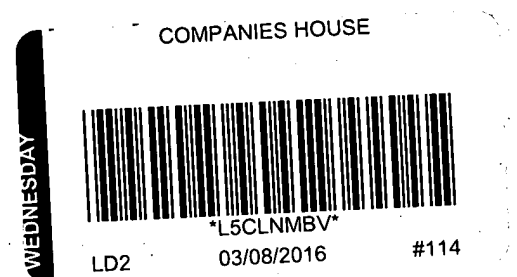


Company Number: 3769030

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

ANNUAL REPORT

31 DECEMBER 2015



GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2015.

1. Introduction

Goldman Sachs Group Holdings (U.K.) Limited (the company) is a holding company that predominantly contains investment companies.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc.). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System (Federal Reserve Board). Group Inc. together with its consolidated subsidiaries form 'the group'. The group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

2. Adoption of Revised Financial Reporting Standards

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

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

All periods presented in this annual report are prepared in accordance with FRS 101. There is no impact on the company's balance sheet and profit and loss account as a result of adopting FRS 101.

In addition, FRS 101 has resulted in the company providing additional disclosures relating to financial assets and financial liabilities due to the adoption of IFRS 7 'Financial Instruments: Disclosures'.

3. Financial overview

The financial statements have been drawn up for the year ended 31 December 2015. Comparative information has been presented for the year ended 31 December 2014.

The company primarily operates in a U.S. dollar environment as part of the 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\$1.4732 (31 December 2014: £ / US\$1.5579). The average rate for the year was £ / US\$1.5252 (year ended 31 December 2014: £ / US\$1.6455).

The results for the year are shown in the profit and loss account on page 7. Loss on ordinary activities before tax for the year was US\$66.9 million (year ended 31 December 2014: profit of US\$324.7 million).

The company had total assets of US\$3,374.7 million (31 December 2014: US\$5,728.0 million).

STRATEGIC REPORT (continued)

4. 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 2(g)), and do not anticipate any significant changes in its activities in the forthcoming year.

On 24 March 2016, the company acquired the entire issued capital of ELQ Investors VIII Limited in a share-for-share exchange with its immediate parent undertaking, Goldman Sachs Group UK Limited. As a result, the company issued 40,179,790 ordinary shares of US\$0.01 each.

5. Principal risks and uncertainties

As a holding company, the majority of the company's assets consist of investments in, and loans to, subsidiary undertakings; accordingly the principal risks to the company include a loss in the underlying value of these investments and loans. As a result, the financial risks 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. The determination by the U.K. to exit the EU could affect the manner in which the company conducts its business.

6. Date of authorisation of issue

The strategic report was authorised for issue by the Board of Directors on 22 July 2016.

ON BEHALF OF THE BOARD



R. M. Thomas
Director

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2015.

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\$2,224,000,000 was declared during the year (year ended 31 December 2014: US\$4,639,385,108). The directors do not recommend the payment of a final dividend in respect of the year (31 December 2014: 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

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.

5. Directors

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

Name	Appointed	Resigned
G. P. Shaw	22 September 2015	
P. Curle	22 September 2015	
R. M. Thomas	22 September 2015	
D. W. McDonogh		22 September 2015
R. J. Taylor		22 September 2015
P. L. Monteiro (Alternate)		22 September 2015
D. Breant (Alternate)		16 September 2015

DIRECTORS' REPORT (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 financial statements 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. 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 22 July 2016.

ON BEHALF OF THE BOARD



R. M. Thomas
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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

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

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

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

This report, including the opinions, has been prepared for and only for the 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
7 More London Riverside
London
25 July 2016

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT**for the year ended 31 December 2015**

		Year ended	Year ended
		31 December 2015	31 December 2014
	Note	US\$'000	US\$'000
Income from shares in group undertakings	11	15,133	10,915
Write down of shares in group undertakings	11	(7,595)	(221,378)
Gain on sale of subsidiary undertaking		-	585,021
Administrative expenses		(33,595)	(7,329)
OPERATING (LOSS) / PROFIT		(26,057)	367,229
Interest receivable and similar income	5	620	318
Interest payable and similar charges	6	(41,477)	(42,886)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		(66,914)	324,661
Tax on (loss) / profit on ordinary activities	10	13,484	10,496
(LOSS) / PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR		(53,430)	335,157

