Company Number: 9182214

ELQ INVESTORS VIII LTD

ANNUAL REPORT

31 DECEMBER 2021

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2021.

1. Introduction

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

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 financial institution that delivers a broad range of financial services across investment banking, securities, investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals.

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

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2021. Comparative information has been presented for the year ended 31 December 2020.

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

The results for the year are shown in the profit and loss account set out on page 8. Profit before taxation for the year ended 31 December 2021 was US$358.2 million (31 December 2020: US$1,089.1 million).

The company had total assets of US$1,832.4 million (31 December 2020: US$1,386.0 million) and total liabilities of US$1,200.3 million (31 December 2020: US$842.8 million) as at 31 December 2021.

During the year, the company purchased debt and equity investments for a total value of approximately US$480.0 million from an affiliated group undertaking, Broad Street Principal Investments UK Ltd. The investment purchase was predominantly funded by long-term loans from group undertakings (see note 15 and 19).

The company has not incurred any material financial impact associated with COVID-19.

3. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US$ 1.3535 (31 December 2020: £ / US$ 1.3653). The average rate for the year was £ / US$ 1.3756 (31 December 2020: £ / US$ 1.2765).

STRATEGIC REPORT (continued)

4. *Future outlook*

The Russian invasion of Ukraine in February 2022 has negatively affected the global economy and has resulted in significant disruptions in financial markets and increased macroeconomic uncertainty. Governments around the world have responded to Russia's invasion by imposing economic sanctions and export controls on specific industry sectors, companies and individuals in Russia. Retaliatory restrictions against investors, non-Russian owned businesses and other sovereign states have been implemented by Russia. Businesses globally have experienced shortages in materials and increased costs for transportation, energy and raw materials due, in part, to the negative effects of the war on the global economy.

At the date of signing, the investments owned by the company and its direct subsidiaries had incurred losses of approximately US$226.8 million associated with the invasion. The remaining exposure in these investments is not considered material.

The extent and duration of the war, sanctions and resulting market disruptions, as well as any potential adverse consequences for the company are difficult to predict.

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 the 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 19 August 2022.

ON BEHALF OF THE BOARD

Natalia Ross

Director

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2021.

1. Introduction

In accordance with section 414A of the Companies Act 2006, the directors have prepared a strategic report, which contains a review of the company's businesses and a description of the principal risks and uncertainties facing the company. The directors have chosen to make reference to the company's risk management objectives and policies, as well as exposures to market risk, credit risk and liquidity risk in the strategic report, 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$280.0 million (31 December 2020: US$1,350.0 million). The directors do not recommend the payment of a final dividend in respect of the year (31 December 2020: US$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 independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

5. Directors

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

Name	Appointed	Resigned
P. Curle		
E. Forbes	30 March 2022	
M. Holmes		30 March 2022
N. Ross	22 November 2021	
J.A. Wiltshire		

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

DIRECTORS' REPORT (continued)

6. Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

7. Post balance sheet events

Subsequent to the year end, the Russian invasion of Ukraine in February 2022 has negatively affected the global economy and has resulted in significant disruptions in financial markets and increased macroeconomic uncertainty. Governments around the world have responded to Russia's invasion by imposing economic sanctions and export controls on specific industry sectors, companies and individuals in Russia. Retaliatory restrictions against investors, non-Russian owned businesses and other sovereign states have been implemented by Russia. Businesses globally have experienced shortages in materials and increased costs for transportation, energy and raw materials due, in part, to the negative effects of the war on the global economy.

At the date of signing, the investments owned by the company and its direct subsidiaries had incurred losses of approximately US$226.8 million associated with the invasion. The remaining exposure in these investments is not considered material.

The extent and duration of the war, sanctions and resulting market disruptions, as well as any potential adverse consequences for the company are difficult to predict.

8. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 19 August 2022.

