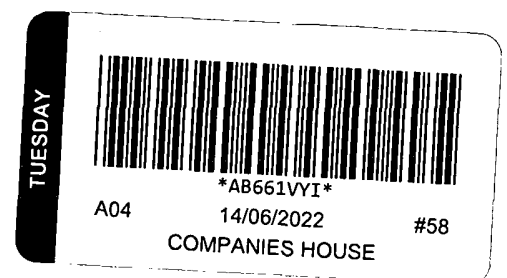


Registered number: 00973765

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Directors' Report and Financial Statements

For the Year Ended 31 December 2021



BARCLAYS INSURANCE SERVICES COMPANY LIMITED

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BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Directors' Report For the Year Ended 31 December 2021

The Directors present their annual report together with the audited financial statements of Barclays Insurance Services Company Limited (the 'Company') for the year ended 31 December 2021.

Profit and dividends

During the year the Company made a profit after tax of £14,228,000 (2020: £10,564,000). Dividends of £10,500,000 were paid in May 2021 (2020: £7,400,000).

Post balance sheet events

As BISCO continues to focus its business activities on its core strategic product areas agreed with the board, it is in the process of exiting a sub scale, non-core partnership. This represents less than 2% of the overall business activities and revenue for 2022

Directors

The Directors of the Company, who served during the year and up to the date of signing the financial statements, together with their dates of appointment and resignation, where appropriate, are as shown below:

D W Kelly
D Klee (resigned on 31/01/2022)
C J Mack
N M De Niese (resigned on 15/07/2021)
A M Stewart (resigned on 09/07/2021)

Going concern

After reviewing the Company's financial position, performance projections (including, where relevant, the impact of the COVID-19 pandemic and current geopolitical tensions) and available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations, as they fall due and to continue in operational existence for at least the next 12 months from the date of signing these financial statements. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Directors' Report For the Year Ended 31 December 2021

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and 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 year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act, 2006 and applicable law.

Under Company law the 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- State whether they have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Financial risk management

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to are outlined in note 17.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Directors' Report For the Year Ended 31 December 2021

Directors third party indemnity provisions

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2021 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

Environment

Barclays Insurance Service Company Limited is a wholly owned subsidiary, whose ultimate parent is Barclays PLC (the 'Group') and the Company therefore adopts the Group's approach to manage Environmental, Social and Governance ('ESG') issues

The Barclays Group focuses on addressing environmental issues where it is felt that there is good potential to make a difference. As the global effort to tackle climate change grows, the Barclays Group is moving rapidly to take a leading role in contributing to the transition to a low-carbon economy. In March 2020, Barclays Group set out its ambition to be a net zero bank by 2050.

To successfully fulfil against Group's Purpose, it must be ensured that needs of all stakeholders are addressed. This includes customers and clients, colleagues, investors and the society.

The longevity of the business can only be ensured if the challenges are tackled on time, such as social inequality and climate change, whilst minimising any unintended and adverse impacts of operations and business as a financial institution. Group seeks to identify and understand the environmental, social and governance factors which impact the organisation and how the surrounding environment and society are treated. This is done in the context of financial services provided, the operational geographies and the needs of customers and clients.

Group will continue to identify new opportunities and strive to integrate broader social and environmental impact in a way business is governed and work is performed every day to help customers and clients; colleagues and society.

While Barclays Group has managed ESG issues for several years, the approach continues to evolve in response to dynamic external environment, increasing investor and other stakeholder attention and continued innovation in business and product offerings. Group recognises that the focus on the societal impact of businesses and performance against wider ESG factors has increased in recent years, with growing interest from a range of stakeholders including investors, clients, policy makers and regulators.

Disclosure of global greenhouse gas emissions is done at a Barclays Group level with information available in the Barclays PLC Annual Report 2021 with fuller disclosure available on Group website at home.barclays.com/citizenship.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Directors' Report For the Year Ended 31 December 2021

Independent auditor


Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In response to The Companies (Miscellaneous Reporting) Regulations 2018, further information on stakeholder engagement can be found in the Strategic Report.

This report was approved by the board and signed on its behalf.

DocuSigned by:

324EDACE3F924C1...

