

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

ANNUAL REPORT

31 DECEMBER 2014

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GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2014.

1. Introduction

Goldman Sachs Group Holdings (U.K.) Limited (the 'company') is a holding company to a group that provides a wide range of financial services to clients located worldwide.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. ('Group Inc.'). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System ('Federal Reserve Board'). Group Inc. together with its consolidated subsidiaries form '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 high-net-worth individuals.

2. Financial overview

The financial statements have been drawn up for the year ended 31 December 2014. Comparative information has been presented for the year ended 31 December 2013.

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. The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$1.5579 (31 December 2013: £ / US\$1.6567). The average rate for the year was £ / US\$1.6455 (year ended 31 December 2013: £ / US\$1.5670).

The results for the year are shown in the profit and loss account on page 6. Profit on ordinary activities before taxation for the year was US\$324.7 million (year ended 31 December 2013: profit of US\$195.7 million).

The company had total assets of US\$5,728.0 million (31 December 2013: US\$10,107.2 million).

Future outlook

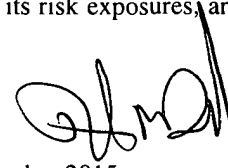
The directors consider that the year end financial position of the company was satisfactory taking into account the continuing support from the immediate parent undertaking (see note 1(f)), and do not anticipate any significant changes in its activities in the forthcoming year.

3. Principal risks and uncertainties

The company is exposed to financial risk through its financial assets and liabilities. Due to the nature of the company's business and the assets and liabilities, the financial risk the directors consider relevant to the entity include all risks relating to the underlying subsidiary undertakings that the company controls. These risks would include market risk, credit risk and liquidity risk and are explained in detail within the individual subsidiary financial statements. The company's risk management objectives and policies, as well as its risk exposures, are described in note 16 of the financial statements.

4. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 15 September 2015.



ON BEHALF OF THE BOARD

D. W. McDonogh
Director

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2014.

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.

2. Dividends

An interim dividend of US\$4,639,385,108 was declared during the year (year ended 31 December 2013: US\$nil). The directors do not recommend the payment of a final ordinary dividend in respect of the year ended 31 December 2014 (year ended 31 December 2013: US\$nil).

3. Directors

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

Name

D. W. McDonogh

R. J. Taylor

P. L. Monteiro (Alternate)

D. Breant (Alternate)

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

4. 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.

5. Independent auditors

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

REPORT OF THE DIRECTORS (continued)

6. Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In preparing those accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

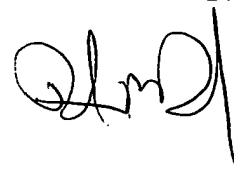
The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the 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 15 September 2015.

ON BEHALF OF THE BOARD

**D. W. McDonogh
Director**



Independent auditors' report to the member of GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, Goldman Sachs Group Holdings (U.K.) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

Independent auditors' report to the member of GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

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.

What an audit of financial statements involves

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

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

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

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

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

John Wei (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 September 2015

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2014

		Year Ended 31 December 2014	Year Ended 31 December 2013
	Note	US\$'000	US\$'000
Income from shares in group undertakings		10,915	313,639
Gain / (loss) on sale of subsidiary undertaking	9	585,021	(15)
Write down of shares in group undertakings	9	(221,378)	(15,233)
Administrative expenses		(7,329)	(43,835)
OPERATING PROFIT	3	367,229	254,556
Interest receivable and similar income	5	318	753,327
Interest payable and similar charges	6	(42,886)	(812,136)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		324,661	195,747
Tax on profit on ordinary activities	8	10,496	14,466
PROFIT FOR THE FINANCIAL YEAR	13	335,157	210,213

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 financial year as stated above and their historical cost equivalents.

