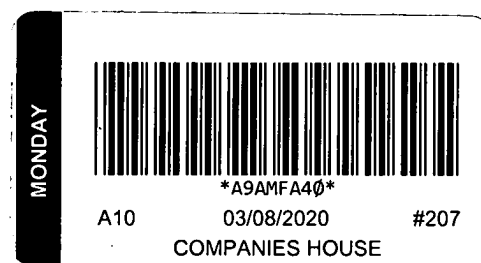


Company Number: 05014280

PMF-1, LTD

ANNUAL REPORT

31 DECEMBER 2019



STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2019.

1. Introduction

The principal activity of PMF-1, Ltd (the company) is to undertake investment business.

In the prior year, the company sold its last remaining investment property, which was previously held as part of a portfolio of non-performing loan receivables, collateralised against investment properties, which had foreclosed. In the current year, the company acquired an interest in GS UK Funding Limited Partnership, a fellow group undertaking.

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.

On 1 January 2019, the company's functional currency changed from Euro to the U.S. dollar and these financial statements have been prepared in that currency. This change occurred following the directors of the company entering into a plan to acquire an interest in GS UK Funding Limited Partnership which primarily operates in a U.S. dollar environment.

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2019. Comparative information has been presented for the year ended 31 December 2018.

The directors consider profit before tax, total assets and total liabilities as the Company's key performance indicators.

The results for the year are shown in the profit and loss account on page 7. Profit before taxation for the year ended 31 December 2019 was US\$17.9 million (2018: US\$2.3 million).

The company had total assets of US\$1,101.3 million as at 31 December 2019 (31 December 2018: US\$2.6 million) and total liabilities of US\$1,077.1 million as at 31 December 2019 (31 December 2018: US\$19,528).

3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$ 1.3265 (31 December 2018: £ / US\$ 1.2743). The average rate for the year was £ / US\$ 1.2792 (31 December 2018: £ / US\$ 1.3297).

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.

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. At the date of signing the company had not incurred any material financial impact associated to COVID-19 however, in view of its evolving nature it is not currently possible to estimate any potential future financial effects of COVID-19 on the company.

The company had net current liabilities of US\$1,070.3 million as at 31 December 2019 (31 December 2018: net current assets US\$2.6 million) following the issuance of US\$1,075.0 million redeemable ordinary shares classified as debt. Poseidon Acquisitions Ltd, the parent undertaking, and the holder of the redeemable ordinary shares, has committed to ensuring the company is able to satisfy its liabilities as they fall due. As a result, the directors have prepared these financial statements on a going concern basis.

STRATEGIC REPORT (continued)

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 is also exposed to risk of decline in value of certain assets, primarily investments in partnership interest. The company also has some limited exposure to operational, legal, regulatory and compliance risks. 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 17 of the financial statements.

6. Principal decision making and stakeholder engagement

The directors of the company carry out their duties in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of GS Group as a whole, and in doing so have regards (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the need to foster the company's business relationships with others;
- c) the impact of the company's operations on the community and the environment; and
- d) the desirability of the company maintaining a reputation for high standards of business conduct.

In meeting the requirements under section 172 of the Companies Act 2006 the Board is guided by the Code of Business Conduct and Ethics and the risk and governance framework of GS Group, as well as the corporate governance framework of the company and considers the views of key stakeholders when making decisions that influence the company's current and future operations and reputation. The directors of the company receive information on a variety of topics that assist them in their oversight of the company's business.

7. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 24 July 2020.

ON BEHALF OF THE BOARD



Oliver Bingham

Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2019.

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 company's risk management objectives and policies, as well as exposures to market risk, credit risk and liquidity risk in the strategic report, as well as future outlook in accordance with section 414C(11) of the Companies Act 2006, that would otherwise have been reported in the directors' report. The directors have also chosen to make reference to the requirements of Section 172(1) in the strategic report in accordance with section 414C(11).

