

Relative Value Trading Limited

Directors' Report and Financial Statements For the year ended 31 December 2018



REGISTERED NUMBER IN ENGLAND & WALES: 6817403

Relative Value Trading Limited

Directors' Report and Financial Statements
For the year ended 31 December 2018

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Relative Value Trading Limited

Directors' Report

For the year ended 31 December 2018

The Directors present their annual report together with the audited financial statements of Relative Value Trading Limited (the 'Company') for the year ended 31 December 2018.

Profits and dividends

During the year, the Company made a loss of \$168,807 (2017: loss of \$187,221). As at 31 December 2018, the Company had net assets of \$298,050 (2017: \$466,857). The Directors do not recommend the payment of a dividend (2017: \$0).

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:

C Senior
J Walthoe
P Voisey
V Shah

Going concern

After reviewing the Company's performance projections and the available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the Directors must not approve the financial statements unless it is 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 IFRSs as adopted by the EU;
- 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

Relative Value Trading Limited

Directors' Report

For the year ended 31 December 2018

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 16.

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 year ended 31 December 2018 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.

Independent auditors

KPMG LLP has been appointed by the Company to hold office in accordance with s.487 of the Companies Act 2006.

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 Auditors are 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 Auditors are aware of that information.

FOR AND ON BEHALF OF THE BOARD



Name: Jonathan Worsfold

Date: 25/09/19

Company number: 6817403

Registered office address: 1 Churchill Place, London, E14 5HP, England

Relative Value Trading Limited

Strategic Report

For the year ended 31 December 2018

Review and principal activities

The principal activity of the Company is to act as an investment company. No significant change in this activity is envisaged in the foreseeable future.

Business performance

During the year, the Company made a loss of \$316,368 (2017: loss of \$187,221). As at 31 December 2018, the Company has net assets of \$298,050 (2017: \$466,857). Net increase in cash and cash equivalents for 2018 was \$272,466 (2017: \$260,504).

Future outlook

No significant change in this activity is envisaged in the foreseeable future and the Directors expect the company's performance to be in line with the current year.

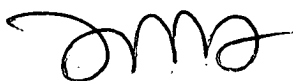
Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Barclays PLC group and are not managed separately. Accordingly, the principal risks and uncertainties of Barclays PLC, which include those of the Company, are discussed in the Barclays PLC 2018 Annual Report which does not form part of this report.

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 the Company, is discussed in the Barclays PLC 2018 Annual Report which does not form part of this report.

FOR AND ON BEHALF OF THE BOARD



Name: Jonathan Wiatkowski

Date: 25/09/19

Company number: 6817403

Independent auditor's report to the members of Relative Value Trading Limited

1 Our opinion is unmodified

We have audited the financial statements of Relative Value Trading Limited ("the Company") for the year ended 31 December 2018 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and the related notes, including the accounting policies in note 5.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit	<p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> • Our Brexit knowledge – We considered the directors' assessment of Brexit-related sources of risk for the company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. • Sensitivity analysis – When addressing areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.

	The risk	Our response
		<ul style="list-style-type: none"> Assessing transparency – As well as assessing individual disclosures as part of our procedures, we considered all of the Brexit related disclosures together, comparing the overall picture against our understanding of the risks.
<p>The structure and the contractual terms of the unsecured borrowings present a risk to the accounting of interest income, interest expense, loans and borrowings.</p> <p>(Interest income \$73.0 million, 2017 \$55.9 million)</p> <p>(Interest expense \$72.7 million, 2017 \$55.6 million)</p> <p>(Amounts due from group undertakings – principal \$1,750.5 million 2017: \$1,750.5 million)</p> <p>(Amounts due from group undertakings – interest \$8.2 million 2017: \$5.8 million)</p> <p>(Amounts due to group undertakings – principal \$1,773.4 million 2017: \$1,773.4 million)</p> <p>(Amounts due to group undertakings – interest \$8.2 million 2017: \$5.8 million)</p>	<p>Contractual terms</p> <p>The Company is set up by Barclays Bank PLC with the sole purpose being to hold and issue intercompany loans.</p> <p>As part of the structure, Relative Value Trading Limited, issues unsecured floating rate senior and junior notes and purchases unsecured floating rate senior and junior notes within the Barclays group.</p> <p>The structure and contractual terms of the notes present a risk that interest income and principal balances receivable from notes (referred to as 'loans and receivables'), interest expense and principal balances of loans payable to investors (referred to as 'borrowings'), are not appropriately accounted and reported.</p>	<p>Our procedures included:</p> <p>Inspection of documents: We compared the underlying transaction flows against key legal and contractual documents and reports. These included:</p> <ul style="list-style-type: none"> the agreement and terms for the loans and receivables and debt securities issued which govern the operation of the Company and its transaction flows to understand the structure and the accounting impact of the transactions. The minutes of the board of directors meetings for the year to identify and investigate any unusual trends or incidents that would indicate a misstatement in the balances of the loan and receivables and debt securities issued and the associated interest income and expense. Test of details: We agreed balances outstanding for loans and receivables and debt securities issued as at 31 December 2018 to the contractual terms governed by the legal agreement. We recalculated interest income arising from the loans and receivables and the interest expense on the debt securities for consistency. <p>Our results</p> <p>We found the accounting and reporting of the loans and receivables, debt securities issued and interest income and expense to be acceptable.</p>