C J Mack

Director

Date: 01 June 2022

Company number: 00973765

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Strategic Report For the Year Ended 31 December 2021

Review and principal activities

The principal activity of Barclays Insurance Services Company Limited (the 'Company') is the selling of general and life insurance services. The Company does not hold client monies or directly underwrite general and life insurance policies.

The majority of the Company's distribution arrangements are with Aviva PLC, Monument Insurance (Dublin) and with Legal & General across various insurance products accounting for approximately 91% of the Company's total income this year (2020: 89%). The Company started selling Gadget and Travel Insurance Products from 2020 onwards, in accordance with the strategic decision to consolidate all Insurance products in the Company.

Business performance

The results of the Company show a profit before tax of £17,564,000 (2020: £13,041,000) for the year and total comprehensive income of £14,228,000 (2020: £10,564,000). The profit of the Company has increased in the year due to Travel & Gadget insurance sales and profit share earned from Monument. Net cash inflow from operating activities for 2021 was £14,994,000 (2020: £14,282,000). The major reason for the increase in cash flow in proportion to 2020 is attributable to higher profit in 2021.

Principal risks and uncertainties

The Company is exposed to internal and external risks of ongoing activities. These risks are managed as part of the Company's business model.

The COVID-19 pandemic continued in 2021 and may persist for a prolonged period. However, the negative economic impact of the pandemic was mainly in 2020 with markets appreciating in value in 2021. Furthermore, the current geopolitical tensions that arose in 2022 may also persist for a prolonged period and introduce broad macroeconomic risks, which result in market volatility. This market volatility introduces a risk of reduction in future revenue which is dependent on number of policies sold and commission earned.

An increased level of government sanctions, because of these geopolitical tensions, has also heightened awareness of certain principal risks such as conduct and reputational risk.

Future outlook

Barclays Insurance Service Company Limited, along with its immediate parent, Barclays Bank UK PLC, adopts Barclays PLC's annual business and capital planning process. This involves the development of a 5 year Medium Term Plan for the Company's business which is approved by the Board.

For the purposes of the Medium Term Plan, the Company produces revenue, cost forecasts in line with the Group's central macro-economic forecast as applicable to the Company's business. The forecasts are produced with the input of key stakeholders from across the Company and is subject to review and challenge by the Company's senior management and Board.

The revenue and cost projections have been utilised to generate a forecast of the Company's capital adequacy position over the planning horizon. The Directors remain confident that the Company will maintain the current level of performance in the future.

Key performance indicators

The Directors of Barclays PLC manage the Group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Barclays UK, the relevant business cluster for the Company is discussed in the Barclays PLC annual report, which does not form part of this report.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Strategic Report (continued) For the Year Ended 31 December 2021

Section 172(1) statement

The Directors have acted in the way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and this section forms our section 172 disclosure, describing how, in doing so, the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The Directors also took into account the views and interests of a wider set of stakeholders, including regulators.

The Directors amongst other matters, had regard to:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

You can find out more about who the Barclays Group's stakeholders are, how management and/or the Directors engaged with them, the key issues raised and actions taken on page 16 of the Barclays PLC Annual Report 2021 and also on page 11 of the Barclays Bank UK PLC Annual Report 2021 (both of which are incorporated by reference into this statement).

Considering this broad range of interests is an important part of the way the Board makes decisions, although in balancing those different perspectives it will not always be possible to deliver everyone's desired outcome.

How does the board engage with stakeholders?

Depending on the decision in question, the relevance of each particular stakeholder group may differ, and equally the Board adopts a variety of methods of engagement with different stakeholder groups. The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of the Company means that stakeholder engagement often takes place at an operational level.

In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays Group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the Barclays Group.

The Board considers and discusses information from across the organisation to help it understand the impact of the Company's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

The following are some examples of how the Directors have had regard to the matters set out in sections 172 (1)(a)-(f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Strategic Report (continued) For the Year Ended 31 December 2021

Engagement in action

COVID-19

Throughout almost the entirety of 2021, as the pandemic unfurled, the primary focus of the Company and the Board has been on (i) maintaining service levels with strategic partners, leading to limited interruption to customers; (ii) the operational and financial resilience of the Company to ensure that it has been able to maximise, indirectly, the Group's support for the economy and society during a time of such challenge; (iii) the health and wellbeing of Barclays Group colleagues; and (iv) the continued satisfactory control environment including reviewing the processes to monitor and mitigate risk.

