Company Number: 06344117

GOLDMAN SACHS STRATEGIC INVESTMENTS (U.K.) LIMITED

ANNUAL REPORT

31 DECEMBER 2018

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2018.

1. Introduction

The principal activity of Goldman Sachs Strategic Investments (U.K.) Limited (the company) is to undertake investment business.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System (Federal Reserve Board). Group Inc., together with its consolidated subsidiaries, form 'GS Group'. GS Group is leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

The company primarily operates in a U.S. dollar environment as part of GS Group. Accordingly, the company's functional currency is the U.S. dollar and these financial statements have been prepared in that currency.

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2018. Comparative information has been presented for the year ended 31 December 2017.

The results for the year are shown in the profit and loss account on page 7. Loss before taxation for the year ended 31 December 2018 was US$1.6 million (2017: Profit before taxation of US$0.3 million).

The company had total assets of US$11.2 million (31 December 2017: US$13.0 million).

3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US$1.2743 (31 December 2017: £ / US$1.3524). The average rate for the year was £ / US$1.3297 (2017: £ / US$1.3020).

4. Future outlook

The directors consider that the year-end financial position of the company was satisfactory and do not anticipate any significant changes in its activities in the forthcoming year.

5. Principal risks and uncertainties

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures. The company's risk management objectives and policies are described in note 16 of the financial statements.

STRATEGIC REPORT (continued)

6. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 26 September 2019.

ON BEHALF OF THE BOARD

V. S. Chima
Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2018.

1. Introduction

In accordance with section 414A of the Companies Act 2006, the directors have prepared a strategic report, which contains a review of the company's business and a description of the principal risks and uncertainties facing the company. The directors have chosen to make reference to the company's risk management objectives and policies, as well as exposures to market risk, credit risk and liquidity risk in the strategic report, in accordance with section 414C(11) of the Companies Act 2006, that would otherwise have been reported in the directors' report.

2. Dividends

The directors do not recommend the payment of a dividend in respect of the year (2017: US$nil).

3. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors have taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

4. Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

5. Directors

The directors of the company who served throughout the year and to the date of this report, were:

Name
V. S. Chima
R. J. Markwick
R. Yared

No director had, at the year end, any interest requiring note herein.

DIRECTORS' REPORT (continued)

6. 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 period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

7. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 26 September 2019.

ON BEHALF OF THE BOARD

V. S. Chima
Director

Report on the audit of the financial statements

Opinion

In our opinion, Goldman Sachs Strategic Investments (U.K.) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 Annual Report, which comprise: the Balance Sheet as at 31 December 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.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 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 4, 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.

Nick Morrison

Nick Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2019

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2018

	Note	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Net revenues	4	(1,287)	740
Administrative expenses	6	(77)	(191)
Write down of shares in associate undertakings		-	(8)
Interest payable and similar expenses	5	(194)	(211)
(LOSS)/PROFIT BEFORE TAXATION		**(1,558)**	**330**
Tax on (loss)/profit	9	52	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(1,506)**	**330**

The (loss)/profit before taxation of the company is derived from continuing operations in the current and prior years.

The company has no recognised gains and losses other than those included in the profit and loss account for the years shown above and therefore no separate statement of comprehensive income has been presented.

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET

as at 31 December 2018

	Note	31 December 2018 US$'000	31 December 2017 US$'000
CURRENT ASSETS			
Investments	10	5,476	8,043
Debtors	11	5,679	4,970
		11,155	13,013
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	-	(43)
NET CURRENT ASSETS		11,155	12,970
TOTAL ASSETS LESS CURRENT LIABILITIES		11,155	12,970
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(9,427)	(9,736)
NET ASSETS		1,728	3,234
CAPITAL AND RESERVES			
Called up share capital	14	211,962	211,962
Profit and loss account		(210,234)	(208,728)
TOTAL SHAREHOLDERS' FUNDS		1,728	3,234

The financial statements were approved by the Board of Directors on 26 September 2019 and signed on its behalf by:

V. S. Chima
Director

The accompanying notes are an integral part of these financial statements.