The operating loss/profit of the company is 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.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

BALANCE SHEET

as at 31 December 2015

	Note	31 December 2015 US\$'000	31 December 2014 US\$'000
FIXED ASSETS			
Investments	11	2,369,119	3,535,451
CURRENT ASSETS			
Debtors	12	995,839	2,190,856
Cash at bank and in hand		9,727	1,718
		1,005,566	2,192,574
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(2,743,467)	(2,979,656)
NET CURRENT LIABILITIES		(1,737,901)	(787,082)
TOTAL ASSETS LESS CURRENT LIABILITIES		631,218	2,748,369
NET ASSETS		631,218	2,748,369
CAPITAL AND RESERVES			
Called up share capital	14	2,772	2,461
Capital contribution		78,410	78,410
Share premium account	14	259,535	232,248
Other reserve	14	132,681	-
Merger reserve	15	277,130	1,366,130
Profit and loss account		(119,310)	1,069,120
TOTAL SHAREHOLDER'S FUNDS		631,218	2,748,369

The financial statements were approved by the Board of Directors on 22 July 2016 and signed on its behalf by:



R. M. Thomas
Director

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2015

	Called up share capital	Capital contribution	Share premium account	Other reserve	Merger reserve	Profit and Shareholder's loss account	Total Shareholder's Funds
Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2014	24,608	78,410	2,322,480	-	2,387,525	2,239,574	7,052,597
Profit for the financial year	-	-	-	-	-	335,157	335,157
Capital reduction	(22,147)	-	(2,090,232)	-	-	2,112,379	-
Transfer of merger reserve	-	-	-	-	(1,021,395)	1,021,395	-
Dividend distributions	-	-	-	-	-	(4,639,385)	(4,639,385)
Balance at 31 December 2014	2,461	78,410	232,248	-	1,366,130	1,069,120	2,748,369
Loss for the financial year	-	-	-	-	-	(53,430)	(53,430)
Shares issued	14 311	-	27,287	132,681	-	-	160,279
Transfer of merger reserve	15 -	-	-	-	(1,089,000)	1,089,000	-
Dividend distributions	-	-	-	-	-	(2,224,000)	(2,224,000)
Balance at 31 December 2015	2,772	78,410	259,535	132,681	277,130	(119,310)	631,218

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

1. GENERAL INFORMATION

The company is a limited liability company and is incorporated and domiciled in England and Wales. The address of its registered office is Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom.

The immediate parent undertaking is Goldman Sachs Group UK Limited (GSGUK), a company incorporated and domiciled in England and Wales.

The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America.

2. ACCOUNTING POLICIES

a. Basis of preparation

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

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

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006.

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

- (i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;
- (ii) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);
- (iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16 and 40A-D;
- (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;
- (vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within the group; and
- (viii) IFRS 3 'Business Combinations' paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j), to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67.

The company is a subsidiary undertaking of Group Inc., a company incorporated within the United States of America, whose consolidated financial statements include the company and are publicly available. As a result the company has elected not to prepare consolidated financial statements as permitted by section 401 of the Companies Act 2006.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. ACCOUNTING POLICIES (continued)

b. Investments

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

c. 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 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.

d. 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.

e. Financial assets and liabilities

(i) Recognition and Derecognition

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset. A financial liability is derecognised only when it is extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

(ii) Classification and Measurement

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

The company classifies its financial assets as loans and receivables and its financial liabilities as financial liabilities measured at amortised cost. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated.

Financial assets and financial liabilities are initially recognised at fair value and are subsequently remeasured at amortised cost, with finance income and expense recognised on an accruals basis. All finance income and expense is recognised in the profit and loss account.

