Company Number: 08814445

GOLDMAN SACHS ASSET MANAGEMENT GLOBAL SERVICES LIMITED

ANNUAL REPORT

31 DECEMBER 2018

STRATEGIC REPORT

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

1. Introduction

Goldman Sachs Asset Management Global Services Limited (the company) is an alternative investment fund manager (AIFM) and management company that operates in the European Union (E.U.). The company sub-delegates provision of certain services, such as distribution and portfolio management, to other service providers including fellow group undertakings.

The company is authorised and regulated by the Financial Conduct Authority (FCA).

On 24 January 2019, the directors approved documents terminating the company's existing management company agreements by the funds. The termination of those agreements took place on 28 February 2019. As a result the company's fund management business activities ceased and those fund management activities are now undertaken by Goldman Sachs Asset Management Fund Services Limited, a fellow group undertaking, domiciled in Ireland. The directors do not expect that the company will undertake any new business activities, and therefore, the directors intend to put the company into liquidation as detailed in note 4 below.

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. In relation to the company, 'group undertaking' means Group Inc. or any of its subsidiaries. Group Inc., together with its consolidated subsidiaries, form 'GS Group'. GS Group is a 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 company adopted IFRS 15 'Revenue from Contracts with Customers' from 1 January 2018 and as a result has prospectively presented revenues and expenses associated with arrangements where it is principal to providing services but ultimately sub-delegates the provision of these services, such as distribution and portfolio management, on a gross basis, resulting in an increase in both turnover and administrative expenses by US$698.7 million for the year ended 31 December 2018 in comparison to the company's past presentation.

The results for the year are shown in the profit and loss account on page 9. Profit before taxation was US$14.6 million (31 December 2017: US$15.2 million).

The company had total assets of US$131.4 million (31 December 2017: US$70.2 million).

Average Assets Under Management (AUM) during the year were US$179.5 billion (31 December 2017: US$168.4 billion). AUM at 31 December 2018 were US$177.4 billion (31 December 2017: US$180.2 billion).

3. Exchange rate

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

STRATEGIC REPORT (continued)

4. Future outlook and going concern

The company's existing management company agreements with the funds have been terminated and the directors do not expect that the company will undertake any new business activity. As a result, the directors intend to put the company into liquidation within twelve months of the date of approval of the financial statements. Accordingly, the going concern basis of preparation is not appropriate and the financial statements have been prepared on a basis other than going concern. There is no impact on the company's balance sheet and profit and loss account as a result of this basis of preparation.

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. Following the termination of the company's existing management company agreements on 28 February 2019, the directors consider that these risks have been substantially reduced. 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 13 of the financial statements.

6. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 23 April 2019.

BY ORDER OF THE BOARD

D. T. Jackson

Secretary

24 April 2019

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 businesses and a description of the principal risks and uncertainties facing the company. The directors have chosen to make reference to the future outlook of the company in the strategic report in accordance with section 414C(11) of the Companies Act 2006. The company's risk management objectives and policies, including exposures to market risk, credit risk and liquidity risk are described in note 14 to the financial statements.

2. Dividends

The directors do not recommend the payment of a dividend in the year (31 December 2017: US$nil).

3. Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved:

- So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and

- Each of the directors has 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, except where noted, were:

Name	Appointed	Resigned
S. Davies (Chairperson)		29 March 2019
B. Healy		29 March 2019
M. Holmes	12 January 2018	
J. A. O'Connor	1 August 2018	29 March 2019
S. H. Patel	8 February 2018	29 March 2019
G. R. Thorpe		

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 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. Post Balance Sheet Events

On 24 January 2019, the directors approved documents terminating the company's existing management company agreements by the funds. The termination of those agreements took place on 28 February 2019. As a result the company's fund management business activities ceased.

On 23 April 2019, the directors declared an interim dividend of US$43.2 million to Goldman Sachs Group UK Limited, its immediate parent undertaking.

8. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 23 April 2019.