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

The notes on pages 8 to 18 form an integral part of these financial statements.
Independent auditors' report – pages 4 to 5.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

BALANCE SHEET

as at 31 December 2014

		31 December 2014	31 December 2013
	Note	US\$'000	US\$'000
FIXED ASSETS			
Investments	9	3,535,451	9,877,928
CURRENT ASSETS			
Debtors	10	2,190,856	227,305
Cash at bank and in hand		1,718	1,949
		<u>2,192,574</u>	<u>229,254</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	11	(2,979,656)	(3,054,585)
		<u>(2,979,656)</u>	<u>(3,054,585)</u>
NET CURRENT LIABILITIES		<u>(787,082)</u>	<u>(2,825,331)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,748,369</u>	<u>7,052,597</u>
NET ASSETS		<u>2,748,369</u>	<u>7,052,597</u>
CAPITAL AND RESERVES			
Called up share capital	12	2,461	24,608
Capital contribution	13	78,410	78,410
Share premium account	13	232,248	2,322,480
Merger reserve	13	1,366,130	2,387,525
Profit and loss account	13	1,069,120	2,239,574
TOTAL SHAREHOLDER'S FUNDS	14	<u>2,748,369</u>	<u>7,052,597</u>

The financial statements were approved by the Board of Directors on 15 September 2015 and signed on its behalf by:

D. W. McDonogh
Director



The notes on pages 8 to 18 form an integral part of these financial statements.
Independent auditors' report – pages 4 to 5.
Company number: 3769030

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

1. ACCOUNTING POLICIES

a. Accounting convention

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year.

b. Fixed asset investments

Fixed asset investments comprise shares in group undertakings and are stated at cost less provision for any impairment. Dividends receivable are recognised when the right to receive payment has been established.

c. Other financial assets and liabilities

Other financial assets and liabilities primarily comprise amounts due to group undertakings. They are initially recognised at fair value and subsequently remeasured at amortised cost, with finance income and expense recognised on an accruals basis. All finance income and expense is recognised in the profit and loss account.

d. Foreign currencies

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 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. Dividends

Final equity dividends are recognised as a liability and deducted from equity in the period in which the dividends are approved by the company's shareholder. Interim equity dividends are recognised and deducted from equity when paid.

f. Going concern

The company has net current liabilities of US\$787 million as at 31 December 2014 (31 December 2013: net current liabilities of US\$2,825 million). The principal current liability of the company represents amounts payable to fellow group undertakings. The immediate parent company has committed to ensuring the provision of sufficient funds to enable the company to meet its liabilities as they fall due. As a result, the directors have prepared these financial statements on a going concern basis.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

2. REPORTING AND DISCLOSURE EXEMPTION

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

The company is a greater than 90% subsidiary of Group, Inc., whose consolidated financial statements 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'.

b. FRS8 - 'Related Party Disclosures'

The company is a wholly-owned subsidiary of Group, Inc., whose consolidated financial statements 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.

c. Consolidation

The company is a subsidiary undertaking of a company incorporated in Great Britain and has elected not to prepare group financial statements as permitted by section 400 of the Companies Act 2006.

3. OPERATING PROFIT

	Year Ended 31 December 2014 US\$'000	Year Ended 31 December 2013 US\$'000
Operating profit is stated after charging:		
Foreign exchange losses	171	39,237
Auditors' remuneration - audit services	49	47

4. STAFF COSTS

As in the prior year, the company has no employees. All persons involved in the company's operations are employed by a group undertaking and no cost is borne by the company.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2014 US\$'000	Year Ended 31 December 2013 US\$'000
Interest receivable from group undertakings (see note 10)	318	753,327

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2014 US\$'000	Year Ended 31 December 2013 US\$'000
Interest payable to group undertakings (see note 11)	42,886	812,136

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

7. DIRECTORS' EMOLUMENTS

	Year Ended 31 December 2014 US\$'000	Year Ended 31 December 2013 US\$'000
Directors:		
Aggregate emoluments	163	149
Company pension contributions to money purchase schemes	2	2
	165	156

In accordance with the Companies Act 2006, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only. In accordance with schedule 5 of Statutory Instrument 2008 / 410, this only includes the value of cash and benefits in kind. Directors also receive emoluments for non-qualifying services which are not required to be disclosed.