Company number: 06344117

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total shareholders' funds
	US$'000	US$'000	US$'000
Balance at 1 January 2017	**211,962**	**(209,058)**	**2,904**
Profit for the financial year	-	330	330
Balance at 31 December 2017	**211,962**	**(208,728)**	**3,234**
Loss for the financial year	-	(1,506)	(1,506)
Balance at 31 December 2018	**211,962**	**(210,234)**	**1,728**

No dividends were paid in 2018 and 2017.

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2018

1. GENERAL INFORMATION

The company is a private limited liability company and is incorporated and domiciled in England and Wales. The address of its registered office is Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom.

The immediate parent undertaking is Goldman Sachs International Holdings LLC, a company incorporated and domiciled in the United States of America.

The ultimate parent undertaking and the parent company of the smallest and largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at www.goldmansachs.com/shareholders/.

2. ACCOUNTING POLICIES

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

The following exemptions from the disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the E.U. have been applied in the preparation of these financial statements in accordance with FRS 101:

(i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;

(ii) IAS 1 'Presentation of Financial Statements' paragraphs 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraphs 79 (a)(iv);

(iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16, and 40A-D;

(iv) IAS 7 'Statement of Cash Flows';

(v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;

(vi) IFRS 15 'Revenue from Contracts with Customers', second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129;

(vii) IAS 24 'Related Party Disclosures' paragraph 17; and

(viii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within GS Group.

2. ACCOUNTING POLICIES (continued)

b. Changes in accounting policies

IFRS 9 'Financial Instruments'

From 1 January 2018 the company adopted IFRS 9 'Financial Instruments' (IFRS 9) as issued by the IASB in July 2014. The company did not early adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the company elected not to restate comparative figures.

The adoption of IFRS 9 has resulted in changes in the company's accounting policies for classification and measurement of financial assets and liabilities and impairment of financial assets – refer to note 2(e) for further details.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the company.

(i) Classification and measurement

The company performed a detailed analysis of its business models for managing financial assets and, where required, subsequent analysis of cash flow characteristics on individual financial assets.

There were no changes to the carrying amount of financial assets as a result of the adoption of IFRS 9. At 1 January 2018, the company had US$5.0 million of financial assets classified as loans and receivables under IAS 39 'Financial Instruments: Recognition and Measurement'(IAS 39). These financial assets were reclassified as measured at amortised cost under IFRS 9.

(ii) Impairment

The company has developed and tested an impairment model that complies with the key requirements of IFRS 9. The results calculated by the model were not material and therefore the company has not recorded any credit losses as a result of adopting IFRS 9.

c. Revenue recognition

Net revenues have been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities. This includes net revenues from equity investments.

Net revenues from equity investments includes dividend income, changes in fair value and the gains and losses on sale of investments.

2. ACCOUNTING POLICIES (continued)

d. Foreign currencies

The company's financial statements are presented in U.S. dollars, which is also the company's functional currency.

Transactions denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account.

e. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets and financial liabilities, including derivative instruments, are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and the transfer qualifies for derecogniton. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset or does not retain control. Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

(ii) Classification and measurement

Financial assets comprise all of the company's current assets, and financial liabilities comprise all of the company's creditors.

From 1 January 2018 the company has adopted IFRS 9 and classifies financial assets into the below categories on the basis of both the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The business model reflects how the company manages particular groups of assets in order to generate future cash flows. Where the business model is to hold the assets to collect contractual cash flows, the company subsequently assesses whether the cash flows represent solely payments of principal and interest.

- **Financial assets measured at amortised cost**

Financial assets that are held for the collection of contractual cash flows and have cash flows that represent solely payments of principal and interest are measured at amortised cost, unless they are designated at fair value through profit or loss. The company considers whether the cash flows represent basic lending arrangements and where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value through profit or loss.

Financial assets measured at amortised cost are initially measured at fair value plus transaction costs and subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial asset but does not consider future credit losses. All finance income is recognised in the profit and loss account.

