

**Company Number: 5035199**

**PMF-2, LTD**

**ANNUAL REPORT**

**31 DECEMBER 2015**

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## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015. A strategic report has not been prepared as the company is entitled to the small companies exemption under section 414B of the Companies Act 2006.

### 1. Principal activities

PMF-2, Ltd ('the company') provides financing, through a funded participation agreement, to a group undertaking that held a portfolio of non-performing loan receivables collateralised against investment properties. Upon foreclosure the properties are included in the balance sheet of the 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 ('Federal Reserve Board'). Group Inc. together with its consolidated subsidiaries form 'the group'. The 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's principal business is transacted in Euros and accordingly, the company's functional currency is the Euro 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 2015. Comparative information has been presented for the year ended 31 December 2014.

The results for the financial year are shown in the profit and loss account on page 6. Loss on ordinary activities before taxation was €34,323 (31 December 2014: loss of €95,891). The company has net liabilities of €3.1 million (31 December 2014: net liabilities of €3.1 million).

### 3. Adoption of Revised Financial Reporting Standards

The Financial Reporting Council revised financial reporting standards (FRSs) in the U.K. and Republic of Ireland for accounting periods beginning on or after 1 January, 2015. The revisions fundamentally reform United Kingdom Generally Accepted Accounting Practices (U.K. GAAP), replacing the previous standards (previous U.K. GAAP).

From 1 January 2015, the company has transitioned from the previous U.K. GAAP to the new FRS 101 Framework (FRS 101), which applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

All periods presented in this annual report are prepared in accordance with FRS 101.

There is no impact on the company's balance sheet and profit and loss account as a result of adopting FRS 101.

### 4. Future outlook and going concern

The company has net liabilities of €3.1 million as at 31 December 2015. The directors plan to cease trading, terminate the funded participation agreements (see note 11) and settle all the debtors and creditors of the company within the next 12 months. As a result the directors have continued not to prepare the financial statements on a going concern basis. All assets and liabilities were classified as current in the balance sheet in a prior year and assets were reduced to their realisable values and provisions made where necessary, for liabilities and other commitments. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs are committed at the balance sheet date.

### 5. Financial risk management

The company's financial risk management objectives and policies, as well as its risk exposures, are described in note 16 of the financial statements.

**REPORT OF THE DIRECTORS (continued)**

**6. Dividends**

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (31 December 2014: £nil).

**7. Exchange rate**

The British pound / Euro exchange rate at the balance sheet date was £ / € 1.36 (31 December 2014: £ / € 1.29). The average rate for the year was £ / € 1.38 (31 December 2014: £ / € 1.25).

**8. 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
M. Holmes		
G. P. Minson		14 April 2015
J. A. Wiltshire		

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

**9. 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/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.

**10. 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.

**REPORT OF THE DIRECTORS (continued)**

**11. 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 year.

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;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

**12. Date of authorisation of issue**

The financial statements were authorised for issue by the Board of Directors on 29 July 2016.

**BY ORDER OF THE BOARD**



**Director**

Michael Holmes

## **Report on the financial statements**

### **Our opinion**

In our opinion, PMF-2, Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2b to the financial statements concerning the basis of preparation. The directors plan to cease trading, terminate the funded participation agreements (see note 11) and settle all the debtors and creditors of the company within the next 12 months. Given these circumstances the directors have determined that the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2b to the financial statements.

### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 31 December 2015;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent 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.

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

John Wei (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 July 2016

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**PMF-2, LTD**

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**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 2015**

		Year Ended 31 December 2015	Year Ended 31 December 2014
	Note	EUR	EUR
Interest payable and similar charges	5	(34,012)	(38,338)
Administrative income / (expenses)	6	728	(58,405)
<b>OPERATING LOSS</b>		(33,284)	(96,743)
Interest receivable and similar income	7	(1,039)	852
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(34,323)	(95,891)
Tax on loss on ordinary activities	10	6,950	61,532
<b>LOSS ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR</b>		<u>(27,373)</u>	<u>(34,359)</u>

The operating loss of the company is derived from discontinued operations in the current and prior years.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial years as stated above and their historical cost equivalents.