Four persons, who were directors for some or all of the year, are members of a defined contribution pension scheme and three persons are members of a defined benefit pension scheme. Four directors have been granted shares in respect of a long-term incentive scheme during the year. No directors have exercised options during the year.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

a. Analysis of tax credit for the year:

	Year Ended 31 December 2014 US\$'000	Year Ended 31 December 2013 US\$'000
Current tax:		
Group relief receivable	(10,496)	(14,466)
Total current tax (see note (b) below)	(10,496)	(14,466)

Group relief represents amounts receivable from group undertakings in consideration for the surrender of losses under group relief arrangements.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

b. Factors affecting tax credit for the year:

The difference between the total current tax shown above and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the year of 21.50% (31 December 2013: 23.25%) to profit on ordinary activities before tax is as follows:

	Year Ended	Year Ended
	31 December 2014	31 December 2013
	US\$'000	US\$'000
Profit on ordinary activities before taxation	324,661	195,747
Profit on ordinary activities at the weighted average rate in the U.K. 21.50% (2013: 23.25%)	69,802	45,511
Non taxable dividend income	(2,346)	(72,921)
Expenses disallowed for the purposes of the tax provision	47,596	3,542
Capital loss carried forward	-	3
Non-taxable gains on investments	(125,780)	-
Exchange differences	-	9,107
Controlled foreign company profit apportionment	232	292
Current tax credit for the year	(10,496)	(14,466)

9. INVESTMENTS

Shares in subsidiary undertakings are unlisted and stated at cost less provision for impairment:

	US\$'000
At 1 January 2014	9,877,928
Foreign exchange	(65,845)
Provision for impairment	(221,378)
Disposals	(6,055,254)
At 31 December 2014	3,535,451

During the current year, the following movements in shares in subsidiary undertakings took place:

On 29 August 2014, as part of a group reorganisation, the company declared a dividend in specie of its entire shareholding in Goldman Sachs Holdings (U.K.) Limited to Goldman Sachs Group UK Limited. The carrying value of the holding in Goldman Sachs Holdings (U.K.) Limited at the time of the distribution was US\$3,568,760,283.

On 1 September 2014, as part of a group reorganisation, the company sold the entire issued share capital of Goldman Sachs International Bank, Fleet Trade and Transport Limited and Nufcor International Limited to Goldman Sachs Group UK Limited for a total consideration of US\$3,022,214,918. This resulted in a gain to the company of US\$585,021,288.

On 1 September 2014, as part of a group reorganisation, the company declared a dividend in specie of 1% of the issued share capital of Goldman Sachs International, 1% of the issued share capital of Goldman Sachs Asset Management International and 1% of the issued share capital of Montague Place Custody Services to Goldman Sachs Group UK Limited which consisted of all its residual shareholdings in the aforementioned group undertakings. The combined carrying value of the holdings in Goldman Sachs International, Goldman Sachs Asset Management International and Montague Place Custody Services at the time of the distribution were US\$49,229,825.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

9. INVESTMENTS (continued)

On 22 December 2014, GS Leasing Management Limited paid a dividend of £45,000 (US\$70,354) to the company. This dividend represented reserves available the date of acquisition and the company therefore treated this dividend as a return of capital and reduced the value of the investment by the dividend received.

An impairment of US\$221,378,000 has been taken against the cost of shares in subsidiary undertakings where the value of the investments were less than their book value. The directors consider that this represents a permanent diminution in value.

The principal subsidiaries over which the company exercises control, and the effective percentage ownership interest in the shares held directly by the company at the year end are listed below:

Name of company	Country of incorporation	Holding and proportion of voting rights	Class of shares held	Nature of business
Shire UK Limited	Great Britain	100%	Ordinary shares	Investment company
		100%	Redeemable shares	
Goldman Sachs (Monaco) S.A.M.	Monaco	100%	Ordinary shares	Fund manager
Scadbury UK Limited	Great Britain	100%	Ordinary shares	Investment company
GS European Investment I Ltd.	Cayman Islands	100%	Ordinary shares	Investment company
Killingholme Power Group Limited	Great Britain	100%	Ordinary shares	In liquidation
GS Leasing Management Limited	Cayman Islands	100%	Ordinary shares	In liquidation
GS Liquid Trading Platform I PCC	Jersey	100%	Ordinary shares	Liquidated
GS Liquid Trading Platform II Limited	Jersey	100%	Ordinary shares	Investment company
Goldman Sachs Group U.K. Finance Limited	Great Britain	100%	Ordinary shares	Leasing holding company
KPL Finance Limited	Cayman Islands	100%	Ordinary shares	Investment company
Goldman Sachs UK Retirement Plan Pension Trustee Limited	Great Britain	100%	Ordinary shares	Corporate pension trustee
Goldman Sachs Ireland Holdings Limited	Ireland	100%	Ordinary shares	In liquidation
Rothsley Life (Cayman) Limited	Cayman Islands	100%	Ordinary shares	Investment company
Nufcor Capital Limited	Great Britain	100%	Ordinary shares	In liquidation
Goldman Sachs Europe Limited	Isle of Man	100%	Ordinary shares	Service company

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

9. INVESTMENTS (continued)

The subsidiaries over which the company exercises control via ordinary shares held by or on behalf of the subsidiary undertakings are listed below:

Name of company	Country of incorporation	Holding and proportion of voting rights	Class of shares held	Nature of business
Shire Funding Limited	Cayman Islands	100%	Ordinary Shares	Investment company
Shire Assets	Great Britain	100%	Ordinary shares	In liquidation
Shire II Assets Limited	Cayman Islands	100%	Ordinary shares	In liquidation
Scadbury Funding Limited	Cayman Islands	100%	Ordinary shares	Investment company
Scadbury Assets	Great Britain	100%	Ordinary shares	In liquidation
Scadbury II Assets Limited	Cayman Islands	100%	Ordinary shares	Investment company
Killingholme Generation Limited	Great Britain	100%	Ordinary shares	In liquidation
Killingholme Holdings Limited	Great Britain	100%	Ordinary shares	In liquidation
GS Killingholme Cayman Investments Limited	Cayman Islands	100%	Ordinary shares	In liquidation
KPL Holdings Limited	Cayman Islands	100%	Ordinary shares	In liquidation
GS Leasing No. 1 Limited	Cayman Islands	100%	Ordinary shares	In liquidation
GS Leasing No. 3 Limited	Cayman Islands	100%	Ordinary shares	In liquidation
GS Equipment Finance I Limited	Cayman Islands	100%	Ordinary shares	In liquidation
GS Equipment Finance II Limited	Cayman Islands	100%	Ordinary shares	Investment company
Forres LLC	Delaware, United States	100%	Ordinary shares	Investment company
		100%	Class A shares	
		100%	Class B2 common shares	
		100%	Class B2 preference shares	
Forres Investments Limited	Cayman Islands	100%	Ordinary shares	Investment company
GS Funding Management Limited	Cayman Islands	100%	Redeemable ordinary shares	Investment company
GS Funding Investments Limited	Cayman Islands	100%	Redeemable ordinary shares	Investment company
KPL Acquisitions Limited	Cayman Islands	100%	Ordinary shares	In liquidation
Beheer- En Beleggingsmaatschappij Befraco B.V.	Netherlands	100%	Ordinary shares	Leasing company

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

9. INVESTMENTS (continued)

Name of company	Country of incorporation	Holding and proportion of voting rights	Class of shares held	Nature of business
Goldman Sachs Ireland Finance Limited	Ireland	100%	Ordinary shares	Investment company
Paternoster Limited	Isle of Man	100%	Ordinary shares	Investment company
Paternoster Financial Services Limited	Great Britain	100%	Ordinary shares	In liquidation
Paternoster Holdings Limited	Isle of Man	100%	Ordinary shares	In liquidation
Paternoster Services Limited	Great Britain	100%	Ordinary shares	Service company
Paternoster UK Limited	Great Britain	100%	Ordinary shares	In liquidation
GS Index Holdings Limited	Great Britain	100%	Ordinary shares	Investment company
		100%	Redeemable shares	
GS Index Funding Limited	Great Britain	100%	Ordinary shares	Investment company
		100%	Redeemable shares	
European Index Assets B.V.	Netherlands	100%	Class A ordinary shares Class B redeemable ordinary shares	Investment company
Pumbaa Luxembourg S.A.R.L.	Luxembourg	100%	Ordinary shares	Investment company
CHCAY Limited	Cayman Islands	100%	Ordinary shares	Investment company
CHPG Finance Limited	Cayman Islands	100%	Ordinary shares	Investment company

