Company Number: 06375035

ELQ INVESTORS II LTD

ANNUAL REPORT

31 MARCH 2020

STRATEGIC REPORT

The directors present their strategic report for the period ended 31 March 2020.

1. Introduction

The principal activity of ELQ Investors II Ltd (the company) is to undertake investment business. The company holds investments in subsidiary undertakings which hold investments in loan portfolios and real estate assets and directly holds investments in equity and debt instruments.

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.

In the prior period, the company extended its accounting reference date from 31 December 2018 to 31 March 2019 to allow GS Group to fully utilise foreign tax credits arising from UK taxes accrued by the company. As such, financial statements for the current period have been prepared for the 52 week period ended March 31, 2020, with comparative information being presented for the 65 week period ended March 31, 2019. As a result, amounts presented in this annual report are not directly comparable. All references to March 2020 refer to the 52 week period ended, or the date, as the context requires, March 31, 2020. All references to March 2019 refer to the 65 week period ended, or the date, as the context requires, March 31, 2019.

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 period ended 31 March 2020. Comparative information has been presented for the period ended 31 March 2019.

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

The results for the period are shown in the profit and loss account set out on page 7. Profit before taxation for the period ended 31 March 2020 was US$90.2 million (31 March 2019: profit of US$36.2 million).

During the period, the operating profit fell from US$36.2 million to US$6.4 million as compared to prior period. This was as a result of a global outbreak of a coronavirus disease (COVID-19), which affected the company's business and operations to some extent, resulting in a write down of current investments.

The company had total assets of US$1,014.2 million as at 31 March 2020 (31 March 2019: US$2,338.6 million) and total liabilities of US$570.6 million as at 31 March 2020 (31 March 2019: US$ 1,483.1 million). During the period, the company transferred certain of its debt investments to fellow group undertakings and used the proceeds to paydown its borrowings, resulting in a reduction in total assets and total liabilities as at 31 March 2020.

3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US$ 1.2439 (31 March 2019: 1.3006). The average rate for the period was £ / US$ 1.2709 (31 March 2019: £ / US$ 1.3263).

STRATEGIC REPORT (continued)

4. Future outlook

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

The COVID-19 pandemic continues to cause widespread disruption to financial markets and normal patterns of business activity across the world. The extent to which the pandemic will continue to negatively affect the company's business and operations will depend on future developments, which are highly uncertain and cannot be predicted.

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 subsidiary undertakings. The company also has 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 24 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 impact of the company's operations on the community and the environment; and

c) the desirability of the company to maintain 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, 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 22nd December 2020.

ON BEHALF OF THE BOARD

(Jeremy Wiltshire)

Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 31 March 2020.

1. Introduction

In accordance with section 414A of the Companies Act 2006, the directors have prepared a strategic report, which contains a review of the company's business and a description of the principal risks and uncertainties facing the company. The directors have chosen to make reference to the company's risk management objectives and policies, as well as exposures to market risk, credit risk and liquidity risk in the strategic report, 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 declared and paid an interim dividend of US$500 million (31 March 2019: US$nil). The directors do not recommend the payment of a final dividend in respect of the period (31 March 2019: 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/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 period and to the date of this report were:

Name
M. Holmes
J.A. Wiltshire
O.J. Bingham

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

DIRECTORS' REPORT (continued)

6. Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

7. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 22nd December 2020.

ON BEHALF OF THE BOARD

(Jeremy Wiltshire)

Director

Independent auditors' report to the members of ELQ Investors II Ltd

Report on the audit of the financial statements

Opinion

In our opinion, ELQ Investors II Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the 52 week period (the "period") 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 March 2020; the Profit and Loss account and the Statement of Changes in Equity for the 52 week period ended 31 March 2020; 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 the 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

Independent auditors' report to the members of ELQ Investors II Ltd

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 period ended 31 March 2020 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.

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

PROFIT AND LOSS ACCOUNT

for the 52 week period ended 31 March 2020

	Note	52 Week Period Ended 31 March 2020 US$	65 Week Period Ended 31 March 2019 US$
Net revenues	4	64,223,568	119,346,973
Income from shares in group undertakings	5	23,195,850	30,078,668
Write down of shares in group undertakings	6	(48,122,083)	(31,064,581)
Interest receivable and similar income	7	5,512,912	20,957,362
Interest payable and similar expenses	8	(23,149,633)	(28,613,734)
Administrative expenses	9	(15,281,906)	(74,456,990)
OPERATING PROFIT		6,378,708	36,247,698
Gain on sale of subsidiary undertakings	14	83,863,955	-
PROFIT BEFORE TAXATION		90,242,663	36,247,698
Tax on profit	12	(2,145,997)	(8,875,100)
PROFIT FOR THE FINANCIAL PERIOD		88,096,666	27,372,598

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

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

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

BALANCE SHEET

as at 31 March 2020

	Note	31 March 2020 US$	31 March 2019 US$
FIXED ASSETS			
Investments	14	149,444,054	298,781,078
CURRENT ASSETS			
Investments	15	553,675,260	1,366,856,845
Debtors: Amounts falling due within one year	16	62,707,716	21,993,053
Debtors: Amounts falling due after more than one year	17	245,495,419	645,885,030
Cash at bank and in hand		2,901,994	5,078,813
		864,780,389	2,039,813,741
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(10,282,828)	(9,962,288)
NET CURRENT ASSETS		854,497,561	2,029,851,453
TOTAL ASSETS LESS CURRENT LIABILITIES		1,003,941,615	2,328,632,531
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19	(557,407,349)	(1,469,350,855)
PROVISION FOR LIABILITIES	13	(2,933,811)	(3,777,887)
NET ASSETS		443,600,455	855,503,789
CAPITAL AND RESERVES			
Called up share capital	20	100,000,002	348,237,884
Profit and loss account		95,362,571	507,265,905
Other reserves	21	248,237,882	-
TOTAL SHAREHOLDER'S FUNDS		443,600,455	855,503,789