(iii) Offsetting Financial Assets and Financial Liabilities

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

- (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.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. ACCOUNTING POLICIES (continued)

e. Financial assets and liabilities (continued)

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

f. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more tax 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 timing 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 timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

g. Going concern

The company has net current liabilities of US\$1,738 million as at 31 December 2015 (31 December 2014: net current liabilities of US\$787 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in these financial statements. The nature of estimation means that actual outcomes could differ from those estimates. In the opinion of management, there were no judgements made that had a significant effect on amounts recognised in the financial statements.

4. SEGMENTAL REPORTING

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

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2015	Year ended 31 December 2014
	US\$'000	US\$'000
Interest receivable from group undertakings	<u>620</u>	<u>318</u>

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2015	Year ended 31 December 2014
	US\$'000	US\$'000
Interest payable to group undertakings	41,477	42,886

7. AUDITORS' REMUNERATION

The auditors' remuneration for the current year of US\$51,857 (31 December 2014: US\$49,365) has been borne by a group undertaking.

8. 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.

9. DIRECTORS' EMOLUMENTS

The table below presents the company's directors' emoluments:

	Year ended 31 December 2015	Year ended 31 December 2014
	US\$'000	US\$'000
Directors:		
Aggregate emoluments	5	133
Company pension contributions to money purchase schemes	-	1
	5	134

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. This total only includes the value of cash and benefits in kind, and does not include the value of equity awards in accordance with the provisions of schedule 5 of Statutory Instrument 2008/410. Directors also receive emoluments for non qualifying services which are not required to be disclosed.

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

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

10. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2015	Year ended 31 December 2014
	USDS'000	USDS'000
U.K. corporation tax	(15,077)	(10,496)
Adjustments in respect of prior periods	1,593	-
Total tax on (loss) / profit on ordinary activities	(13,484)	(10,496)

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

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

	Year ended 31 December 2015	Year ended 31 December 2014
	US\$'000	US\$'000
(Loss) / Profit on ordinary activities before tax	(66,914)	324,661
(Loss) / Profit on ordinary activities at the weighted average rate in the U.K. 20.25% (2014: 21.50%)	(13,550)	69,802
Permanent differences	(1,527)	(80,530)
Controlled foreign company profit apportionment	-	232
Adjustments in respect of previous years	1,593	-
Total tax on (loss) / profit on ordinary activities	(13,484)	(10,496)

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

11. INVESTMENTS

Investments, which are unlisted and stated at cost less provision for impairment, comprise investments in group undertakings:

	Cost	Provisions for impairment	Net book value
	US\$'000	US\$'000	US\$'000
At 1 January 2015	3,756,829	(221,378)	3,535,451
Additions (see note (i))	381,440	-	381,440
Foreign exchange	(56,445)	-	(56,445)
Impairments (see note (ii))	-	(7,595)	(7,595)
Return of capital (see note (iii))	(1,483,732)	-	(1,483,732)
At 31 December 2015	2,598,092	(228,973)	2,369,119

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

- (i) On 11 August 2015, the company acquired the entire issued share capital of Broad Street Principal Investments International Limited from Goldman Sachs Group UK Limited for a total consideration of US\$160,279,555.

On 21 May 2015, the company acquired the entire issued share capital of Goldman Sachs Ireland Finance Limited following a dividend in specie from a subsidiary undertaking, Goldman Sachs Ireland Holdings Limited (see note (iii)), for a total consideration of US\$221,160,071.

- (ii) An impairment of US\$7,594,879 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.
- (iii) On 9 March 2015, GS Liquid Trading Platform I Limited made a distribution of US\$445,050,424. It was determined that a proportion of this dividend represented a distribution preceding the liquidation of the subsidiary and the company therefore treated US\$438,475,066 of this dividend as a return of capital and reduced the value of the investment by the dividend received. The remainder of the dividend has been recognised in the profit and loss account.

On 23 March 2015, Rothesay Life (Cayman) Limited made a distribution of US\$620,000,000. It was determined that this dividend represented a capital distribution and the company therefore treated this dividend as a return of capital and reduced the value of the investment by the dividend received.

On 28 April 2015, Nufcor Capital Limited made a distribution of US\$100,184. It was determined that this dividend represented a distribution preceding the liquidation of the subsidiary and the company therefore treated this dividend as a return of capital and reduced the value of the investment by the dividend received.

