MACQUARIE INTERNATIONALE INVESTMENTS LIMITED

Company Number 04957256

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

MACQUARIE

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

Macquarie Internationale Investments Limited

2020 Strategic Report, Directors' Report and Financial Statements
Contents

Strategic Report
for the financial year ended 31 March 2020

In accordance with a resolution of the directors (the "Directors") of Macquarie 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 2020 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; and
- Macquarie Securities Korea Limited ("MSKL"), which operates a securities and derivatives dealing business.

The Company also provides intercompany funding to other Macquarie related entities.

Review of operations

The profit for the financial year ended 31 March 2020 was £18,748,946, an increase of 168 percent from the profit of £6,987,798 in the previous financial year. This increase is driven by an increase in dividends received. Dividends are at the discretion of the Directors of the subsidiaries.

Total net operating profit for the year ended 31 March 2020 was £16,356,908, an increase of 365 percent from the operating profit of £3,518,318 in the previous financial year.

Total operating expenses for the year ended 31 March 2020 were £2,051,789, an increase of 64 percent from £1,253,061 operating expenses in the previous financial year.

As at 31 March 2020, the Company had net assets of £181,715,420 (2019: £162,966,474).

The Company and its Directors have, during the financial year ended 31 March 2020, complied with Debt Listing Requirements and related disclosure requirements for continued listing on the Johannesburg Stock Exchange (“JSE”).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in MGL’s financial statements and can be obtained from the address given in Note 21.

On 29 March 2017, the United Kingdom invoked Article 50 of the Lisbon Treaty and officially notified the EU of its decision to withdraw from the EU (known as “Brexit”). The UK government and the EU Commission subsequently agreed an Article 50 Withdrawal Agreement, pursuant to which a transition period commenced which will last until 31 December 2020. The economic, regulatory and legal environment as a result of Brexit will depend on the nature of the post-Brexit arrangements, and the Company continues to assess the possible impacts of Brexit and its strategic options to mitigate those impacts.

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

Strategic Report
for the financial year ended 31 March 2020 (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 and exposure to the performance of its subsidiaries. Additional risks faced by the Company include legal, compliance and documentation risk. Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("RMG") to ensure appropriate assessment and management of these risks.

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

Credit risk

Credit exposures, approvals and limits are controlled 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, which earn fixed and variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group undertakings, which also incur fixed and variable rate of interest.

Foreign exchange risk

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

Operational risk

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

Section 172 (1) Statement

Section 172(1) of the Companies Act 2006 requires Directors to act in the way they consider would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

(a) the likely long-term consequences of decisions;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;

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

Section 172 (1) Statement (continued)
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between the Company's owners.

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

From the perspective of the Directors, the matters that it is responsible for considering under Section 172 of the Companies Act 2006 have been considered to an appropriate extent by the Company. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors considered these matters is set out in the Director's report on pages 6-10.

Other matters
Due to the nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of financial and non-financial key performance indicators (including with regard to environmental and employee matters) in the Strategic report is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board

Abigail Nottingham
Director

30 July 2020

Directors' Report
for the financial year ended 31 March 2020

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

Directors and 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:

P Nash	(appointed on 5 February 2020)
A Nottingham	
R Thompson	
K Burgess	(resigned on 5 February 2020)

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

Results
The profit for the financial year ended 31 March 2020 was £18,748,946 (2019: £6,987,798).

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

State of affairs
On 8 October 2019, the Company disposed of 100% of its shareholding of Macquarie Korea Opportunities Management Limited to Macquarie Infrastructure and Real Assets (Europe) Limited (Note 3).

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

Events after the reporting year
On 28 July 2020, the Directors approved the early redemption of its long term MIIL03 Notes for an aggregate nominal amount of ZAR 600,000,000 plus accrued interest. The redemption will be funded by the early redemption of the Company's investment in corresponding long term notes. Following the completion of such early redemption, the Company will evaluate whether its JSE listed Domestic Medium Term Note ("DMTN") Programme continues to be required.