The Board has demonstrated leadership and oversight during the pandemic (which continues at the date of this report) and in the face of the uncertainties during the year surrounding that transition.

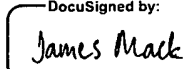
Geopolitical Tensions

The Company and the Board have established a strong risk management culture. Risks are identified and overseen through the Enterprise Risk Management Framework which specifies the principal risks of the Company and the approach to managing them. Current geopolitical tensions have also heightened awareness of certain principal risks such as conduct and reputational risk. These risks are managed within the established risk framework and key performance indicators remain within the risk appetite defined by the Company.

Customer Focus

Despite the challenging environment, the Board have ensured that all customers received tailored, targeted communication, as well as enhanced FAQs, to ensure that customers felt well informed and in line with their expectations.

This report was approved by the board and signed on its behalf.

DocuSigned by:

324EDACE3F924C1...
C J Mack
Director
Date: 1 June 2022
Company number: 00973765

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Independent Auditor's Report to the Members of Barclays Insurance Services Company Limited

Opinion

We have audited the financial statements of Barclays Insurance Services Company Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards in; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Independent Auditor's Report to the Members of Barclays Insurance Services Company Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and operational management including inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Review of Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is straightforward with no judgement involved in the calculation, and no pressures or incentives for management to manipulate revenue have been identified.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Barclays group-wide fraud risk management controls

We performed procedures including identifying journal entries to test based on risk criteria, including high-risk journal entries and other adjustments made at the end of the reporting period.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Independent Auditor's Report to the Members of Barclays Insurance Services Company Limited (continued)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect:

- specific aspects of regulatory capital
- certain aspects of Company legislation recognising the financial and regulated nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Independent Auditor's Report to the Members of Barclays Insurance Services Company Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Smith (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 1 June 2022

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021**

| | Note | 2021 £000 | 2020 £000 |
|-----------------------------------|-------------|----------------------|----------------------|
| Continued operations | | | |
| Revenue | 6 | 60,121 | 54,117 |
| Other income | 6 | - | 1,350 |
| | | <hr/> | <hr/> |
| Gross revenue | | 60,121 | 55,467 |
| Administrative expenses | 7 | (42,584) | (42,487) |
| | | <hr/> | <hr/> |
| Profit from operations | | 17,537 | 12,980 |
| Finance income | 9 | 27 | 61 |
| | | <hr/> | <hr/> |
| Profit before tax | | 17,564 | 13,041 |
| Tax expense | 10 | (3,336) | (2,477) |
| | | <hr/> | <hr/> |
| Profit for the year | | 14,228 | 10,564 |
| | | <hr/> | <hr/> |
| Total comprehensive income | | 14,228 | 10,564 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes on pages 17 to 32 form an integral part of the financial statements.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED
Registered number: 00973765

Statement of Financial Position
As at 31 December 2021

| | Note | 2021 £000 | 2020 £000 |
|------------------------------------|------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Deferred tax assets | 10 | 7 | 6 |
| | | <u>7</u> | <u>6</u> |
| Total non-current assets | | | |
| Current assets | | | |
| Trade and other receivables | 12 | 7,629 | 5,993 |
| Cash and cash equivalents | | 29,307 | 24,786 |
| | | <u>36,936</u> | <u>30,779</u> |
| Total current assets | | | |
| | | <u>36,943</u> | <u>30,785</u> |
| Total assets | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 7,995 | 6,091 |
| Current tax liabilities | 10 | 3,336 | 2,476 |
| Provisions | 14 | 5,303 | 5,637 |
| | | <u>16,634</u> | <u>14,204</u> |
| Total liabilities | | | |
| | | <u>20,309</u> | <u>16,581</u> |
| Net assets | | | |
| Issued capital and reserves | | | |
| Share capital | 15 | 100 | 100 |
| Retained earnings | | 20,209 | 16,481 |
| | | <u>20,309</u> | <u>16,581</u> |
| TOTAL EQUITY | | | |
| | | <u>20,309</u> | <u>16,581</u> |

The financial statements on pages 13-32 were approved on 31 May 2022 and authorised for issue by the Board of Directors and were signed on its behalf by:

DocuSigned by:

 324EDACE3F924C1...
C J Mack
 Director

Date: 1 June 2022

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Statement of Changes in Equity
For the Year Ended 31 December 2021**

| | Share capital £000 | Retained earnings £000 | Total equity £000 |
|---|----------------------------------|--------------------------------------|-----------------------------|
| At 1 January 2021 | 100 | 16,481 | 16,581 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 14,228 | 14,228 |
| Other comprehensive income | - | - | - |
| | <u>-</u> | <u>14,228</u> | <u>14,228</u> |
| Total comprehensive income for the year | | | |
| Contributions by and distributions to owners | | | |
| Dividends | - | (10,500) | (10,500) |
| | <u>-</u> | <u>(10,500)</u> | <u>(10,500)</u> |
| Total contributions by and distributions to owners | | | |
| | <u>100</u> | <u>20,209</u> | <u>20,309</u> |

| | Share capital £000 | Retained earnings £000 | Total equity £000 |
|---|----------------------------------|--------------------------------------|-----------------------------|
| At 1 January 2020 | 100 | 13,317 | 13,417 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 10,564 | 10,564 |
| Other comprehensive income | - | - | - |
| | <u>-</u> | <u>10,564</u> | <u>10,564</u> |
| Total comprehensive income for the year | | | |
| Contributions by and distributions to owners | | | |
| Dividends | - | (7,400) | (7,400) |
| | <u>-</u> | <u>(7,400)</u> | <u>(7,400)</u> |
| Total contributions by and distributions to owners | | | |
| | <u>100</u> | <u>16,481</u> | <u>16,581</u> |

The accompanying notes on pages 17 to 32 form an integral part of the financial statements.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Statement of Cash Flows
For the Year Ended 31 December 2021**

| | 2021 £000 | 2020 £000 |
|---|-----------------|----------------|
| Continued operations | | |
| Cash flows from operating activities | | |
| Profit for the year | 14,228 | 10,564 |
| Adjustments for | | |
| Finance income - interest received | (27) | (61) |
| Income tax expense | 3,336 | 2,477 |
| | <u>17,537</u> | <u>12,980</u> |
| Change in operating assets and liabilities | | |
| (Increase)/decrease in trade and other receivables | (1,636) | 7,108 |
| Increase in trade and other payables | 1,904 | 128 |
| (Decrease)/increase in provisions | (335) | (155) |
| | <u>17,470</u> | <u>20,061</u> |
| Cash generated from operations | | |
| Income taxes paid | (2,476) | (5,779) |
| | <u>14,994</u> | <u>14,282</u> |
| Net cash from operating activities | | |
| Cash flows from investing activities | | |
| | - | - |
| Interest received | 27 | 61 |
| | <u>27</u> | <u>61</u> |
| Net cash from investing activities | | |
| Cash flows from financing activities | | |
| Dividends paid | (10,500) | (7,400) |
| | <u>(10,500)</u> | <u>(7,400)</u> |
| Net cash used in financing activities | | |
| Net cash increase in cash and cash equivalents | <u>4,521</u> | <u>6,943</u> |
| Cash and cash equivalents at the beginning of year | 24,786 | 17,843 |
| | <u>29,307</u> | <u>24,786</u> |
| Cash and cash equivalents at the end of the year | | |

The accompanying notes on pages 17 to 32 form an integral part of the financial statements.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Reporting entity

Barclays Insurance Services Company Limited (the 'Company') is a private limited Company domiciled and incorporated in England. The Company's registered office is at 1 Churchill Place, London, E14 5HP. The Company's principal activity is selling of general insurance, life insurance and insurance pack services. The Company does not hold client monies or directly underwrite any insurance policies.

2. Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. They were approved on 31 May 2022 and authorised for issue by the Company's Board of Directors on 01 June 2022.

Details of the Company's accounting policies are included in note 4, including changes during the year in note 2.2.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

After reviewing the Company's financial position, performance projections (including, where relevant, the impact of the COVID-19 pandemic and current geopolitical tensions), capital adequacy assessment and available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations, as they fall due and to continue in operational existence for at least the next 12 months from the date of signing these financial statements. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost convention on a going concern basis adjusted to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS 9 Financial Instruments as set out in the relevant accounting policies.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Basis of preparation (continued)

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 January 2021

IFRS 9, IFRS 7, IFRS 4 and IFRS 16 - Amendments relating to Interest Rate Benchmark Reform (Phase 2 amendments)

IFRS 9, IFRS 7, IFRS 4 and IFRS 16 were amended in August 2020, which are effective for periods beginning on or after 1 January 2021 with earlier adoption permitted. The Company has not elected to early adopt the amendments. The amendments have been endorsed by the EU and the UK. These amended standards did not have a material impact.

ii) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts that were issued in 2005.

