

Company Number: 12862467

**GOLDMAN SACHS UK FUNDING LIMITED**

**ANNUAL REPORT**

**30 NOVEMBER 2020**

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## STRATEGIC REPORT

The directors present their strategic report for the period ended 30 November 2020.

### 1. Introduction

Goldman Sachs UK Funding Limited (the company) was incorporated on 7 September 2020. The principal activity of the company is to undertake investment business.

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

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

### 2. Financial overview

The financial statements have been drawn up for the 12 week period ended 30 November 2020. No comparative information has been presented as this is the first accounting period of the company.

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

The results for the period are shown in the profit and loss account on page 8. Profit before taxation for the period ended 30 November 2020 was US\$15.2 million.

The company had total assets of US\$17,295.2 million and total liabilities of US\$17,295.2 million.

### 3. Exchange rate

The British pound/U.S. dollar exchange rate at the balance sheet date was £ / US\$ 1.3343. The average rate for the period was £ / US\$ 1.3066.

### 4. Future outlook

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. The company has not and is not expected to incur material financial impact associated with COVID-19.

### 5. Principal risks and uncertainties

The directors consider that the most important component of the company's financial risk are market risk and credit risk. The company also has limited exposure to operational, legal, regulatory and compliance risks. The company, as part of a global group, adheres to global risk management policies and procedures. The company's risk management objectives and policies are described in note 17 of the financial statements.

### 6. Principal decision making and stakeholder engagement

The directors of the company carry out their duties in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of GS Group as a whole, and in doing so have regards (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the need to foster the company's business relationships with others;
- c) the impact of the company's operations on the community and the environment;

**STRATEGIC REPORT (continued)**

**6. Principal decision making and stakeholder engagement (continued)**

- d) the desirability of the company maintaining a reputation for high standards of business conduct; and
- e) the need to act fairly as between members of the company.

In meeting the requirements under section 172 of the Companies Act 2006 the Board is guided by the Code of Business Conduct and Ethics and the risk and governance framework of GS Group, as well as the corporate governance framework of the company and considers the views of key stakeholders when making decisions that influence the company's current and future operations and reputation. The directors of the company receive information on a variety of topics that assist them in their oversight of the company's business.

**7. Date of authorisation of issue**

The strategic report was authorised for issue by the Board of Directors on 21 October 2021.

**ON BEHALF OF THE BOARD**



**V. Chima**  
**Director**

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the period ended 30 November 2020.

**1. Introduction**

In accordance with section 414A of the Companies Act 2006, the directors have prepared a Strategic report, which contains a review of the company's 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, as well as future outlook in accordance with section 414C(11) of the Companies Act 2006, that would otherwise have been reported in the directors' report. The directors have also chosen to make reference to the requirements of Section 172(1) in the Strategic report in accordance with section 414C(11).

**2. Dividends**

During the period the directors resolved to pay, and the company paid, an interim dividend of US\$62.4 million on the mandatorily redeemable ordinary shares ('MROS') (see note 14) and US\$nil on the ordinary shares.

As a result of a subsequent revision to management's estimate for expected credit losses on financial assets measured at amortised cost, US\$32.8 million of the interim dividend on the MROS was later considered to be in excess of distributable profits at the time of the distribution and accordingly was accounted for as a receivable from the company's immediate parent undertaking (see note 11). Between 1 December 2020 and the date of this report, the distributable reserves of the company have increased sufficiently and the entire receivable of US\$32.8 million has been derecognised.

The directors do not recommend the payment of a final dividend in respect of the period.

**3. Disclosure of information to auditors**

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**4. Independent auditors**

The auditors, PricewaterhouseCoopers LLP were appointed on 18 September 2020.

**5. Directors**

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

Name	Appointed	Resigned
V. Chima	7 September 2020	
S. Barabas	7 September 2020	
W. T. Gasson	7 September 2020	16 October 2020
P. Curle	30 November 2020	

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

**DIRECTORS' REPORT (continued)**

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

No energy usage has been attributed to the company during the period and, as such, the company is not required to provide disclosure prescribed by part 7 of Schedule 7 (disclosure concerning greenhouse gas emissions) of S.I. 2008/410.