The financial statements were approved by the Board of Directors on 22 December 2020 and signed on its behalf by:

(Jeremy Wiltshire)
Director

The accompanying notes are an integral part of these financial statements.
Company number : 06375035

STATEMENT OF CHANGES IN EQUITY

for the 52 week period ended 31 March 2020

	Note	Called up share capital US$	Other reserves US$	Profit and loss account US$	Total shareholder's funds US$
Balance at 1 January 2018		348,237,884	-	483,594,677	831,832,561
Cumulative effect on retained earnings due to adoption of IFRS 9, net of tax		-	-	(3,701,370)	(3,701,370)
Profit for the financial period		-	-	27,372,598	27,372,598
Balance at 31 March 2019	20	348,237,884	-	507,265,905	855,503,789
Share capital reduction	21	(248,237,882)	248,237,882	-	-
Profit for the financial period		-	-	88,096,666	88,096,666
Dividends	22	-	-	(500,000,000)	(500,000,000)
Balance at 31 March 2020		100,000,002	248,237,882	95,362,571	443,600,455

The directors declared and paid an interim dividend of US$500 million (31 March 2019: US$nil). The directors do not recommend the payment of a final dividend in respect of the period (31 March 2019: US$nil).

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

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2020

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 ELQ Investors IX 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 periods presented, unless otherwise stated.

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention (modified as explained in note 2g) 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(d), 10(f), 16, 38A, 38B-D, 40A-D and 111;

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

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

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

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

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

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.

2. ACCOUNTING POLICIES (continued)

b. Revenue recognition

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

Net revenues from equity investments include dividend income, changes in fair value and gains and losses on sale of investments. Dividends receivable are recognised as income when the right to receive the payment has been established.

Net revenues from debt investments includes accrued interest, changes in fair value and gains and losses on sale of investments.

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 shareholders. Interim equity dividends are recognised and deducted from equity when paid.

d. Foreign currencies

The company's financial statements are presented in U.S. dollars, which is also the company's functional currency. Transactions denominated in foreign currencies are translated into U.S. dollars at rates of exchange prevailing on the date the transaction occurred. Monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value, 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.

e. Fixed asset investments

Fixed asset investments comprises investments in subsidiary undertakings and is stated at cost less provision for any impairment.

f. Cash at bank and in hand

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

g. 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).

2. ACCOUNTING POLICIES (continued)

g. Financial assets and financial liabilities (continued)

(ii) Classification and measurement

Financial assets comprise all of the company's current assets (with the exception of tax assets) and financial liabilities comprise all of the company's creditors (with the exception of tax liabilities).

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

• Financial assets measured at amortised cost

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

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

• Financial assets mandatorily measured at fair value through profit or loss

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

The company classifies its 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.

• Financial liabilities measured at amortised cost

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.

2. ACCOUNTING POLICIES (continued)

g. Financial assets and financial liabilities (continued)

- **Financial liabilities designated at fair value through profit or loss**

Financial liabilities designated at fair value through profit or loss comprise intercompany financing arrangements. The company has recognised the intercompany multi-currency financing arrangements at fair value where the arrangements contain embedded foreign exchange features.

Financial liabilities designated at fair value through profit or loss are initially measured at fair value and subsequently at fair value through profit or loss, with the changes in fair value attributable to the changes in own credit risk being recognised in other comprehensive income, if it does not create or enlarge accounting mismatch.

(iii) Impairment (IFRS 9)

The company assesses the expected credit losses (ECL) associated with financial assets measured at amortised cost on a forward-looking basis in accordance with the provisions of IFRS 9. The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. ECL are recorded in impairments on financial assets.

The company's impairment model is based on changes in credit quality since initial recognition of the relevant assets and incorporates the following three stages:

- **Stage 1.** Financial assets measured at amortised cost that are not credit-impaired on initial recognition and there has been no significant increase in credit risk since initiation. The ECL is measured at an amount equal to the expected credit losses that result from default events possible within the next twelve months.

- **Stage 2**. Financial assets measured at amortised cost where there has been a significant increase in credit risk since initiation, however not yet deemed to be credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.

- **Stage 3.** Financial assets measured at amortised cost that are in default, or are defined as credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.

Determination of the relevant staging for each financial instrument is dependent on the definition of 'significant increase in credit risk' (stage 1 to stage 2) and the definition of 'credit-impaired' (stage 3). The company considers a financial instrument to have experienced a significant increase in credit risk when certain quantitative or qualitative conditions are met. Quantitative thresholds include absolute probability of default thresholds on investment-grade financial assets and relative probability of default thresholds on non-investment grade financial assets. Qualitative review is also performed as part of the company's credit risk management process, including a back-stop consideration of 30 days past due. The company considers a financial instrument to be credit-impaired when it meets Credit Risk's definition of default, which is either when the company considers that the obligor is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if held), or the obligor has defaulted on a payment and/or is past due more than 90 days.