2. Dividends

The directors do not recommend the payment of a dividend in respect of the year (31 December 2018: 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 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

4. Independent auditors

Prior to 1 October 2007, the company passed an elective resolution under section 386 of the Companies Act 1985 to dispense with the annual reappointment of auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as auditors of the company pursuant to section 487(2) of the Companies Act 2006 and paragraph 44 of schedule 3 to the Companies Act 2006 (Commencement No. 3 Consequential Amendment, Transitional Provisions and Savings) Order 2007.

5. Directors

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

Name

O. J. Bingham

W. T. Gasson

V. Chima

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

6. Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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;

DIRECTORS' REPORT (continued)

6. Statement of directors' responsibilities (continued)

- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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 24 July 2020.

ON BEHALF OF THE BOARD



Oliver Bingham

Director

Report on the audit of the financial statements

Opinion

In our opinion, PMF-1, Ltd's financial statements:

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

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2019; the Profit and Loss Account, the Statement of Comprehensive Income; 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

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3 and 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.



Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 July 2020

PMF-1, LTD

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2019

		Year Ended 31 December 2019	Year Ended 31 December 2018
	Note	US\$'000	US\$'000
Income from shares in group undertakings	10	1,092,798	-
Write down of shares in group undertakings	10	(1,074,981)	-
Interest receivable and similiar income	4	97	1
Impairments on financial assets	5	-	2,071
Other (expense)/income	6	(6)	211
PROFIT BEFORE TAXATION		17,908	2,283
Tax on profit	9	3,800	(20)
PROFIT FOR THE FINANCIAL YEAR		21,708	2,263

The profits of the company are derived from continuing operations in the current and prior years.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

		Year Ended 31 December 2019	Year Ended 31 December 2018
	Note	US\$'000	US\$'000
Profit for the financial year		21,708	2,263
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Foreign exchange adjustment	15	-	(118)
Total items that will be reclassified subsequently to profit or loss		-	(118)
Other comprehensive (loss) for the financial year, net of tax		-	(118)
Total comprehensive income for the financial year		21,708	2,145

The accompanying notes are an integral part of these financial statements

PMF-1, LTD

BALANCE SHEET

as at 31 December 2019

		31 December 2019	31 December 2018
	Note	US\$'000	US\$'000
FIXED ASSETS			
Investments	10	1,094,660	-
		<u>1,094,660</u>	<u>-</u>
CURRENT ASSETS			
Debtors: Amounts falling due after more than one year	11	6,682	2,579
		<u>6,682</u>	<u>2,579</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(1,077,075)</u>	<u>(20)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,070,393)</u>	<u>2,559</u>
NET ASSETS		<u>24,267</u>	<u>2,559</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Profit and loss account		24,267	2,677
Other reserves		<u>-</u>	<u>(118)</u>
TOTAL SHAREHOLDER'S FUNDS		<u>24,267</u>	<u>2,559</u>

The financial statements were approved by the Board of Directors on

24 July 2020 and signed on its behalf by:


Oliver Bingham

Director

The accompanying notes are an integral part of these financial statements.
Company number: 5014280

PMF-1, LTD

Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital	Profit and loss account	Other reserves	Total shareholder's funds
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2018	-	414	-	414
Profit for the financial year	-	2,263	-	2,263
Foreign exchange adjustment	-	-	(118)	(118)
Balance at 31 December 2018	-	2,677	(118)	2,559
Effect of change in functional currency	-	(118)	118	-
Balance at 1 January 2019	-	2,559	-	2,559
Profit for the financial year	-	21,708	-	21,708
Balance at 31 December 2019	-	24,267	-	24,267

No dividends were paid in 2019 and 2018.

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

1. GENERAL INFORMATION

The company is a private company limited by shares 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 Poseidon Acquisitions Ltd, a company incorporated and domiciled in England and Wales.

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/investor-relations/.

