

**MACQUARIE INTERNATIONALE INVESTMENTS LIMITED**

Company Number 04957256

Strategic Report, Directors' Report and Financial Statements  
for the financial year ended 31 March 2018



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

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# Macquarie Internationale Investments Limited

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## 2018 Strategic Report, Directors' Report and Financial Statements Contents

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# Macquarie Internationale Investments Limited

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## Strategic Report for the financial year ended 31 March 2018

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 2018 was to act as an investment holding company for the following investments:

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

### Review of operations

The profit for the financial year ended 31 March 2018 was £24,777,989, an increase of 536 per cent from the profit of £3,898,526 in the previous year.

Total net operating income for the year ended 31 March 2018 was £20,857,419, an increase from the operating profit of £385,419 in the previous year.

Total operating expenses for the year ended 31 March 2018 were £951,548, a decrease from £385,419 income in the previous year.

As at 31 March 2018, the Company had net assets of £160,070,496 (2017: £311,292,507).

### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited ("MGL"), which include those of the Company, are discussed in its financial statements and can be obtained from the address given in Note 20.

### Financial risk management

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

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

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# Macquarie Internationale Investments Limited

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## Strategic Report

for the financial year ended 31 March 2018 (continued)

### Financial risk management (continued)

#### 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 cash balances and receivables from other Macquarie Group undertakings, all of which earn a variable rate of interest. Interest bearing liabilities include payables to other Macquarie Group undertakings, which also incur a variable rate of interest.

#### Foreign exchange risk

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

### Other matters

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



On behalf of the Board

ABIGAIL NOTTINGHAM  
Director

30 JULY 2018

## **Directors' Report**

### **for the financial year ended 31 March 2018**

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:

K Burgess  
A Nottingham  
R Thompson

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

H Everitt

#### **Results**

The profit for the financial year ended 31 March 2018 was £24,777,989 (2017: £3,898,526).

#### **Dividends paid or provided for**

Interim dividends of £176,000,000 (2017: £Nil) were paid during the financial year. No final dividend has been proposed.

#### **State of affairs**

On 20 September 2017, the Company received a dividend of £235,000,000 from its wholly owned subsidiary, MIHL, of which £220,000,000 was considered as a return of investment to the Company. At the same date, the Company's investment in MIHL's preference shares of £74,527,079 was redeemed.

Subsequently, the Company reduced its issued share capital by £165,051,497 and redeemed the entirety of its holdings of Class A, Class B and Class C redeemable preference shares of £272,301,683 to its preference shareholder, Macquarie (UK) Group Services Limited ("MUGS"), on 26 September 2017. The Company also declared a dividend of £15,000,000 to its parent, MUGS, on 26 September 2017.

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

#### **Events after the reporting year**

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2018 not otherwise disclosed in this report.

#### **Likely developments, business strategies and prospects**

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

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# Macquarie Internationale Investments Limited

Company Number 04957256

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## Directors' Report

for the financial year ended 31 March 2018 (continued)

### Indemnification and insurance of Directors

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

### Statement of Directors' responsibilities

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

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

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

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

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

### Disclosure of information to Auditors

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

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

### Independent Auditors

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

On behalf of the Board



ABIGAIL NETTLINGHAM

Director

30 JULY 2018

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

## **Report on the audit of the financial statements**

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### **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 2018 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 2018; 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.

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### **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.

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### **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 when:

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

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.