The ECL is determined by projecting the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for each individual exposure. To calculate ECL these three components are multiplied together and discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate. The PD represents the likelihood of a borrower defaulting on its financial obligation. The LGD is the company's expectation of the extent of loss on the default exposure, and takes into consideration amongst other things, collateral on the financial instrument. The EAD is the amount the company expects to be owed at the time the financial obligation defaults. The company uses internal credit risk ratings that reflect the assessment of the probability of default of individual counterparties.

2. ACCOUNTING POLICIES (continued)

g. Financial assets and financial liabilities (continued)

The company uses multiple macroeconomic scenarios within the ECL calculation, the weightings for which are subject to ongoing internal review and approval. Forward-looking information, such as key economic variables impacting credit risk and expected credit losses, is incorporated into both the assessment of staging and the calculation of ECL. Economic variables have been forecasted using internally generated projections to provide an estimated view of the economy over the next nine quarters. After nine quarters a mean reversion approach has been used, which means that economic variables tend to either a long run average rate or a long run growth rate.

The company writes off financial assets, in whole or in part, when it has concluded that there is no reasonable expectation of recovery. When a financial asset is deemed to be uncollectable, the company concludes this to be an indicator that there is no reasonable expectation of recovery. The company still seeks to recover amounts it is legally owed in full, but which have been wholly or partially written off due to no reasonable expectation of full recovery.

(iv) Offsetting financial assets and financial liabilities

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

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

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

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

h. 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 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:

(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.

i. 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 following estimates have had the most significant effect on amounts recognised in the financial statements:

a. Fair value measurement

Certain of the company's financial assets include significant unobservable inputs (i.e. level 3). See note 25 for information about the carrying value, valuation techniques and significant inputs of these instruments.

b. Allowance for impairment

The allowance for impairment of financial assets held at amortised cost (see note 2) is determined by an expected credit loss (ECL) model internally developed to meet the impairment requirements of IFRS 9. The measurement of ECL for financial assets classified at amortised cost requires the use of a complex model and significant assumptions about future economic conditions and credit behaviour. Significant judgements are also required in applying the accounting requirements for measuring ECL including determining criteria for significant increases in credit risk and establishing the number and weighting of forward looking scenarios.

4. NET REVENUES

	52 Week Period Ended 31 March 2020 US$	65 Week Period Ended 31 March 2019 US$
Net revenues from equity investments	4,516,826	(15,798,505)
Net revenues from debt investments	56,457,794	147,706,173
Gains on affiliated debt instruments	8,933,202	-
Impairment on debt investments	(5,684,254)	(12,560,695)
	64,223,568	**119,346,973**

During the period, the company transferred certain debt investments to fellow group undertakings, resulting in a reduction in its net revenues from debt investments.

Gains on affiliated debt instruments represents the fair valuation on notes issued to GLQ International Ltd (see note 19).

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

In the current period, income from shares in group undertakings of US$23,195,850 (31 March 2019: US$30,078,668) comprised dividend income of US$14,100,068 from Kensington 1 (31 March 2019: US$nil), US$8,172,874 from ELQ Omega UK Ltd (31 March 2019: US$nil) and US$922,908 from PIL Acquisitions 1 Ltd (31 March 2019: US$30,078,668).

6. WRITE DOWN OF SHARES IN GROUP UNDERTAKINGS

As part of the assessment of subsidiary performance in the period, the company recorded an impairment of US$48,122,083 (31 March 2019: US$31,064,581) comprising impairments in Pyrenees Acquisitions Ltd of US$ 18,761,773 (31 March 2019: US$16,150,127), Montserrat Acquisitions Ltd of US$18,665,358 (31 March 2019: US$10,893,065), RP Alcorcon Acquisitions, S.L. of US$9,359,053 (31 March 2019: US$nil), and Castile Acquisitions Ltd of US$1,335,899 (31 March 2019: US$4,021,389).

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7. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 Week Period Ended 31 March 2020 US$	65 Week Period Ended 31 March 2019 US$
Interest on loans to group undertakings (see note 17)	5,491,021	20,951,758
Bank interest income	21,891	5,604
	5,512,912	**20,957,362**

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	52 Week Period Ended 31 March 2020 US$	65 Week Period ended 31 March 2019 US$
Interest on loans from group undertakings (see note 19)	23,149,633	28,613,734
	23,149,633	**28,613,734**

9. ADMINISTRATIVE EXPENSES

	52 Week Period Ended 31 March 2020 US$	65 Week Period Ended 31 March 2019 US$
Management fees charged by group undertakings	31,962,687	73,622,096
Foreign exchange gains	(13,025,790)	(9,803,102)
Legal and professional fees	(4,232,320)	9,490,308
Auditor's remuneration - audit services	174,162	-
Other expenses	403,167	1,147,688
	15,281,906	**74,456,990**

The company bore the cost of its auditors' remuneration for the current period. The auditors' remuneration for the prior 65 week period ending 31 March 2019, £249,000 (US$330,249) was borne by a group undertaking.

Legal and professional fees includes reversal of US$6.1 million of expenses, in relation to costs transferred to a fellow group undertaking during the period.

10. STAFF COSTS

As in the prior period, the company has no employees. All persons involved in the company's operations are employed by group undertakings. The charges made by these group undertakings for all services provided to the company are included in management fees charged by group undertakings (see note 9).