ON BEHALF OF THE BOARD

Ross

Natalia Ross
Director

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2021; the profit and loss account and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusion relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 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 financials statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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 financials 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to United Kingdom tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and Corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias through the manipulation of the valuation of financial instruments held at fair value. Audit procedures performed by the engagement team included:

- Assessing management's controls designed to prevent and detect fraud in financial reporting;
- Assessing matters reported on the company's whistleblowing helpline and the results of management's investigation of such matters
- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Using our data auditing tools to identify manual journals with a higher inherent risk of fraud, and obtaining appropriate audit evidence to support these journals;
- Challenging assumptions and judgments made by management in their significant accounting estimates, in particular in relation to the valuation of financial assets and liabilities measured at fair value; and,
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.

MikeWall

Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 August 2022

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2021

	Note	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Net revenues	4	474,038,628	179,644,590
Administrative expenses	5	(103,344,653)	(155,326,979)
Income from shares in group undertakings	6	12,406,860	1,101,368,912
Write down of shares in group undertakings	7	(64,848)	-
Interest receivable and similar income	8	3,648,744	5,341,152
Interest payable and similar expenses	9	(28,476,222)	(41,878,243)
PROFIT BEFORE TAXATION		358,208,509	1,089,149,432
Tax on profit	12	10,680,135	44,634,875
PROFIT FOR THE FINANCIAL YEAR		368,888,644	1,133,784,307

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

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

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

BALANCE SHEET

as at 31 December 2021

	Note	31 December 2021 US$	31 December 2020 US$
FIXED ASSETS			
Investments	14	59,519,412	173,067,589
CURRENT ASSETS			
Investments	15	1,542,767,781	969,840,699
Debtors: Amounts falling due within one year	16	142,571,762	151,638,294
Debtors: Amounts falling due after more than one year	17	85,650,345	85,650,345
Cash at bank and in hand		1,857,300	5,759,797
		1,772,847,188	1,212,889,135
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(67,532,740)	(25,709,118)
NET CURRENT ASSETS		1,705,314,448	1,187,180,017
TOTAL ASSETS LESS CURRENT LIABILITIES		1,764,833,860	1,360,247,606
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19	(1,130,806,366)	(815,822,746)
PROVISION FOR LIABILITIES	13	(1,981,890)	(1,267,900)
NET ASSETS		632,045,604	543,156,960
CAPITAL AND RESERVES			
Called up share capital	20	47,000,002	47,000,002
Profit and loss account		585,045,602	496,156,958
TOTAL SHAREHOLDER'S FUNDS		632,045,604	543,156,960

The financial statements were approved by the Board of Directors on 19 August 2022 and signed on its behalf by:

Natalia Ross

Director

The accompanying notes are an integral part of these financial statements.
Company number :9182214

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Note	Called up share capital	Other reserves	Profit and loss account	Total shareholder's funds
		US$	US$	US$	US$
Balance at 1 January 2020		347,000,002	-	412,372,651	759,372,653
Share capital reduction	21	(300,000,000)	300,000,000	-	-
Profit for the financial year		-	-	1,133,784,307	1,133,784,307
Dividends paid	22	-	(300,000,000)	(1,050,000,000)	(1,350,000,000)
Balance at 31 December 2020		47,000,002	-	496,156,958	543,156,960
Profit for the financial year		-	-	368,888,644	368,888,644
Dividends paid	22	-	-	(280,000,000)	(280,000,000)
Balance at 31 December 2021		47,000,002	-	585,045,602	632,045,604

The directors declared and paid an interim dividend of US$280.0 million (31 December 2020: US$1,350.0 million). The directors do not recommend the payment of a final dividend in respect of the year (31 December 2020: US$nil).

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

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 Goldman Sachs Group Holdings (U.K.) Limited, 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, as well as certain regulatory filings, for example Quarterly Reports on Form 10-Q and the Annual Report on Form 10-K, that provide further information about GS Group and its business activities, can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at www.goldmansachs.com/investor-relations/.

2. ACCOUNTING POLICIES

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

a. Basis of 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.

Exemptions from the following disclosure requirements 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);

(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) IAS 24 'Related Party Disclosures' paragraph 17 and 18A; and

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

The company is a subsidiary undertaking of Group Inc., a company incorporated within the United States of America, whose consolidated financial statements include the company and its subsidiaries 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 revenues from equity investments, debt investments and investments in associates and joint ventures.