On 21 May 2015, Goldman Sachs Ireland Holdings Limited made a dividend in specie to the company of US\$221,160,071 representing its holding in Goldman Sachs Ireland Finance Limited. It was determined that this dividend in specie represented a distribution preceding the liquidation of the subsidiary and the company therefore treated US\$220,156,831 of this dividend as a return of capital and reduced the value of its investment in Goldman Sachs Ireland Holdings Limited by the dividend received. The remainder of the dividend has been recognised in the profit and loss account.

On 26 May 2015, Goldman Sachs Ireland Finance Limited made a capital distribution of US\$205,000,000. The company therefore treated this dividend as a return of capital and reduced the value of the investment by the dividend received.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

11. INVESTMENTS (continued)

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

Name of company	Place of incorporation	Nature of business	Holding and proportion of voting rights	Class of shares held
Shire UK Limited	England and Wales	Investment company	100%	Ordinary shares
			100%	Redeemable shares
Goldman Sachs (Monaco) S.A.M.	Monaco	Fund manager	100%	Ordinary shares
Scadbury UK Limited	England and Wales	Investment company	100%	Ordinary shares
GS Liquid Trading Platform II Limited	Jersey	Investment company	100%	Ordinary shares
Goldman Sachs Group U.K. Finance Limited	England and Wales	Investment company	100%	Ordinary shares
Goldman Sachs UK Retirement Plan Pension Trustee Limited	England and Wales	Corporate pension trustee	100%	Ordinary shares
Rothesay Life (Cayman) Limited	Cayman Islands	Investment company	100%	Ordinary shares
Goldman Sachs Europe Limited	Isle of Man	Service company	100%	Ordinary shares
Broad Street Principal Investments International Limited	Cayman Islands	Investment company	100%	Ordinary shares

The subsidiaries over which the company exercises control via ordinary shares held by or on behalf of other subsidiaries and not directly held by the company, are listed below:

Name of company	Place of incorporation	Nature of business	Holding and proportion of voting rights	Class of shares held
GS Equipment Finance II Limited	Cayman Islands	Investment company	100%	Ordinary shares
Forres LLC	Delaware, United States	Investment company	100%	Ordinary shares
			100%	Class A shares
			100%	Class B2 common shares
Forres Investments Limited	Cayman Islands	Investment company	100%	Class B2 preference shares
			100%	Ordinary shares
GS Funding Management Limited	Cayman Islands	Investment company	100%	Ordinary shares
GS Funding Investments Limited	Cayman Islands	Investment company	100%	Ordinary shares

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

11. INVESTMENTS (continued)

Name of company	Place of incorporation	Nature of business	Holding and proportion of voting rights	Class of shares held
Beheer- En Beleggingsmaatschappij Befraco B.V.	Netherlands	Leasing company	100%	Ordinary shares
Goldman Sachs Ireland Finance Limited	Ireland	Investment company	100%	Ordinary shares
Paternoster Limited	Isle of Man	Investment company	100%	Ordinary shares
GS Index Holdings Limited	England and Wales	Investment company	100%	Ordinary shares
			100%	Redeemable shares
GS Index Funding Limited	England and Wales	Investment company	100%	Ordinary shares
			100%	Redeemable shares
European Index Assets B.V.	Netherlands	Investment company	100%	Ordinary shares
			100%	Class B redeemable ordinary shares
Pumbaa Luxembourg S.A.R.L.	Luxembourg	Investment company	100%	Ordinary shares
CHCAY Limited	Cayman Islands	Investment company	100%	Ordinary shares
CHPG Finance Limited	Cayman Islands	Investment company	100%	Ordinary shares
GS European Investment I Ltd.	Cayman Islands	In liquidation	100%	Ordinary shares
Killingholme Power Group Limited	England and Wales	In liquidation	100%	Ordinary shares
GS Leasing Management Limited	Cayman Islands	In liquidation	100%	Ordinary shares
KPL Finance Limited	Cayman Islands	In liquidation	100%	Ordinary shares
Goldman Sachs Ireland Holdings Limited	Ireland	In liquidation	100%	Ordinary shares
Shire Funding Limited	Cayman Islands	In liquidation	100%	Ordinary shares
Shire Assets	England and Wales	In liquidation	100%	Ordinary shares
Shire II Assets Limited	Cayman Islands	In liquidation	100%	Ordinary shares
Scadbury Funding Limited	Cayman Islands	In liquidation	100%	Ordinary shares
Scadbury Assets	England and Wales	In liquidation	100%	Ordinary shares
Scadbury II Assets Limited	Cayman Islands	In liquidation	100%	Ordinary shares
Killingholme Generation Limited	England and Wales	In liquidation	100%	Ordinary shares