11. DIRECTORS' EMOLUMENTS

The directors did not receive any remuneration from the company in the current or prior period 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.

12. TAX ON PROFIT

	52 Week Period Ended 31 March 2020 US$	65 Week Period Ended 31 March 2019 US$
Current tax:		
U.K. corporation tax	3,006,361	10,915,167
Adjustments in respect of prior periods	(16,288)	(1,178,336)
Total current tax	**2,990,073**	**9,736,831**
Deferred tax:		
Timing differences in respect of investments	(844,076)	(861,731)
Total deferred tax	**(844,076)**	**(861,731)**
Total tax on profit	**2,145,997**	**8,875,100**

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 period of 19% (2019: 19%) to the profit before taxation.

	52 Week Period Ended 31 March 2020 US$	65 Week Period Ended 31 March 2019 US$
Profit before taxation	90,242,663	36,247,698
Profit multiplied by the weighted average rate in the U.K. of 19% (2019: 19%)	17,146,106	6,887,063
Non-deductible (gains)/losses on equity investments	(857,540)	3,001,716
Non-taxable dividend income	(4,407,212)	(5,714,947)
Non-deductible impairment of investments in subsidiary undertakings	9,143,196	5,902,270
Non-deductible gains on affiliated debt instruments	(1,697,308)	-
Expenses not deductible for tax purposes	(962,198)	1,048,207
Permanent and other differences	(268,608)	(1,070,873)
Non-taxable gain on sale of subsidiary undertakings	(15,934,151)	-
Adjustments in respect of prior periods	(16,288)	(1,178,336)
Total tax on profit	**2,145,997**	**8,875,100**

13. DEFERRED TAX LIABILITY

	31 March 2020 US$	31 March 2019 US$
Deferred tax liability comprises		
Timing differences in respect of debt investments (see note 12)	(2,933,811)	(3,777,887)
	(2,933,811)	**(3,777,887)**

	US$
The movements in the deferred tax balance were as follows:	
At 1 January 2018	(5,422,040)
Credited to the profit and loss account (see note 12)	861,731
Credited to retained earnings due to adoption of IFRS 9	782,422
At 31 March 2019	(3,777,887)
Credited to the profit and loss account (see note 12)	844,076
At 31 March 2020	**(2,933,811)**

14. FIXED ASSET INVESTMENTS

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

	Period Ended US$
At 1 January 2018	411,938,585
Additions	139,251,604
Distributions	(162,124,368)
Share repurchases	(59,220,162)
Impairment (see note 6)	(31,064,581)
At 31 March 2019	**298,781,078**
Disposal	(89,454,980)
Distributions	(11,759,961)
Impairment (see note 6)	(48,122,083)
At 31 March 2020	**149,444,054**

During the period, the following key disposals and distributions took place:

(i) The company received distribution of US$2,802,253 from ELQ Omega UK Ltd following capital reductions. It was determined that the distribution represented a return of capital and the company reduced its investment by the same amount.

(ii) The company received distribution of US$8,957,708 from Kensington 1 following capital reductions. It was determined that the distribution represented a return of capital and the company reduced its investment by the same amount.

(iii) The company disposed of its investments in ELQ Omega UK Ltd and Ludgate Acquisitions 1 Ltd for consideration of US$97,846,884 and US$75,472,051 respectively, recognising a gain on sale of subsidiary undertakings of US$54,835,062 and US$29,028,893 respectively.

The subsidiaries, over which the company exercises control via ordinary shares held directly by the company at the period end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Montserrat Acquisitions Ltd[1]	Holds loan portfolios	100%	Ordinary shares
Castile Acquisitions Ltd[1]	Holds loan portfolios	100%	Ordinary shares
Pyrenees Acquisitions Ltd[1]	Holds loan portfolios	100%	Ordinary shares
PIL Acquisitions 1 Ltd[2]	Holds real estate	99.59%	Ordinary shares
Beltanio Funding SRL[3]	Holds loan portfolios	100%	Ordinary shares
Kensington 1[4]	Holds real estate	100%	Ordinary shares
Kensington 2[4]	Holds real estate	100%	Ordinary shares
RP Alcorcon Acquisitions, S.L.[5]	Holds real estate	100%	Ordinary shares

14. FIXED ASSET INVESTMENTS (continued)

The subsidiaries, over which the company exercises control via ordinary shares held by subsidiary undertakings at the period end, are:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Kensington ISSY[4]	Holds real estate	100%	Ordinary shares
Teide Acquisitions S.L[5]	Holds real estate	80%	Ordinary shares
Aragon Acquisitions S.L. [5]	Holds real estate	80%	Ordinary shares
Turia Acquisitions S.L. [5]	Holds real estate	100%	Ordinary shares
Turia Development Acquisitions S.L.[5]	Holds real estate	100%	Ordinary shares
Avenida Barcelona 111, S.L.[6]	Holds real estate	100%	Ordinary shares

Registered office address at:

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

2 26 New Street, St. Helier, JE2 3RA, Jersey

3 Piazzetta Maurilio Bossi 3, Milan, CAP 20121, Italy

4 78 Avenue Raymond Poincare, Paris, 75116, France

5 Maria de Molina, 6-5a, Madrid, 28006, Spain

6 Avenida Diagonal, Barcelona, 08034,Spain

15. CURRENT ASSET INVESTMENTS

	31 March 2020	31 March 2019
	US$	US$
Equity investments	192,718,547	380,806,846
Debt investments at fair value	214,309,164	515,793,270
Debt investments at amortised cost	146,647,549	470,256,729
	553,675,260	**1,366,856,845**

During the period, the company transferred certain debt investments to fellow group undertakings, contributing to a reduction in its current asset investments. In the table above, debt investments include an allowance for impairment of US$29.4 million as of 31 March 2020 (31 March 2019: US$23.8 million).

