

**Registered number: 04021760**

**CARNEGIE HOLDINGS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



## **CARNEGIE HOLDINGS LIMITED**

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## **CARNEGIE HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2022.

#### **Results and dividends**

During the year the Company made a loss after tax of £404.1m (2021: £51.0m). The Directors do not recommend the payment of a dividend (2021: £nil).

#### **Post balance sheet events**

There has not been any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Company, the result of those operations, or the state of affairs, in future financial years.

#### **Directors**

The Directors of the Company, who served during the year and up to the date of signing the financial statements, are as shown below:

J Davies  
S O'Donovan

#### **Going concern**

After reviewing the Company's business activities, financial position, performance projections and available banking facilities, for at least the next 12 months from the date of signing these financial statements, the Company may be reliant on Barclays PLC to meet its liabilities as they fall due for that period. Barclays PLC has indicated its intention to continue to make available funds as needed by the Company for the period covered by the forecasts. Therefore, 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 the foreseeable future.

As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on these indications, the Directors have adopted the going concern basis in preparing these financial statements.

#### **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 and applicable law.

## **CARNEGIE HOLDINGS LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements (continued)**

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;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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 Barclays Group ('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 11.

#### **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 2022 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**

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

To successfully fulfil against our purpose, we must ensure that we address the needs of all our stakeholders. This includes our customers and clients, colleagues, investors and the societies in which we operate.

The longevity of our business can only be ensured if we help tackle the challenges of our time, such as social inequality and climate change, whilst minimising any unintended and adverse impacts of our operations and our business as a financial institution. To this end we seek to identify and understand the environmental, social and governance ('ESG') factors which impact our organisation and how we shape and impact the environment and society around us. We do this in the context of the financial services we provide, the geographies in which we operate and the needs of our customers and clients.

## **CARNEGIE HOLDINGS LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Environment (continued)**

We will continue to identify new opportunities and strive to integrate our broader social and environmental impact into the way we run and govern our business and the work we do every day to help customers and clients, colleagues and society.

While we have managed ESG issues for several years, our approach continues to evolve in response to a dynamic external environment, increasing investor and other stakeholder attention and continued innovation in our business and product offerings. We recognise 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 2022, which does not form part of this report, with fuller disclosure available on the Barclays website at <https://home.barclays/sustainability/addressing-climate-change/>.

#### **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 auditors**

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 been 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 by:

DocuSigned by:  
  
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**J Davies**

Director

Date: 26 September 2023

Company number: 04021760

## **CARNEGIE HOLDINGS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Business review and principal activities**

The Company is the holding company of Clydesdale Financial Services Limited ('Clydesdale'), a company incorporated in the United Kingdom whose principal activity is the provision of point of sale financing primarily in the retail industry.

#### **Business performance**

The results of the Company show a loss before tax of £404.1m (2021: £51.0m) and total comprehensive loss of £404.1m (2021: £51.0m). The Company has net assets of £0.1m (2021: £104.3m).

#### **Future outlook**

The Company's subsidiary has announced a significant change in its business strategy to scale back the business over the next 18-24 months as the Barclays Group invests in building a new technology platform for the point-of-sale finance business to ensure it remains fit for the future. As a result, it will pause the onboarding of new retail partners, and it will only provide new loans through a small number of its existing partners. The company will continue to hold investment in the residual subsidiary book.

#### **Principal risks and uncertainties**

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

Risks are identified and overseen in accordance with the Barclays Enterprise Risk Management Framework ("ERMF"), which supports the business in its aim to embed effective risk management and a strong risk management culture.

The ERMF governs the way in which risk is identified and managed. The ERMF is approved by the Barclays PLC board on the recommendation of the Barclays Group Chief Risk Officer and adopted throughout the Group, with minor modifications where needed.

The management of risk is then embedded into each level of the business, with all colleagues being responsible for identifying and controlling risk.

Given increasing risks associated with climate change and to support Group ambitions to be net zero by 2050, climate risk became a principal risk at the start of 2022.

The ERMF defines nine principal risks as:

- Credit risk
- Market risk
- Treasury and capital risk
- Climate risk
- Operational risk
- Model risk
- Conduct risk
- Reputation risk
- Legal risk

Risk appetite defines the level of risk we are prepared to accept across the different risk types, taking into consideration varying levels of financial and operational stress.

## **CARNEGIE HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Principal risks and uncertainties (continued)**

During 2022, the Barclays Group, including the Company, ran a stress test to assess its capital adequacy and resilience under a severe but plausible macroeconomic scenario. The internal stress test was informed by the Bank of England 2022 regulatory stress test featuring high and persistent inflation, rising global interest rates, a severe UK recession brought by falling household real incomes, job losses leading to a high unemployment rate, energy and cost of goods shocks, increasing corporate defaults, and severe house and real estate price shocks.