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

10. DEBTORS

	31 December 2014	31 December 2013
	US\$'000	US\$'000
Amounts due from group undertakings	2,128,269	158,945
Group relief receivable from group undertakings	62,587	68,352
Other debtors	-	8
	2,190,856	227,305

Amounts due from group undertakings in the current and prior year includes an interest free subordinated loan of US\$81.8 million (2013: US\$86.9 million) advanced by the company to Scadbury UK Limited, a subsidiary undertaking (see note 9). This loan is unsecured and is repayable on demand by the company.

Amounts due from group undertakings in the current and prior year includes an interest free subordinated loan of US\$15.6 million (2013: US\$16.6 million) advanced by the company to Shire UK Limited, a subsidiary undertaking (see note 9). This loan is unsecured and is repayable on demand by the company.

All other debtors are due within one year of the balance sheet date.

11. OTHER CREDITORS

	31 December 2014	31 December 2013
	US\$'000	US\$'000
Amounts payable to group undertakings	2,972,881	3,049,729
Other creditors and accruals	6,775	4,856
	2,979,656	3,054,585

Amounts payable to group undertakings in the current and prior year include:

- an amount of US\$1,038.6 million (2013: US\$1,014.4 million) advanced to the company by Shire UK Limited, a subsidiary undertaking (see note 9), on 26 November 2013. This loan is unsecured, carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate and is repayable on demand by the lender.
- an amount of US\$660.4 million (2013: US\$670.1 million) advanced to the company by Goldman Sachs Group UK Limited, the company's immediate parent undertaking (see note 17), on 22 November 2013. This loan is unsecured, carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate and is repayable on demand by the lender.
- an amount of US\$620.0 million (2013: US\$620.0 million) advanced to the company by GS Liquid Trading Platform II Limited, a subsidiary undertaking (see note 9), on 18 July 2008. This loan is unsecured, carries interest at a variable margin plus LIBOR and is repayable on demand by the lender.
- an amount of US\$407.0 million (2013: US\$444.6 million) advanced to the company by The Goldman Sachs Group, Inc., the company's ultimate parent undertaking (see note 17), on 21 May 2009. This loan is in the form of unsecured promissory note, carries interest at a variable rate and is repayable on demand by the lender.
- an amount of US\$227.8 million (2013: US\$227.8 million) advanced to the company by KPL Finance Limited, a subsidiary undertaking (see note 9), on 23 November 2009. This loan is unsecured, carries interest at a variable margin over the U.S. Federal Reserve's federal funds rate and is repayable on demand by the lender.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

12. CALLED UP SHARE CAPITAL

At 31 December 2014 and 31 December 2013 called up share capital comprised:

	31 December 2014		31 December 2013	
	No.	US\$'000	No.	US\$'000
<u>Allotted, called up and fully paid</u>				
Ordinary shares of US\$0.01 each	246,076,966	2,461	2,460,769,660	24,608
		<u>2,461</u>		<u>24,608</u>

On 28 August 2014, the company underwent a capital reduction whereby the issued US\$ ordinary share capital of the company was reduced from 2,460,769,660 ordinary shares of \$0.01 each (total US\$24,607,696) to 246,076,966 ordinary shares of \$0.01 (total US\$2,460,670). In addition, the sum standing to the credit of the share premium account of the company was reduced proportionately from US\$2,322,480,000 to US\$232,248,000.