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2020 US$	31 March 2019 US$
Amounts due from group undertakings	54,702,976	15,207,122
Accrued interest on investments	3,278,627	6,537,289
Corporation tax receivable	4,726,113	-
Other debtors	-	248,642
	62,707,716	**21,993,053**

Amounts due from group undertakings includes US$47,089,580 (31 March 2019: US$7,774,607) in cash balances held on account by a fellow group undertaking.

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

	31 March 2020 US$	31 March 2019 US$
Long-term loans due from group undertakings	238,921,962	629,429,703
Accrued interest on long-term loans due from group undertakings	6,573,457	16,455,327
	245,495,419	**645,885,030**

Long-term loans due from group undertakings comprise the following loans:

(i) US$64,527,421 advanced to GLQ Holdings (UK) LTD, a fellow group undertaking under the terms of a loan agreement dated August 2019. The loan is unsecured and carries interest at a variable margin over the Euro overnight interest rate. The loan is repayable in August 2039.

(ii) US$135,902,506 advanced to GLQC Sarl, a fellow group undertaking under the terms of a loan agreement dated March 2020. The loan is unsecured and carries interest at a variable margin over the Euro overnight interest rate. The loan is repayable in March 2040.

(iii) US$38,443,548 (31 March 2019: US$32,293,303) advanced to RP Alcorcon Acquisitions S.L., a fellow group undertaking under the terms of an existing loan agreement dated March 2017. The loan is unsecured and carries interest at a variable margin over the Euro overnight interest rate. The loan is repayable in March 2024.

(iv) US$48,487 (31 March 2019: US$47,502) advanced to Kensington 2, a fellow group undertaking under the terms of an existing loan agreement dated January 2018. The loan is unsecured and carries interest at a variable margin over the Euro overnight interest rate. The loan is repayable in January 2038.

(v) During the period, the company was fully repaid its outstanding loan due from fellow group undertaking, Beltanio Funding S.R.L. (31 March 2019: US$225,283,128).

(vi) During the period, the company was fully repaid its outstanding loan due from fellow group undertaking, Pyrenees Acquisitions Ltd (31 March 2019: US$171,819,763).

(vii) During the period, the company was fully repaid its outstanding loan due from fellow group undertaking, Montserrat Acquisitions Ltd (31 March 2019: US$124,850,786).

17. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

(viii) During the period, the company was fully repaid its outstanding loan due from fellow group undertaking, Castile Acquisitions Ltd (31 March 2019: US$61,958,238).

(ix) During the period, the company was fully repaid its outstanding loan due from fellow group undertaking, Kensington 1 (31 March 2019: US$13,176,983).

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2020	31 March 2019
	US$	US$
Amounts due to group undertakings	967,520	3,884,497
Group relief payable	8,528,138	-
Corporation tax payable	-	2,351,361
Other creditors and accruals	787,170	3,726,430
	10,282,828	9,962,288

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

	31 March 2020	31 March 2019
	US$	US$
Long-term loans due to group undertakings	553,815,321	1,463,241,264
Accrued interest due to group undertakings	3,592,028	6,109,591
	557,407,349	1,469,350,855

Long-term loans due to group undertakings comprise the following loans:

(i) US$60,755,169 (31 March 2019: US$53,541,334) advanced by Group Inc under the terms of a loan agreement dated January 2018. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan represents a multi-currency facility which is recognised at fair value. The loan is repayable in January 2038.

(ii) US$104,441,721 (31 March 2019: US$53,601,135) advanced by Beltany Property Finance Designated Activity Company under the terms of a loan agreement dated November 2018. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in November 2038.

(iii) US$19,419,355 (31 March 2019: US$15,700,696) advanced by Liffey Acquisitions Designated Activity Company under the terms of a loan agreement dated November 2018. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in November 2038.

(iv) US$51,024,740 (31 March 2019: US$33,229,865) advanced by Ennis Property Finance Designated Activity Company under the terms of a loan agreement dated November 2018. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in November 2038.

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19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

(v) US$13,632,403 (31 March 2019: US$7,546,622) advanced by Kenmare Property Finance Designated Activity Company under the terms of a loan agreement dated November 2018. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in November 2038.

(vi) US$19,280,228 (31 March 2019: US$1,121,612) advanced by Riverglyde Property Finance Designated Activity Company under the terms of a loan agreement dated November 2018. The loan is unsecured and carries interest at a variable margin over the applicable currency's overnight interest rate. The loan is repayable in November 2038.

(vii) Notes of US$285,261,692 (31 March 2019: US$1,298,500,000) issued to GLQ International Ltd on February 2019. The notes are secured and carry interest at a variable margin over the applicable currency's overnight interest rate. The notes are recognised at fair value and are repayable in November 2023.