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

**PMF-2, LTD**

**BALANCE SHEET**

**as at 31 December 2015**

		31 December 2015	31 December 2014
	Note	EUR	EUR
<b>CURRENT ASSETS</b>			
Investments	11	-	-
Debtors	12	1,642,082	1,116,171
Cash at bank and in hand		7,170	7,518
		<u>1,649,252</u>	<u>1,123,689</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	<u>(4,749,021)</u>	<u>(4,196,085)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,099,769)</u>	<u>(3,072,396)</u>
<b>NET LIABILITIES</b>		<u>(3,099,769)</u>	<u>(3,072,396)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	51,289,305	51,289,305
Profit and loss account		<u>(54,389,074)</u>	<u>(54,361,701)</u>
<b>TOTAL SHAREHOLDER'S DEFICIT</b>		<u>(3,099,769)</u>	<u>(3,072,396)</u>

The financial statements were approved by the Board of Directors on

and signed on its behalf by:



Director

Michael Holmes



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**PMF-2, LTD**

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**Statement of Changes in Equity**

**For the Year Ended 31 December 2015**

	<b>Called up share capital</b>	<b>Profit and Loss Account</b>	<b>Total Shareholder's Deficit</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Balance at 1 January 2014</b>	51,289,305	(54,327,342)	(3,038,037)
Loss for the financial year	-	(34,359)	(34,359)
<b>Balance at 31 December 2014</b>	51,289,305	(54,361,701)	(3,072,396)
Loss for the financial year	-	(27,373)	(27,373)
<b>Balance at 31 December 2015</b>	51,289,305	(54,389,074)	(3,099,769)

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**

**1. GENERAL INFORMATION**

The company is a limited liability 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 immediate parent undertaking is ELQ Investors, LTD, a company incorporated and domiciled in England and Wales.

The ultimate parent 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.

**2. ACCOUNTING POLICIES**

**a. Basis of presentation**

For all periods up to and including the year ended 31 December 2014, the company prepared its financial statements in accordance with the previous U.K. GAAP. From 1 January 2015, the company transitioned from the previous U.K. GAAP to FRS 101. These financial statements are for the first year covered by FRS 101. All years presented in these financial statements have been prepared in accordance with FRS 101.

There is no impact on the company's balance sheet or profit and loss account as a result of adopting FRS 101.

In terms of disclosures, under the previous U.K. GAAP, a reconciliation between current tax and the product of profit/ (loss) before tax multiplied by the appropriate tax rate was required. Upon adoption of IAS 2 'Income Taxes' the company is now required to present a reconciliation between the total tax expense and the product of profit before tax multiplied by the applicable tax rate.

The financial statements have been prepared under the historical cost convention (modified as explained in note 2d), and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements in accordance with FRS 101:

(i) 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);

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

(iii) IAS 7 'Statement of Cash Flows'

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

(v) IAS 24 'Related Party Disclosures' paragraph 17;

(vi) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within group; and

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**

**2. ACCOUNTING POLICIES (continued)**

**b. Going concern**

The company has net liabilities of €3.1 million as at 31 December 2015. The directors plan to cease trading, terminate the funded participation agreements (see note 11) and settle all the debtors and creditors of the company within the next 12 months. As a result the directors have continued not to prepare the financial statements on a going concern basis. All assets and liabilities were classified as current in the balance sheet in a prior year and assets were reduced to their realisable values and provisions made where necessary, for liabilities and other commitments. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs are committed at the balance sheet date.

**c. Foreign currencies**

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

**d. 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. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset. A financial liability is derecognised only when it is 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 deferred tax liabilities).

The company classifies its financial assets and financial liabilities into the below categories. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated.