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

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

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

Likely developments, business strategies and prospects (continued)

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

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

Coronavirus ("COVID-19")

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

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

The Directors believe that no other significant changes are expected other than those already disclosed in this and the Strategic 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 2020, complied with all Listing Requirements and Debt Listing Requirements and related disclosure requirements for continued listing on the JSE.

Indemnification and insurance of Directors

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

Statement of Directors' responsibilities in respect of the financial statements

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

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

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

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

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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

The following sets out the requirements of section 172 (1), and notes how the Directors have discharged their duties:

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

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

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

(c) Business relationships with suppliers, customers and others: The Directors are cognisant of the stakeholders of the Company and the importance of strong relationships, coupled with appropriate levels of communication and engagement.

Directors' Report

for the financial year ended 31 March 2020 (continued)

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

(c) Business relationships with suppliers, customers and others (continued): In the context of suppliers, Macquarie Group is committed to ensuring high standards of environmental, social and governance performance across its supply chain. This commitment is driven by our business principles. Macquarie Group has put in place a Supplier Governance Policy to manage the risks associated with suppliers who provide the Macquarie Group with high inherent risk goods or services, and also 'Principles for Suppliers' to help uphold our core values with the aim of having supplier relationships that create long-term and sustainable value for our clients, shareholders and community. Macquarie Group's Third Party Risk team supports the Company with subject matter expertise on understanding the inherent risks associated with supplier arrangements and applying appropriate governance and control.

The Company is an issuer of listed debt securities in South Africa under its debt issuance programme ("Debt Programme"). It has listed its debt securities on the interest rate market of the JSE, its regulator and as such needs to comply with the regulations stipulated by the JSE, including the Debt Listing Requirements of the JSE. The JSE is licensed and regulated under the Financial Markets Act 2012. The Financial Sector Conduct Authority (previously The Financial Services Board) oversees and supervises the JSE in its performance of its regulatory duties. Notes issued by the Company under its Debt Programme are only issued to a Macquarie Group affiliate, a group entity with no external subscribers on the notes, and therefore all issuances are within the Macquarie Group.

All issuers of debt listed on the JSE need to appoint various agents as service providers, these include a calculation agent, a paying agent, a transfer agent, and a debt sponsor per the regulations of the JSE. Macquarie Securities South Africa ("MSSA") acts as a calculation agent, paying agent and transfer agent, and a third party market wide provider of services who provides debt sponsor services to multiple other issuers was appointed and acts as the Company's debt sponsor ("Debt Sponsor"). The Company works closely with the Debt Sponsor to ensure that it complies with JSE regulations, including the JSE Debt Listing Requirements.

The Board recognises it is imperative that the Company fosters and maintains strong, positive relationships with its regulator, JSE, and its Debt Sponsor, and all other agents assisting in the compliance of the JSE Debt Listing Requirements and that all communications are timely, accurate and complete.

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

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

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

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

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

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

Disclosure of information to Auditors

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

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

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

30 July 2020

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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

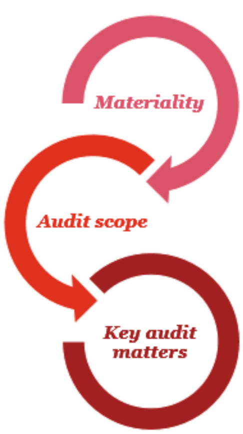
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit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

Independence

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

Our audit approach

Overview



- Overall materiality: £3.1 million (2019: £2.4 million), based on 1% of total assets.
- 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; for example, significant accounting estimates involving assumptions and inherently uncertain future events. 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 balances above our performance materiality of £1.5m (2019: £1.8 million). For each in-scope line item, we performed audit procedures to bring the untested balance below performance materiality.

- We identified the impact of the outbreak of Covid 19 on the financial statements of the 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.