20. CALLED UP SHARE CAPITAL

At 31 March 2020 and 31 March 2019 called up share capital comprised:

	31 March 2020		31 March 2019	
	No.	US$	No.	US$
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	2	1	2
Redeemable shares of US$1 each	100,000,000	100,000,000	348,237,882	348,237,882
		100,000,002		**348,237,884**

21. OTHER RESERVES

During the period, the company reduced its called up share capital from US$348,237,884 to US$100,000,002, creating US$248,237,882 of distributable reserves.

22. DIVIDENDS PAID

	31 March 2020	31 March 2019
	US$	US$
Interim dividend paid	500,000,000	-
	500,000,000	**-**

During the period, the company declared and paid an interim dividend of US$500 million out of retained profits (31 March 2019: US$nil).

23. FINANCIAL COMMITMENTS AND CONTINGENCIES

The table below presents the company's commitments and contingencies.

	31 March 2020	31 March 2019
	US$	US$
Maturity of loan commitments		
Less than one year	-	7,852,835
Between two and five years	1,450,123	162,584,331
More than five years	-	17,195,937
	1,450,123	**187,633,103**

The company's committments and contingencies decreased compared to prior period as the company transferred certain debt investments to fellow group undertakings.

24. 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.

24. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

a. Market risk

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

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 period ended 31 March 2020 would have been US$65,051 lower/higher (31 March 2019: US$38,382 lower/higher). This has been determined by assuming that the company's exposure to interest rate risk at balance sheet date was consistent for the whole period.

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

The company's functional currency is the U.S. dollar. At 31 March 2020, the company had net British pound denominated assets of US$4 million (2019: US$267 million net British pound denominated liabilities) and had net Euro denominated assets of US$37 million (2019: US$14 million).

If foreign exchange rates had been 0.5 percent higher and all other variables were held constant, the company's profit before taxation for the period ended 31 March 2019 would have been US$0.2 million lower (31 March 2019: US$1.3 million lower). This has been determined by assuming that the company's exposure to currency rate risk at balance sheet date was consistent for the whole period.

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

The principal market risk of the company is the risk of loss in the value of its equity investments and debt investments. Due to the nature of the investments of the company, market risk is measured using a 10% sensitivity measure. Market risk is determined by estimating the potential reduction in revenue of a 10% decline in the underlying asset value without reflecting the diversification benefits across asset categories or across other risk measures. This would have been a loss of US$55.4 million (31 March 2019: US$136.7 million) based on the carrying value of the investments.

24. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

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 March 2020 and 31 March 2019. 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 group undertakings, for which the credit risk is considered minimal. As at 31 March 2020, the company had no debtors past due (31 March 2019: nil).

Maximum exposure to credit risk – Financial instruments subject to impairment. The following tables contain an analysis of the credit risk exposure of each financial instruments type for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the company's maximum exposure to credit risk on these assets.

	31 March 2020				
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchase Credit Impaired US$	Total US$
Non-investment grade	122,921,916	20,224,274	32,944,557	-	176,090,747
Gross carrying value	**122,921,916**	**20,224,274**	**32,944,557**	**-**	**176,090,747**
Allowance for impairment	(2,828,936)	(1,142,929)	(25,471,333)	-	(29,443,198)
Carrying value	**120,092,980**	**19,081,345**	**7,473,224**	**-**	**146,647,549**

	31 March 2019				
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchase Credit Impaired US$	Total US$
Non-investment grade	392,469,754	66,767,793	-	34,778,125	494,015,672
Gross carrying value	**392,469,754**	**66,767,793**	**-**	**34,778,125**	**494,015,672**
Allowance for impairment	(7,710,539)	(16,048,404)	-	-	(23,758,943)
Carrying value	**384,759,215**	**50,719,389**	**-**	**34,778,125**	**470,256,729**

24. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

b. Credit risk (continued)

Allowance for impairment. The allowance for impairment recorded in the period is impacted by a variety of factors including transfers between stages as a result of financial instruments experiencing significant increases in credit risk or becoming credit-impaired, new financial instruments recognised during the period and changes in modelling assumptions such as PDs, LGDs and EADs. Other factors include foreign exchange revaluations and de-recognition of financial instruments.

The following tables explain the changes in the allowance for impairment between the beginning and the end of the annual period due to these factors:

	31 March 2020			
	Stage 1 12m ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$
As at 1 April 2019	7,710,539	16,048,404	-	23,758,943
Transfers from Stage 1 to Stage 2	(597,367)	597,367	-	-
Transfers from Stage 2 to Stage 1	2,735,841	(2,735,841)	-	-
Transfers from Stage 2 to Stage 3	-	(13,312,563)	13,312,563	-
Changes in PDs/LGDs/EADs	(1,682,406)	545,562	12,158,770	11,021,926
Financial assets de-recognised during the period	(5,337,671)	-	-	(5,337,671)
As at 31 March 2020	**2,828,936**	**1,142,929**	**25,471,333**	**29,443,198**

	31 March 2019			
	Stage 1 12m ECL US$	Stage 2 Lifetime ECL US$	Stage 3 Lifetime ECL US$	Total US$
As at 1 January 2018	4,483,792	6,714,456	-	11,198,248
New financial assets originated or purchased	8,056,347	-	-	8,056,347
Transfers from Stage 1 to Stage 2	(2,735,841)	2,735,841	-	-
Changes in PDs/LGDs/EADs	356,496	6,598,107	-	6,954,603
Financial assets de-recognised during the period	(2,450,255)	-	-	(2,450,255)
As at 31 March 2019	**7,710,539**	**16,048,404**	-	**23,758,943**

24. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

b. Credit risk (continued)

Gross carrying value. The following table further explains changes in the gross carrying amount of Investments.