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at \$17.8m (\$53.4m in 2017), determined with reference to a benchmark of total assets of \$1,783m (\$1,780m in 2017) (of which it represents 1% in current year and 3% in prior year).

We consider total assets to be the most appropriate benchmark as the Company is a special purpose entity, set up by Barclays Bank PLC to issue unsecured floating rate senior and junior notes. Accordingly, the Company is not established with the objective of profit maximisation but rather its main purpose is to remit the cash received in respect of its assets so

as to repay its liabilities. As such, total assets are deemed to be the benchmark which users of the financial statements focus their attention on.

4 We have nothing to report on 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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Strategic report and directors' report

Based solely on our work on the other information:

- 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.

6 We have nothing to report on the other 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 by the Company, 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.

7 Respective responsibilities

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 including 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.

8 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

United Kingdom

25/9/2019.

Relative Value Trading Limited

As at 31 December 2018

INCOME STATEMENT

	Note	2018 \$	2017 \$
Interest income	6	72,977,289	55,877,006
Interest expense	7	(72,720,558)	(55,622,776)
Net interest income		<u>256,731</u>	<u>254,230</u>
Profit before tax	8	<u>256,731</u>	<u>254,230</u>
Tax	11	(425,538)	(441,451)
(Loss)/Profit after tax		<u>(168,807)</u>	<u>(187,221)</u>

The (loss)/profit after tax is derived from continuing activities. All recognised income and expenses have been reported in the income statement, hence no Statement of Comprehensive Income has been included in the financial statements.

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

Relative Value Trading Limited

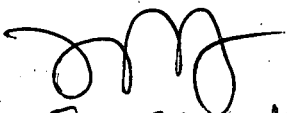
As at 31 December 2018

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2018 \$	31 December 2017 \$
ASSETS			
Non-current assets			
Loans and receivables at amortised cost	12	1,760,500,000	1,760,500,000
Current assets			
Cash and cash equivalents	13	14,426,136	14,153,670
Loans and receivables at amortised cost	12	8,157,550	5,830,497
Total current assets		22,583,686	19,984,167
TOTAL ASSETS		1,783,083,686	1,780,484,167
LIABILITIES			
Current liabilities			
Borrowings	14	(8,168,411)	(5,825,622)
Current taxation		(1,181,502)	(755,965)
Total current liabilities		(9,349,913)	(6,581,587)
NET CURRENT ASSETS		13,233,773	13,402,508
Non-current liabilities			
Borrowings	14	(1,773,435,723)	(1,773,435,723)
NET ASSETS		298,050	466,857
SHAREHOLDERS' EQUITY			
Called up share capital	15	230,000	230,000
Retained earnings		68,050	236,857
TOTAL SHAREHOLDERS' EQUITY		298,050	466,857

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

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2019 and were signed on its behalf by:


 Name: Donatien Walzuo
 Date: 25/09/19
 Company number: 6817403

Relative Value Trading Limited

Statements of Change in Equity
For the year ended 31 December 2018

	Called up share capital	Retained earnings	Total Equity
	\$	\$	\$
Balance at 1 January 2018	230,000	236,857	466,857
Loss after tax	-	(168,807)	(168,807)
Balance at 31 December 2018	<u>230,000</u>	<u>68,050</u>	<u>298,050</u>