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***
Impact of the outbreak of COVID-19 on the financial statements Refer to page 19 (Note 2 (i) Basis of preparation) The COVID-19 outbreak has developed rapidly in 2020, with a significant number of global infections. Measures taken to contain the virus have affected economic activity, which in turn have implications for financial reporting. Notwithstanding the unprecedented fiscal and monetary response from governments and regulators around the world, the financial impact of COVID-19 on the UK and global economy has been significant. Management considered the impact of COVID-19 on the financial statements, including its impact on the impairment of financial assets, the Company's ability to continue as a going concern and the disclosures that should be made in the financial statements. Management has concluded that COVID-19 does not have a significant impact on the operations of the entity and there are no indicators of impairment on the company's underlying financial assets including investments held at cost, loans assets and debtors. Management are satisfied that the potential implications of COVID-19 will not affect the Company's ability to continue as a going concern. Further details of management actions and the results of these are detailed in note 2 of the financial statements.	We evaluated: ● The timing of the development of the outbreak across the world and in the UK; ● How the financial statements and business operations of the company might be impacted by the disruption. ● The impairment assessment performed by management on its underlying investments, loan balances and debtors. We assessed the additional procedures performed by management, the assessments made to incorporate the impact of COVID-19 on the financial statements of the company and the resulting adjustments where applicable. We critically assessed management's conclusion that COVID-19 does not have an impact on the going concern assumption used by the directors in the preparation of the financial statements. In forming our conclusions over going concern, we evaluated whether management's going concern assessment considered impacts arising from COVID-19. Our procedures in respect of going concern included: ● We made enquiries of management to understand the potential impact of COVID-19 on the company's financial performance, business operations and capital and liquidity positions. ● We inspected the financial information relating to the performance of the Company and its underlying investments in the subsequent accounting period.

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.

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	£3.1 million (2019: £2.4 million).
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 asset position of the entity therefore we consider that using total assets as a benchmark is most appropriate. The benchmark percentage of 1% has been selected as a result of the JSE listed debt 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 £155,000 (2019: £120,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, 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
30 July 2020

Financial Statements

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

	Notes	2020 £	2019 £
Turnover	2(v)	**18,408,697**	4,771,379
Administrative expenses	3	**(54,998)**	(18,216)
Other operating expenses	3	**(1,996,791)**	(1,234,845)
Operating profit		**16,356,908**	3,518,318
Interest receivable and similar income	4	**25,156,841**	10,318,710
Interest payable and similar charges	5	**(21,181,215)**	(6,039,336)
Profit before taxation		**20,332,534**	7,797,692
Tax on profit	6	**(1,583,588)**	(809,894)
Profit for the financial year		**18,748,946**	6,987,798

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

Turnover and profit before taxation relate wholly to continuing operations.

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

Balance sheet
as at 31 March 2020

	Notes	2020 £	2019 £
Fixed assets			
Investments in subsidiaries	8	**157,555,108**	159,324,292
Loan assets	9	**32,150,435**	34,179,331
Current assets			
Deferred tax assets	10	**95,197**	102,212
Debtors	11	**65,863,186**	51,141,723
Loan assets	9	**54,263,328**	-
Current liabilities			
Creditors: amounts falling due within one year	12	**(96,093,836)**	(34,747,958)
Net current assets		**24,127,875**	16,495,977
Total assets less current liabilities		**213,833,418**	209,999,600
Creditors: amounts falling due after more than one year	13	**(32,117,998)**	(47,033,126)
Net assets		**181,715,420**	162,966,474
Capital and reserves			
Called up share capital	14	**36,230,816**	36,230,816
Other reserves	14	**122,301,683**	122,301,683
Profit and loss account	15	**23,182,921**	4,433,975
Total shareholders' funds		**181,715,420**	162,966,474

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

The financial statements on pages 15 to 35 were authorised for issue by the Board of Directors on 30 July 2020 and were signed on its behalf by:

Abigail Nottingham
Director

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

	Notes	Called up share capital	Other reserves	Profit and loss account	Total shareholders' funds
		£	£	£	£
Restated balance at 1 April 2018		36,230,816	122,301,683	1,446,177	159,978,676
Profit for the financial year	15	-	-	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**
Profit for the financial year	15	**-**	**-**	**18,748,946**	**18,748,946**
Other comprehensive income, net of tax		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**18,748,946**	**18,748,946**
Balance at 31 March 2020		**36,230,816**	**122,301,683**	**23,182,921**	**181,715,420**

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

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

Note 1. Company information

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

Note 2. Summary of significant accounting policies

i) Basis of preparation

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

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

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

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Critical accounting estimates and significant judgements

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:

- determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by a financial asset constitute solely payment of principal and interest ("SPPI");
- the choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss ("ECL") including forecasts of economic conditions and determination of significant increase in credit risk ("SICR");
- timing and amount of impairment of interests in associates and joint ventures and investment in subsidiaries, including reversal of impairment;
- fair value of assets and liabilities including determination of non- recurring fair values and accounting for day 1 profit or loss for financial instrument;
- 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.

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

COVID-19 impact

Background

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

Processes applied

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

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

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

Note 2. Summary of significant accounting policies (continued)

Coronavirus (COVID-19) impact (continued)

Consideration of the balance sheet and further disclosures

Key balance sheet items and related disclosures that have been impacted by COVID-19 were as follows:

Loan assets, due from subsidiaries and other assets

In response to COVID-19 the Company undertook a review of loans to its subsidiaries and other financial asset exposures and the ECL for each. The review considered the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology, SICR thresholds, and definition of default remained consistent with prior periods. The impact of COVID-19 on the credit risk management disclosures, notably in relation to credit quality and collateral and other credit enhancements was also considered.

Investments in subsidiaries

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

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

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2020 that have had a material impact on the Company's financial statements.

ii) Going concern

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

iii) Foreign currency translation

Functional and presentation currency

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

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 net trading income.

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, fair value change on derivatives and expected credit losses which are recognised in the profit and loss account.

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

Note 2. Summary of significant accounting policies (continued)

iv) Revenue and expense recognition (continued)

Interest income/expense

Interest income and interest expense are recognised using the effective interest rate ("EIR") method for financial assets, and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through other comprehensive income ("OCI"). The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument 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 (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

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

Dividends

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

v) Turnover

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

vi) Taxation

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

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

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 and interpretation of the law.

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

Note 2. Summary of significant accounting policies (continued)

vii) Financial instruments

Recognition of financial instruments

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

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

Derecognition of financial instruments

Financial assets

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

- the rights to cash flows have expired; and
- 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 derecognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired.

Classification and subsequent measurement

Financial assets

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

Business model assessment

The Company 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 and senior executives;
(ii) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
(iii) how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

Solely payment of principal and interest ("SPPI")

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

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

Note 2. Summary of significant accounting policies (continued)
vii) Financial instruments (continued)
Classification and subsequent measurement (continued)
Amortised cost
A financial asset is subsequently measured at amortised cost using the EIR method where:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements.

Interest income determined in accordance with the EIR method is recognised in interest income. Gains and losses arising from the derecognition of financial assets that are measured on an amortised cost basis are recognised as part of other operating income and expenses.

Fair value through profit or loss ("FVTPL")
Financial assets that do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL, with all changes in fair value recognised as part of other operating income and expenses in the profit and loss account.

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

The interest component of financial assets that are classified as DFVTPL and FVTPL are recognised in interest income.

Financial liabilities
Financial liabilities are subsequently measured at amortised cost, except for those financial liabilities that are FVTPL or are high-frequency trading.

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.

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

Note 2. Summary of significant accounting policies (continued)

vii) Financial instruments (continued)

Offsetting of financial instruments

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

viii) Derivative instruments and hedging activities

Derivative instruments entered into by the Company include forwards in the foreign exchange markets. These derivative instruments are principally used by the Company for the purposes of risk management of existing and forecast financial and non-financial assets and liabilities and are also entered into for client trading purposes.