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

11. INVESTMENTS (continued)

Name of company	Place of incorporation	Nature of business	Holding and proportion of voting rights	Class of shares held
Killingholme Holdings Limited	England and Wales	In liquidation	100%	Ordinary shares
GS Killingholme Cayman Investments Limited	Cayman Islands	In liquidation	100%	Ordinary shares
KPL Holdings Limited	Cayman Islands	In liquidation	100%	Ordinary shares
GS Leasing No. 1 Limited	Cayman Islands	In liquidation	100%	Ordinary shares
GS Leasing No. 3 Limited	Cayman Islands	In liquidation	100%	Ordinary shares
GS Equipment Finance I Limited	Cayman Islands	In liquidation	100%	Ordinary shares
GS Equipment Finance II Limited	Cayman Islands	In liquidation	100%	Ordinary shares
GS Funding Management Limited	Cayman Islands	In liquidation	100%	Ordinary shares
GS Funding Investments Limited	Cayman Islands	In liquidation	100%	Ordinary shares
KPL Acquisitions Limited	Cayman Islands	In liquidation	100%	Ordinary shares
Paternoster Financial Services Limited	England and Wales	In liquidation	100%	Ordinary shares
Paternoster Holdings Limited	Isle of Man	In liquidation	100%	Ordinary shares
Paternoster Services Limited	England and Wales	In liquidation	100%	Ordinary shares
Paternoster UK Limited	England and Wales	In liquidation	100%	Ordinary shares

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

12. DEBTORS

	31 December 2015	31 December 2014
	US\$'000	US\$'000
Amounts due from group undertakings	995,839	2,190,856

Amounts due from group undertakings in the current and prior year include:

- interest free subordinated loans of US\$92.0 million (2014: US\$97.4 million) advanced by the company to group undertakings. These loans are unsecured and are repayable on demand by the company.
- a loan of US\$0.4 million (2014: US\$nil) advanced by the company to group undertakings. The loan is unsecured, carries interest at a variable rate and is repayable on demand by the company.
- an intercompany receivable of US\$866.5 million (2014: US\$1,995.5 million) due from Goldman Sachs Group UK Limited, the company's immediate parent undertaking. The receivable bears no interest and is repayable on demand by the company.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2015	31 December 2014
	US\$'000	US\$'000
Short-term loans payable to group undertakings	2,711,470	2,953,768
Amounts payable to group undertakings	20,873	19,113
Other creditors and accruals	11,124	6,775
	<u>2,743,467</u>	<u>2,979,656</u>

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

- amounts of US\$1,752.8 million (2014: US\$1,886.4 million) advanced to the company by group undertakings. The loans are unsecured, carry interest at a variable rate and are repayable on demand by the lender.
- an amount of US\$455.4 million (2014: US\$660.4 million) advanced to the company by Goldman Sachs Group UK Limited, the company's immediate parent undertaking. 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\$503.3 million (2014: US\$407.0 million) advanced to the company by The Goldman Sachs Group, Inc., the company's ultimate parent undertaking. This loan is in the form of an unsecured promissory note, carries interest at a variable rate and is repayable on demand by the lender.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

14. CALLED UP SHARE CAPITAL

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

	31 December 2015		31 December 2014	
	No.	US\$'000	No.	US\$'000
<u>Allotted, called up and fully paid</u>				
Ordinary shares of US\$0.01 each	277,213,690	2,772	246,076,966	2,461
		<u>2,772</u>		<u>2,461</u>

On 11 August 2015, as part of a group reorganisation, the company acquired the entire issued share capital of Broad Street Principal Investments International Limited ('BSPiIL') from Goldman Sachs Group UK Limited for a total consideration of US\$160,279,555. As consideration, the company issued 31,136,724 ordinary shares of US\$0.01 to Goldman Sachs Group UK Limited.