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### **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 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

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

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

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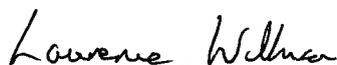
## **Other required reporting**

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

30 July 2018

# Macquarie Internationale Investments Limited

## Financial Statements

### Profit and loss account for the financial year ended 31 March 2018

	Notes	2018 £	2017 £
<b>Turnover</b>	2(v)	<b>21,808,967</b>	-
Administrative expenses		(23,529)	(30,162)
Other operating (expense)/income	3	(928,019)	415,581
<b>Operating profit</b>		<b>20,857,419</b>	<b>385,419</b>
Interest receivable and similar income	4	7,409,353	6,648,088
Interest payable and similar charges	5	(2,626,237)	(2,151,083)
<b>Profit on ordinary activities before taxation</b>	2	<b>25,640,535</b>	<b>4,882,424</b>
Tax on profit on ordinary activities	6	(862,546)	(983,898)
<b>Profit for the financial year</b>		<b>24,777,989</b>	<b>3,898,526</b>

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

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

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

# Macquarie Internationale Investments Limited

## Balance sheet as at 31 March 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Investments	8	156,443,694	459,381,166
<b>Current assets</b>			
Deferred tax assets	9	119,245	309,897
Debtors	10	40,425,002	156,628,311
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	11	(24,725,127)	(305,026,867)
<b>Net current assets/(liabilities)</b>		<b>15,819,120</b>	<b>(148,088,659)</b>
<b>Total assets less current liabilities</b>		<b>172,262,814</b>	<b>311,292,507</b>
<b>Creditors: amounts falling due more than one year</b>			
	12	(12,192,318)	-
<b>Net assets</b>		<b>160,070,496</b>	<b>311,292,507</b>
<b>Capital and reserves</b>			
Called up share capital	13	36,230,816	234,092,157
Other reserves	14	122,301,683	-
Profit and loss account	15	1,537,997	77,200,350
<b>Total shareholders' funds</b>		<b>160,070,496</b>	<b>311,292,507</b>

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 8 to 21 were authorised for issue by the Board of Directors on 30 July 2018 and were signed on its behalf by:

  
ABIGAIL NOTTINGHAM  
Director

# Macquarie Internationale Investments Limited

## Statement of changes in equity for the financial year ended 31 March 2018

	Notes	Called up share capital £	Other reserves £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2016		234,092,157	-	73,301,824	307,393,981
Profit for the financial year	11	-	-	3,898,526	3,898,526
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	3,898,526	3,898,526
<b>Balance at 31 March 2017</b>		<b>234,092,157</b>	<b>-</b>	<b>77,200,350</b>	<b>311,292,507</b>
Profit for the financial year	11	-	-	24,777,989	24,777,989
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	24,777,989	24,777,989
Transactions with equity holders in their capacity as ordinary equity holders:					
Reduction of 165,051,497 ordinary shares on (26 September 2017) at £1 per share	12	(165,051,497)	-	165,051,497	-
Redemption of Class A redeemable preference shares of £1 each	12	(32,809,844)	-	32,809,844	-
Redemption of Class A, Class B and Class C redeemable preference shares on 26 September 2017	13	-	272,301,683	(272,301,683)	-
Distribution on 20 December 2017	13	-	(150,000,000)	150,000,000	-
Dividends and distributions paid or provided for	7	-	-	(176,000,000)	(176,000,000)
<b>Balance at 31 March 2018</b>		<b>36,230,816</b>	<b>122,301,683</b>	<b>1,537,997</b>	<b>160,070,496</b>

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.

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# Macquarie Internationale Investments Limited

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## Notes to the financial statements for the financial year ended 31 March 2018

### Note 1. Company information

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

### Note 2. Summary of significant accounting policies

#### i) Basis of preparation

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

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

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

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

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

- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities to the extent that they apply to non-financial assets);
- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 111 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures);
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation);
- the requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

### Critical accounting estimates and significant judgements

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

- fair value of financial assets and financial liabilities (note 18); and
- recoverability of deferred tax assets and measurement of current and deferred tax liabilities (note 6 and 9).

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

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# Macquarie Internationale Investments Limited

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## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

### Note 2. Summary of significant accounting policies (continued)

#### ii) Going concern

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

#### iii) Foreign currency translations

##### *Functional and presentation currency*

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

##### *Transactions and balances*

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

#### iv) Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for each major revenue stream as follows:

##### *Net interest income/expense*

Interest income and expense is brought to account using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future 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 associated with loans are capitalised and included in the effective interest rate and recognised in the profit and loss account over the expected life of the instrument.