	Note	Called up share capital	Retained earnings	Total Equity
		\$	\$	\$
Balance at 1 January 2017		230,000	424,078	654,078
Loss after tax		-	(187,221)	(187,221)
Balance at 31 December 2017	19	<u>230,000</u>	<u>236,857</u>	<u>466,857</u>

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

Relative Value Trading Limited

Cash Flow Statement

For the year ended 31 December 2018

	Note	2018 \$	2017 \$
NET CASH GENERATED FROM OPERATING ACTIVITIES			
Profit before tax		256,731	254,230
Interest income		(72,977,289)	(55,877,006)
Interest expense		72,720,558	55,622,776
Interest received		70,650,236	54,837,505
Interest paid		<u>(70,377,770)</u>	<u>(54,577,001)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES		272,466	260,504
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>272,466</u>	<u>260,504</u>
Cash and cash equivalents at start of the year		14,153,670	13,893,166
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>14,426,136</u>	<u>14,153,670</u>

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

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

1. REPORTING ENTITY

These financial statements are prepared for Relative Value Trading Limited (the Company), the principal activity of which is to act as an investment company. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC and the ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS'), and interpretations issued by the IFRS Interpretations Committee ('IFRS-IC'), as published by the International Accounting Standards Board ('IASB').

The Company is a limited company incorporated and domiciled in England and Wales. The Company's registered office is:

1 Churchill Place
London
E14 5HP

2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the Interpretations Committee ('IFRS IC'), as published by the International Accounting Standards Board ('IASB'). They are also in accordance with IFRS and IFRIC interpretations endorsed by the European Union. 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.

3. BASIS OF PREPARATION

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 IAS 39, 'Financial Instruments, recognition, and measurement' for hedges and IFRS 9 'Financial Instruments as set out in the relevant accounting policies. They are presented in US dollars, the primary economic environment in which the Company operates.

4. NEW AND AMENDED STANDARDS

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces key changes in the following areas:

- Classification and measurement – requiring asset classification and measurement based upon both business model and product characteristics
- Impairment – introducing an expected credit loss model using forward looking information which replaces an incurred loss model. The expected credit loss model introduces a three-stage approach to impairment as follows:

Stage 1 – the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

4. NEW AND AMENDED STANDARDS (CONTINUED)

Stage 2 – lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and

Stage 3 – lifetime expected credit losses for financial instruments which are credit impaired.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

Interest

Interest income or expense is recognised on all interest bearing financial assets and on interest bearing financial liabilities using the effective interest method.

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.

Foreign currency translation

Items included in the financial statements of the Company are measured using their functional currency, being US dollar (USD) the currency of the primary economic environment in which the entity operates:

Foreign currency transactions are translated into US dollars using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement except for qualifying cash flow hedges or hedges of net investments.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on equities classified as available for sale financial assets and non-monetary items are included directly in equity.

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)).

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 expectation 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 are measured at amortised cost

Financial assets are 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 cash flows represent solely payments of principal and interest.

Financial assets are 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.

Loans and advances to customers and banks, customer accounts, debt securities and most financial liabilities, are held at amortised cost. That is, the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean Barclays Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows Barclays Group will consider past sales and expectations about future sales.

Financial instruments at fair value through profit or loss

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election for non-traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and impairment is not recognised in the income statement.

Accounting for financial assets mandatorily at fair value

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

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, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures, 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 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.

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.

Determining a significant increase in credit risk since initial recognition:

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

Quantitative test

The annualised cumulative weighted average lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels.

Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of materiality, i.e. at what point a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate.

For existing/historic exposures where origination point scores/data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible, (subject to a data start point no later than 1 January 2015); or

Use of available historic account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

Qualitative test

Accounts meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, including industry and Group wide customer level data wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

Backstop criteria

Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met. This is subject to all payments being up to date and the customer evidencing ability and willingness to maintain future payments.