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. The key business risk for the Company is the risk of impairment of its investment in its subsidiary. Based on a review of the subsidiary's financial position and outlook for the future, the investment is impaired (note 8).

#### **Key performance indicators**

The Board of Directors monitors progress on the overall strategy by reference to the carrying value of its investment in its subsidiary company, which stands at £nil (2021: £104.1m) and a loss of £404.1m before tax (2021: £51.0m).

The carrying value of the Company's investment in its subsidiary is equal to the historical cost of the investment, less any provision for impairment. The increase in carrying value during the year was driven by the issue of share capital of £300.0m to cure internal funding arrangement driven by legacy conduct provisions in its subsidiary. However as at year end, the carrying value stands at nil due to provision for impairment (note 8).

Profit/(loss) before tax is the primary profitability measure used to assess business performance, and represents total income less impairment charges and expenses.

#### **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 pensioners, regulators, the UK Government and non-governmental organisations.

The Directors considered, amongst other matters, the following:

- 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 key stakeholders are, how management and/or Directors engaged with them, the key issues raised and actions taken on pages 16 to 20 of the Barclays PLC Annual Report 2022 which is 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.

## CARNEGIE HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### Section 172(1) statement (continued)

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 Company's operations on, 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 and the information it receives, 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 is an example 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.

#### Engagement in action

##### *Supporting our customers, clients, colleagues and communities through challenging times*

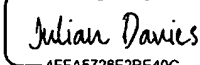
In response to unusually large increases to living costs experienced by UK colleagues, Barclays Group brought forward part of the 2023 pay increase, awarding 35,000 UK-based junior colleagues a £1,200 salary increase effective from August 2022, ahead of our annual salary review. In January 2023, Barclays Group worked closely with Unite the Union to agree a 2023 UK pay deal which, combined with the August 2022 increases, brought the total average salary increase for our lowest paid colleagues up to 11%. By doing this Barclays Group ensured that the minimum rate of pay in the UK remains well ahead of Living Wage Foundation benchmarks.

##### *Shareholder*

The Board appropriately engages with its shareholder as and when the Company's subsidiary requires additional funding. The Company engaged with its shareholder twice in 2022 in this respect, with capital injections executed in March and September to cure internal funding arrangement driven by legacy conduct provisions in its subsidiary.

This report was approved by the Board and signed on its behalf by:

DocuSigned by:



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**J Davies**

Director

Date: 26 September 2023

Company number: 04021760



## **CARNEGIE HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARNEGIE HOLDINGS LIMITED**

#### **Opinion**

We have audited the financial statements of Carnegie Holdings Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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; and
- 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.

## **CARNEGIE HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARNEGIE HOLDINGS 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.
- reading Board minutes.
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit 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 Company is a holding company and does not generate revenue, therefore 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 group-wide fraud risk management controls.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by specific individuals based on set parameters or those containing specific words which were assessed to form part of high-risk criteria.

##### *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.

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.

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.

This Company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

## **CARNEGIE HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARNEGIE HOLDINGS LIMITED (CONTINUED)**

#### *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.

**CARNEGIE HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARNEGIE HOLDINGS LIMITED  
(CONTINUED)**

**Directors' responsibilities**

As explained more fully in their statement set out on page 2 and 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](http://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.



**Michael McGarry (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

26 September 2023

**CARNEGIE HOLDINGS LIMITED****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>Continuing operations</b>			
Impairment on investments in subsidiaries	8	(404,114)	(51,000)
<b>Loss before tax</b>		<u>(404,114)</u>	<u>(51,000)</u>
Tax (expense)/credit		-	-
<b>Loss for the year</b>		<u>(404,114)</u>	<u>(51,000)</u>
<b>Total comprehensive loss</b>		<u><u>(404,114)</u></u>	<u><u>(51,000)</u></u>

The accompanying notes form an integral part of the financial statements.

**CARNEGIE HOLDINGS LIMITED**  
**REGISTERED NUMBER: 04021760**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	8	-	104,114
<b>Total non-current assets</b>		-	104,114
<b>Current assets</b>			
Trade and other receivables	9	143	143
<b>Total current assets</b>		143	143
<b>Total assets</b>		143	104,257
<b>Issued capital and reserves</b>			
Share capital	10	141	121
Share premium reserve		501,249	201,269
Retained earnings		(501,247)	(97,133)
<b>Total equity</b>		143	104,257

The accompanying notes form an integral part of the financial statements.