2. ACCOUNTING POLICIES

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

a. Basis of presentation

The 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 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' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 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) IAS 24 'Related Party Disclosures' paragraph 17; and
- vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within GS Group.

The company is a subsidiary undertaking of Group Inc., a company incorporated within the United States of America, whose consolidated financial statements include the company and are publicly available. As a result the company has elected not to prepare consolidated financial statements as permitted by section 401 of the Companies Act 2006.

b. Going concern

The company had net current liabilities of US\$1,070.3 million as at 31 December 2019 (31 December 2018: net current assets US\$2.6 million) following the issuance of US\$1,075.0 million redeemable ordinary shares classified as debt. Poseidon Acquisitions Ltd, the parent undertaking, and the holder of the redeemable ordinary shares, has committed to ensuring the company is able to satisfy its liabilities as they fall due. As a result, the directors have prepared these financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019**2. ACCOUNTING POLICIES (continued)****c. Dividends**

Final 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 dividends are recognised and deducted from equity when paid.

d. Foreign currencies

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

As a result of the fundamental change in the nature of the company's business, the company changed its functional currency from Euro to U.S. dollars with effect from 1 January 2019. Accordingly, the company changed its presentation currency from Euro to U.S. dollars, with retrospective application on comparative figures. All balances were translated from Euro to U.S. dollars using the exchange rate at this date. Comparative profit and loss account and balance sheet figures have been translated to U.S. dollars using the average exchange rate and closing exchange rate for that period respectively. The resulting exchange differences are recognised as a separate component of equity, within Other reserves, through the statement of comprehensive income.

e. Fixed asset investments

Fixed asset investments comprises investments in subsidiary undertakings and partnership interest. These investments are stated at cost less provision for any impairment.

f. 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 derecognition. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset or if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but 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, with the exception of deferred tax assets, and financial liabilities comprise all of the company's creditors, with the exception of corporation tax payable.

The company classifies financial assets into Financial 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

f. Financial Assets and Financial Liabilities (continued)

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.

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 interest payable and similar expenses.

g. Current and deferred tax

The tax expense comprises current and deferred 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 are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

h. Share capital

Ordinary share capital is classified as equity.

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. The company has recognised a deferred tax asset (see note 12) which requires judgement for determining the extent of its recoverability at each reporting date. The company assesses recoverability with reference to forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2019 US\$'000	Year Ended 31 December 2018 US\$'000
Interest on loans to group undertakings (see note 11)	97	1

5. IMPAIRMENTS ON FINANCIAL ASSETS

	Year Ended 31 December 2019 US\$'000	Year Ended 31 December 2018 US\$'000
Reversal of Impairment	-	2,071

In the prior year, the reversal of impairment represented a gain as a result of the reversal of impairment of a receivable from previous years given full and final settlement by a fellow group undertaking.

6. OTHER (EXPENSE)/INCOME

	Year Ended 31 December 2019 US\$'000	Year Ended 31 December 2018 US\$'000
Other income	-	221
Foreign exchange losses	(6)	-
	(6)	221

The auditors' remuneration for the audit of the financial statements for the current year of £10,000 (US\$12,792) has been borne by a fellow group undertaking (31 December 2018: £5,000 (US\$6,649)).

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 and no costs are borne by the company.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

9. TAX ON PROFIT

	Year Ended 31 December 2019 US\$'000	Year Ended 31 December 2018 US\$'000
Current tax:		
UK corporation tax	206	20
Total current tax	206	20
Deferred tax:		
Origination and reversal of temporary differences	(4,006)	-
Total tax on profit	(3,800)	20

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% (2018: 19%) to the profit before taxation.