2. **ACCOUNTING POLICIES (continued)**

e. **Financial assets and financial liabilities (continued)**

(ii) **Classification and measurement (continued)**

- **Financial assets mandatorily measured at fair value through profit or loss**

Financial assets that do not meet the criteria for amortised cost are mandatorily measured at fair value through profit or loss. Such financial assets are initially measured at fair value and subsequently at fair value through profit or loss, with gains or losses recognised in the profit and loss account.

Prior to 1 January 2018, the company classified its financial assets into the following categories under IAS 39:

- **Financial assets designated at fair value**

Investments which are designated at fair value through profit and loss, are measured in the balance sheet at fair value and all subsequent gains or losses are recognised in net revenues.

- **Loans and receivables**

Loans and receivables are initially recognised at fair value and are subsequently remeasured at amortised cost, with finance income and expense recognised on an accruals basis. All finance income and expense is recognised in the profit and loss account.

The company classifies financial liabilities as financial liabilities measured at amortised cost. The classification, which is determined at initial recognition, depends on the purpose for which they are acquired or originated.

Financial liabilities measured at amortised cost are initially recognised at fair value and are subsequently remeasured at amortised cost, with finance expense recognised on an accruals basis. All finance expense is recognised in the profit and loss account.

(iii) **Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet where there is:

(i) currently a legally enforceable right to set off the recognised amounts; and

(ii) intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met, financial assets and financial liabilities are presented on a gross basis on the balance sheet.

f. **Current and deferred tax**

The tax expense comprises current tax. Tax is recognised in the profit and loss account.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

2. ACCOUNTING POLICIES (continued)

f. Current and deferred tax (continued)

Deferred tax is recognised in respect of all temporary differences that have originated, but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more tax or a right to pay less tax in the future with the following exceptions:

(i) Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying temporary differences can be deducted.

(ii) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in these financial statements. The nature of estimation means that actual outcomes could differ from those estimates.

a. Fair value measurement

Certain of the company's financial assets include significant unobservable inputs (i.e. level 3). See Note 17 for information about the carrying value, valuation techniques and significant inputs of these instruments.

4. NET REVENUES

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Net revenues from equity investments	(1,287)	740

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Interest on loans from group undertakings (see note 13)	194	211

6. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Foreign exchange (gains)/losses	(77)	125
Management fees charged by group undertakings	134	46
Auditors' remuneration - audit services	20	20
	77	**191**

7. STAFF COSTS

As in the prior year, the company has no employees. All persons involved in the company's operations are employed by group undertakings. The charges made by these group undertakings for all services provided to the company are included in management fees charged by group undertakings (see note 6).

8. DIRECTORS' EMOLUMENTS

The directors did not receive any remuneration from the company in the current or prior years and no contributions were made by the company under defined benefit or defined contribution pension schemes. The directors are employed by other group undertakings and their remuneration is borne by those companies and not re-charged. The directors do not consider that more than an incidental amount of their remuneration relates to the qualifying services provided to the company.

9. TAX ON (LOSS)/PROFIT

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
U.K. corporation tax	(52)	-
Total tax on (loss)/profit	**(52)**	**-**

The company has surrendered its losses for the current year under group relief arrangements.

The table below presents reconciliation between tax on (loss)/profit and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the year of 19% (2017: 19.25%) to the (loss)/profit before taxation.

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
(Loss)/profit before taxation	(1,558)	330
(Loss)/profit multiplied by the weighted average rate in the U.K. 19% (2017: 19.25%)	(296)	64
Permanent differences	244	(142)
Tax losses surrendered to group undertakings for nil consideration	-	78
Total tax on (loss)/profit	**(52)**	**-**

The company has carried forward capital losses of US$54.0 million (31 December 2017: US$57.8 million). No deferred tax asset has been recognised on the entire capital losses as there is uncertainty whether the company will generate suitable taxable profits in future against which the deferred tax asset can be recovered.

10. INVESTMENTS

Current asset investments of US$5.5 million (31 December 2017: US$8.0 million), which are stated at fair value, represent equity investments.