13. SHARE PREMIUM ACCOUNT AND RESERVES

	Capital contribution	Share premium account	Merger reserve	Profit and loss account
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013	78,410	1,637,615	1,021,395	2,029,361
Profit for the year	-	-	-	210,213
Shares issued (see note 12)	-	684,865	1,366,130	-
At 1 January 2014	78,410	2,322,480	2,387,525	2,239,574
Profit for the year	-	-	-	335,157
Capital reduction (see note 12)	-	(2,090,232)	-	2,112,379
Transfer of merger reserve	-	-	(1,021,395)	1,021,395
Dividend distributions (see note 9 and 14)	-	-	-	(4,639,385)
At 31 December 2014	78,410	232,248	1,366,130	1,069,120

In 2001, a group reorganisation took place in the company and as part of this group reorganisation, the company acquired Goldman Sachs Holdings (UK) Limited. The company applied the relief available to it under s. 132 of the Companies Act 1985 and the difference between the nominal value of the shares and the value at which the new shares were issued was credited to a merger reserve. As a result, share premium of only US\$698,381,000 was recorded and the remaining difference between the nominal value of the shares and the value at which the new shares were issued of US\$1,021,395,000 was credited to a non-distributable merger reserve.

By virtue of the dividend in specie of Goldman Sachs Holdings (UK) Limited by the company (see note 9), the merger reserve was deemed distributable and was distributed by way of dividend in specie on 17 December 2014.

During 2013, as part of the purchase of Rothesay Life (Cayman) Limited, the company took advantage of the relief afforded to it under section 611 of the Companies Act 2006. As a result, nil share premium was recorded and the remaining difference between the nominal value of the shares and the market value of US\$1,366,130,336 was credited to a non-distributable merger reserve.

As described in note 12, on 28 August 2014 the company underwent a capital reduction whereby the sum standing to the credit of the share premium account of the company was reduced proportionately from US\$2,322,480,000 to US\$232,248,000, which together with the reduction in share capital, resulted in a credit to the profit and loss account of US\$2,112,379,000.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

13. SHARE PREMIUM ACCOUNT AND RESERVES (continued)

As described in note 9, the company declared a dividend in specie of its entire shareholding in Goldman Sachs Holdings (U.K.) Limited to Goldman Sachs Group UK Limited as part of a group reorganisation amounting to a total carrying value of US\$3,568,760,263. In addition, the company declared a dividend in specie of its residual shareholdings in Goldman Sachs International, Goldman Sachs Asset Management International and Montague Place Custody Services to Goldman Sachs Group UK Limited as part of a group reorganisation amounting to a total carrying value of US\$49,229,825.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER FUNDS

	31 December 2014	31 December 2013
	US\$'000	US\$'000
Profit for the financial year	335,157	210,213
Share capital issuance	-	2,043
Share premium on issuance	-	684,865
Dividend distributions (see note 9 & 13)	(4,639,385)	-
Merger reserve (see note 13)	-	1,366,130
Net (decrease) / increase in shareholder's funds	(4,304,228)	2,263,251
Opening shareholder's funds	7,052,597	4,789,346
Closing shareholder's funds	2,748,369	7,052,597

15. FINANCIAL COMMITMENTS AND CONTINGENCIES

At 31 December 2014 the company had commitments of US\$9.9 million (31 December 2013: US\$5.0 million) outstanding with regard to lending arrangements with group undertakings.

16. FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. Due to the nature of the company's business and the assets and liabilities, the financial risk the directors consider relevant to the entity include all risks relating to the underlying subsidiary undertakings that the company controls. These risks would include market risk, credit risk and liquidity risk and are explained in detail within the individual subsidiary financial statements.

The risks associated with significant subsidiary undertakings of the group are monitored and controlled through a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems. In addition, a number of committees are responsible for monitoring risk exposures and for general oversight of our risk management process. These committees meet regularly and consist of senior members of both our revenue-producing units and departments that are independent of our revenue-producing units. In addition to the committees, functions that are independent of the revenue-producing units, such as Compliance, Finance, Legal, Internal Audit and Operations perform risk management functions, which include monitoring, analysing and evaluating risk.

17. ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The immediate parent undertaking and the parent company of the smallest group for which consolidated financial statements are prepared is Goldman Sachs Group UK Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of Goldman Sachs Group UK Limited's consolidated financial statements are available on request from The Company Secretary, Goldman Sachs Group UK Limited, Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom.

The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated within 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/.