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 include accrued interest, changes in fair value and gains and losses on sale of investments.

Net revenues from investments in associates and joint ventures includes changes in fair value and the 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 shareholder. Interim 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 ruling 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 ruling 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 comprise investments in subsidiary undertakings and are stated at cost less provision for any impairments. Where hedge accounting is applied the carrying value is adjusted for changes in fair value due to foreign exchange. Dividends receivable are recognised when the right to receive payment has been established.

The company applies fair value hedge accounting under IAS 39 for certain foreign currency forward contracts used to manage the foreign currency exposure of certain non-US$ fixed asset investments. To qualify for hedge accounting, the derivative hedge must be highly effective at reducing the risk from the exposure being hedged. Additionally, the company must formally document the hedging relationship at inception and test the hedging relationship to ensure the derivative hedge continues to be highly effective over the life of the hedging relationship.

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.

2. ACCOUNTING POLICIES (continued)

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 does not retain control. Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

(ii) Classification and measurement

Financial assets comprise all of the company's current assets and financial liabilities comprise all of the company's creditors (with the exception of tax assets and 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, unless they are designated at fair value through profit or loss. The company considers whether the cash flows represent basic lending arrangements and where contractual terms introduce exposure to risk or volatility inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value through profit or loss.

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

- Cash and cash equivalents;
- Amounts falling due within one year; and
- Amounts falling due after more than one year.

2. ACCOUNTING POLICIES (continued)

g. Financial assets and financial liabilities (continued)

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

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

- Equity and debt investments, and
- Derivative financial assets.

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. Financial liabilities measured at amortised cost comprise:

- Amounts falling due within one year; and
- Amounts falling due after more than one year (excluding financial liabilities at fair value).

• Financial liabilities mandatorily at fair value through profit or loss

Financial liabilities mandatorily at fair value comprise derivative financial liabilities which are initially measured at fair value and subsequently at fair value through profit or loss.

• 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 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 with transaction costs expensed in profit or loss. They are measured in the balance sheet at fair value and all subsequent gains or losses are recognised in the profit and loss account. Financial liabilities designated at fair value through profit or loss comprise:

- Amounts falling due after more than one year.

2. ACCOUNTING POLICIES (continued)

g. Financial assets and financial liabilities (continued)

(iii) Offsetting financial assets and financial liabilities

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

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

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

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

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 judgement has had the most significant effect on amounts recognised in the financial statements:

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.

4. NET REVENUES

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Net revenues from equity investments	455,304,731	207,346,616
Net revenues from debt investments	18,733,897	(27,688,186)
Net revenues from associates and joint ventures	-	(13,840)
	474,038,628	**179,644,590**

5. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Management fees charged by group undertakings	76,407,665	123,108,045
Arrangement and management fees charged by third party	16,766,561	20,008,708
Legal and professional fees	6,267,560	3,387,217
Foreign exchange losses	3,085,681	8,108,480
Other expenses	817,186	714,529
	103,344,653	**155,326,979**

The auditors' remuneration for the current year of £60,000 (US$82,536) (31 December 2020: £45,000 (US$57,751) has been borne by a group undertaking.

Arrangement and management fees charged by third party comprises fees paid in relation to equity investments

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Dividend income from shares in group undertakings	12,406,860	1,101,368,912
	12,406,860	**1,101,368,912**

In the current year, the company received dividend income totalling US$12.4 million (31 December 2020: US$1,101.4 million) from subsidiary undertakings. This comprised US$9.3 million (31 December 2020: US$2.9 million) from Sky Mundi S.a r.l and US$3.1 million (31 December 2020: US$nil) from ELQ VIII Acquisitions S.a r.l.. Additionally, in the prior year, the company received dividend income of US$1,097.6 million from Titanium UK Holdco 1 Limited and US$0.9 million from PIL Holdings 2 Limited.