	Year ended 31 December 2019 US\$'000	Year ended 31 December 2018 US\$'000
Profit before tax	17,908	2,283
Profit multiplied by the weighted average rate in the U.K. of 19% (2018: 19%)	3,403	434
Permanent differences	(3,385)	(394)
Allocation of partnership result	394	-
Changes in recognition and measurement of deferred tax assets	(4,006)	-
Utilisation of brought forward tax losses	(206)	(20)
Total tax on profit	(3,800)	20

The U.K. government announced in its budget on March 11, 2020 that the U.K. corporation tax main rate, which was due to decrease from 19.0% to 17.0% from April 1, 2020, will now remain at 19.0%. This will result in the U.K. corporation tax rate applicable to the company remaining at 19.0% from April 1, 2020. The company did not include this rate increase in its measurement of deferred tax balances as it was not substantively enacted as of December 2019. If this rate change were to have been substantively enacted as of December 2019, then the company's deferred tax asset would have been higher by US\$0.3 million, of which US\$0.3 million would have been recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

10. FIXED ASSETS INVESTMENTS

Fixed asset investments, which are unlisted and stated at cost less provision for any impairment, comprise investments in group undertakings:

	Net book value US\$'000
At 1 January 2018	-
Additions	-
31 December 2018	-
Additions	2,169,641
Write down of shares in group undertakings	(1,074,981)
At 31 December 2019	1,094,660

On 26 June 2019, the company subscribed for US\$1,074,981,353 redeemable ordinary shares in PMF-2, Ltd, for a consideration of US\$1,075.0 million.

On 12 December 2019, the company acquired a 98.84% interest in GS UK Funding Limited Partnership for a total consideration of US\$1,094.7 million from PMF-2, Ltd, a subsidiary undertaking. The company is the limited partner in GS UK Funding Limited Partnership.

On 12 December 2019, PMF-2, Ltd reduced its ordinary share capital from EUR 54,089,304 to EUR 1, and its redeemable ordinary share capital from US\$1,074,981,353 to US\$1 and paid a dividend to the company totalling US\$1,092.8 million.

The subsidiary, over which the company exercises control via ordinary shares held directly by the company at the year end, is:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
PMF-2, Ltd ¹	Investment Company	100%	Redeemable and ordinary shares

Details of the company's interest in the partnership as at 31 December 2019 are as follows:

Name of partnership	%	Interest
GS UK Funding Limited Partnership ¹	98.84%	Capital
	98.84%	Income

Registered office address at:

¹ Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

11. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2019	31 December 2018
	US\$'000	US\$'000
Amounts due from group undertaking	2,676	2,579
Deferred tax asset (see note 12)	4,006	-
	6,682	2,579

Amounts due from group undertaking in the current and prior year includes a long-term loan of US\$2.6 million (31 December 2018: US\$2.6 million) advanced by the company to ELQ Investors Ltd, a fellow group undertaking, under the terms of an existing loan agreement dated 16 July 2018. 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 at the earlier of 376 days from when the company demands repayment or January 2038.

12. DEFERRED TAX

	31 December 2019	31 December 2018
	US\$'000	US\$'000
Deferred tax balance comprises:		
Unused tax losses	4,006	-
	4,006	-

The movements in the deferred tax balance were as follows:

At 1 January 2018 and 31 December 2018

Credited to the profit and loss account

At 31 December 2019

-
4,006
4,006

In the current year, the company recognised a deferred tax asset of US\$4.0 million on unused tax losses as the directors consider that future taxable profits will be available against which the deferred tax asset can be recovered. The company has the ability to utilise these losses in the future via the direct control of GS UK Funding Limited Partnership which holds income producing assets.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2019	31 December 2018
	US\$'000	US\$'000
Amounts due to group undertakings	2,094	-
Redeemable ordinary shares (see note 14)	1,074,981	-
Corporation tax payable	10	20
	1,077,075	20

Amounts due to group undertakings in the current year includes US\$1.9 million transferred to the company, by way of novation, accounts payable to Goldman Sachs International, a fellow group undertaking, by PMF-2 as a part of the consideration for the acquisition of partnership interest in GS UK Funding Limited Partnership (see note 10).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