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

In June 2020, the IASB published amendments to IFRS 17. The amendments that are relevant to the Group are the scope exclusion for credit card contracts and similar contracts that provide insurance coverage, the optional scope exclusion for loan contracts that transfer significant insurance risk, and the clarification that only financial guarantees issued are in scope of IFRS 9.

The amendments also defer the effective date of IFRS 17, including the above amendments, to annual reporting periods beginning on or after 1 January 2023. The UK has endorsed IFRS 17, including the amendments to IFRS 17 on 16 May 2022. The Company is currently assessing the expected impact of adopting this standard.

3. Functional and presentation currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Accounting policies

4.1 Revenue

Fees and commission are recognised when the service is provided. The Company applies IFRS 15 - Revenue from Contracts with Customers. The standard establishes a five-step model governing revenue recognition. The five-step model requires the Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

The Company recognises the revenue at a point in time when the insurance product is sold to the customers. There will not be any additional services rendered once the customer enters into an insurance policy with the insurance provider. Clawback provision is raised against the commission recognised for when the Company needs to repay a portion of the commission received from the insurance service provider, if a customer early terminates their insurance policy.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

4.2 Insurance broking assets and liabilities

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transaction form part of trade and other receivables.

4.3 Interest

Interest income on financial assets and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

4.4 Financial assets and liabilities

The Company applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets.

Recognition

The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:

- i) the business model within which financial assets are managed; and
- ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Accounting policies (continued)

4.4 Financial assets and liabilities (continued)

The Company assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectations for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets at amortised cost

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cashflows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest.

Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished. The Company's financial liabilities comprise trade and other payables and borrowings in the balance sheet.

Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid value in an active market wherever possible. Where no such active market exists for the particular asset, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants

Impairment of financial assets

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Accounting policies (continued)

4.4 Financial assets and liabilities (continued)

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The impact of ECL is not material because financial assets majorly comprise of cash held with Barclays Bank UK PLC.

4.5 Taxation

Income tax payable on taxable profits ('current tax') is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current year or prior year taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

4.6 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provisions are recognised in the Company to account for any clawback of recognised commission due to cancellation of policies.

4.7 Dividend

Dividends are recognised when they become legally payable. Dividends on ordinary shares are recognised in equity in the period in which they are paid.

4.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash in hand, demand deposits, cash equivalents and overdrafts. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. Trading balances are not considered to be part of cash equivalents.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****5. Accounting estimates and judgements****Estimates and assumptions**

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that the Directors consider to have a significant effect on the financial statements are disclosed below:

Critical accounting estimates and judgements in applying accounting policies**Clawback provision**

As disclosed in note 14 the Company provides for supplier commission clawback in respect of policies that are eventually cancelled by policyholders. In those cases, the Company is subject to a clawback of previous commissions. For home insurance policies, the clawback period is 12 months and for life insurance, 4 years. The Company has made the provision based on historical clawback data to estimate the future clawbacks which results in commissions being returned. The value of the provision have been determined using the most current available data from insurance service providers and represents the Directors' best estimate.

6. Revenue

| | 2021 £000 | 2020 £000 |
|----------------------|---------------|---------------|
| Fees and commissions | 60,121 | 54,117 |
| Other income | - | 1,350 |
| Total | 60,121 | 55,467 |

All of the Company's fees and commissions are derived from the provision of insurance broking services to customers of the Group within the United Kingdom. Based on the risks and returns, the Directors consider that the Company had only one business and geographic segment during the year. Therefore, the disclosures for the primary segment have already been given in these financial statements.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****7. Profit from operations**

The following items have been charged in arriving at profit from operations:

| | 2021 £000 | 2020 £000 |
|-------------------------------|---------------|---------------|
| Cost recharge | 42,265 | 42,264 |
| Other administrative expenses | 319 | 223 |
| Total | 42,584 | 42,487 |

The cost is incurred by Barclays Bank UK PLC and is recharged to the Company based on the split of income between Barclays Bank UK PLC and the Company. The cost recharge includes direct and overhead costs incurred by Barclays Bank UK PLC which are recharged to the Company, see Related party note 16.