	31 March 2020				
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchase Credit Impaired US$	Total US$
As at 1 April 2019	392,469,754	66,767,793	-	34,778,125	494,015,672
Transfers from Stage 1 to Stage 2	(25,453,976)	25,453,976	-	-	-
Transfers from Stage 2 to Stage 1	29,787,399	(29,787,399)	-	-	-
Transfers from Stage 2 to Stage 3	-	(36,980,394)	36,980,394	-	-
Financial assets de-recognised during the period other than write-offs	(276,601,388)	-	-	-	(276,601,388)
Collections and other movements	2,720,127	(5,229,702)	(4,035,837)	(34,778,125)	(41,323,537)
As at 31 March 2020	**122,921,916**	**20,224,274**	**32,944,557**	**-**	**176,090,747**

	31 March 2019				
	Stage 1 US$	Stage 2 US$	Stage 3 US$	Purchase credit impaired US$	Total US$
As at 1 January 2018	217,885,497	39,585,171	-	82,371,054	339,841,722
Transfers from Stage 1 to Stage 2	(29,787,399)	29,787,399	-	-	-
Financial assets de-recognised during the period	(106,895,590)	-	-	-	(106,895,590)
New financial assets originated or purchased	312,594,440	-	-	-	312,594,440
Collections and other movements	(1,327,194)	(2,604,777)	-	(47,592,929)	(51,524,900)
As at 31 March 2019	**392,469,754**	**66,767,793**	**-**	**34,778,125**	**494,015,672**

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.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets and financial liabilities by category

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

	31 March 2020		
	Mandatorily at fair value	Amortised cost	Total
Financial assets	US$	US$	US$
Investments	407,027,711	146,647,549	**553,675,260**
Debtors: amounts falling due within one year	-	57,981,603	**57,981,603**
Debtors: amounts falling due after more than one year	-	245,495,419	**245,495,419**
Cash at bank and in hand	-	2,901,994	**2,901,994**
	407,027,711	**453,026,565**	**860,054,276**

	Designated at fair value	Amortised cost	Total
Financial liabilities	US$	US$	US$
Creditors: amounts falling due within one year	-	(10,282,828)	**(10,282,828)**
Creditors: amounts falling due greater than one year	(346,016,861)	(211,390,488)	**(557,407,349)**
	(346,016,861)	**(221,673,316)**	**(567,690,177)**

	31 March 2019		
	Mandatorily at fair value	Amortised cost	Total
Financial assets	US$	US$	US$
Investments	896,600,116	470,256,729	**1,366,856,845**
Debtors: amounts falling due within one year	-	21,993,053	**21,993,053**
Debtors: amounts falling due after more than one year	-	645,885,030	**645,885,030**
Cash at bank and in hand	-	5,078,813	**5,078,813**
	896,600,116	1,143,213,625	2,039,813,741

	Designated at fair value	Amortised cost	Total
Financial liabilities	US$	US$	US$
Creditors: amounts falling due within one year	-	(7,610,927)	**(7,610,927)**
Creditors: amounts falling due after more than one year	(1,352,041,334)	(117,309,521)	**(1,469,350,855)**
	(1,352,041,334)	(124,920,448)	(1,476,961,782)

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

b. Fair value hierarchy

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

The fair value hierarchy is as follows:

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

The fair values for substantially all of the company's financial assets and financial liabilities are based on observable prices and inputs and are classified in levels 2 and 3 of the fair value hierarchy. Certain level 2 and level 3 financial assets and financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the company's and GS Group's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

c. Valuation techniques and significant inputs

Debt investments and equity investments

Valuation techniques and significant inputs for each level of the fair value hierarchy include:

- Level 1 financial instruments are valued using quoted prices for identical unrestricted instruments in active markets. The company defines active markets for financial instruments based on both average daily trading volume and number of days with trading activity.
- Level 2 financial instruments can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g. indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

  Valuation adjustments are typically made to level 2 financial instruments (i) if the financial instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.
- Level 3 financial instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 financial instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realised on sales of financial assets.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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

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

	As of 31 March 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value	US$	US$	US$	US$
Investments	-	156,347,553	250,680,158	**407,027,711**
Total financial assets at fair value	**-**	**156,347,553**	**250,680,158**	**407,027,711**
Financial liabilities at fair value				
Creditors: amounts falling due after more than one year	-	(60,755,169)	(285,261,692)	**(346,016,861)**
Total financial liabilities at fair value	**-**	**(60,755,169)**	**(285,261,692)**	**(346,016,861)**

	As of 31 March 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value	US$	US$	US$	US$
Investments	-	547,184,320	349,415,796	**896,600,116**
Total financial assets at fair value	**-**	**547,184,320**	**349,415,796**	**896,600,116**
Financial liabilities at fair value				
Creditors: amounts falling due after more than one year	-	(1,352,041,334)	-	**(1,352,041,334)**
Total financial liabilities at fair value	**-**	**(1,352,041,334)**	**-**	**(1,352,041,334)**

During current and prior periods, there were no transfers between level 1 and level 2 financial assets and financial liabilities measured at fair value on a recurring basis.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

e. Significant unobservable inputs used in Level 3 fair value measurement

As of 31 March 2020, the company had level 3 instruments measured at fair value through profit and loss of US$251 million (31 March 2019: US$349 million). The table below presents the ranges of significant unobservable inputs used to value the level 3 financial instruments, and the related weighted averages.