7. WRITE DOWN OF SHARES IN GROUP UNDERTAKINGS

In the current year, the company recorded an impairment of US$64,848 (31 December 2020: US$nil) on Parrot B.V. as part of the entity's final liquidation.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Interest on long-term preference shares issued to group undertaking (see note 17)	3,648,744	-
Interest on loans to group undertakings	-	5,341,152
	3,648,744	**5,341,152**

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Interest on long-term loans from group undertakings (see note 19)	28,476,222	41,878,243
	28,476,222	**41,878,243**

10. STAFF COSTS

As in the prior year, the company has no employees. All persons involved in the company's operations are employed by group undertakings. The charges made by these group undertakings for all services provided to the company are included in management fees charged by group undertakings (see note 5).

11. DIRECTORS' EMOLUMENTS

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

12. TAX ON PROFIT

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Current tax:		
U.K. corporation tax	(18,247,861)	(36,407,562)
Adjustments in respect of prior periods	3,178,316	(2,803,972)
Total current tax	**(15,069,545)**	**(39,211,534)**

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

Deferred tax		
Timing differences in respect of investments	713,990	(3,463,697)
Adjustment in respect of prior periods	3,675,420	(1,959,644)
Total deferred tax	**4,389,410**	**(5,423,341)**
Total tax on profit	**(10,680,135)**	**(44,634,875)**

The table below presents a reconciliation between tax on profit and the amount calculated by applying the standard rate of U.K. corporation tax applicable to the company for the year of 19% (2020: 19%) to the profit before taxation.

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Profit before taxation	358,208,509	1,089,149,432
Profit multiplied by the standard rate in the U.K. of 19% (2020: 19%)	68,059,617	206,938,393
Non-taxable gains on equity investments	(87,654,312)	(39,659,147)
Non-deductible losses on write down of shares in group undertakings	12,321	-
Taxable gains on hedging instruments	131,700	1,317,136
Allocation of taxable partnership income	-	(2,630)
Non-taxable income from shares in group undertakings	(2,357,303)	(209,260,093)
Expenses not deductible for tax purposes	3,812,735	4,007,597
Exchange differences and other	(252,619)	251,181
Changes in recognition and measurement of deferred tax liabilities	713,990	(3,463,697)
Adjustments in respect of prior periods	6,853,736	(4,763,615)
Total tax on profit	**(10,680,135)**	**(44,634,875)**

The Finance Act 2021, which increases the U.K. corporate tax main rate from 19% to 25% from April 1, 2023, was enacted in June 2021. This change resulted in the company recognising a loss of US$0.5 million in the profit and loss account on remeasurement of its deferred tax liability.

In the current year, adjustments in respect of prior periods to deferred tax represents the utilisation of prior period losses (see note 16) in a prior tax period.

13. PROVISION FOR LIABILITIES

	31 December 2021	31 December 2020
	US$	US$
Deferred tax liabilities comprises		
Timing differences in respect of equity investments (see note 12)	1,981,890	1,267,900
	1,981,890	**1,267,900**

	US$
The movements in the deferred tax balance were as follows:	
At 1 January 2020	4,731,597
Charged to the profit and loss account	(3,463,697)
At 31 December 2020	1,267,900
Credited to the profit and loss account	713,990
At 31 December 2021	**1,981,890**

14. FIXED ASSET INVESTMENTS

Fixed asset investments, which are unlisted and stated at cost less provision for any impairments, comprise investments in subsidiary undertakings. Where hedge accounting is applied the carrying value is adjusted for changes in fair value due to foreign exchange.

	US$
At 1 January 2020	714,469,368
Additions	119,461,350
Disposals and distributions	(565,716,249)
Foreign exchange revaluation	(95,146,880)
As at 31 December 2020	173,067,589
Distributions	(103,898,154)
Impairments (see note 7)	(64,848)
Foreign exchange revaluation	(9,585,175)
As at 31 December 2021	**59,519,412**

14. FIXED ASSET INVESTMENTS (continued)

During the year, the following key distributions took place:

- The company received a distribution of US$79.8 million from Prosta Acquisitions Limited following a capital reduction. It was determined that the distribution represented a return of capital and the company reduced its investment by the same amount.

- The company received a distribution of US$22.5 million from Obsidian Irish Collective Asset-Management Vehicle following a capital reduction. It was determined that the distribution represented a return of capital and the company reduced its investment by the same amount.

