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Company Number: FC027788
Cayman Company Number: MC-191334

GS FUNDING EUROPE II LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2012

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GS FUNDING EUROPE II LTD

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 December 2012

1 Principal activities

GS Funding Europe II Ltd ('the company') was incorporated in the Cayman Islands as an exempted limited liability company

The company primarily operates in a US dollar environment as part of The Goldman Sachs Group, Inc. Accordingly, the company's functional currency is US dollars and these financial statements have been prepared in that currency

The principal activity of the company is to undertake investment business

2. Review of business and future developments

The financial statements have been drawn up for the year ended 31 December 2012. Comparative information has been presented for the year ended 31 December 2011.

The profit and loss account for the year is set out on page 3. Profit on ordinary activities before taxation was US\$180,751,000 for the year ended 31 December 2012 (year ended 31 December 2011 US\$167,204,000). The company has total assets of US\$8,007,304,000 (31 December 2011 US\$8,010,682,000).

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

3. Dividends

The directors declared and paid interim dividends of US\$135,000,000 during the year (year ended 31 December 2011 US\$124,000,000). The directors do not recommend the payment of a final ordinary dividend in respect of the year (year ended 31 December 2011 US\$nil).

4. Exchange rate

The US dollar / sterling exchange rate at the balance sheet date was 1.6244 (31 December 2011 1.5511). The average rate for the year was 1.5925 (year ended 31 December 2011 1.6103).

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
M A Allen		26 June 2013
O J Bingham	1 August 2013	
P N Curle		
W T Gasson		
D J Hugo		13 June 2013
S B Scobie		

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

REPORT OF THE DIRECTORS (continued)

6. Financial risk management

The company's risk management objectives and policies, as well as its risk exposures, are described in note 11 to the financial statements

7. Statement of directors' responsibilities

The directors are responsible for preparing the non-statutory financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. The directors must not approve the non-statutory financial statements unless they are satisfied that they have been prepared, in all material respects, in accordance with United Kingdom Generally Accepted Accounting Practice. In preparing these non-statutory financial statements, the directors are required to

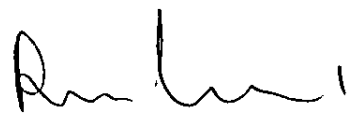
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the non-statutory 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 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 which enable them to ensure the non-statutory financial statements comply with the Companies Act 2006 as applicable to overseas companies. 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

8. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on 16 August 2013

BY ORDER OF THE BOARD



P. N. Curde
Director

GS FUNDING EUROPE II LTD

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2012

		Year Ended 31 December 2012	Year Ended 31 December 2011
	Note	US\$'000	US\$'000
Foreign exchange gains		1 024	254
Interest receivable and similar income	3	179,727	166,950
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		180 751	167,204
Tax on profit on ordinary activities	4	(45,367)	(44,270)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR	9	135,384	122 934

The operating profit of the company is derived from continuing operations in the current and prior years

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

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

GS FUNDING EUROPE II LTD

BALANCE SHEET

as at 31 December 2012

		31 December 2012	31 December 2011
	Note	US\$'000	US\$'000
CURRENT ASSETS			
Debtors	5	8,007,304	8,010,682
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(3,480)	(7,242)
NET ASSETS AND NET CURRENT ASSETS		<u>8,003,824</u>	<u>8,003,440</u>
CAPITAL AND RESERVES			
Called up share capital	8	40	40
Share premium	9	7,999,578	7,999,578
Profit and loss account	9	4 206	3,822
TOTAL SHAREHOLDERS' FUNDS	10	<u>8,003,824</u>	<u>8,003,440</u>

The financial statements were approved by the Board of Directors on 16 August 2013 and signed on its behalf by



P.N. Curle
DIRECTOR

The notes on pages 5 to 8 form an integral part of these financial statements
Company number FC027788 / Cayman company number MC-191334

GS FUNDING EUROPE II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

1. ACCOUNTING POLICIES

a. Accounting convention

The financial statements have been prepared on a going concern basis, under the historical cost convention, the accounting policies set out below and in accordance with accounting standards issued by the UK Accounting Standards Board and the Companies Act 2006 as applicable to overseas companies. The preparation of accounts on this basis is in accordance with Cayman Law.

b. Financial assets and liabilities

Financial assets comprise amounts due from group undertakings. They are initially recognised at fair value and subsequently measured at amortised cost, with finance income recognised on an accruals basis. All finance income is recognised in the profit and loss account.

c. Foreign currencies

Transactions denominated in foreign currencies are translated into US dollars at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in operating profit and are presented on a basis consistent with the associated income and expenses.

d. Dividends

Final dividends on financial instruments classified as equity are recognised in the period that they are approved by the shareholder. Interim equity dividends are recognised in the period that they are paid. These dividends are debited directly to equity.

e. Reporting and disclosure exemption

i. FRS1 (Revised 1996) - 'Cash Flow Statements'

The company is a greater than 90% subsidiary of The Goldman Sachs Group, Inc., whose consolidated accounts include the company and are publicly available and is, therefore, exempt from preparing a cash flow statement as required by FRS1 (Revised 1996) - 'Cash Flow Statements'.

ii. FRS8 - 'Related Party Disclosures'

The company is a wholly-owned subsidiary of The Goldman Sachs Group, Inc., whose consolidated accounts include the company and are publicly available. As a result, under the terms of paragraph 3(c) of FRS8 - 'Related Party Disclosures', the company is exempt from disclosing transactions with companies also wholly owned within the group. There were no other related party transactions requiring disclosure.