##### *Dividends and distributions*

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

##### *Other operating income/(expense)*

Other operating income/(expense) comprises of other gains and losses relating to foreign exchange differences and all realised and unrealised fair value changes on derivatives which are recognised in the profit and loss account.

##### *Expenses*

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

#### v) Turnover

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

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# Macquarie Internationale Investments Limited

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## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

### Note 2. Summary of significant accounting policies (continued)

#### vi) Taxation

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

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

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

The Company undertakes transactions in the ordinary course of business where the income tax treatment and recognition of deferred tax assets requires the exercise of judgement. The Company estimates its tax liability based on its understanding of the tax law.

#### vii) Derivative instruments

Derivative instruments entered into by the Company include fair value hedges in foreign exchange markets. These derivative instruments are principally used for the risk management of existing financial assets and financial liabilities.

All derivatives, including those used held for balance sheet hedging purposes, are recognised on the balance sheet and are disclosed as an asset where they have a positive fair value at balance sheet date or as a liability where the fair value at balance date is negative.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Movements in the fair values of derivatives are recognised in the profit and loss, unless the derivative meets the requirements for hedge accounting.

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 profits or losses 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.

#### viii) Hedge accounting

The Company designates certain derivatives or financial instruments as hedging instruments in qualifying hedge relationships. On initial designation of the hedge, the Company documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging relationships have been and will continue to be highly effective. Derivatives or financial instruments are designated in fair value hedge relationships:

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# Macquarie Internationale Investments Limited

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## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

### Note 2. Summary of significant accounting policies (continued)

#### viii) Hedge accounting (continued)

##### *Fair value hedges*

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.

#### ix) Investments and other financial assets

With the exception of derivatives which are classified separately in the balance sheet, the remaining investments are classified into the following categories: loans and receivables and investments in subsidiaries. The classification depends on the purpose for which the financial asset was acquired, which is determined at initial recognition and, except for other financial assets at fair value through profit or loss, is re-evaluated at each balance date.

##### *Loans and receivables*

This category includes loan assets held at amortised cost, other receivables and amounts due from related entities, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised on settlement date, when cash is advanced to the borrower.

##### *Investments in subsidiaries*

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

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

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

## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

### Note 2. Summary of significant accounting policies (continued)

#### x) Impairment

##### *Loans and receivables*

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

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

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

##### *Investments in subsidiaries*

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

#### xi) Financial liabilities

The Company has on issue debt securities and instruments which are initially recognised on settlement date at fair value net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method.

#### xii) Offsetting financial instruments

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

#### 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.

# Macquarie Internationale Investments Limited

## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

	2018 £	2017 £
<b>Note 3. Profit on ordinary activities before taxation</b>		
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Foreign exchange losses/(gains)	928,019	(415,581)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	19,414	28,807
The Company had no employees during the year (2017: nil).		
<b>Note 4. Interest receivable and similar income</b>		
Interest receivable from other Macquarie Group undertakings	7,400,331	6,616,071
Interest receivable from unrelated parties	9,022	32,017
<b>Total interest receivable and similar income</b>	<b>7,409,353</b>	<b>6,648,088</b>
<b>Note 5. Interest payable and similar charges</b>		
Interest payable to other Macquarie Group undertakings	2,626,237	2,151,083
<b>Total interest payable and similar charges</b>	<b>2,626,237</b>	<b>2,151,083</b>
<b>Note 6. Taxation</b>		
Analysis of tax charge for the year:		
<b>Current tax</b>		
UK corporation tax at 19% (2017: 20%)	(514,936)	(872,728)
Adjustment in respect of previous years	(54,533)	67,064
Foreign tax suffered	(102,425)	(14,960)
<b>Total current tax</b>	<b>(671,894)</b>	<b>(820,624)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(213,082)	(102,664)
Adjustment in respect of previous years	-	(58,496)
Effect of changes in tax rates	22,430	(2,113)
<b>Total deferred tax</b>	<b>(190,652)</b>	<b>(163,273)</b>
<b>Tax on profit on ordinary activities</b>	<b>(862,546)</b>	<b>(983,897)</b>
Factors affecting tax charge for the year:		
The income tax expense for the year is lower (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:		
<b>Profit on ordinary activities before taxation</b>	<b>25,640,535</b>	<b>4,882,424</b>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19% (2017: 20%)	(4,871,701)	(976,484)
Effects of:		
Adjustment in respect of previous years	(54,533)	8,568
Non deductible expenses	(19)	-
Foreign tax suffered	(102,425)	(14,960)
Non assessable income	4,143,702	1,092
Effect of changes in tax rates	22,430	(2,113)
<b>Total income tax</b>	<b>(862,546)</b>	<b>(983,897)</b>

