit loss impairments (ECL) requirements, reduced the Company's shareholders' funds by £91,820, no tax impact. The ECL movement on debtors of £91,820 primarily represents Stage 1 provisions on balances on amounts owed from other Macquarie Group undertakings.

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

The adoption of the Classification and Measurement requirements of the standard does not result in significant measurement differences when compared to those under IAS 39. The adoption of IFRS 9 only impacts assets classified as loans receivable to amortised cost classification.

IFRS 15 Revenue from Contracts with Customers

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

The Company adopted IFRS 15 on 1 April 2018. No adjustment to opening retained earnings was recognised as the amendments to accounting policies did not result in significant changes to the timing or amount of revenue recognised as at 31 March 2018.

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

Note 2. Summary of significant accounting policies (continued)

ii) Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

iii) Transactions and balances

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

iv) Revenue and expense recognition

Expenses

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

Other operating income/(expenses)

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

Net interest income/expense

Interest income and expense is recognised using the effective interest rate (EIR) method for financial assets and liabilities carried at amortized cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs that are integral to the lending arrangement are recognised in the profit and loss account over the expected life 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).

Dividends and distributions

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

v) Turnover

Turnover for the year comprises dividend income received from fixed asset investments.

vi) Taxation

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

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

Note 2. Summary of significant accounting policies (continued)

vi) Taxation (continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company 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 of the law.

vii) Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is initially recognised at fair value adjusted for (in the case of instruments not carried at fair value through profit or loss, (FVTPL)) transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument.

De-recognition of financial instruments

Financial assets

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

–the rights to cash flows have expired

–the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities

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

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

(ii) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;

(iii) how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

Financial liabilities

Financial liabilities are measured at amortised cost, except for those financial liabilities that are FVTPL or are HFT.

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

Note 2. Summary of significant accounting policies (continued)

vii) Financial instruments (continued)

Solely payment of principal and interest (SPPI)

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

Amortised cost

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

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements

Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised in investment income as part of other operating income and expenses in the income statement.

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

- 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).

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

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

Reclassification of financial instruments

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

The Company does not reclassify financial liabilities after initial recognition.

Prior to the adoption of IFRS 9, the Company's financial assets were classified into the following category:
Loans and receivables: being receivables and amounts due from subsidiaries that were non-derivative financial assets with fixed or determinable payments and that were not quoted in an active market. The measurement and recognition of gains and losses of such assets aligns with that for financial assets classified as at amortised cost in terms of IFRS 9.

When the fair value of an available for sale equity financial asset was less than its initial carrying amount and there was objective evidence of impairment, the cumulative loss was transferred from OCI and to investment income in the profit and loss account. Such impairment losses were not permitted to be reversed through the profit and loss account.

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

Note 2. Summary of significant accounting policies (continued)

viii) Derivative Instruments

Derivative instruments entered into by the Company include futures, forwards and forward rate agreements, swaps and options in the interest rate, foreign exchange, commodity and equity markets. These derivative instruments are principally used by the Company for the purposes of risk management of existing financial and non-financial assets and liabilities and entered into for client trading purposes.

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

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

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

ix) Hedge accounting

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

Fair value hedge

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

Hedging Instruments

Includes foreign exchange forward contracts and foreign currency denominated issued debt.

Designation and documentation

At inception of the hedge relationship, documentation is required of the Company's risk management objective and strategy for the hedge, hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.

Hedge effectiveness method

All hedge relationships are required to be assessed for hedge ineffectiveness both at the inception and throughout the hedge relationship by demonstrating that:

— an economic relationship exists between the hedged item and the hedging instrument;
— credit risk does not dominate the changes in value of either the hedged item or the hedging instrument; and
— the hedge ratio is reflective of the Company's risk management approach.

The hedge effectiveness assessment is performed by a combination of qualitative and, where applicable, quantitative assessments. Changes in the hedge ratio, or rebalancing, may be required to adjust the hedged item or the hedging instrument.

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

Note 2. Summary of significant accounting policies (continued)

ix) Hedge accounting (continued)

Accounting treatment for the hedging instrument
Fair value through the profit and loss account.

Accounting treatment for the hedged item
Carrying value adjusted for changes in fair value attributable to the hedged risk.

Accounting treatment for hedge ineffectiveness
Recognised in the income statement to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.