- The company received a distribution of US$4.7 million from ELQ VIII Acquisitions S.a r.l. following a capital reduction. Of the total distribution, it was determined that US$1.6 million represented a return of capital and the company reduced its investment accordingly. The remaining US$3.1 million was considered as dividend income and was recognised in the profit and loss account (see note 6).

The company also designated the foreign exchange exposure of Obsidian Irish Collective Asset-Management Vehicle and Prosta Acquisitions Limited in a fair value hedge accounting relationship (see note 25j).

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

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
ELQ VIII Acquisitions S.à.r.l.[3]	Dormant	100%	Ordinary shares
Sky Mundi S.à.r.l.[3]	Investment company	100%	Ordinary shares
Prosta Acquistions Limited[1]	Investment company	99.57%	Ordinary shares
Obsidian Irish Collective Asset-Management Vehicle[2]	Holds real estate	100%	Ordinary shares

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

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Prosta Investments SP. Z O.O.[4]	Dormant	100%	Ordinary shares
Trinity II Investments SP. Z O.O.[4]	Holds real estate	100%	Ordinary shares
OBSF (I) Limited[2]	Holds real estate	100%	Ordinary shares

Registered office address at:

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

[2] Earlsfort Centre, Dublin 2, Ireland

[3] 2, Rue du Fossé, Luxembourg L-1536, Luxembourg

[4] Zlota 59, Warsaw 00-120, Poland

15. CURRENT ASSET INVESTMENTS

Current asset investments, which are stated at fair value (see note 2g), comprise equity and debt investments.

	31 December 2021 US$	31 December 2020 US$
Equity investments	1,328,228,404	714,489,580
Debt investments	214,539,377	255,351,119
	1,542,767,781	**969,840,699**

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021 US$	31 December 2020 US$
Accrued interest due from group undertakings	3,787,835	140,607
Group relief receivable	79,555,039	65,637,407
Amounts due from group undertakings	54,785,866	77,065,860
Deferred tax asset	-	3,675,420
Other debtors	-	5,119,000
Derivative financial assets	4,443,022	-
	142,571,762	**151,638,294**

Amounts due from group undertakings includes US$14.4m million (31 December 2020: US$5.0 million) in cash balances held on account by a fellow group undertaking.

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

	31 December 2021 US$	31 December 2020 US$
Preference shares due from group undertaking	85,650,345	85,650,345
	85,650,345	**85,650,345**

Preference shares due from group undertaking comprises preference shares issued by ALQ Holdings (DEL) LLC. The preference shares accrue dividends at a fixed rate of 4.20% and are redeemable in December 2035.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2021 US$	31 December 2020 US$
Amounts due to group undertakings	38,398,429	5,341,688
Derivative financial liabilities	-	2,235,388
Other creditors and accruals	29,134,311	18,132,042
	67,532,740	**25,709,118**

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

	31 December 2021 US$	31 December 2020 US$
Long-term loans due to group undertakings	1,120,408,708	812,007,451
Accrued interest on long-term loans due to group undertakings	10,397,658	3,815,295
	1,130,806,366	**815,822,746**

Long-term loans due to group undertakings comprise:

i) A loan of US$1,016.7 million (31 December 2020: US$700.0 million) advanced by Goldman Sachs International Bank, a fellow group undertaking under the terms of an existing loan agreement. The loan is secured and has a maturity date of 9 November 2023 and carries interest at a variable margin over USD SOFR;

ii) A loan of US$103.7 million (31 December 2020: US$43.7 million) advanced by Group Inc under the terms of an existing loan agreement. 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.

iii) In the prior year long-term loans due to group undertakings also included a loan of US$68.3 million advanced by Titanium UK Holdco 1 Limited, a subsidiary undertaking, which was fully repaid during year. The loan was unsecured and carried interest at a variable margin over GBP LIBOR

20. CALLED UP SHARE CAPITAL

At 31 December 2021 and 31 December 2020 called up share capital comprised:

	31 December 2021		31 December 2020	
	No.	US$	No.	US$
Ordinary shares of £1 each	1	2	1	2
Ordinary shares of US$1 each	47,000,000	47,000,000	47,000,000	47,000,000
	47,000,001	**47,000,002**	**47,000,001**	**47,000,002**

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

21. OTHER RESERVES

Other reserves created as a result of a share capital reduction were fully utilised to pay dividends in prior year.