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

# Macquarie Internationale Investments Limited

## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

	2018	2017
	£	£

### Note 7. Dividends and distributions paid or provided for

Dividend paid	176,000,000	-
<b>Total dividends paid (Note 15)</b>	<b>176,000,000</b>	<b>-</b>

### Note 8. Investments

#### Investments in subsidiaries

Investments at cost without provisions for impairment	156,443,694	459,381,166
<b>Total Investments</b>	<b>156,443,694</b>	<b>459,381,166</b>

#### Reconciliation of movement in investments

Balance at the beginning of the financial year	459,381,166	439,966,790
Additions	-	1,343,418
Foreign exchange movements	(8,410,393)	18,070,958
Return of investment <sup>1</sup>	(294,527,079)	-
<b>Balance at the end of the financial year</b>	<b>156,443,694</b>	<b>459,381,166</b>

Name of investment	Nature of business	Registered office	% Ownership		
Macquarie Capital Securities (Japan) Limited ("MCSJL") (Ordinary shares)	Holding company for Japanese stockbroking service	Po Box 309Gt Uglan House, South Church Street George Town, Grand Cayman Cayman Islands	100	51,267,313	54,783,112
Macquarie International Holdings Limited ("MIHL") <sup>1</sup> (Ordinary and Redeemable Preference shares)	Holding company for Macquarie Securities Asia and Corporate Finance entities	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	100	46,484,040	342,012,616
Macquarie Korea Opportunities Management Ltd ("MKOM") (Ordinary shares)	Manages the Macquarie Korea Opportunities Fund	Hanwha Building, Sogong-dong 109 Sogong-ro, Jung-gu Seoul 100-755 Republic of Korea	100	5,070,490	5,406,818
Macquarie Securities Korea Limited ("MSKL") (Ordinary shares)	Securities and derivative dealing business	3rd Floor, Hanwha Building, Sogong-dong) 109 Sogong-ro, Jung-gu Seoul 100-755 Republic of Korea	100	53,621,851	57,178,620
				<b>156,443,694</b>	<b>459,381,166</b>

<sup>1</sup>On 20 September 2017, the Company received a dividend of £235,000,000 from its wholly owned subsidiary, MIHL, of which £220,000,000 was considered as a return of investment to the Company. At the same date, the Company's investment in MIHL's preference shares of £74,527,079 was redeemed.

# Macquarie Internationale Investments Limited

## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

	2018	2017
	£	£
<b>Note 9. Deferred tax assets</b>		
The balance comprises timing differences attributable to:		
Temporary differences on Financial instruments and revaluations	119,245	309,897
<b>Total deferred tax assets</b>	<b>119,245</b>	<b>309,897</b>
<b>Net deferred tax assets</b>	<b>119,245</b>	<b>309,897</b>

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

Balance at the beginning of the financial year	309,897	473,171
Temporary differences:		
Deferred tax charged	(213,082)	(102,664)
Effect of changes in tax rates	22,430	(2,113)
Adjustment in respect of previous years	-	(58,497)
<b>Balance at the end of the financial year</b>	<b>119,245</b>	<b>309,897</b>

### Note 10. Debtors

Amounts owed from other Macquarie Group undertakings <sup>1</sup>	40,424,916	149,926,281
Other financial market assets <sup>2</sup>	-	6,700,424
Other debtors	86	1,606
<b>Total debtors</b>	<b>40,425,002</b>	<b>156,628,311</b>

<sup>1</sup>Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2018 the rate applied ranged between LIBOR plus 1.36% and LIBOR plus 2.26% (2017: between LIBOR plus 1.90% and LIBOR plus 2.46%).