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

Fair values are obtained from quoted prices in active markets where available, 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 rate, and foreign exchange rate (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 the gains and losses between the exposure that is being hedged and the hedging instrument, the Company applies hedge accounting as below:

Fair value hedge

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, the hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.

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

Note 2. Summary of significant accounting policies (continued)

ix) Hedge accounting (continued)

Hedge effectiveness method

All hedge relationships are assessed for prospective hedge ineffectiveness both at the inception of the hedge, at each reporting period and on any significant change in circumstances affecting the hedge, 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.

Accounting treatment for the hedging instrument

Fair value through the profit and loss account.

Accounting treatment for the hedged item

Adjustments to the carrying value are recognized in the profit and loss account for changes in fair value attributable to the hedged risk.

Accounting treatment for hedge ineffectiveness

Recognised in the profit and loss account to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.

Accounting treatment if the hedge relationship is discontinued

Where the hedged item still exists, adjustments to the hedged item are amortised to the profit and loss account on an effective interest rate basis.

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 or rights, to significant variable returns and the ability to utilise power to affect the Company's own returns.

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

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

The Company determines the dates of obtaining or losing significant influence or joint control of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to significantly influence the financial and operating policies or jointly control 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
for the financial year ended 31 March 2020 (continued)

Note 2. Summary of significant accounting policies (continued)

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.

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

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

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

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD, adjusted for FLI. The Company applies its judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI.

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

(iii) Stage III – Lifetime ECL credit-impaired

Financial assets are classified as stage III where they are determined to be credit-impaired, which generally matches with the APRA definition of default. 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.

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

Note 2. Summary of significant accounting policies (continued)

xii) Impairment (continued)

Impairment of investments in subsidiaries

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

xiii) Called up share capital

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

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

	2020 £	2019 £
Note 3. Profit before taxation		
Profit before taxation is stated after crediting/(charging):		
Turnover		
Dividends from subsidiaries	**18,408,697**	4,771,379
Total turnover	**18,408,697**	4,771,379
Foreign exchange losses and fair value change on derivatives	**(844,730)**	(1,217,901)
Credit and other impairment charges	**(621,782)**	(16,944)
Loss on disposal of investment in subsidiary	**(530,279)**	-
Fees payable to the Company's auditors for the audit of the Company[1]	**(34,727)**	(16,966)
Other administrative expenses	**(20,271)**	(1,250)

[1]The March 2020 auditors` fees include £8,832 that relates to audit services for the prior year.

The Company had no employees during the current and previous financial years.

	2020 £	2019 £
Note 4. Interest receivable and similar income		
Interest receivable from other Macquarie Group undertakings	**25,156,841**	10,279,097
Interest receivable from unrelated parties	**-**	39,613
Total interest receivable and similar income	**25,156,841**	10,318,710
Note 5. Interest payable and similar charges		
Interest payable to other Macquarie Group undertakings	**21,181,215**	5,998,463
Interest payable to unrelated parties	**-**	40,873
Total interest payable and similar charges	**21,181,215**	6,039,336
Note 6. Taxation		
(i) Tax expense included in profit or loss		
Current tax		
UK corporation tax at 19% (2019: 19%)	**(565,382)**	(559,560)
Adjustment in respect of previous years	**5,133**	10,402
Foreign tax suffered	**(1,016,324)**	(243,702)
Total current tax	**(1,576,573)**	(792,860)
Deferred tax		
Origination and reversal of temporary differences	**(19,039)**	(19,040)
Effect of changes in tax rates	**12,024**	2,006
Total deferred tax	**(7,015)**	(17,034)
Tax on profit	**(1,583,588)**	(809,894)