The 2021 year end audit fees of £127,625 and 2020 fees of £125,000 have been borne by the Company's parent Barclays Bank UK PLC and have not been recharged to the Company. This fee is not recognised as an expense in the financial statements of the Company.

8. Employee and key management, including Directors:

Disclosure of Directors' remuneration as required by the Companies Act 2006 are as follows:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Aggregate remuneration in respect of qualifying services | 152 | 115 |
| Aggregate amount receivable under long term incentive scheme | - | - |
| Aggregate contributions due to Barclays Group pension schemes | 5 | 4 |
| Total Directors' remuneration | 157 | 119 |

The Company has no direct employees during 2021 and 2020. All staff employed in the business were contracted to Barclays Execution Services Limited or Barclays Bank UK PLC during 2021 and 2020. These costs are included in the Cost recharge above.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****8. Employee and key management, including Directors: (continued)****Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Directors of the Company listed on page 2, and the Financial Controller of the Company.

One Director is accruing retirement benefits under a defined benefit or a defined contribution scheme (2020: one).

No Directors exercised options under the Barclays PLC Sharesave Scheme during 2021 (2020: none).

One Director is entitled to benefits under the Share Value Plan (2020: one).

9. Finance income**Recognised in profit or loss**

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Finance income | | |
| Interest receivable from related parties | 27 | 61 |
| Total finance income recognised in profit or loss | <u>27</u> | <u>61</u> |

Interest income from related parties relates solely to interest on cash in a bank account held with Barclays Bank UK PLC.

10. Tax expense**10.1 Income tax recognised in profit or loss**

| | 2021 £000 | 2020 £000 |
|-------------------------------------|--------------|--------------|
| Current tax | | |
| Current tax on profits for the year | 3,336 | 2,476 |
| Total current tax | <u>3,336</u> | <u>2,476</u> |
| Deferred tax expense | | |
| Current year | 1 | 2 |
| Rate change adjustment | (1) | (1) |
| Total deferred tax | <u>-</u> | <u>1</u> |
| Tax expense | <u>3,336</u> | <u>2,477</u> |

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****10. Tax expense (continued)****10.1 Income tax recognised in profit or loss (continued)**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

| | 2021 £000 | 2020 £000 |
|---|---------------|---------------|
| Profit for the year | 14,228 | 10,564 |
| Income tax expense | 3,336 | 2,477 |
| Profit before income taxes | 17,564 | 13,041 |
| Tax using the Company's domestic tax rate of 19% (2020:19%) | 3,337 | 2,478 |
| Rate change adjustment | (1) | (1) |
| Total tax expense | 3,336 | 2,477 |

Changes in tax rates and factors affecting the future tax charges

On 22 July 2020 the Finance Act 2020 received Royal Assent, enacting the UK corporation tax rate would remain at 19% from 1 April 2020 onwards instead of reducing to 17%, the previously enacted rate. This rate has therefore been used to calculate current and deferred taxes for the year ended 31 December 2021.

10.2 Current tax assets and liabilities

| | 2021 £000 | 2020 £000 |
|--------------------------------|--------------|--------------|
| Current tax liabilities | | |
| UK Corporation tax payable | 3,336 | 2,476 |

10.3 Deferred tax balances

The following is the analysis of deferred tax assets presented in the statement of financial position:

| | 2021 £000 | 2020 £000 |
|---------------------|--------------|--------------|
| Deferred tax assets | 7 | 6 |

The deferred tax asset is attributable to temporary differences in respect of assets transferred from the Woolwich Insurance Services Limited plant pool which have now been fully depreciated for accounting purposes.