<sup>2</sup>During the year, the Company received the margin placed in relation to derivative instrument matured in May 2017.

### Note 11. Creditors: amounts falling due within one year

Amounts owed to other Macquarie Group undertakings <sup>1</sup>	21,624,151	14,817,966
Class A redeemable preference shares of £1 each <sup>2</sup>	-	70,215,434
Class B redeemable preference shares of £1 each <sup>2</sup>	-	121,804,865
Class C redeemable preference shares of £1 each <sup>2</sup>	-	80,281,384
Unsecured notes <sup>3</sup>	-	10,123,770
Other financial market liabilities <sup>4</sup>	2,586,055	6,428,604
Taxation	514,921	1,354,844
<b>Total creditors</b>	<b>24,725,127</b>	<b>305,026,867</b>

<sup>1</sup>Amounts due to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie Group undertakings at market rates and at 31 March 2018 the rate applied was LIBOR plus 2.26% (2017: LIBOR plus 1.90%).

<sup>2</sup>On 26 September 2017, the Company redeemed the entirety of the issued Class A, Class B and Class C redeemable preference shares of £272,301,683 to its preference shareholder, MUGS.

<sup>3</sup>On 31 May 2012, the Company issued ZAR denominated senior unsecured notes of the value of ZAR 665,000,000 to Macquarie Securities South Africa Limited. The notes were listed on the Johannesburg Stock Exchange ("JSE") and the proceeds of the notes were used to repay the Company's existing loan from Macquarie Financial Holdings Pty. Limited. The notes amounting to ZAR 500,000,000 matured on 31 May 2015 and the remaining balance of ZAR 165,000,000 matured on 31 May 2017.

<sup>4</sup>The derivative instrument and related margin receivable matured in May 2017 (Note 18).

# Macquarie Internationale Investments Limited

## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

	2018	2017
	£	£

### Note 12. Creditors: amounts falling due after more than one year

Amounts owed to other Macquarie Group undertakings <sup>1</sup>	12,192,318	-
<b>Total creditors: amounts falling due after more than one year</b>	<b>12,192,318</b>	<b>-</b>

<sup>1</sup>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 LIBOR plus 0.88% (2017: Nil) and the loan is due to mature in August 2020.

### Note 13. Called up share capital

	2018	2017	2018	2017
	Number of shares	Number of shares	£	£
<b>Authorised share capital</b>				
Opening balance of authorised ordinary shares	700,000,000	700,000,000	700,000,000	700,000,000
<b>Closing balance of authorised ordinary shares</b>	<b>700,000,000</b>	<b>700,000,000</b>	<b>700,000,000</b>	<b>700,000,000</b>
<b>Ordinary share capital</b>				
Opening balance of fully paid ordinary shares	201,282,313	201,282,313	201,282,313	201,282,313
Reduction of 165,051,497 ordinary shares on (26 September 2017) at £1 per share	(165,051,497)	-	(165,051,497)	-
<b>Total ordinary share capital</b>	<b>36,230,816</b>	<b>201,282,313</b>	<b>36,230,816</b>	<b>201,282,313</b>
Opening balance of Class A redeemable preference shares of £1 each	32,809,844	32,809,844	32,809,844	32,809,844
Redemption of Class A, Class B and Class C redeemable preference shares on 26 September 2017	(32,809,844)	-	(32,809,844)	-
<b>Total equity component of preference shares</b>	<b>-</b>	<b>32,809,844</b>	<b>-</b>	<b>32,809,844</b>
<b>Closing balance of fully paid ordinary shares</b>	<b>36,230,816</b>	<b>234,092,157</b>	<b>36,230,816</b>	<b>234,092,157</b>