Accounting treatment if the hedge relationship is discontinued
Where the hedged item still exists, adjustments to the hedged item are amortised to the income statement on an effective interest rate basis.
IAS 39's hedge accounting requirements, which were applied prior to the adoption of IFRS 9, for the Company are substantially the same as that of IFRS 9 with the exception of the requirement for the hedge to be highly effective and the limit on the application of hedge accounting for financial risks in non-financial contracts.

x) *Investments in subsidiaries*

Subsidiaries held by the Company are carried in its financial statements at cost less impairment. Subsidiaries are all those entities over which the Company has the power to direct the relevant activities of the entity, exposure to significant variable returns and the ability to utilise power to affect the Company's own returns. The determination of control is based on current facts and circumstances and is continuously assessed.

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

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

xi) Loan assets

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

xii) Impairment

Expected credit losses ("ECL")

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

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

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

Note 2. Summary of significant accounting policies (continued)

xii) Impairment (continued)

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition (or for those financial assets for which the credit risk is considered to be low), ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

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

(ii) Stage II – Lifetime ECL not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLI that includes significant management judgement.

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

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

(iii) Stage III – Lifetime ECL credit-impaired

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

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

Interest income is determined by applying the financial asset's EIR to the financial asset's amortised cost carrying value, being the gross carrying value after the ECL provision.

(iv) Purchased or originated credit-impaired financial assets

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

The loss allowances for ECL are presented in the balance sheet as loan assets and amounts due from other Macquarie undertakings.

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 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

xii) Impairment (continued)

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

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

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

For available for sale debt securities, where there was objective evidence of impairment and the fair value of the financial asset was less than its initial carrying amount then the cumulative loss was transferred from OCI to the profit and loss account. Impairment losses recognised for debt investment securities classified as available for sale were subsequently reversed through the profit and loss account if the fair value increased and the increase was objectively related to an event after the impairment loss was recognised in the profit and loss account.

Impairment of investments in subsidiaries

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

xiii) Called up share capital

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

xiv) Comparatives

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

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

	2019 £	2018 £
Note 3. Profit before taxation		
Profit before taxation is stated after charging:		
Foreign exchange losses	**1,217,901**	928,019
Credit and other impairment charges	**16,944**	-
Fees payable to the Company's auditors for the audit of the Company	**16,966**	19,414
The Company had no employees during the financial year (2018: nil).		
Note 4. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	**10,279,097**	7,400,331
Interest receivable from unrelated parties	**39,613**	9,022
Total interest receivable and similar income	**10,318,710**	7,409,353
Note 5. Interest payable and similar charges		
Interest payable to other Macquarie Group undertakings	**5,998,463**	2,626,237
Interest receivable from unrelated parties	**40,873**	-
Total interest payable and similar charges	**6,039,336**	2,626,237
Note 6. Taxation		
Analysis of tax charge for the year:		
Current tax		
UK corporation tax at 19% (2018: 19%)	**(559,560)**	(514,936)
Adjustment in respect of previous years	**10,402**	(54,533)
Foreign tax suffered	**(243,702)**	(102,425)
Total current tax	**(792,860)**	(671,894)
Deferred tax		
Origination and reversal of temporary differences	**(19,040)**	(213,082)
Effect of changes in tax rates	**2,006**	22,430
Total deferred tax	**(17,034)**	(190,652)
Tax on profit	**(809,894)**	(862,546)

Factors affecting tax charge for the year:

The income tax expense for the period is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit before taxation	**7,797,692**	25,640,535
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	**(1,481,561)**	(4,871,701)
Effects of:		
Adjustment in respect of previous years	**10,402**	(54,533)
Non deductible expenses	**(3,600)**	(19)
Foreign tax suffered	**(243,702)**	(102,425)
Non assessable income	**906,562**	4,143,702
Effect of changes in tax rates	**2,006**	22,430
Total income tax	**(809,894)**	(862,546)

The UK Government have enacted a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and a further reduction to 17% from 1 April 2020.

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

	2019 £	2018 £
Note 7. Dividends paid or provided for		
Dividend paid	**4,000,000**	176,000,000
Total dividends paid (Note 16)	**4,000,000**	176,000,000
Note 8. Investments in subsidiaries		
Investments at cost without provisions for impairment	**159,324,292**	156,443,694
Total Investments	**159,324,292**	156,443,694
Reconciliation of movement in investments		
Balance at the beginning of the financial year	**156,443,694**	459,381,166
Foreign exchange movements	**2,880,598**	(8,410,393)
Return of investment	**-**	(294,527,079)
Balance at the end of the financial year	**159,324,292**	156,443,694