11. DEBTORS

Debtors, all of which are due within one year of the balance sheet date, comprise:

	31 December 2018	31 December 2017
	US$'000	US$'000
Amounts due from group undertakings	5,679	4,970

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018	31 December 2017
	US$'000	US$'000
Amounts due to group undertakings	-	43

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2018	31 December 2017
	US$'000	US$'000
Long-term loans due to group undertakings	9,427	9,736

Amounts due to group undertakings in the current and prior year included a loan of US$9.2 million advanced by The Goldman Sachs Group, Inc., the company's ultimate parent, under the terms of a loan agreement dated 27 October 2017. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in 367 days from the date of demand by the lender.

14. CALLED UP SHARE CAPITAL

At 31 December 2018 and 31 December 2017 called up share capital comprised:

	31 December 2018		31 December 2017	
	No.	US$	No.	US$
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	2	1	2
Redeemable shares of US$1 each	211,962,009	211,962,009	211,962,009	211,962,009
		211,962,011		211,962,011

The redeemable shares issued to date are redeemable at par, there is no fixed expiry date on their redemption and they are redeemable at the option of the company.

15. FINANCIAL COMMITMENTS AND CONTINGENCIES

At 31 December 2018, the company had no financial commitments or contingencies (31 December 2017: US$nil) outstanding.

16. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors including the business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in market environments.

The company is not subject to any externally imposed capital requirements.

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures.

a. Market risk

Market risk is the risk of loss in value of investments, as well as certain other financial assets and financial liabilities, due to changes in market conditions. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business. Relevant market risks for the company are equity price risk, interest rate risk and currency risk.

Equity price risk arises from exposures to changes in prices and volatilities of individual investments. The sensitivity analysis below has been determined based on the company's exposure to equity price risk at the balance sheet date. If equity values had been 10 per cent higher/lower, loss before taxation for the year ended 31 December 2018 would decreased/increased by US$0.6 million (2017: profit for the year would increase/decrease by US$0.8 million) as a result of the changes in fair value.

Interest rate risk results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads.

If interest rates had been 0.5 percent higher/lower and all other variables were held constant, the company's loss before taxation for the year ended 31 December 2018 would have been US$45,996 higher/lower (2017: profit for the year would have been US$48,681 lower/higher). This has been determined by assuming that the company's exposure to interest rate risk at balance sheet date was consistent for the whole year.

Currency risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates.

The company's functional currency is the U.S. dollar. At 31 December 2018, the company had no material net exposures to other currencies (31 December 2017: none).

The company manages its interest rate and currency risks as part of GS Group's risk management policy.

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in the credit quality of a counterparty. Credit risk is managed by reviewing the credit quality of the counterparties and reviewing, if applicable, the underlying collateral against which the financial assets are secured. The company's maximum exposure to credit risk is equivalent to the carrying value of its financial assets as at 31 December 2018 and 31 December 2017. As at 31 December 2018, the company had no debtors past due or impaired (31 December 2017: US$nil).

c. Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties or customers as they fall due. The company manages its liquidity risk in accordance with GS Group's comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets and financial liabilities by category

The table below presents the carrying value of the company's financial assets and financial liabilities by category:

	31 December 2018		
	Mandatorily at fair value	Amortised cost	Total
Financial assets	US$'000	US$'000	US$'000
Investments	5,476	-	5,476
Debtors	-	5,679	5,679
	5,476	**5,679**	**11,155**

	Mandatorily at fair value	Amortised cost	Total
Financial liabilities	US$'000	US$'000	US$'000
Long-term loans due to group undertakings	-	9,427	9,427
	-	**9,427**	**9,427**

	31 December 2017		
	Designated at fair value	Loans and receivables	Total
Financial assets	US$'000	US$'000	US$'000
Investments	8,043	-	8,043
Debtors	-	4,970	4,970
	8,043	**4,970**	**13,013**

	Designated at fair value	Amortised cost	Total
Financial liabilities	US$'000	US$'000	US$'000
Creditors: amounts falling due within one year	-	43	43
Long-term loans due to group undertakings	-	9,736	9,736
	-	**9,779**	**9,779**

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

b. Fair value hierarchy

FRS 101 has a three level fair value hierarchy for disclosure of fair value measurements. The fair value hierarchy prioritises inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and lowest priority to level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement.