The financial statements do not include a Statement of Cash Flows as the entity does not possess any bank account and no cash transactions flow through it.

The financial statements on pages 12 to 24 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

DocuSigned by:  
  
 J Davies

Director  
 Date: 26 September 2023  
 Company number: 04021760

**CARNEGIE HOLDINGS LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £000	Share premium reserve £000	Retained earnings £000	Total equity £000
<b>At 1 January 2022</b>	121	201,269	(97,133)	104,257
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(404,114)	(404,114)
<b>Total comprehensive loss for the year</b>	-	-	(404,114)	(404,114)
Issue of share capital	20	299,980	-	300,000
<b>Total contributions by and distributions to owners</b>	20	299,980	-	300,000
<b>At 31 December 2022</b>	141	501,249	(501,247)	143

	Share capital £000	Share premium reserve £000	Retained earnings £000	Total equity £000
<b>At 1 January 2021</b>	111	88,279	(46,133)	42,257
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(51,000)	(51,000)
<b>Total comprehensive loss for the year</b>	-	-	(51,000)	(51,000)
Issue of share capital	10	112,990	-	113,000
<b>Total contributions by and distributions to owners</b>	10	112,990	-	113,000
<b>At 31 December 2021</b>	121	201,269	(97,133)	104,257

The accompanying notes form an integral part of the financial statements.

## **CARNEGIE HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1. Reporting entity**

The Company is a private limited company, domiciled and incorporated in the United Kingdom. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP. These financial statements are prepared for Carnegie Holdings Limited (the 'Company'), the principal activity of which is being the holding company of a subsidiary which is focused on the provision of point of sale financing in the retail industry, trading under the name 'Barclays Partner Finance' through its subsidiary Clydesdale Financial Services Limited'. These financial statements are separate financial statements prepared for the Company only, in line with the UK Companies Act 2006. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. The only group, within which the Company is included, that presents consolidated financial statements is Barclays PLC, which prepare consolidated financial statements in accordance with UK-adopted international accounting standards and accordingly consolidated financial statements have not been prepared based on the exemption provided under paragraph 4(a) of IFRS 10.

#### **2. Basis of preparation**

The Company financial statements have been prepared based on the UK-adopted international accounting standards. As the Company does not hold a bank account a statement of cash flows has not been included in the financial statements. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

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

##### **2.1 Basis of measurement**

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

##### **Going concern**

After reviewing the Company's business activities, financial position, performance projections and available banking facilities, for at least the next 12 months from the date of signing these financial statements, the Company may be reliant on Barclays PLC to meet its liabilities as they fall due for that period. Barclays PLC has indicated its intention to continue to make available funds as needed by the Company for the period covered by the forecasts. Therefore, 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 the foreseeable future.

As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on these indications, the Directors have adopted the going concern basis in preparing these financial statements.

##### **2.2 New and amended standards**

###### **i) New standards, interpretations and amendments effective from 1 January 2022**

There are no new amended standards that have had a material impact on the Company's accounting policies.

###### **ii) New standards, interpretations and amendments not yet effective**

There are no new amended standards that are expected to have a material impact on the Company's accounting policies.



## **CARNEGIE HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **3. Functional and presentation currency**

These financial statements are presented in pounds sterling, the currency of the country in which the Company is incorporated. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### **4. Summary of significant accounting policies**

##### **4.1 Investments in subsidiaries**

Investments in subsidiaries are stated at cost less impairment, if any.

##### **4.2 Share capital and dividends**

###### *Share issue costs*

Incremental costs directly attributable to the issue of new shares or options or the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

###### *Dividends on ordinary shares*

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

##### **4.3 Critical accounting estimates**

The preparation of financial statements in accordance with UK-adopted international accounting standards requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements are highlighted under the relevant note. See note 8 Investment in subsidiaries.

## **CARNEGIE HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **5. Loss before tax**

The audit fees of £0.01m for the 2022 year end (2021: £0.01m) have been borne by 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.

#### **6. Employees and key management, including Directors**

The Company has no direct employees during 2022 and 2021. All staff providing services to the Company are contracted by Barclays Bank UK PLC and Barclays Execution Services Limited. All costs in this respect have not been recharged to the Company.

##### **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.

The Directors are employed and remunerated by other companies within the Barclays Group and consider that their services to the Company are incidental to their other responsibilities within the Barclays Group. The Directors' remuneration in respect of their qualifying services for the Company is considered to be trivial.

During the period:

Two Directors are accruing retirement benefits under a defined benefit scheme or defined contribution scheme (2021: two).

One Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes during 2022 (2021: one).

Two Directors are entitled to benefits under the Share Value Plan (2021: two).