(ii) Reconciliation of effective tax rate

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

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

	2020 £	2019 £
Note 6. Taxation (continued)		
(ii) Reconciliation of effective tax rate (continued)		
Profit before taxation	**20,332,534**	7,797,692
Current tax charge at 19% (2019: 19%)	**(3,863,182)**	(1,481,561)
Effects of:		
Adjustment in respect of previous years	**5,133**	10,402
Non deductible expenses	**(218,891)**	(3,600)
Foreign tax suffered	**(1,016,324)**	(243,702)
Non assessable income	**3,497,651**	906,562
Effect of changes in tax rates	**12,024**	2,006
Total income tax	**(1,583,588)**	(809,894)

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

	2020 £	2019 £
Note 7. Dividends paid or provided for		
Ordinary share capital and exchangeable shares		
- Dividends paid	**-**	4,000,000
Total dividends paid (Note 15)	**-**	4,000,000
Note 8. Investments in subsidiaries		
Investments at cost with no provisions for impairment	**157,555,108**	159,324,292
Total investments in subsidiaries	**157,555,108**	159,324,292
Reconciliation of movement in investments		
Balance at the beginning of the financial year	**159,324,292**	156,443,694
Foreign exchange movements	**3,345,457**	2,880,598
Disposal of investment in subsidiary	**(5,114,641)**	-
Balance at the end of the financial year	**157,555,108**	159,324,292

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

Note 8. Investments in subsidiaries (continued)

Name of subsidiary	Nature of business	Place of incorporation	2020 % Ownership	2020 £	2019 £
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	100	**57,059,694**	53,028,360
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	**47,665,907**	47,092,530
Macquarie Korea Opportunities Management Ltd ("MKOM") (Ordinary shares)	Manages the Macquarie Korea Opportunities Fund	Hanwha Building, 109 Sogong-ro, Jung-gu Seoul 04525 Republic of Korea	-	**-**	5,114,641
Macquarie Securities Korea Limited ("MSKL") (Ordinary shares)	Securities and derivative dealing business	3rd Floor, Hanwha Building, 109 Sogong-ro, Jung-gu Seoul 04525 Republic of Korea	100	**52,829,507**	54,088,761
Total investments in subsidiaries				**157,555,108**	**159,324,292**

Note 9. Loan assets

	2020 £	2019 £
Due from related entities:		
Fixed assets		
Loan assets[1]	**32,150,435**	34,179,331
Current assets		
Loan assets[2]	**54,263,328**	-
Total loan assets	**86,413,763**	34,179,331

[1]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 amount of ZAR 600,000,000 and all accrued interest are due upon the maturity date of 28 August 2023.

[2]On 13 March 2020, MSSA issued ZAR denominated unsecured zero coupon notes with the settlement amount of ZAR 1,202,860,610 to the Company. The total principal amount of ZAR 1,210,000,000, due upon maturity date of 14 April 2020, was subsequently repaid by MSSA and further notes were issued as per its funding requirement. The balance is presented net of the stage 1 ECL provision of £303,327 (2019: £nil).

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

	2020	2019
	£	£
Note 10. Deferred tax assets		
The balance comprises timing differences attributable to:		
Temporary differences on financial instruments and revaluations	**95,197**	102,212
Total deferred tax assets	**95,197**	102,212
Net deferred tax assets	**95,197**	102,212
Reconciliation of the Company's movement in deferred tax assets:		
Balance at the beginning of the financial year	**102,212**	119,245
Temporary differences:		
Deferred tax charged	**(19,039)**	(19,039)
Effect of changes in tax rates	**12,024**	2,006
Balance at the end of the financial year	**95,197**	102,212

Note 11. Debtors

	2020	2019
Amounts owed by other Macquarie Group undertakings[1]	**61,999,503**	51,141,431
Other financial market assets[2]	**3,863,591**	-
Other debtors	**92**	292
Total debtors	**65,863,186**	51,141,723

[1]Amounts owed by other Macquarie Group undertakings are unsecured and repayable on demand. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2020 the rate applied ranged between LIBOR plus 1.06% and LIBOR plus 2.66% (2019: between LIBOR plus 1.18% and LIBOR plus 2.41%).