22. DIVIDENDS PAID

	31 December 2021 US$	31 December 2020 US$
Dividends paid	280,000,000	1,350,000,000
	280,000,000	**1,350,000,000**

During the year, the company declared and paid an interim dividend of US$280.0 million (31 December 2020: US$1,350.0 million)

23. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had debt commitments of US$11.4 million at year end (31 December 2020: US$nil).

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.

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 interest rate risk, currency risk and equity price risk.

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

The company's exposure to interest rate risk was not significant as at 31 December 2021 and 31 December 2020.

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. The company had no material net exposures to other currencies as at 31 December 2021 and 31 December 2020.

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.

Equity price risk arises from exposures to changes in prices and interest rate volatilities of individual investments. The sensitivity analysis below has been determined based on the company's exposure to equity and debt price risk at the balance sheet date. If equity values had been 10 per cent higher/lower, profit before taxation for the year ended 31 December 2021 would have increased/decreased by US$132.8 million (2020: US$71.4 million) as a result of the changes in fair value.

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 December 2021 and 31 December 2020. 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 December 2021, the company had no debtors past due (31 December 2020: nil). In relation to debt investments, the company's risk of loss is limited to the fair value of the assets.

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 tables below present the carrying value of the company's financial assets and financial liabilities by category:

	31 December 2021		
	Mandatorily at fair value	Amortised cost	Total
Financial assets	US$	US$	US$
Investments	1,542,767,781	-	**1,542,767,781**
Debtors: Amounts falling due within one year	4,443,022	138,128,740	**142,571,762**
Debtors: Amounts falling due after more than one year	-	85,650,345	**85,650,345**
Cash at bank and in hand	-	1,857,300	**1,857,300**
	1,547,210,803	**225,636,385**	**1,772,847,188**

	At fair value	Amortised cost	Total
Financial liabilities	US$	US$	US$
Creditors: Amounts falling due within one year	-	(67,532,740)	**(67,532,740)**
Creditors: Amounts falling due after more than one year	(110,673,604)	(1,020,132,762)	**(1,130,806,366)**
	(110,673,604)	**(1,087,665,502)**	**(1,198,339,106)**

	31 December 2020		
	Mandatorily at fair value	Amortised cost	Total
Financial assets	US$	US$	US$
Investments	969,840,699	-	**969,840,699**
Debtors: Amounts falling due within one year	-	147,962,874	**147,962,874**
Debtors: Amounts falling due after more than one year	-	85,650,345	**85,650,345**
Cash at bank and in hand	-	5,759,797	**5,759,797**
	969,840,699	**239,373,016**	**1,209,213,715**

	At fair value	Amortised cost	Total
Financial liabilities	US$	US$	US$
Creditors: Amounts falling due within one year	(2,235,388)	(23,473,730)	**(25,709,118)**
Creditors: Amounts falling due after more than one year	(44,131,609)	(771,691,137)	**(815,822,746)**
	(46,366,997)	**(795,164,867)**	**(841,531,864)**

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 of the company's financial assets and financial liabilities are either based on observable prices and inputs and are classified in level 2 of the fair value hierarchy, or include one or more inputs which are significant and unobservable and are classified in level 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 if (i) 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)

Derivative instruments

Derivative instruments may be traded on an exchange (exchange-traded) or they may be privately negotiated contracts, which are usually referred to as OTC derivatives. The company did not have any exchange-traded derivatives as at 31 December 2021. All of the company's derivative instruments are OTC derivatives and all derivative transactions are with affiliates.

All of the companies derivative instruments are level 2 and are valued using derivative pricing models (e.g. discounted cash flow models, correlation model and models that incorporate option pricing methodologies, such as Monte Carlo simulations). Price transparency of derivatives can generally be characterised by product type, as described below:

- **Currency**

  Prices for currency derivatives based on the exchange rates of leading industrialised nations, including those with longer tenors, are generally transparent. The primary difference between the price transparency of developed and emerging market currency derivatives is that emerging markets tend to be observable for contracts with shorter tenors.