Name of investment	**Nature of business**	**Registered office**	**% Ownership**		
Macquarie Capital Securities (Japan) Limited ("MCSJL") (Ordinary shares)	Holding company for Japanese stockbroking service	Po Box 309Gt Ugland House, South Church Street George Town, Grand Cayman Cayman Islands	100	**53,028,360**	51,267,313
Macquarie International Holdings Limited ("MIHL") (Ordinary shares)	Holding company for Macquarie Securities Asia and Corporate Finance entities	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	**47,092,530**	46,484,040
Macquarie Korea Opportunities Management Ltd ("MKOM") (Ordinary shares)	Manages the Macquarie Korea Opportunities Fund	Hanwha Building, Sogong-dong 109 Sogong-ro, Jung-gu Seoul 100-755 Republic of Korea	100	**5,114,641**	5,070,490
Macquarie Securities Korea Limited ("MSKL") (Ordinary shares)	Securities and derivative dealing business	3rd Floor, Hanwha Building, Sogong-dong) 109 Sogong-ro, Jung-gu Seoul 100-755 Republic of Korea	100	**54,088,761**	53,621,851
				159,324,292	156,443,694

Notes to the financial statements
for the financial year ended 31 March 2019 (continued)
Note 9. Loan assets

	2019	2018
	£	£
Loan assets	**34,179,331**	-
Total loan assets	**34,179,331**	-

On 28 August 2018, MSSA issued ZAR denominated unsecured redeemable fixed rate notes in the amount of ZAR 600,000,000 to the Company with an interest rate of 11.63%. The principal amout of ZAR 600,000,000 and all accrued interest are due upon the maturity date of 28 August 2023. The balance is presented net of the ECL provision of £43 (2018: £nil). Movement against prior year is £nil which is related to stage 1 provision.

Note 10. Deferred tax assets

The balance comprises timing differences attributable to:

Temporary differences on Financial instruments and revaluations	**102,212**	119,245
Total deferred tax assets	**102,212**	119,245
Net deferred tax assets	**102,212**	119,245

Reconciliation of the Company's movement in deferred tax assets:

Balance at the beginning of the financial year	**119,245**	309,897
Temporary differences:		
Deferred tax charged	**(19,039)**	(213,082)
Effect of changes in tax rates	**2,006**	22,430
Balance at the end of the financial year	**102,212**	119,245

Note 11. Debtors

Amounts owed by other Macquarie Group undertakings[1]	**51,141,431**	40,424,916
Other debtors	**292**	86
Total debtors	**51,141,723**	40,425,002

[1]Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2019 the rate applied ranged between LIBOR plus 1.18% and LIBOR plus 2.41% (2018: between LIBOR plus 1.36% and LIBOR plus 2.26%). The balance is presented net of the ECL provision of £107,312 (2018: £nil). Movement against prior year is £15,492 which is related to stage 1 provision.

Note 12. Creditors: amounts falling due within one year

Amounts owed to other Macquarie Group undertakings[1]	**31,142,533**	21,624,151
Other financial market liabilities[2]	**3,045,587**	2,586,055
Taxation	**559,838**	514,921
Total creditors	**34,747,958**	24,725,127

[1]Amounts due to other Macquarie Group undertakings are unsecured and have no fixed date of repayment on demand. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2019 the rate applied was LIBOR plus 1.46% (2018: LIBOR plus 2.26%).

[2]As at 31 March 2019, the fair value of outstanding derivatives held by the Company and designated as fair value hedges was £3,045,587 negative value (2018: £2,586,055 negative value).

Objectives of holding and issuing derivative financial instruments

The Company uses derivatives to hedge its investments. Certain derivative transactions may qualify as fair value hedges, if they meet the appropriate strict hedge criteria outlined in Note 2(viii) – Summary of significant accounting policies.

Fair value hedges: The Company's fair value hedges consist of foreign exchange forward contracts and borrowings used to hedge against changes in the fair value of foreign denominated equity instruments as a result of movements in market foreign exchange rates.

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

Note 13. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to other Macquarie Group undertakings[1]	**12,867,987**	12,192,318
Unsecured notes[2]	**34,165,139**	-
Total creditors: amounts falling due after more than one year	**47,033,126**	12,192,318

[1]Amounts owed to other Macquarie Group undertakings represent a loan from Macquarie Corporate Holdings Pty Limited ("MCHPL"). The Company incurs interest at the rate of a LIBOR plus 0.88% (2018: LIBOR plus 0.88%) and the loan is due to mature in 28 August 2020.

[2]On 28 August 2018, the Company issued ZAR denominated unsecured redeemable fixed rate notes, which are listed on the JSE, of the value of ZAR 600,000,000 to Macquarie Securities South Africa Limited with an interest rate of 11.55%. The principal amout of ZAR 600,000,000 and all accrued interest are due upon the maturity date of 28 August 2023.