Level 3 instruments	**Valuation techniques and significant unobservable inputs**	**Significant unobservable inputs (where a range, weighted average)**	
		As of March 2020	**As of March 2019**
Equity investments (US$209 million and US$246 million of net level 3 assets as of March 2020 and March 2019, respectively)	• Earnings multiple • Price to book multiple	2.3x - 4.9x (4.2x) 2.2x - 2.2x (2.2x)	0.4x - 5.6x (2.7x) 1.8x - 1.8x (1.8x)
Debt investments (US$42 million and US$104 million of net level 3 assets as of March 2020 and March 2019, respectively)	• Yield • Earnings multiple • Recovery rate	8.8% - 24.2% (16.3%) 0.7x - 5.5x (2.8x) 26.5% - 65% (45.6%)	6.7% - 22.1% (10.0%) 7.3x - 7.3x (7.3x) 10.5% - 88% (50.6%)
Notes (US$285 million and US$ nil of net level 3 liabilities as of March 2020 and March 2019, respectively)	• Yield • Duration	3.14% 3.45	N/A N/A

f. Level 3 rollforward

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

	52 Week Period Ended 31 March 2020 US$	**65 Week Period Ended 31 March 2019 US$**
Level 3 financial assets at fair value		
Balance, beginning of period	349,415,796	186,386,176
Gains/(Loss)	(50,991,478)	31,699,337
Purchases	62,872,004	132,471,022
Sales	(11,952,462)	(15,828,310)
Settlements	(207,872,419)	(95,315,661)
Transfers into level 3	118,628,748	141,575,610
Transfers out of level 3	(9,420,031)	(31,572,378)
Balance, end of period	**250,680,158**	**349,415,796**

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

f. Level 3 rollforward (continued)

	52 Week Period Ended 31 March 2020 US$	65 Week Period Ended 31 March 2019 US$
Level 3 financial liabilities at fair value		
Balance, beginning of period	-	-
Transfers into level 3	(1,298,500,000)	-
Settlements	999,946,486	-
Gains	13,291,822	-
Balance, end of period	**(285,261,692)**	**-**

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

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

The potential impact of using reasonable possible alternative assumptions for the valuations, including significant unobservable inputs, has been quantified as of 31 March 2020 approximately US$52.6 million (31 March 2019:US$45.0 million) for favourable changes and US$39.2 million (31 March 2019: US$30.0 million) for unfavourable changes on financial assets and US$29.4 million (31 March 2019: US$nil) for favorable changes and US$5.9 million (31 March 2019: US$nil) for unfavourable changes on financial liabilities.

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

The company has US$58.0 million (31 March 2019: US$21.9 million) of current financial assets (excluding investments and cash) and US$10.3 million (31 March 2019: US$7.6 million) 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.

Additionally, the company has debt investments carried at amortised cost included within current financial assets of US$146.6 million (31 March 2019: US$470.3 million). These investments have a fair value of US$124 million (31 March 2019: US$492 million).

The company has US$245.5 million (31 March 2019: US$645.9 million) of financial assets and US$211.4 million (31 March 2019: US$117.3 million) of financial liabilities due after more than one year that are not measured at fair value and predominantly relate to long-term intercompany borrowings. The interest rates associated with such borrowings are variable in nature and approximate 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.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

i. Maturity of financial liabilities

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

	31 March 2020				
	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
	US$	US$	US$	US$	US$
Financial liabilities					
Amounts due to group undertakings	967,520	-	-	-	**967,520**
Group relief payable	8,528,138	-	-	-	**8,528,138**
Other creditors and accruals	787,170	-	-	-	**787,170**
Accrued interest due to group undertakings	-	-	-	3,592,028	**3,592,028**
Long term loan due to group undertakings	-	6,418,388	302,019,840	442,326,436	**750,764,664**
Total	**10,282,828**	**6,418,388**	**302,019,840**	**445,918,464**	**764,639,520**

	31 March 2019				
	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
	US$	US$	US$	US$	US$
Financial liabilities					
Amount due to group undertakings	3,884,497	-	-	-	**3,884,497**
Other creditors and accruals	3,726,430	-	-	-	**3,726,430**
Accrued interest due to group undertakings	-	-	-	6,109,591	**6,109,591**
Long term loan due to group undertakings	-	29,216,250	1,404,078,723	260,879,588	**1,694,174,561**
Total	**7,610,927**	**29,216,250**	**1,404,078,723**	**266,989,179**	**1,707,895,079**

The prior period comparatives have been restated to the correct maturities of the facility classified under accrued interest due to group undertakings and long term loan due to group undertakings.

26. POST BALANCE SHEET EVENTS

Subsequent to year end, the company borrowed US$325.8 million from a fellow group undertaking, ELQ Investors VI Ltd, and used the proceeds to novate its notes issued to GLQ International Ltd to ELQ Investors VI Ltd.

In addition, the COVID-19 pandemic continues to cause widespread disruption to financial markets and normal patterns of business activity across the world. The extent to which the pandemic will continue to negatively affect the company's business and operations will depend on future developments, which are highly uncertain and cannot be predicted.