Legislation has been introduced to increase the main rate of corporation tax from 19% to 25%, effective from 1 April 2023, which was substantively enacted on 24 May 2021. This will have a consequential impact on the Company's future tax charge. Therefore, any deferred tax balances have been remeasured at the tax rate to be applied when temporary differences are expected to reverse.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****11. Dividends**

An analysis of dividends paid is as follows:

| | 2021 £000 | 2020 £000 |
|---|---------------|--------------|
| First interim dividend of £105.00 (2020: £74.00) per Ordinary share paid in May 2021 (2020: July) | 10,500 | 7,400 |
| Total | 10,500 | 7,400 |

The total dividend paid in May 2021 was pertaining to 2020 business. From a 2021 perspective, no dividend was paid out of 2021 reserves.

12. Trade and other receivables

| | 2021 £000 | 2020 £000 |
|--|----------------|----------------|
| Receivables from related parties | 1,114 | 37 |
| Other receivables | 6,515 | 5,956 |
| Total trade and other receivables | 7,629 | 5,993 |
| Less: current portion - other receivables | (6,515) | (5,956) |
| Less: current portion - receivables from related parties | (1,114) | (37) |
| Total current portion | (7,629) | (5,993) |
| Total Non-Current Position | - | - |

The carrying value of trade and other receivables classified as financial assets measured at amortised cost approximates fair value.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****13. Trade and other payables**

| | 2021 £000 | 2020 £000 |
|--|-----------------|----------------|
| Payables to related parties | 5,673 | 4,001 |
| Other payables | 2,322 | 2,090 |
| Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost | 7,995 | 6,091 |
| Other Payables - UK Corporation tax | 3,336 | 2,476 |
| Total trade and other payables | 11,331 | 8,567 |
| Total current portion | (11,331) | (8,567) |

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Payables to related parties includes direct and overhead costs incurred by Barclays Bank UK PLC which are recharged to the Company, see Related Party Note 16.

UK Corporate Tax will be transferred to Barclays Bank UK Plc post balance sheet sign off.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****14. Provisions**

| | Claw back & other provisions £000 |
|----------------------------|--|
| At 1 January 2021 | 5,637 |
| Charged to profit or loss | 5,608 |
| Utilised during the year | (4,863) |
| Released during the year | (1,079) |
| At 31 December 2021 | 5,303 |

The Company provides for supplier commission clawback in respect of home and life policies. For home insurance policies, the clawback period is 12 months and for life insurance, 4 years. The amount of the provision held is determined by assumptions based on historical data. Any change in underlying assumptions would have a proportional impact on the clawback provisions.

15. Share capital**Authorised**

| | 2021 Number | 2021 £000 | 2020 Number | 2020 £000 |
|---------------------------------|----------------|--------------|----------------|--------------|
| Shares treated as equity | | | | |
| Ordinary shares of £1.00 each | 100,000 | 100 | 100,000 | 100 |
| | <u>100,000</u> | <u>100</u> | <u>100,000</u> | <u>100</u> |

Issued and fully paid

| | 2021 Number | 2021 £000 | 2020 Number | 2020 £000 |
|--------------------------------------|----------------|--------------|----------------|--------------|
| Ordinary shares of £1.00 each | | | | |
| At 1 January and 31 December | 100,000 | 100 | 100,000 | 100 |

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****16. Related party transactions**

The definition of related parties includes the parent Company, the ultimate parent Company, the subsidiaries, associates and joint venture companies, as well as the Company's key management personnel which include its Directors.

Particulars of transactions with Group Companies, and the balances outstanding at the year end are disclosed in the tables below:

Other related party transactions

Other related party transactions are as follows:

| Related party relationship | Type of transaction | Transaction amount | | Balance outstanding | |
|----------------------------|---------------------|--------------------|-----------------|---------------------|---------------|
| | | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Parent Company | Interest Received | 27 | 61 | - | - |
| Parent Company | Cost Recharge | (42,265) | (42,264) | - | - |
| Parent Company | Assets | - | - | 30,421 | 24,823 |
| Parent Company | Liabilities | - | - | (9,009) | (4,001) |
| Total | | (42,238) | (42,203) | 21,412 | 20,822 |

17. Financial risks**a) Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Company's counterparties fail to fulfil their contractual obligations to the Company.

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. The Company's exposure to them is subject to financial limits. The Company has diversified the concentration of credit risk as its main debtors are various legal entities wherein Aviva Group and Legal & General Group contribute majority of the Company's external income. Both these companies have 'stable' credit rating for the year. In addition, the Company endeavours to receive regular payments in order to reduce any significant credit risk.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****Financial risks (continued)****Maximum exposure to credit risk**

The below exposures are considered neither past due nor impaired. The Company does not hold any collateral as security.