BY ORDER OF THE BOARD

D. T. Jackson

Secretary

24 April 2019

Independent auditors' report to the members of Goldman Sachs Asset Management Global Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Goldman Sachs Asset Management Global Services 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 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 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to Note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 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 (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 April 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
Turnover		723,024	23,657
Interest receivable and similar income	4	1,585	1,090
Administrative expenses	5	(709,999)	(9,597)
OPERATING PROFIT AND PROFIT BEFORE TAXATION		**14,610**	**15,150**
Tax on profit	8	(2,783)	(2,898)
PROFIT FOR THE FINANCIAL YEAR		**11,827**	**12,252**

The operating profits of the company are 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			
Cash at bank and in hand		43,933	34,920
Debtors	9	87,463	35,233
		131,396	70,153
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(63,149)	(13,733)
NET CURRENT ASSETS AND NET ASSETS		68,247	56,420
CAPITAL AND RESERVES			
Called up share capital	11	25,000	25,000
Profit and loss account		43,247	31,420
TOTAL SHAREHOLDER'S FUNDS		68,247	56,420

The financial statements were approved by the Board of Directors on 23 April 2019 and signed on its behalf by:

M. Holmes

M. Holmes
Director

The accompanying notes are an integral part of these financial statements.
Company number: 08814445

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total shareholder's funds
	US$'000	US$'000	US$'000
Balance at 1 January 2017	25,000	19,168	44,168
Profit for the financial year	-	12,252	12,252
Balance at 31 December 2017	25,000	31,420	56,420
Profit for the financial year	-	11,827	11,827
Balance at 31 December 2018	25,000	43,247	68,247

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 company and is incorporated and domiciled in England and Wales. The address of its registered office is Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom.

The company's immediate parent undertaking and the parent company of the smallest group for which consolidated financial statements are prepared is Goldman Sachs Group UK Limited (GSG UK), a company incorporated and domiciled in England and Wales. Copies of its consolidated financial statements are available on request from the Company Secretary, GSG UK, Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom.

The ultimate controlling undertaking and the parent company of the 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, GS Group's principal place of business, or at www.goldmansachs.com/shareholders.

Basel III Pillar 3 disclosures

The company is included in the consolidated Pillar 3 disclosures of GSG UK, as required by the E.U. Capital Requirements Regulation. GSG UK's November 2018 Pillar 3 disclosures will be made available in conjunction with the publication of its consolidated financial information at www.goldmansachs.com/disclosures.

Country-by-Country Reporting

The company is included in the consolidated country-by-country reporting disclosures of GSG UK, as required by the Capital Requirements (Country-by-Country Reporting) Regulations 2013. GSG UK's November 2018 country-by-country disclosures will be made available by 31 December 2019 at www.goldmansachs.com/disclosures.

2. ACCOUNTING POLICIES

a. Basis of preparation

These financial statements have been prepared on a basis other than going concern, 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 Standard (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) 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;

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

a. Basis of preparation (continued)

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

b. Going concern

The company's existing management company agreements with the funds have been terminated and the directors do not expect that the company will undertake any new business activity. As a result, the directors intend to put the company into liquidation within twelve months of the date of approval of the financial statements. Accordingly, the going concern basis of preparation is not appropriate and the financial statements have been prepared on a basis other than going concern. There is no impact on the company's balance sheet and profit and loss account as a result of this basis of preparation.

c. Changes in accounting policies

IFRS 15 'Revenue from Contracts with Customers'

From 1 January 2018, the company adopted IFRS 15 under the cumulative effect transition approach. This standard, as amended, provides comprehensive guidance on the recognition of revenue earned from contracts with customers arising from the transfer of goods and services, guidance on accounting for certain contract costs and new disclosures.

As a result of adopting this standard, the company has prospectively presented revenues and expenses associated with arrangements where it is principal to providing services but ultimately sub-delegates the provision of these services, such as distribution and portfolio management, on a gross basis, resulting in an increase in both turnover and administrative expenses by US$698.7 million for the year ended 31 December 2018 in comparison to the company's past presentation.

Refer to note 2(d) for further detail.

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 consequential amendments to IFRS 7 disclosures have only been applied in the current year.

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(h) for further detail.

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. As at 1 January 2018, the company had US$70.2 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.