Valuation techniques and significant inputs for each level of the fair value hierarchy include Level 2 derivatives include OTC derivatives for which all significant valuation inputs are corroborated by market evidence and exchange-traded derivatives that are not actively traded and/or that are valued using models that calibrate to market-clearing levels of OTC derivatives. In evaluating the significance of a valuation input, the company considers, among other factors, a portfolio's net risk exposure to that input.

The selection of a particular model to value a derivative depends on the contractual terms of and specific risks inherent in the instrument, as well as the availability of pricing information in the market. For derivatives that trade in liquid markets, model selection does not involve significant management judgement because outputs of models can be calibrated to market-clearing levels.

Valuation models require a variety of inputs, such as contractual terms, market prices, yield curves, discount rates (including those derived from interest rates on collateral received and posted as specified in credit support agreements for collateralised derivatives), credit curves, measures of volatility and correlations of such inputs. Significant inputs to the valuation of level 2 derivatives can be verified to market transactions, broker or dealer quotations or other 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 integral to determining the fair value of derivatives and are used to adjust the market valuations produced by derivative pricing models to the appropriate exit price valuation. These adjustments incorporate bid / offer spreads, the cost of liquidity, credit valuation adjustments and funding valuation adjustments, which account for the credit and funding risk inherent in the uncollateralised portion of derivatives. The company also makes funding valuation adjustments to collateralised derivatives where the terms of the agreement do not permit the company to deliver or repledge collateral received. Market-based inputs are generally used when calibrating valuation adjustments to market-clearing levels.

In addition, for derivative financial instruments that include significant unobservable inputs, the company makes model or exit price adjustments for the valuation uncertainty present in the transaction.

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 December 2021			
	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Equity investments	-	974,253,511	353,974,893	**1,328,228,404**
Debt investments	-	208,706,507	5,832,870	**214,539,377**
Derivative instruments	-	4,443,022	-	**4,443,022**
Total financial assets at fair value		**1,187,403,040**	**359,807,763**	**1,547,210,803**
Financial liabilities at fair value				
Amounts due to group undertakings	-	110,673,604	-	**110,673,604**
Total financial liabilities at fair value	-	**110,673,604**	-	**110,673,604**

	As of 31 December 2020			
	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Equity investments	-	309,727,267	404,762,313	**714,489,580**
Debt investments	-	138,262,358	117,088,761	**255,351,119**
Total financial assets at fair value	-	**447,989,625**	**521,851,074**	**969,840,699**
Financial liabilities at fair value				
Amounts due to group undertakings	-	(44,131,609)	-	(44,131,609)
Derivative instruments	-	(2,235,388)	-	(2,235,388)
Total financial liabilities at fair value	-	**(46,366,997)**	-	**(46,366,997)**

During 2021 and 2020, 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 December 2021, the company had level 3 financial assets measured at fair value through profit and loss of US$359.8 million (31 December 2020: US$521.9 million). The table below presents the ranges of significant unobservable inputs used to value the level 3 financial assets, and the related weighted averages.

Level 3 financial assets	Valuation techniques and significant unobservable inputs	Significant unobservable inputs (where a range, weighted average)	
		As of 31 December 2021	As of 31 December 2020
Equity investments (US$354.0 million and US$404.8 million of net level 3 assets as of December 2021 and December 2020, respectively)	Market comparable: • Multiples	6.3x-16.2x (7.9x)	1.6x-10.5x (6.3x)
Debt investments (US$5.8 million and US$117.1 million of net level 3 assets as of December 2021 and December 2020, respectively)	Market comparable: • Multiples	16.2x	7.3x

f. Level 3 rollforward

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

	Year ended 31 December 2021 US$	Year ended 31 December 2020 US$
Level 3, financial assets at fair value		
Balance, beginning of year	521,851,074	912,157,310
Net gains/(losses)	199,974,265	(74,433,321)
Purchases	(44,821,776)	12,859,923
Sales	87,828,753	(58,699,474)
Settlements	(122,323,917)	(76,949,032)
Transfers out of level 3	(282,700,636)	(193,084,332)
Balance, end of year	**359,807,763**	**521,851,074**

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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

The fair value of financial assets and financial liabilities may be determined in whole or 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 valuation, including significant unobservable inputs, has been quantified as of 31 December 2021, as approximately US$71.0 million (2020: US$193.0 million) for favourable changes and US$26.0 million (2020: US$68.0 million) for unfavourable changes.