- **Investments**

Investments represent funded participation agreements, which are stated at fair value. The investments are designated at fair value as they are managed and thus performance is evaluated on a fair value basis. Unrealised gains or losses on the funded participation agreements are recognised in the profit and loss account.

- **Other Financial Assets and Financial Liabilities**

Other financial assets and financial liabilities 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.

**(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:

- currently a legally enforceable right to set off the recognised amounts; and
- intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**

**2. ACCOUNTING POLICIES (continued)**

**e. Cash at bank and in hand**

Cash at bank and in hand include cash at bank held in the ordinary course of business.

**f. Current and deferred tax**

The tax expense for the year 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 timing 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 in the future or a right to pay less tax in the future with the following exceptions:

- 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 timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**g. 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.

**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. SEGMENTAL REPORTING**

The directors manage the company's activities as a single business in the same geographic region and accordingly no segmental analysis has been provided.

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year Ended 31 December 2015	Year Ended 31 December 2014
	EUR	EUR
Interest expense on loan due to group undertaking	34,012	38,338

Interest expense relates to the funding of operating activities and has been charged against operating loss.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**

**6. ADMINISTRATIVE (INCOME) / EXPENSES**

The table below presents the company's administrative (income) / expenses:

	Year Ended 31 December 2015 EUR	Year Ended 31 December 2014 EUR
Losses under funded participation agreement (see note 11)	-	20,000
Accounting fees payable to group undertaking	(21,619)	21,619
Auditors' remuneration - audit services	7,578	7,013
Other expenses	13,313	9,773
	<u>(728)</u>	<u>58,405</u>

Accounting fees payable to group undertaking in the current year includes the reversal of fee charged in the prior year, which are now being borne by parent undertaking following a review of these arrangements subsequent to the prior year end.

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Year Ended 31 December 2015 EUR	Year Ended 31 December 2014 EUR
Interest (expense) / income on money market investments	(1,039)	852

**8. STAFF COSTS**

The company has no employees (31 December 2014: nil). All persons involved in the company's operations are employed by a group undertaking and no charge is borne by the company.

**9. DIRECTORS' EMOLUMENTS**

	Year Ended 31 December 2015 EUR	Year Ended 31 December 2014 EUR
<b>Directors:</b>		
Aggregate emoluments	836	897
Company pension contributions to money purchase schemes	12	14
	<u>848</u>	<u>911</u>

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. In accordance with schedule 5 of Statutory Instrument 2008 / 410, this only includes the value of cash and benefits in kind. Directors also receive emoluments for non-qualifying services which are not required to be disclosed.

All the directors were members of a defined contribution pension scheme and all of the directors were members of a defined benefit pension scheme during the year. All the directors have received or are due receipt of Group Inc. shares under a long term incentive scheme during the year. No directors have exercised options during the year.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**

**10. TAX ON LOSS ON ORDINARY ACTIVITIES**

**a. Analysis of tax credit for the year:**

	Year Ended 31 December 2015 EUR	Year Ended 31 December 2014 EUR
<b>Current tax</b>		
UK corporation tax at 20.25% (2014: 21.50%)	(6,950)	(16,316)
Adjustments in respect of prior periods	-	(45,216)
<b>Total tax (see note b)</b>	<b>(6,950)</b>	<b>(61,532)</b>

The company has surrendered its losses in current and prior years under group relief arrangements.

**b. Factors affecting tax credit for the year**

The table below presents a reconciliation between tax on loss on ordinary activities and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the year of 20.25% (31 December 2014: 21.50%) to the loss on ordinary activities before taxation:

	Year Ended 31 December 2015 EUR	Year Ended 31 December 2014 EUR
Loss on ordinary activities before tax	(34,323)	(95,891)
Loss on ordinary activities at the standard rate in the UK 20.25% (2014: 21.50%)	(6,950)	(20,617)
Expenses disallowed for the purpose of tax provision	-	4,301
Adjustment in respect of prior periods	-	(45,216)
<b>Total tax for the year</b>	<b>(6,950)</b>	<b>(61,532)</b>

A potential deferred tax asset of €3,089,777 (31 December 2014: €3,010,328) has not been recognised in the financial statements as there is uncertainty whether the company will generate suitable taxable profits in the future against which the deferred tax asset can be recovered.