The Company does not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated. Determining the PD at initial recognition requires management estimates.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

Forward-looking information

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, five forward-looking economic scenarios are considered to ensure a sufficient unbiased representative sample of the complete distribution is included in determining the expected loss. Stress testing methodologies are leveraged within forecasting economic scenarios.

The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk. Impairment charges will tend to be more volatile and will be recognised earlier. Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted.

The Company utilises an external consensus forecast as the baseline scenario. In addition, two adverse and two favourable scenarios are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also incorporating IFRS 9 specific sensitivities and non-linearity. The most adverse scenarios are benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenarios from Moody's inventory, but are not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include six core variables, (GDP, unemployment and

Relative Value Trading Limited

Notes to the financial statements

For the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

House Price Index in both the UK & US markets), and expanded variables using statistical models based on historical correlations. The probability weights of the scenarios are estimated such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices and base rates, and credit cards and unsecured consumer loans are highly sensitive to unemployment.

Definition of default, credit impaired assets, write-offs, and interest income recognition

The definition of default for the purpose of determining ECLs has been aligned to the Regulatory Capital CRR Article 178 definition of default, which considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired or purchased or originated as such interest income is calculated on the carrying value net of the impairment allowance.

Credit impaired is when the exposure has defaulted which is also anticipated to align to when an exposure is identified as individually impaired.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

Loan modifications and renegotiations that are not credit-impaired

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile.

Where terms are substantially different, the existing loan will be derecognised and new loan recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Expected life

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. The expected life for these revolver facilities is expected to be behavioural life. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discounting

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques

ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;

IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;

Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and

ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, Barclays Group' risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, Barclays Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Forbearance

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forborne state.

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts in all circumstances and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

Capital contribution

Capital Contributions are classified as equity, provided that there is no present obligation to deliver cash or another financial asset to the holder. The costs associated with the issuance of shares/company interests are recorded as a deduction from equity.

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.

Guarantees

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was provided. Subsequent to initial recognition, such guarantees are measured at the higher of the initial measurement less any amortisation of fee income recognised in the income statement over the period, and the best estimate of the expenditure required to settle any financial liability arising as a result of the obligation at the balance sheet date.

6. INTEREST INCOME

	2018	2017
	\$	\$
Interest income from group undertakings	72,977,289	55,877,006
	<u>72,977,289</u>	<u>55,877,006</u>

7. INTEREST EXPENSE

	2018	2017
	\$	\$
Interest expense to group undertakings	(72,720,558)	(55,622,776)
	<u>(72,720,558)</u>	<u>(55,622,776)</u>

8. PROFIT BEFORE TAX

The audit fee is borne by another group company and not recharged. Although the audit fee is borne by another group company, the fee that would have been charged to the Company amounts to \$22,358 for the year ended 31 December 2018 (2017: \$11,721). This fee is not recognised as an expense in the financial statements.

9. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2017: \$0). During the year, 0 Directors (2017: 0) exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

10. STAFF COSTS

There were no employees employed by the Company during 2018 or 2017.

11. TAX

	2018	2017
	\$	\$
UK corporation tax	487,811	390,332
Foreign exchange	(62,273)	51,119
Total tax charge	<u>425,538</u>	<u>441,451</u>

The UK corporation tax charge is based on a UK corporation tax rate of 19.00% (2017 blended rate: 19.25%). The overall taxcharge is explained in the following table:

	2018	2017
	\$	\$
Profit before tax	256,731	254,230
Profit multiplied by the corporation tax in the UK of 19% (2017 blended rate: 19.25%)	48,780	48,931
Thin Capitalisation adjustment	439,031	341,401
Foreign exchange effect	(62,273)	51,119
Overall tax charge	<u>425,538</u>	<u>441,451</u>

12. LOANS AND RECEIVABLES AT AMORTISED COST

	2018	2017
	\$	\$
Non-current loans and receivables at amortised cost: Amounts due from group undertakings - principal	<u>1,760,500,000</u>	<u>1,760,500,000</u>
Current loans and receivables at amortised cost: Amounts due from group undertakings - interest	<u>8,157,550</u>	<u>5,830,497</u>

The loans and receivables at amortized cost represent unsecured floating rate senior and junior notes with a subscription amount of \$499,500,000 and \$1,261,000,000 respectively. The notes have a maturity date of 26 November 2025 from RVT CLO Investments LLP. The senior note carries interest of 3 month US Dollar Libor plus 10 basis points and the junior note carries interest of 3 month US Dollar Libor plus 267.5 basis points. As of 31 December 2018 the senior and junior notes had accrued interest of \$8,157,550.