**CARNEGIE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****7. Tax****7.1 Income tax recognised in profit or loss**

	2022	2021
	£000	£000
<b>Current tax</b>		
Current tax on profits for the year	-	-
Adjustments in respect of prior years	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Current year	-	-
<b>Total deferred tax</b>	-	-
<b>Total tax expense/(credit)</b>	-	-

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

	2022	2021
	£000	£000
Loss for the year	(404,114)	(51,000)
<b>Loss before income taxes</b>	(404,114)	(51,000)
Tax charge at standard UK corporation tax rate of 19% (2021:19%)	(76,782)	(9,690)
Non-deductible impairment on investments in subsidiary	76,782	9,690
<b>Total tax expense/(credit)</b>	-	-

**Changes in tax rates and factors affecting the future tax charges**

The UK corporation tax rate of 19% has been used to calculate current tax balances for the year ended 31 December 2022.

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.

**CARNEGIE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****7.2 Current tax assets and liabilities**

	2022	2021
	£000	£000
UK corporation tax payable/Group relief (receivable)	-	-
	-	-

**8. Investments in subsidiaries**

Details of the Company's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation & operation	Proportion of ownership interest & voting power held by the Company (%)	
			2022	2021
1) Clydesdale Financial Services Limited	Point of sale financing	1 Churchill Place, London	100	100

The details of the investments made by the Company during 2022 is as follows:

	2022	2021
	£000	£000
<b>Cost of investments</b>		
Investments in subsidiaries	104,114	42,114
Additions	300,000	113,000
Less: Impairment	(404,114)	(51,000)
<b>As at 31st December</b>	<b>-</b>	<b>104,114</b>

The investments in subsidiaries which was impaired to £nil in current year (2021: £104.1m) relates to the investment in Clydesdale Financial Services Limited.

During the year the Company invested £300.0m in the subsidiary, through the issuance of 1,000,000 fully paid ordinary shares of £0.01 each at a premium of £249.99 per share and 1,000,000 fully paid ordinary shares of £0.01 each at a premium of £49.99 per share.

**Impairment review**

The Company's investment in its immediate subsidiary, Clydesdale Financial Services (CFS), is tested for impairment on an annual basis.

As per IAS 36 when performing the impairment assessment, the carrying value of the investment should be compared to the higher of the fair value less costs to sell or value in use (VIU). IAS 36 defines VIU as the present value of the future cash flows expected to be derived from an asset or cash generating unit (CGU). The Company uses the value in use method when determining the recoverable amount, details of which are outlined next.

## **CARNEGIE HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Determination of CGUs**

The Company is a non-trading holding company. Therefore, the subsidiary (Clydesdale Financial Services Limited) has been determined to be the CGU for the purposes of the value in use calculation.

#### **Cash flows**

The five-year cash flows used in the calculation are based on the formally agreed medium term plans approved by the Company Board. These are prepared using macroeconomic assumptions which management consider reasonable and supportable, and reflect business agreed initiatives for the forecast period.

#### **Discount rates**

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resembles the CGU, adjusted for the incremental risk associated with a non-diversified unsecured lending business and tax to arrive at the pre-tax equivalent rate of 22.2% (2021: 19.1%).

#### **Terminal growth rate**

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. The cashflows are modelled for 5 years and in the final year a nil terminal value is assumed based on the future projections which reflects no significant cash flows are expected after 5 years.

#### **Outcome of impairment review**

Following the evaluation of the performance of the CGU and its future outlook, which includes the recent announcement of significant change in its business strategy to scale back the subsidiary's business over next 18-24 months and outstanding provisions for conduct issues, the IAS 36 impairment test indicates that the Company's investments have a negative net present value of £329.0m, which is less than the carrying value of the investment of £404.1m. Therefore, the investments are fully impaired and impairment of £404.1m has been recognised in the financial statements.

#### **Sensitivity**

The CGU is sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

*Cash flows:* The medium term plans used to determine the cash flows used in the VIU calculation rely on macroeconomic forecasts, including interest rates, GDP and unemployment, and forecast levels of market and client activity.

*Discount rate:* The discount rate should reflect the market risk free rate adjusted for the inherent risks of the business it is applied to. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resembles the CGU, adjusted for the incremental risk associated with a non-diversified unsecured lending business.

**CARNEGIE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****Sensitivity (continued)**

*Terminal growth rate:* The terminal growth rate is used to estimate the cash flows into perpetuity based on the expected longevity of the CGU. The terminal growth rate is sensitive to uncertainties in the macroeconomic environment.

Since the value in use of CGU is at negative £329.0m, testing the sensitivity around different key measures would not have any impact on overall disclosures.