The following table shows the maximum exposure to credit risk at 31 December 2021 and 2020:

| | 2021 | 2020 |
|----------------------------------|---------------|---------------|
| | £000 | £000 |
| Cash and cash equivalents | 29,307 | 24,786 |
| Receivables from related parties | 1,114 | 37 |
| Trade and other receivables | 6,515 | 5,956 |
| Total maximum exposure | 36,936 | 30,779 |

Credit rating of financial assets

The following table shows the credit rating for counterparties by Standard & Poor's:

| | 2021 | 2020 |
|----------------------|---------------|---------------|
| | £000 | £000 |
| Credit rating | | |
| AA | 107 | 117 |
| AA- | 3,669 | 3,132 |
| A+ | - | - |
| A (related party) | 30,421 | 24,823 |
| A | 2,739 | 2,707 |
| BBB+ | - | - |
| NR* | - | - |
| Total | 36,936 | 30,779 |

b) Liquidity risk

Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due.

The monitoring and reporting of liquidity risk take the form of cash flow measurements and projections for the next day, week and month as these are key periods for liquidity management. Sources of liquidity are regularly reviewed.

The Company maintains a mixture of long term and short term committed facilities that are designed to ensure the Company has sufficient available funds for operations and planned expansion.

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****b) Liquidity risk (continued)****Contractual maturity of financial assets and financial liabilities**

| As at 31 December 2021 | On demand £000 | Not more than 6m £000 | Total £000 |
|------------------------------------|-------------------------------|--------------------------------------|-----------------------|
| Cash and cash equivalents | 29,307 | - | 29,307 |
| Trade and other receivables | 1,114 | 6,515 | 7,629 |
| Total financial assets | 30,421 | 6,515 | 36,936 |
| Trade and other payables | (7,995) | - | (7,995) |
| Total financial liabilities | (7,995) | - | (7,995) |

| As at 31 December 2020 | On demand £000 | Not more than 6m £000 | Total £000 |
|------------------------------------|-------------------------------|--------------------------------------|-----------------------|
| Cash and cash equivalents | 24,786 | - | 24,786 |
| Trade and other receivables | 37 | 5,956 | 5,993 |
| Total financial assets | 24,823 | 5,956 | 30,779 |
| Trade and other payables | (6,091) | - | (6,091) |
| Total financial liabilities | (6,091) | - | (6,091) |

BARCLAYS INSURANCE SERVICES COMPANY LIMITED**Notes to the Financial Statements
For the Year Ended 31 December 2021****18. Capital management**

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern
- To maintain an optimal capital structure in order to reduce the cost of capital
- To generate sufficient capital to support asset growth
- To maintain a level of capital required to meet Financial Conduct Authority requirements

The Board of Directors is responsible for capital management and has approved minimum control requirements for capital and liquidity risk management.

The Company regards capital as its equity, as shown in the Statement of Financial Position.

Total capital is as follows:

| | 2021 £000 | 2020 £000 |
|--------------------------------|---------------|---------------|
| Called up share capital | 100 | 100 |
| Retained earnings | 20,209 | 16,481 |
| Total capital resources | 20,309 | 16,581 |

The Company maintains 2.5% of annual income in order to comply with Financial Conduct Authority requirements. The minimum capital requirement has been met throughout the year.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

19. Parent undertaking and ultimate holding company

The Company is a subsidiary undertaking of Barclays Bank UK PLC which is the immediate parent company incorporated in the United Kingdom and registered in England. The ultimate controlling party is Barclays PLC.

The largest group in which the results of the Company are consolidated is that headed by Barclays PLC, 1 Churchill Place London E14 5HP. The smallest group in which they are consolidated is that headed by Barclays Bank UK PLC, 1 Churchill Place London E14 5HP. No other Group financial statements include the results of the Company.

The consolidated financial statements of these groups are available to the public and may be obtained from Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

20. Events after the reporting date

As BISCO continues to focus its business activities on its core strategic product areas agreed with the board, it is in the process of exiting a sub scale, non-core partnership. This represents less than 2% of the overall business activities and revenue for 2022