14. CALLED UP SHARE CAPITAL

At 31 December 2019 and 31 December 2018 share capital comprised:

	31 December 2019		31 December 2018	
	No.	US\$'000	No.	US\$'000
<u>Allotted, called up and fully paid</u>				
Ordinary shares of US\$1 each	1	-	1	-
Redeemable ordinary shares of US\$1 each	1,074,981,353	1,074,981	-	-
		1,074,981		-
<u>Shares classified as liabilities</u>				
Redeemable ordinary shares of US\$1 each (see note 13)	1,074,981,353	(1,074,981)	-	-
		-		-

On 26 June 2019, the company issued 1,074,981,353 redeemable ordinary shares of US\$1 each to Poseidon Acquisitions Ltd, the company's immediate parent undertaking, for a consideration of US\$1,075.0 million.

Ordinary shares and redeemable ordinary shares rank pari passu in all respects including voting rights and have no stated dividend rights. The redeemable ordinary shares must be redeemed at the earlier of 90 days' notice from the holder or 20 years after the date of issuance. The redeemable ordinary shares are mandatorily redeemable at their subscription price. In the event of winding up, the redeemable ordinary shareholders are entitled to receive payment of the amount equal to their rateable share of the net asset value of the company.

Due to the mandatory redemption requirements, the redeemable ordinary shares are classified as debt and included within Creditors: Amounts falling due within one year (see note 13). Given the short-term nature of these instruments, their subscription price is considered a reasonable approximation of the present value of the amount payable upon redemption.

15. OTHER RESERVES

As a result of the fundamental change in the nature of the company's business, the company changed its functional currency from Euro to U.S. dollars with effect from 1 January 2019. Accordingly, the company changed its presentation currency from Euro to U.S. dollars, with retrospective application on comparative figures. All balances were translated from Euro to U.S. dollars using the exchange rate at this date. Comparative profit and loss account and balance sheet figures have been translated to U.S. dollars using the average exchange rate and closing exchange rate for that period respectively. The resulting exchange differences are recognised as a separate component of equity, within other reserves, through the statement of comprehensive income.

16. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company has no financial commitments and contingencies outstanding at year end (31 December 2018: US\$nil).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

17. 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. A relevant market risk for the company is interest rate risk.

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 profit before taxation for the year ended 31 December 2019 would have been US\$12,888 higher/lower (2018: US\$424). 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.

The company manages its interest rate risk 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 2019 and 31 December 2018. The company's credit exposure is described further below:

Debtors. The company is exposed to credit risk from its amounts due from group undertakings, for which the credit risk is considered minimal. As at 31 December 2019, the company had no debtors past due or impaired (31 December 2018: 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.

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets and financial liabilities by category

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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

The company has US\$nil (31 December 2018: US\$nil) of current financial assets and US\$1,077.1 million (31 December 2018: US\$nil) 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\$2.7 million (31 December 2018: US\$2.6 million) of financial assets due after more than one year that are not measured at fair value and predominantly relate to a long-term loan due from a fellow group undertaking. 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.

c. Maturity of financial liabilities

The table below present the undiscounted cash flows of the company's financial liabilities by contractual maturity. In the prior year, the company had no financial liabilities due within 12 months of the balance sheet date.

Financial liabilities	31 December 2019					
	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Creditors: amounts falling due within one year	-	1,077,065	-	-	-	1,077,065
Total	-	1,077,065	-	-	-	1,077,065

19. POST BALANCE SHEET EVENT

Since the balance sheet date there has been a global outbreak of a coronavirus disease (COVID-19) which has caused widespread disruption to financial markets and normal patterns of business activity across the world. At the date of signing the company had not incurred any material financial impact associated to COVID-19 however, in view of its evolving nature it is not currently possible to estimate any potential future financial effects of COVID-19 on the company.