Note 14. Called up share capital

	2019 Number of shares	2018 Number of shares	2019 £	2018 £
Authorised share capital				
Opening balance of authorised ordinary shares at £0.18 per share (2018: £1)	**700,000,000**	700,000,000	**700,000,000**	700,000,000
Closing balance of authorised ordinary shares	**700,000,000**	700,000,000	**700,000,000**	700,000,000
Ordinary share capital				
Opening balance of fully paid ordinary shares[1]	**201,282,313**	201,282,313	**36,230,816**	201,282,313
Nominal value reduction of ordinary shares from £1 to £0.18 (26 September 2017)	-	-	-	(165,051,497)
Total ordinary share capital	**201,282,313**	201,282,313	**36,230,816**	36,230,816

[1]The nominal value of each share reduced from £1 to £0.18 in 2018. This is a restatement from the prior year accounts where the movement in share capital was incorrectly explained through a reduction in the number of shares.

	2019 Number of shares	2018 Number of shares	2019 £	2018 £
Opening balance of Class A redeemable preference shares of £1 each	-	32,809,844	-	32,809,844
Redemption of Class A redeemable preference shares on 26 September 2017	-	(32,809,844)	-	(32,809,844)
Total equity component of preference shares	-	-	-	-
Closing balance of fully paid ordinary shares	**201,282,313**	201,282,313	**36,230,816**	36,230,816

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

Note 15. Other reserves

	2019 £	2018 £
Capital redemption reserve		
Opening balance	**122,301,683**	-
Redemption of Class A, Class B and Class C redeemable preference shares on 26 September 2017	-	272,301,683
Distribution on 20 December 2017	-	(150,000,000)
Total Equity contribution	**122,301,683**	122,301,683

Note 16. Profit and loss account

	2019 £	2018 £
Profit and loss account		
Balance at the beginning of the financial year	**1,537,997**	77,200,350
Profit for the financial year	**6,987,798**	24,777,989
Dividends paid on ordinary share capital (note 7)	**(4,000,000)**	(176,000,000)
Change on initial application of IFRS 9 (Note 2)	**(91,820)**	-
Nominal value reduction of ordinary shares from £1 to £0.18 (26 September 2017)	-	165,051,497
Redemption of Class A, Class B and Class C redeemable preference shares on 26 September 2017	-	32,809,844
Amounts transferred to reserves	-	(122,301,683)
Balance at the end of the financial year	**4,433,975**	1,537,997

Note 17. Directors' remuneration

During the financial years ended 2019 and 2018, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

Note 18. 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 19. 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;
- maintain sufficient capital to exceed externally imposed capital requirements; and
- safeguard the Company's ability to continue as a going concern.

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

The Company has satisfied its externally imposed capital requirements throughout the financial year.

During the current and prior financial years, the Company has continued to meet its capital requirements under the licence and no breaches have occurred.

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

Note 20. 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 21.

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 are as below:

Name of related party	Registered office	% ownership	Class of shares
Subsidiaries of Macquarie International Holdings Limited:			
Macquarie Capital Securities (Mauritius) Limited ("MCSML")	33 Edith Cavell Street Port-Louis 11326, Mauritius	100%	Ordinary shares
Macquarie Securities (Thailand) Limited ("MSTL")	28th Floor, CRC Tower, All Seasons Place 87/2 Wireless Road, Lumpini Patumwan, Bangkok 10330 Thailand.	99.99%	Ordinary shares
Macquarie Capital Limited ("MCL")	Level 18, One International Finance Centre 1 Harbour View Street Central, Hong Kong	100%	Ordinary shares
Macquarie Asia Securities (Hong Kong) Limited	Level 18, One International Finance Centre 1 Harbour View Street Central, Hong Kong	100%	Ordinary shares
Macquarie Capital Securities (Philippines) Inc ("MCSPI")	Level 29, Tower 1, The Enterprise Center, Ayala Avenue, Makati City 1226, Philippines	99.99%	Ordinary shares
PT Macquarie Sekuritas Indonesia ("PTMCSI")	Indonesia Stock Exchange, Tower 1 8th Floor, Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190, Indonesia	85%	Ordinary shares
Subsidiary of Macquarie Capital Securities (Mauritius) Limited:			
Macquarie Capital Securities (India) Private Limited	92 Level 9, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India	100%	Ordinary shares and Redeemable Preference shares

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

Note 21. Ultimate parent undertaking

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

Note 22. Events after the reporting year

The Directors of the Company's wholly-owned subsidiary, Macquarie Korea Opportunities Management, Ltd, approved the payment of an interim dividend of 27,000,000,000 KRW to the Company, on 25 June 2019.

The Directors of the Company approved a ZAR equivalent of USD 200m funding flow through to MSSA, on 11 April 2019. The Company will draw down funding from Macquarie Financial Holdings (Pty) Ltd ("MFHL"), another Macquarie Group undertaking.

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