**7. Date of authorisation of issue**

The financial statements were authorised for issue by the Board of Directors on 21 October 2021.

**ON BEHALF OF THE BOARD**



**V. Chima**  
**Director**

# **Independent auditors' report to the members of Goldman Sachs UK Funding Limited**

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## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Goldman Sachs UK Funding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2020 and of its result for the period from 7 September 2020 to 30 November 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: balance sheet as at 30 November 2020; profit and loss account and statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

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

#### *Independence*

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

### **Conclusions relating to going concern**

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

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

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

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## **Independent auditors' report to the members of Goldman Sachs UK Funding Limited**

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

### *Strategic report and directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 November 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Using our data auditing tools to identify manual journals with a higher inherent risk of fraud, and obtaining appropriate audit evidence to support these journals;
- Incorporating unpredictability into the nature, timing and/or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of financial liabilities measured at fair value.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Independent auditors' report to the members of Goldman Sachs UK Funding Limited**

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### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mike Wallace (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21 October 2021



# **GOLDMAN SACHS UK FUNDING LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**for the period ended 30 November 2020**

		<b>Period ended 30 November 2020</b>
	<b>Note</b>	<b>US\$'000</b>
Interest receivable and similar income	4	78,534
Net losses on financial instruments at fair value	5	(30,468)
Impairment of financial assets	6	(32,839)
Administrative expenses	7	(5)
<b>OPERATING PROFIT AND PROFIT BEFORE TAXATION</b>		<b>15,222</b>
Tax on profit	10	(15,222)
<b>RESULT FOR THE FINANCIAL PERIOD</b>		<b>-</b>

The operating profits of the company are derived from continuing operations in the current period.

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

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

# GOLDMAN SACHS UK FUNDING LIMITED

## BALANCE SHEET

as at 30 November 2020

		30 November 2020
	Note	US\$'000
<b>CURRENT ASSETS</b>		
Debtors: Amounts falling due within one year	11	48,972
Debtors: Amounts falling due after more than one year	12	17,246,237
		17,295,209
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	(15,227)
<b>NET CURRENT ASSETS</b>		17,279,982
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	14	17,279,982
<b>NET ASSETS</b>		-
<b>CAPITAL AND RESERVES</b>		
Called up share capital	15	-
Profit and loss account		-
<b>TOTAL SHAREHOLDER'S FUNDS</b>		-

The financial statements were approved by the Board of Directors on 21 October 2021 and signed on its behalf by:



V. Chima  
Director

## GOLDMAN SACHS UK FUNDING LIMITED

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### STATEMENT OF CHANGES IN EQUITY

for the period ended 30 November 2020

		Called up share capital	Profit and loss account	Total shareholder's funds
	Note	US\$'000	US\$'000	US\$'000
Balance at 7 September 2020		-	-	-
Proceeds from shares issued	15	-	-	-
Result for the financial period		-	-	-
Balance at 30 November 2020		-	-	-

The directors do not recommend the payment of a dividend in respect of the period.

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

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# **GOLDMAN SACHS UK FUNDING LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020**

### **1. GENERAL INFORMATION**

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Plumtree Court, 25 Shoe Lane, London, EC4A 4AU, United Kingdom. The immediate parent undertaking is Goldman Sachs (UK) L.L.C., a company incorporated and domiciled in the United States of America.

The ultimate parent undertaking and the parent company of the smallest and largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at [www.goldmansachs.com/investor-relations/](http://www.goldmansachs.com/investor-relations/).

### **2. ACCOUNTING POLICIES**

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

#### **a. Basis of Preparation**

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

The following exemptions from disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the E.U. have been applied in the preparation of these financial statements in accordance with FRS 101:

- (i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;
- (ii) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);
- (iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 16, 38A-D, 111 and 134-136;
- (iv) IAS 7 'Statement of Cash Flows';
- (v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- (vi) IAS 24 'Related Party Disclosures' paragraph 17 and 18A; and
- (vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within the GS Group.