2. ACCOUNTING POLICIES (continued)

c. Changes in accounting policies (continued)

There were no changes to the classification and measurement of financial liabilities.

(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.

d. Revenue recognition

From 1 January 2018, the company accounts for revenues earned from contracts with clients for investment management services under IFRS 15. As such, revenues from these services are recognised when the performance obligations related to the underlying transactions are completed.

In addition, from 1 January 2018, if the company is principal to the transaction, the company recognises revenue on contracts with clients, gross of expenses incurred to satisfy some or all of its performance obligations. The company is principal to the transaction if it has the primary obligation to provide the service to the client. The company satisfies the performance obligation by itself, or by engaging other GS Group entities to satisfy some or all of its performance obligations on its behalf. Such revenue is recognised in turnover and expenses incurred are recognised in administrative expenses. Prior to 1 January 2018, revenue on contracts with clients was presented net of certain expenses incurred to satisfy some or all of the performance obligations. See note 2(c) for further information about the adoption impact of IFRS 15.

Turnover represents management company fees and revenues associated with arrangements where it is principal to providing services but ultimately sub-delegates provision of these services, such as distribution and portfolio management. It is recognised on an accruals basis over the period that the related service is provided.

e. 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 operating profit.

f. Dividends

Final equity dividends are recognised as a liability and deducted from equity in the period in which the dividends are approved by the company's shareholder. Interim equity dividends are recognised and deducted from equity when paid.

g. Cash at bank and in hand

Cash at bank and in hand includes highly liquid overnight deposits held in the ordinary course of business.

2. ACCOUNTING POLICIES (continued)

h. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets and financial liabilities 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 fnancial assets measured at amortised cost 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 company's business model is to hold the assets to collect contractual cash flows and the cash flows represent solely payments of principal and interest. If these conditions were not met, the financial assets would be mandatorily 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.

Prior to 1 January 2018, the company classified its financial assets as loans and receivables under IAS 39. Loans and receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets were initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. Finance revenue was recorded in interest receivable and similar income.

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

Financial liabilities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method (see above). Finance costs, including discounts allowed on issue, are recorded in the profit and loss account.

2. ACCOUNTING POLICIES (continued)

h. Financial assets and financial liabilities (continued)

(iii) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is 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.

i. Current and deferred tax

The tax expense for the year 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.

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 by 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. In the opinion of management, there were no judgements made that had a significant effect on amounts recognised in the financial statements.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Interest on overnight deposits	664	33
Interest on loans to group undertakings (note 9)	921	1,057
	1,585	**1,090**

5. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Management fees charged by group undertakings (note a)	9,837	9,619
Fees charged by group undertakings for sub-delegated functions (note b)	669,373	-
Fees charged by external parties for sub-delegated functions (note b)	29,359	-
Other expenses	1,410	(42)
Auditors' remuneration - audit services	20	20
	709,999	**9,597**

a. Management fees charged by group undertakings relate to operational and administrative support, and management services received from group undertakings.

b. As a result of the adoption of IFRS 15, the company has prospectively presented revenues and expenses associated with arrangements where it is principal to providing services but ultimately sub-delegates the provision of these services, such as distribution and portfolio management, on a gross basis, resulting in an increase in both turnover and administrative expenses by US$698.7 million for the year ended 31 December 2018 in comparison to the company's past presentation.

6. STAFF COSTS

As in the prior year, all persons formally assigned to the company's operations are employed by fellow group undertakings. The charges made by these group undertakings for all services provided to the company are included in the management fees charged by group undertakings (see note 5).

7. DIRECTORS' EMOLUMENTS

The table below presents the company's directors' emoluments, which has been borne by group undertakings:

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Directors:		
Aggregate emoluments	230	161
Company pension contributions to money purchase schemes	2	-
	232	**161**

In accordance with the Companies Act 2006, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only. This total only includes the value of cash and benefits in kind, and does not include the value of equity awards in accordance with the provisions of Schedule 5 of SI 2008/410. Directors also receive emoluments for non-qualifying services which are not required to be disclosed.

For persons who were directors for some or all of the year, four directors were members of a defined contribution scheme. Five directors have received or are due to receive Group Inc. shares in respect of a long-term incentive scheme during the year. No director has exercised stock options during the year.