As part of this transaction, the company took advantage of the relief afforded to it under section 611 of the Companies Act 2006. As a result, share premium of US\$27,286,948 was recorded and the remaining difference between the nominal value of the shares issued and the market value, amounting to US\$132,681,240, was credited to other reserves.

15. MERGER RESERVE

In 2013, the company acquired Rothesay Life (Cayman) Limited ("RL Cayman") and its subsidiaries from a group undertaking through a share-for-share exchange. After the application of section 611 of Companies Act 2006, the investment in RL Cayman was recorded in the balance sheet at its fair value, and the difference between the nominal value of the shares issued and the value of the investment was credited to a non-distributable merger reserve.

Following this acquisition, the company received distributions from RL Cayman of US\$1,089,000,000. These distributions were accounted for as a reduction in the carrying value for the investment in RL Cayman (for the reasons described in note 11). Following receipt of these cash distributions, an amount of the merger reserve equivalent to this amount became distributable profits. As a result, the company reflected a transfer of US\$1,089,000,000 from the merger reserve to the profit and loss reserve on receipt of these dividends.

16. 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 exposed to any externally imposed capital requirements.

The company is exposed to financial risk through its financial assets and financial liabilities. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the most important components of financial risk the directors consider relevant to the company and its subsidiaries 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

Relevant market risks for the company are interest rate risk and currency risk. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

16. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

a. Market Risk (continued)

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

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

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

Interest-rate sensitivity analysis

With respect to the company's exposure to interest rates on its variable-rate net borrowings, and assuming that the amount of liability outstanding at balance sheet date was for the whole year, if interest rates had been 0.5 per cent higher/lower and all other variables were held constant, the company's loss/profit for the year would decrease/increase by US\$13.5 million (2014: US\$14.4 million).

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 2015.

c. Liquidity Risk

Liquidity risk is the risk that the company does not have sufficient cash to make payments to its counterparties or customers as they fall due. The company, as part of a global group, has in place a comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial Assets and Liabilities by Category

All financial assets are categorised as loans and receivables in the current and prior years. All liabilities are held at amortised cost in the current and prior years.

b. Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value

As of 31 December 2015 and 31 December 2014, all of the company's financial assets and liabilities were not measured at fair value. Given these instruments are predominantly short-term in nature, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

GOLDMAN SACHS GROUP HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

c. Maturity of Financial Liabilities

The tables below present the undiscounted cash flows of the company's financial liabilities by contractual maturity, including interest that will accrue, based on the earliest date on which the company can be required to pay.

31 December 2015

	More Than One Month But Less Than Three Months US\$'000	More Than Three Months But Less Than One Year US\$'000	More Than One Year But Less Than Five Years US\$'000	Greater than Five Years US\$'000	Total US\$'000
Financial liabilities					
Other liabilities	1,784,789	963,793	-	-	2,748,582
Total - on balance sheet	1,784,789	963,793	-	-	2,748,582

31 December 2014

	More Than One Month But Less Than Three Months US\$'000	More Than Three Months But Less Than One Year US\$'000	More Than One Year But Less Than Five Years US\$'000	Greater than Five Years US\$'000	Total US\$'000
Financial liabilities					
Other liabilities	1,912,297	1,072,028	-	-	2,984,325
Total - on balance sheet	1,912,297	1,072,028	-	-	2,984,325

18. POST BALANCE SHEET EVENTS

On 24 March 2016, the company acquired the entire issued share capital of ELQ Investors VIII Limited in a share-for-share exchange with its immediate parent undertaking, Goldman Sachs Group UK Limited. As a result, the company issued 40,179,790 ordinary shares of US\$0.01 each.