The fair value hierarchy is as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets to which GS Group has access at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs to valuation techniques are observable, either directly or indirectly.
- Level 3 - One or more inputs to valuation techniques are significant and unobservable.

c. Valuation techniques and significant inputs

Level 3 financial instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 financial instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realised on sales of financial assets.

d. Significant unobservable inputs used in level 3 fair value measurement

As of 31 December 2018, the company had US$5.5 million of level 3 instruments (31 December 2017: US$8.0 million). Significant unobservable inputs used to value these level 3 equity investments include revenue multiples, book value multiples and earnings multiples.

The range of these significant unobservable inputs, as well as the related weighted averages, are summarised below:

Level 3 financial assets measured at fair value through profit and loss	**Valuation techniques and significant unobservable inputs**	**Range of significant unobservable inputs (weighted average)**	
		As of December 2018	**As of December 2017**
Equity investments (US$5.5 million and US$8.0 million of level 3 assets as of December 2018 and December 2017, respectively)	Offer level - Price Market comparable: - Book value multiple Discounted cash flows: - Discount rate - Terminal EBITDA earnings multiple	 N/A 1-1.5x N/A	 0.25 pence/share 1.5x 15% 9.0x

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

e. Fair value of financial assets and financial liabilities by level

The tables below present, by level within the fair value hierarchy, financial instruments measured at fair value on a recurring basis.

	31 December 2018			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets				
Investments	-	-	5,476	5,476
Total financial assets at fair value	**-**	**-**	**5,476**	**5,476**

	31 December 2017			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets				
Investments	-	-	8,043	8,043
Total financial assets at fair value	**-**	**-**	**8,043**	**8,043**

f. Level 3 roll forward

The tables below present the changes in fair value for all level 3 financial assets and financial liabilities. Gains and losses arising on level 3 assets are recognised within net revenues in the profit and loss account.

All financial assets presented in the below table entirely comprise of equity investments.

	31 December 2018	31 December 2017
Level 3 financial assets at fair value	**US$'000**	**US$'000**
Balance, beginning of the year	8,043	6,696
Proceeds on disposal of investments	(684)	-
(Loss)/gain on investments	(1,883)	1,347
Balance, end of year	**5,476**	**8,043**

17. **FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

g. Fair value of financial assets and financial liabilities valued using techniques that incorporate unobservable inputs

The fair value of financial assets and financial liabilities may be determined in whole or part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value.

The potential impact of using reasonable possible alternative assumptions for the valuations, including significant unobservable inputs, has been quantified as of 31 December 2018, as approximately US$5.8 million (2017: US$5.6 million) for favourable changes relating to an increase in the total of unobservable revenue multiples, book value multiples and earnings multiples; and US$0.9 million (2017: US$3.5 million) for unfavourable changes.

h. Fair value of financial assets and financial liabilities not measured at fair value

The company has US$5.7 million (31 December 2017: US$5.0 million) of current financial assets and US$ nil (31 December 2017: US$ 43k) of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

The company has US$9.4 million (31 December 2017: US$9.7 million) of financial liabilities due after more than one year that are not measured at fair value and relate to long-term intercompany borrowings. The interest rate associated with such borrowings is variable in nature and approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet is a reasonable approximation of fair value.

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

i. Maturity of financial liabilities

The tables below present the undiscounted cash flows of the company's financial liabilities by contractual maturity including interest that will accrue.

	31 December 2018					
	Less than 1 month	**1-3 months**	**3 months to 1 year**	**1-5 years**	**5+ years**	**Total**
Financial liabilities	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Creditors: amounts falling due after more than one year	237	20	90	9,199	-	9,546
Total – on balance sheet	**237**	**20**	**90**	**9,199**	**-**	**9,546**

	31 December 2017					
	Less than 1 month	**1-3 months**	**3 months to 1 year**	**1-5 years**	**5+ years**	**Total**
Financial liabilities	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Creditors: amounts falling due within one year	43	-	-	-	-	**43**
Creditors: amounts falling due after more than one year	1	36	108	9,737	-	**9,882**
Total – on balance sheet	**44**	**36**	**108**	**9,737**	**-**	**9,925**