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

#### **b. Dividends**

Final dividends on ordinary shares are recognised as a liability and deducted from equity in the period in which the dividends are approved by the company's shareholder. Interim dividends on ordinary shares are recognised and deducted from equity when paid. Interim dividends on mandatorily redeemable ordinary shares, classified as liabilities, are treated as repayments of financial liabilities.

**NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020**

**2. ACCOUNTING POLICIES (continued)**

**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 prevailing on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are recognised in the profit and loss account.

**d. Financial assets and financial liabilities**

**(i) Recognition and derecognition**

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and the transfer qualifies for derecognition. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset or if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control. Financial liabilities are derecognised only when they are extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

**(ii) Classification and measurement**

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

The company classifies financial assets into Financial assets measured at amortised cost on the basis of both the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The company's business model is to hold the assets to collect contractual cash flows and the cash flows represent solely payments of principal and interest. If these conditions were not met, the financial assets would be mandatorily measured at fair value through profit or loss.

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

The company classifies its financial liabilities as financial liabilities designated at fair value through profit or loss or financial liabilities at amortised cost. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated.

**NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020**

**2. ACCOUNTING POLICIES (continued)**

**(ii) Classification and measurement (continued)**

**Financial liabilities measured at amortised cost**

Financial liabilities measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method (see above). Finance costs, including discounts allowed on issue, are recorded in interest payable and similar expenses. Financial liabilities measured at amortised cost include amounts falling due within one year and after more than one year.

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

Financial liabilities designated at fair value through profit or loss comprise mandatorily redeemable ordinary shares issued to a parent. These financial liabilities are designated at fair value as this designation eliminates or significantly reduces a measurement or recognition inconsistency. Financial liabilities designated at fair value through profit or loss are initially measured at fair value and subsequently at fair value through profit or loss, with the changes in fair value attributable to the changes in own credit risk being recognised in other comprehensive income, if it does not create or enlarge accounting mismatch. Financial liabilities designated at fair value through profit or loss include amounts falling due after more than one year.

**(iii) Impairment**

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

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

- Stage 1. Financial assets measured at amortised cost that are not credit-impaired on initial recognition and there has been no significant increase in credit risk since initial recognition. The ECL is measured at an amount equal to the expected credit losses that result from default events possible within the next twelve months.
- Stage 2. Financial assets measured at amortised cost where there has been a significant increase in credit risk since initial recognition, however not yet deemed to be credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.
- Stage 3. Financial assets measured at amortised cost that are in default, or are defined as credit-impaired. The ECL is measured based on expected credit losses on a lifetime basis.

**NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020**

**2. ACCOUNTING POLICIES (continued)**

**(iii) Impairment (continued)**

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

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

The ECL model takes into account the weighted average of a range of forecasts of future economic conditions. The forecasts include baseline, favourable and adverse economic scenarios over a three-year period. To the extent the company has financial assets in Stage 2 or Stage 3 which have an expected life beyond three years, the model reverts to historical loss information based on a non-linear modelled approach. The company applies judgement in weighing individual scenarios each quarter based on a variety of factors, including internally derived economic outlook, market consensus, recent macroeconomic conditions and industry trends.

Forward-looking information, such as key economic variables impacting credit risk and expected credit losses, is incorporated into both the assessment of staging and the calculation of ECL. The company writes off financial assets, in whole or in part, when it has concluded that there is no reasonable expectation of recovery. When a financial asset is deemed to be uncollectable, the company concludes this to be an indicator that there is no reasonable expectation of recovery. The company still seeks to recover amounts it is legally owed in full, but which have been wholly or partially written off due to no reasonable expectation of full recovery.

## **GOLDMAN SACHS UK FUNDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020**

#### **2. ACCOUNTING POLICIES (continued)**

##### **e. Current and deferred tax**

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

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

Deferred tax is recognised in respect of all temporary differences that have originated, but not reversed at the balance sheet date, where transactions or events have occurred by 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 temporary differences can be deducted.
- (ii) Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### **f. Share capital**

Ordinary share capital is classified as equity.

#### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

#### **4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>Period ended</b>
	<b>30 November 2020</b>
	<b>US\$'000</b>
Interest on loans to group undertakings (see note 11 and 12)	<b>78,534</b>



## **GOLDMAN SACHS UK FUNDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020**

#### **5. NET LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE**

	<b>Period ended</b>
	<b>30 November 2020</b>
	<b>US\$'000</b>
Net losses on financial instruments at fair value (see note 15)	<b>30,468</b>

Net losses on financial instruments at fair value represents the net loss on mandatorily redeemable ordinary shares classified as a financial liability designated through profit and loss (see note 14 and 15).

#### **6. IMPAIRMENT OF FINANCIAL ASSETS**

	<b>Period ended</b>
	<b>30 November 2020</b>
	<b>US\$'000</b>
ECL on loans to group undertakings	<b>32,839</b>

Impairments on financial assets comprises ECL on loans to group undertakings and were calculated using an ECL model as described in note 2d.

#### **7. ADMINISTRATIVE EXPENSES**

	<b>Period ended</b>
	<b>30 November 2020</b>
	<b>US\$'000</b>
Foreign exchange losses	<b>5</b>

The auditors' remuneration for the audit of the financial statements for the current period of £10,000 (US\$13,066) has been borne by a group undertaking.

#### **8. STAFF COSTS**

The company has no employees. All persons involved in the company's operations are employed by group undertakings and no costs are borne by the company.

#### **9. DIRECTORS' EMOLUMENTS**

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

## GOLDMAN SACHS UK FUNDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020

#### 10. TAX ON PROFIT

	Period ended 30 November 2020 US\$'000
Current tax:	
U.K. corporation tax	15,222
<b>Total tax on profit</b>	<b>15,222</b>

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

	Period ended 30 November 2020 US\$'000
Profit before taxation	15,222
Profit multiplied by the standard rate in the U.K. of 19%	2,892
Permanent differences	12,028
Exchange differences	302
<b>Total tax on profit</b>	<b>15,222</b>

#### 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 November 2020 US\$'000
Amounts due from group undertakings	47,861
Interest receivable on loans to group undertakings	1,111
	<b>48,972</b>

Amounts due from group undertakings includes cash balances held on account by a fellow group undertaking.

In addition, amounts due from group undertakings includes a receivable of US\$32.8 million from the company's immediate parent undertaking in relation to a portion of a interim dividend considered to be in excess of distributable profits. Subsequent to the period end the distributable reserves of the company have increased sufficiently and the entire receivable has been derecognised.

## **GOLDMAN SACHS UK FUNDING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020**

#### **12. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

**30 November 2020**

**US\$'000**

Long term loans due from group undertakings

**17,246,237**

During the period, a senior loan of US\$13.1 billion and subordinated loans totalling US\$4.2 billion to Goldman Sachs Group UK Limited were novated to the Company by Goldman Sachs (UK) L.L.C in exchange for the issuance of mandatorily redeemable ordinary shares. The loans are unsecured and carry interest at a variable margin over the U.S. Federal Reserve's federal funds rate. The senior loan has a maturity date of 6 March 2022, which was subsequent to the period end extended to 6 March 2027. The subordinated loans comprise two facilities of US\$3.5 billion and US\$0.7 billion with maturity dates of 9 September 2030 and 26 December 2029 respectively.

The repayment of the loans requires a written repayment notice of at least five years after the date of the advance or issuance and is subject to approval from the Prudential Regulation Authority.

Long term loans from group undertakings in the current period includes an allowance for impairment of US\$32.8 million as at 30 November 2020. These financial assets have remained in stage 1 throughout the whole period.

#### **13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

**30 November 2020**

**US\$'000**

Amounts due to group undertakings

**15,220**

Corporation tax payable

**7**

**15,227**

#### **14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

**30 November 2020**

**US\$'000**

Mandatorily redeemable ordinary shares (see note 15)

**17,279,982**

On 30 November 2020, the directors resolved to pay, and the company paid, an interim dividend of \$62.4 million on the mandatorily redeemable ordinary shares. The mandatorily redeemable ordinary shares are classified as financial liabilities (see note 15) and the dividend is accounted for as a repayment of a financial liability.