**9. Trade and other receivables**

	2022 £000	2021 £000
<b>Current</b>		
Receivables from related parties	143	143
<b>Total</b>	<u>143</u>	<u>143</u>

The Company does not have a bank account, £142,803 UK corporation tax refund was received directly by its subsidiary (Clydesdale Financial Services Limited) in 2020 and the balance is reflected above.

**10. Share capital****Issued and fully paid**

	2022 Number	2022 £000	2021 Number	2021 £000
<b>A Ordinary shares of £0.01 each</b>				
At 1 January and 31 December	<u>89,550</u>	<u>1</u>	<u>89,550</u>	<u>1</u>
			2022 Number	2021 Number
<b>B Ordinary shares of £0.01 each</b>				
At 1 January and 31 December			<u>11,111</u>	<u>11,111</u>

**CARNEGIE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****10. Share capital (continued)**

	2022 Number	2022 £000	2021 Number	2021 £000
<b>Ordinary shares of £0.01 each</b>				
At 1 January	12,010,450	120	11,010,450	110
Shares issued	2,000,000	20	1,000,000	10
<b>At 31 December</b>	<b>14,010,450</b>	<b>140</b>	<b>12,010,450</b>	<b>120</b>

During the year, the Company raised capital of £300.0m (£20,000 share capital and £299,980,000 share premium) and from its parent, through the issuance of 1,000,000 fully paid ordinary shares of £0.01 each at a premium of £249.99 per share and 1,000,000 fully paid ordinary shares of £0.01 each at a premium of £49.99 per share.

**11. Financial risks**

The Company's activities expose it to a variety of financial risks. These are credit risk, liquidity risk and market risk, (which includes foreign currency risk, interest rate risk and price risk). Consequently, the Company devotes considerable resources to maintaining effective controls to manage, measure and mitigate each of these risks, and regularly reviews its risk management procedures and systems to ensure that they continue meet the needs of the business.

The Board of Directors monitors the Company's financial risks and has responsibility for ensuring effective risk management and control.

**(a) Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market 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. There was no significant exposure to credit risk in the year considering the only receivable outstanding is from its subsidiary (Clydesdale Financial Services Limited).

**(b) Liquidity risk**

This is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. In 2022, the Company had the financial support of its undertaking Barclays PLC. These facilities are designed to ensure the Company has sufficient available funds for operations.

The Company manages the inherent liquidity risk based on discounted expected cash flows. The cash flows payable by the Company under financial liabilities by remaining contractual maturities at the Statement of Financial Position date was £nil (2021: £nil).

**CARNEGIE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****(c) Market risk**

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, equity prices and foreign exchange rates. There was no significant exposure to market risk in the year.

**Interest rate risk**

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and / or reduced income from the Company's interest bearing financial assets and liabilities. There was no significant exposure to interest rate risk in the year.

**Foreign currency risk**

The Company has no foreign currency risk exposure.

**Price risk**

Price risk is the risk that market prices for the Company's investment securities measured at fair value may fall. The Company has no equity price risk exposure.

**12. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both.

The definition of related parties includes parent company, ultimate parent company, subsidiary, and fellow subsidiaries, as well as the Company's key management which includes its Directors. Key management of the Company consists solely of the Company's Directors.

The related parties with which the Company would most frequently transact are Clydesdale Financial Services Limited (subsidiary) and Barclays PLC (ultimate parent). Certain operational services were provided by Barclays Bank PLC and Barclays PLC to the Company without charge. The Company does not have a bank account, £142,803 UK corporation tax refund was received directly by its subsidiary (Clydesdale Financial Services Limited) in 2020 and the balance is reflected below.

**12.1 Other related party transactions**

Particulars of transactions, and the balances outstanding at the year end, are disclosed in the table below:

Related party relationship	Type of transaction	Balance outstanding	
		2022 £000	2021 £000
Subsidiary	Trade and other receivables	143	143



**CARNEGIE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****13. 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.

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

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

Total capital is as follows:

	2022 £000	2021 £000
Called up share capital	141	121
Share premium account	501,249	201,269
Retained earnings	(501,247)	(97,133)
<b>Total capital resources</b>	<b>143</b>	<b>104,257</b>

The Company would have the support of its ultimate parent company Barclays PLC, if required.

**14. Parent undertaking and ultimate holding company**

The Company is a subsidiary undertaking of Barclays Principal Investments Limited which is the immediate parent company incorporated in the United Kingdom. The ultimate controlling party is Barclays PLC.

The only group in which the results of the Company are consolidated is that headed by Barclays 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, <https://home.barclays/investor-relations/reports-and-events/annual-reports/>.