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

The company has US$140.0 million (31 December 2020: US$153.7 million) of current financial assets and US$67.5 million (31 December 2020: US$23.5 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.

The company has US$85.7 million (2020: US$85.7 million) of financial assets due after more than one year that are not measured at fair value and relate to long-term intercompany lending to group undertaking. The interest rate associated with the lending approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet is a reasonable approximation of fair value.

The company has US$1,020.1 million (2020: US$771.7 million) of financial liabilities due after more than one year that are not measured at fair value and relate to long-term intercompany borrowings. The interest rate associated with such borrowings approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet is a reasonable approximation of fair value.

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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 (excluding derivative instruments) by contractual maturity including interest that will accrue.

	31 December 2021				
	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	US$	US$	US$	US$	US$
Financial liabilities					
Creditors: Amounts falling due within one year	67,532,740	-	-	-	**67,532,740**
Creditors: Amounts falling due after one year	18,729,637	-	1,059,139,249	148,723,942	**1,226,592,828**
Total	**86,262,377**	**-**	**1,059,139,249**	**148,723,942**	**1,294,125,568**

	31 December 2020				
	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	US$	US$	US$	US$	US$
Financial liabilities					
Creditors: Amounts falling due within one year	23,473,730	-	-	-	**23,473,730**
Creditors: Amounts falling due after one year	268,625	-	833,449,500	109,204,729	**942,922,853**
Total	**23,742,355**	**-**	**833,449,500**	**109,204,729**	**966,396,583**

j. Hedge accounting

The company designates certain foreign currency forward contracts as fair value hedges that are used to manage the foreign currency exposure of certain fixed asset investments (see note 14). These forward contracts hedge changes in fair value attributable to changes in the EUR/US$ exchange rates, effectively converting the EUR exposure into US$.

The company assesses the effectiveness of the hedge in achieving offsetting changes between the fair values of the hedging instrument and the risk being hedged based on changes in spot rates. A foreign currency forward contract is considered highly effective in offsetting changes in fair value attributable to changes in the hedged risk when the effectiveness assessment results in a coefficient of determination of 80% or greater and a slope between 80% and 125%.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

j. Hedge accounting (continued)

The hedging instruments have a maturity of 1 to 3 months. The difference between the notional amount of the hedging instruments and the net carrying value, noted below in the table, represents undistributed earnings from the fixed asset investments. The remainder of the hedge has minimal ineffectiveness.

The table below presents the gross carrying amount of the hedged items that are currently designated in a hedging relationship, the related cumulative hedging adjustment, and the net carrying amount of the hedged items as at 31 December 2021.

	Gross carrying value	Cumulative hedging adjustment	Net carrying value
	US$	US$	US$
Hedged fixed assets as at 31 December 2021	41,850,841	(3,173,157)	38,677,684
Hedged fixed assets as at 31 December 2020	157,163,968	(6,514,552)	150,649,416

26. POST BALANCE SHEET EVENTS

Subsequent to the year end, the Russian invasion of Ukraine in February 2022 has negatively affected the global economy and has resulted in significant disruptions in financial markets and increased macroeconomic uncertainty. Governments around the world have responded to Russia's invasion by imposing economic sanctions and export controls on specific industry sectors, companies and individuals in Russia. Retaliatory restrictions against investors, non-Russian owned businesses and other sovereign states have been implemented by Russia. Businesses globally have experienced shortages in materials and increased costs for transportation, energy and raw materials due, in part, to the negative effects of the war on the global economy.

At the date of signing, the investments owned by the company and its direct subsidiaries had incurred losses of approximately US$226.8 million associated with the invasion. The remaining exposure in these investments is not considered material.

The extent and duration of the war, sanctions and resulting market disruptions, as well as any potential adverse consequences for the company are difficult to predict.