# GOLDMAN SACHS UK FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020

### 15. CALLED UP SHARE CAPITAL

At 30 November 2020 share capital comprised:

	30 November 2020	
	No.	US\$'000
<b><u>Allotted, issued and fully paid</u></b>		
Ordinary shares of US\$1 each	1	-

During the period, the company issued 1 ordinary share of US\$1 to its parent Goldman Sachs (UK) L.L.C. and 17,279,075,552 mandatorily redeemable ordinary shares at \$0.01 par value for a total consideration of \$17,279,075,552.

Ordinary shares and mandatorily redeemable ordinary shares rank pari passu in respect of dividends, voting rights and any amounts due in the event of winding up or other return of capital.

The mandatorily redeemable ordinary shares must be redeemed on 21 September 2040 for such amount as the holder of the shares would be entitled to on a liquidation of the company on the maturity date. Due to the mandatory redemption and measurement requirements, the mandatorily redeemable ordinary shares are classified as a liability designated at fair value through profit and loss, included within Creditors: Amounts falling due after more than one year (see note 5 and 14).

### 16. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments or contingencies outstanding at the period end.

### 17. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors including the business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in market environments.

The company is not subject to any externally imposed capital requirements.

The directors consider that the most important components of the company's financial risk are market risk and credit risk. The company, as part of a global group, adheres to global risk management policies and procedures.

#### a. Market risk

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

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

If interest rates had been 0.5 percent higher/lower and all other variables were held constant, there would be no impact on the company's profit for the period, which would have remained at nil as the mandatorily redeemable ordinary shares treated as liabilities are redeemable at the net asset value of the company.

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

# GOLDMAN SACHS UK FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020

### 17. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

The company's functional currency is the U.S. dollar. At 30 November 2020, the company had no material net exposures to other currencies.

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

#### b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in 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 30 November 2020. The company is exposed to credit risk from its amounts due from group undertakings, for which the credit risk is considered minimal. As at 30 November 2020, the company had no debtors past due.

### 18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### (a) Financial assets and financial liabilities by category

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

	30 November 2020		
	Mandatorily at fair value	Amortised cost	Total
	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>			
Debtors: Amounts falling due within one year	-	48,972	48,972
Debtors: Amounts falling due after more than one year	-	17,246,237	17,246,237
	-	17,295,209	17,295,209

#### (b) Fair value hierarchy

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

## GOLDMAN SACHS UK FUNDING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020

#### 18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair value hierarchy is as follows:

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

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

#### (c) Fair value of financial assets and financial liabilities by level

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

	As of 30 November 2020			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Financial liabilities at fair value</b>				
Creditors: Amounts due after more than one year	-	17,279,982	-	17,279,982
<b>Total financial liabilities at fair value</b>	-	17,279,982	-	17,279,982

#### (d) Valuation techniques and significant inputs

##### Cash instruments

Cash instruments include government bonds and bank loans. Valuation techniques and significant inputs for each level of the fair value hierarchy include:

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

Valuation adjustments are typically made to level 2 cash instruments (i) if the cash instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.

- Level 3 cash instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 cash instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values

## **GOLDMAN SACHS UK FUNDING LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020**

#### **18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

- (d) Valuation techniques and significant inputs (continued)**  
realised on sales of financial assets.

# GOLDMAN SACHS UK FUNDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 NOVEMBER 2020

### 18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

#### (e) Fair value of financial assets and financial liabilities not measured at fair value

The company has US\$49.0 million of current financial assets and US\$15.0 million of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

The company has US\$17,246.2 million of financial assets due after more than one year that are not measured at fair value and predominantly relate to long-term intercompany borrowings. The interest rate associated with such borrowings is variable in nature and approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet is a reasonable approximation of fair value.

#### (f) 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.

30 November 2020					
	Less than one month US\$'000	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
Financial liabilities	Total US\$'000				
Creditors: amounts due within one year	-	15,227	-	-	15,227
Creditors: Amounts due after more than one year	-	-	-	- 17,279,982	17,279,982
<b>Total - on balance sheet</b>	<b>-</b>	<b>15,227</b>	<b>-</b>	<b>- 17,279,982</b>	<b>17,295,209</b>