### Note 14. Other reserves

#### Capital redemption reserve

Opening balance	-	-
Redemption of Class A, Class B and Class C redeemable preference shares on 26 September 2017	272,301,683	-
Distribution on 20 December 2017	(150,000,000)	-
<b>Total Equity contribution</b>	<b>122,301,683</b>	<b>-</b>

### Note 15. Profit and loss account

#### Profit and loss account

Balance at the beginning of the financial year	77,200,350	73,301,824
Profit for the financial year	24,777,989	3,898,526
Dividends paid on ordinary share capital (note 7)	(176,000,000)	-
Reduction of 165,051,497 ordinary shares on (20 September 2017) at £1 per share	165,051,497	-
Redemption of Class A, Class B and Class C redeemable preference shares on 26 September 2017	32,809,844	-
Amounts transferred to reserves	(122,301,683)	-
<b>Balance at the end of the financial year</b>	<b>1,537,997</b>	<b>77,200,350</b>

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# Macquarie Internationale Investments Limited

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## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

### Note 16. Directors' remuneration

During the financial years ended 2018 and 2017, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

### Note 17. Contingent liabilities and commitments

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

### Note 18. 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(viii) – Summary of significant accounting policies:

**Fair value hedges:** The Company's fair value hedges consist of:

– foreign exchange forward contracts and borrowings used to hedge against changes in the fair value of foreign denominated equity instruments as a result of movements in market foreign exchange rates.

As at 31 March 2018, the fair value of outstanding derivatives held by the Company and designated as fair value hedges was £2,586,055 negative value (2017: £260,828 positive value).

**Swaps:** Swap transactions provide for two parties to swap a series of cash flows in relation to an underlying principal amount, usually to exchange a fixed interest rate for a floating interest rate. Cross-currency swaps provide a tool for two parties to manage risk arising from movements in exchange rates.

As at 31 March 2018, the fair value of outstanding swaps held by the Company was £nil (2017: £5,874,354 negative value).

### Note 19. Related party information

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

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

# Macquarie Internationale Investments Limited

## Notes to the financial statements for the financial year ended 31 March 2018 (continued)

### Note 19. Related party information (continued)

Details of holdings by subsidiary undertakings are as below:

Name of related party	Registered office	% ownership	Class of shares
<b>Subsidiaries of Macquarie International Holdings Limited:</b>			
Macquarie Capital Securities (Mauritius) Limited ("MCSML")	33 Edith Cavell Street Port-Louis Mauritius	100%	Ordinary shares
Macquarie Securities (Thailand) Limited ("MSTL")	28th Floor, CRC Tower, All Seasons Place 87/2 Wireless Road, Lumpini Patumwan, Bangkok 10330 Thailand.	99.99%	Ordinary shares
Macquarie Capital Limited ("MCL")	Level 18, One International Finance Centre 1 Harbour View Street Central, Hong Kong	100%	Ordinary shares
Macquarie Asia Securities (Hong Kong) Limited	Level 18, One International Finance Centre 1 Harbour View Street Central, Hong Kong.	100%	Ordinary shares
Macquarie Capital Securities (Philippines) Inc ("MCSP")	Level 22, 6750 Office Tower 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
<b>Subsidiary of Macquarie Capital Securities (Mauritius) Limited:</b>			
Macquarie Capital Securities (India) Private Limited	92 Level 9, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra, 400051, India	100%	Ordinary shares and Redeemable Preference shares

### Note 20. Ultimate parent undertaking

At 31 March 2018, 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 MFHL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

### Note 21. Events after the reporting year

There were no other material events subsequent to 31 March 2018 that have not been reflected in the financial statements.