2. STAFF COSTS

As in the prior year the company has no employees. All persons involved in the company's operation are employed by group undertakings and no costs are borne by the company.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2012 US\$'000	Year Ended 31 December 2011 US\$'000
Interest receivable from group undertaking (see note 5)	179,727	166,950

GS FUNDING EUROPE II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Analysis of tax charge for the year

	Year Ended 31 December 2012 US\$'000	Year Ended 31 December 2011 US\$'000
Current tax:		
Corporation tax payable	45,367	44,270
Total current tax (see note b below)	45,367	44,270

b. Factors affecting tax charge for the year

The difference between the total current tax shown above and the amount calculated by applying the weighted average rate of UK corporation tax applicable to the company for the year of 24.5% (31 December 2011 26.5%) to the profit on ordinary activities before taxation is as follows

	Year Ended 31 December 2012 US\$'000	Year Ended 31 December 2011 US\$'000
Profit on ordinary activities before taxation	180,751	167,204
Profit on ordinary activities at the weighted average rate in the UK 24.5% (2011 26.5%)	44,284	44,309
Exchange differences	1,083	(39)
Current tax charge for the year	45,367	44,270

5. DEBTORS

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

	31 December 2012 US\$'000	31 December 2011 US\$'000
Amounts due from group undertakings	8,007,304	8,010,682

Amounts due from group undertakings in the current and prior year includes a loan of US\$8,000,000,000 advanced by the company to Goldman Sachs Group Holdings (U K) Limited. This loan is unsecured, carries interest at a rate of LIBOR plus 1.73% and is repayable on demand by the company.

In addition, amounts due from group undertakings also include US\$1,862,746 (31 December 2011 US\$2,982,604) in cash balances held on account by a fellow group undertaking.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Creditors, all of which are payable within one year of the balance sheet date, comprise

	31 December 2012 US\$'000	31 December 2011 US\$'000
Corporation tax payable	3,480	7,242

GS FUNDING EUROPE II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

7. DIVIDENDS PAID

	Year Ended 31 December 2012 US\$'000	Year Ended 31 December 2011 US\$'000
Interim dividends paid	135,000	124,000

The company paid interim dividends on 19 December 2012 to GS Funding Europe and GS Funding Europe I Ltd as the holders of the ordinary and redeemable ordinary shares issued by the company in aggregate amounts of US\$13,500,000 and US\$121,500,000 respectively. During the prior year the company paid interim dividends to GS Funding Europe and GS Funding Europe I Ltd in aggregate amounts of US\$12,400,000 and US\$111,600,000 respectively.

8. CALLED UP SHARE CAPITAL

At 31 December 2012 and 31 December 2011 share capital comprised

	31 December 2012		31 December 2011	
	No.	US\$	No.	US\$
<u>Allotted, called up and fully paid</u>				
Ordinary shares of US\$0.01 each	1	-	1	-
Redeemable ordinary shares of US\$0.01 each	3,985,926	39,859	3,985,926	39,859
		<u>39,859</u>		<u>39,859</u>

Ordinary shares and redeemable ordinary shares rank pari passu on a winding up and in respect of dividend and voting rights. The redeemable ordinary shares may be redeemed by the company at its option, at any time.

GS FUNDING EUROPE II LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012

9. SHARE PREMIUM ACCOUNT AND RESERVES

	Share Premium Account US\$'000	Profit and Loss Account US\$'000
At 31 December 2011	7,999,578	3,822
Profit for the year	-	135,384
Dividends paid	-	(135,000)
At 31 December 2012	<u>7,999,578</u>	<u>4,206</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2012 US\$'000	31 December 2011 US\$'000
Profit for the year	135,384	122,934
Dividends paid	(135,000)	(124,000)
Net increase / (decrease) in shareholders' funds	384	(1,066)
Opening shareholders' funds	8,003,440	8,004,506
Closing shareholders' funds	<u>8,003,824</u>	<u>8,003,440</u>

11. FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from current assets are not sufficient to fund the obligations arising from liabilities as they fall due. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the directors consider liquidity risk, foreign exchange risk and interest rate risk to be the most important components of financial risk relevant to the company. The company, as part of a global group, adheres to global risk management policies and procedures.

12. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments and contingencies outstanding at the year end (31 December 2011: nil).

13. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent undertaking is GS Funding Europe I Ltd, a company registered in the Cayman Islands, and the parent company of the smallest group for which consolidated financial statements are prepared is GS Funding Europe, a company registered in England and Wales. The ultimate parent undertaking and the parent undertaking of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements, as well as certain regulatory filings, for example Forms 10-Q and 10-K, that provide additional information on the group and its business activities, can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, the group's principal place of business or at www.goldmansachs.com/shareholders/.