**11. INVESTMENTS**

	31 December 2015 EUR	31 December 2014 EUR
Financial assets	-	-

Financial assets represent funded participation agreements entered into with PMF-1, Ltd and PMF-2 (BES I) Ltd, fellow group undertakings. The funding was used by PMF-1, Ltd to purchase a portfolio of non-performing loan receivables. The maximum facility provided by the company is €71,038,245 (31 December 2014: €71,038,245) and matures on the date of liquidation of the last mortgage asset. Through participating in this agreement the company is committed, where requested, within 10 business days, to provide additional funds for future operating expenditure in accordance with PMF-1, Ltd's business plans in relation to the existing portfolio.

As at 31 December 2015, the amount utilised under this agreement was €55,563,467 (31 December 2014: €55,563,467). In 2015 losses of €nil (31 December 2014: €20,000) were recognised in the profit and loss account within administrative expenses (see note 6) under the funded participation agreements.

The funded participation agreements have been stated at fair value.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**

**12. DEBTORS**

	31 December 2015	31 December 2014
	EUR	EUR
Money market investments	1,535,732	1,016,771
Group relief receivable	106,350	99,400
	<u>1,642,082</u>	<u>1,116,171</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 December 2015	31 December 2014
	EUR	EUR
Loan due to group undertaking	2,117,970	2,117,970
Accrued interest on loan due to group undertaking	155,228	121,216
Group relief payable	940,615	940,615
Other payable to group undertakings	1,514,365	998,652
Other creditors and accruals	20,843	17,632
	<u>4,749,021</u>	<u>4,196,085</u>

Loan due to group undertaking matures on 31 December 2018 and accrues interest at three month Euribor plus 1.5%, however as described in note 2b, the loan is expected to be repaid within the next 12 months.

**14. CALLED UP SHARE CAPITAL**

At 31 December 2015 and 31 December 2014 share capital comprised:

	31 December 2015		31 December 2014	
	Number	EUR	Number	EUR
<b><u>Allotted, called up and fully paid</u></b>				
Ordinary shares of US \$1 each	51,289,305	<u>51,289,305</u>	51,289,305	<u>51,289,305</u>

Share capital issued is translated at the historic rates prevailing on the date of issuance.

**15. FINANCIAL COMMITMENTS AND CONTINGENCIES**

The company has financial commitments and contingencies under the funded participation agreements as disclosed in note 11.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**

**16. FINANCIAL RISK 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 (see note 14) compared to the company's risk exposures.

The company is exposed to financial risk through its financial assets and 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 company 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 firm wide 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 primarily results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads.
- Currency risk results from exposure to changes in spot prices, forward prices and volatilities of currency rates.

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

**b. Credit risk**

Credit risk represents the potential for loss due to the default or deterioration in 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 loans and receivables are secured.

The debtors on the company's balance sheet represent the gross credit risk exposure to the company.

**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. Accordingly, the company, as part of a global group, has in place a comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.



**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**

**17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

**a. 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 the 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.

The investments are held at fair value and are included within level 3 of the fair value hierarchy. As at 31 December 2015, the fair market value of the investments were €nil (31 December 2014: €nil).

**b. Valuation Techniques and Significant Inputs**

The investments held as at 31 December 2015 were valued at nil as the directors do not expect any proceeds to be received from the termination of the funded participation agreements (see note 11).

**c. Fair value of financial instruments not measured at fair value**

The company has €1,649,252 (31 December 2014: €1,123,689) of current financial assets and €4,749,021 (31 December 2014: €4,196,085) 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.

**d. Maturity of financial liabilities**

All financial assets and liabilities are due within 12 months of the balance sheet date.