8. TAX ON PROFIT

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Current tax:		
U.K. corporation tax	2,774	2,905
Adjustments in respect of prior periods	9	(7)
Total tax on profit	**2,783**	**2,898**

The table below presents a reconciliation between tax on 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 profit before taxation.

	Year ended 31 December 2018 US$'000	Year ended 31 December 2017 US$'000
Profit before taxation	14,610	15,150
Profit multiplied by the weighted average rate in the U.K. of 19% (2017: 19.25%)	2,776	2,916
Exchange differences	(2)	(11)
Adjustments in respect of prior periods	9	(7)
Total tax on profit	**2,783**	**2,898**

9. DEBTORS

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

	31 December 2018 US$'000	31 December 2017 US$'000
Amounts due from customers	56,428	2,178
Amounts due from group undertakings	31,013	33,055
Other debtors	22	-
	87,463	**35,233**

Amounts due from group undertakings includes a loan of US$30.6 million (31 December 2017: US$25.2 million) advanced by the company to Goldman Sachs International, a fellow group undertaking. The loan is unsecured and carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate. The loan is repayable on demand by the company or 31 July 2063, whichever is earlier. 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.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018	31 December 2017
	US$'000	US$'000
Amounts due to group undertakings	52,659	6,709
Group relief payable	7,529	7,024
Accruals	2,848	-
Corporation tax payable	113	-
	63,149	13,733

11. 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$'000	No.	US$'000
Allotted, called up and fully paid				
Ordinary shares of US$1 each	25,000,000	25,000	25,000,000	25,000
		25,000		25,000

12. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at year end (31 December 2017: US$nil).

13. 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 its equity capital is determined by multiple factors including the company's current and future regulatory capital requirements, the results of the company's capital planning and other factors such as the business environment and conditions in the financial markets.

During 2018 and 2017, the company was in compliance with the capital requirements set by the FCA.

Tier 1 capital as at 31 December 2018 was US$68.2 million (31 December 2017: US$56.4 million).

The company is exposed to financial risk through its financial assets and financial liabilities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the most important components of financial risk the directors consider relevant to the entity 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 the value of the company's 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 interest rate risk and currency risk.

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

13. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

a. Market risk (continued)

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

The company manages its interest rate and currency risk as part of the group's risk management policy, by establishing economic hedges as appropriate to the circumstances of the company.

If interest rates had been 50 basis points higher/lower and all other variables were held constant the company's profit for the year ended 31 December 2018 would increase/decrease by US$0.2 million (2017: US$0.1 million).

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 counterparties and reviewing, if applicable, the underlying collateral against which the 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.

Credit exposures

The company's credit exposures are described further below.

Cash at bank and in hand. Cash at bank and in hand include both interest-bearing and non-interest-bearing deposits. To mitigate the risk of credit loss, the company places substantially all of its deposits with highly-rated banks.

Debtors. The company is exposed to credit risk from its amounts due from customers and amounts due from group undertakings. Fees from investment funds are settled from the AUM of the fund, for which the credit risk is considered minimal.

c. Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash to make payments to its counterparties 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.

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets and financial liabilities by category

All financial assets are categorised as financial assets measured at amortised cost in the current year and loans and receivables in the prior year. All financial liabilities are categorised as financial liabilities measured at amortised cost in the current and prior years.

b. Fair value of financial assets and financial liabilities not measured a fair value

The company has US$131.4 million (31 December 2017: US$70.2 million) of current financial assets and US$63.0 million (31 December 2017: US$13.7 million) of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, the carrying amounts of the financial assets and financial liabilities on the balance sheet are a reasonable approximation of fair value.

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

c. Maturity of financial liabilities

All financial liabilities are due within one month of the balance sheet date.

15. POST BALANCE SHEET EVENTS

On 24 January 2019, the directors approved documents terminating the company's existing management company agreements by the funds. The termination of those agreements took place on 28 February 2019. As a result the company's fund management business activities ceased.

On 23 April 2019, the directors declared an interim dividend of US$43.2 million to its immediate parent undertaking.