At the reporting date, amounts owed from other Macquarie Group undertakings has ECL allowance of £242,751 (2019: £107,312) which is net presented against the gross carrying amount. Movement against prior year is £135,481 which is related to stage 1 provision.

[2]As at 31 March 2020, the fair value of outstanding derivatives held by the Company and designated as fair value hedges was £3,863,591 positive value (2019: £3,045,587 negative value) (Note 20).

Note 12. Creditors: amounts falling due within one year

	2020	2019
Amounts owed to other Macquarie Group undertakings[1]	**95,528,454**	31,142,533
Other financial market liabilities[2]	**-**	3,045,587
Taxation	**565,382**	559,838
Total creditors	**96,093,836**	34,747,958

[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 2020 the rate applied was LIBOR plus 1.63% (2019: LIBOR plus 1.46%).

[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 (Note 20).

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

	2020 £	2019 £
Note 13. Creditors: amounts falling due after more than one year		
Amounts owed to other Macquarie Group undertakings[1]	**-**	12,867,987
Unsecured notes[2]	**32,117,998**	34,165,139
Total creditors: amounts falling due after more than one year	**32,117,998**	47,033,126

[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 1.63% (2019: LIBOR plus 0.88%).

[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 amount 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 and reserves

	2020 Number of shares	2019 Number of shares	2020 £	2019 £
Authorised share capital				
Opening balance of authorised ordinary shares at £0.18 per share (2019: £0.18)	**3,888,888,889**	3,888,888,889	**700,000,000**	700,000,000
Closing balance of authorised ordinary shares	**3,888,888,889**	3,888,888,889	**700,000,000**	700,000,000

The authorised number of shares have been re-presented for 2019 following a shareholder resolution confirming the authorised number of shares was 3,888,888,889 rather than the 700,000,000 presented in the prior year accounts.

	2020 Number of shares	2019 Number of shares	2020 £	2019 £
Called up share capital				
Opening balance of fully paid ordinary shares	**201,282,313**	201,282,313	**36,230,816**	36,230,816
Closing balance of fully paid ordinary shares	**201,282,313**	201,282,313	**36,230,816**	36,230,816
Other reserves				
Opening balance of other reserves			**122,301,683**	122,301,683
Closing balance of other reserves			**122,301,683**	122,301,683

	2020 £	2019 £
Note 15. Profit and loss account		
Balance at the beginning of the financial year	**4,433,975**	1,537,997
Profit for the financial year	**18,748,946**	6,987,798
Dividends paid on ordinary share capital (Note 7)	**-**	(4,000,000)
Change on initial application of IFRS 9	**-**	(91,820)
Balance at the end of the financial year	**23,182,921**	4,433,975

Note 16. Directors' remuneration

During the financial years ended 31 March 2020 and 31 March 2019, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be meaningful. Accordingly, no separate remuneration has been disclosed apart from where stated above.

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

Note 17. Contingent liabilities and commitments

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

Note 18. 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 year.

Note 19. Related party information

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

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

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.

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

Note 19. Related party information (continued)

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)	33 Edith Cavell Street Port-Louis 11324, 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 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

Note 20. Derivative financial instruments

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(ix) – 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.

As at 31 March 2020, the fair value of outstanding derivatives held by the Company and designated as fair value hedges was £3,863,591 positive value (2019: £3,045,587 negative value) (Notes 11,12).

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

Note 21. Ultimate parent undertaking

At 31 March 2020, 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

On 28 July 2020, the Directors approved the early redemption of its long term MIIL03 Notes for an aggregate nominal amount of ZAR 600,000,000 plus accrued interest. The redemption will be funded by the early redemption of the Company's investment in corresponding long term notes. Following the completion of such early redemption, the Company will evaluate whether its JSE listed Domestic Medium Term Note ("DMTN") Programme continues to be required.

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