See note 16 for additional information on loans and receivables at amortised cost. The fair value of the Company's loans and receivables at amortised cost as at 31 December 2018 is \$1,724,159,262 (2017: \$1,832,123,215)

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

13. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash in bank	1,419,621	1,318,391
Deposits with group undertakings	13,006,515	12,835,279
	<u>14,426,136</u>	<u>14,153,670</u>

14. BORROWINGS

	2018	2017
	\$	\$
Non-current borrowings:		
Amounts due to group undertaking – principal	<u>(1,773,435,723)</u>	<u>(1,773,435,723)</u>
Current borrowings:		
Amounts due to group undertaking - interest	<u>(8,168,411)</u>	<u>(5,825,622)</u>

Borrowings include unsecured floating rate senior and junior notes with a subscription amount of \$512,435,723 and \$1,261,000,000 respectively. The notes have a maturity date of 26 November 2025.

The notes are repayable at the option of the borrower upon giving five business days' written notice to the lender, if the unsecured floating rate note held by the Company is redeemed. The lender has no option to redeem the loan until maturity date. The senior note entitles the holder to receive a return of 3 month US Dollar Libor plus 10 basis points and the junior note entitles the holder to receive a return of 3 month US Dollar Libor plus 265.5 basis points. These notes are listed on the Cayman Islands Stock Exchange (initially listed on 26 November 2015). As of December 31 2018, the senior and junior notes had accrued interest of \$8,168,411.

All the borrowings are with companies in the Barclays Group of which the Company is a member. The fair value of the Company's borrowings as at 31 December 2018 is \$1,735,729,701 (31 December 2017: \$1,843,385,181).

Additional details in respect of the Company's borrowings are detailed in note 16.

15. CALLED UP SHARE CAPITAL

	Number of shares	Ordinary shares	Total
		\$	\$
As at 1 January 2018	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>
As at 31 December 2018	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>
As at 1 January 2017	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>
As at 31 December 2017	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>
		2018	2017
		\$	\$
Authorised, allotted and fully paid:			
230,000 (2017: 230,000) Ordinary shares of \$1 each		<u>230,000</u>	<u>230,000</u>

The holders of the ordinary shares are entitled to vote at the general meetings of the Company and are entitled to receive such dividends as Directors may declare. The ordinary shares are not redeemable. The holders of the ordinary shares are entitled to participate in the distribution of any surplus assets of the Company.

Relative Value Trading Limited

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For the year ended 31 December 2018

16. FINANCIAL RISKS

The Company's activities expose it to a variety of financial risks. These are liquidity risk, credit risk and market risk (which includes foreign currency risk, interest rate risk and price risk).

The Company's Directors are required to follow the requirements of the Barclays Group risk management policies. The policies includes specific guidelines on the management of foreign exchange, interest rate and credit risks, and advise on the use of financial instruments to manage them. The Company seeks to minimize its exposure to liquidity, credit and market risk by applying these policies, and monitors exposures on a portfolio basis.

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. The Company has the financial support of the parent undertaking Barclays Bank PLC, it also maintains banking facilities with Barclays Bank PLC. These facilities are designed to ensure the Company has sufficient available funds for operations.

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities.

As at 31 December 2018:	Borrowings \$
Financial liabilities repayable;	
- One year or less	83,224,042
- Over 1 year but not more than 2 years	81,019,307
- Over 2 years but not more than 5 years	240,213,391
- Over 5 years but not more than 10 years	1,940,903,227
Total	<u>2,345,359,967</u>

As at 31 December 2017:	Borrowings \$
Financial liabilities repayable;	
- One year or less	67,035,957
- Over 1 year but not more than 2 years	73,984,192
- Over 2 years but not more than 5 years	230,115,821
- Over 5 years but not more than 10 years	2,010,473,614
Total	<u>2,381,609,584</u>

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfill their contractual obligations to the Company. The Company manages its credit risk by contracting with entities within the Barclays Group. The Company's assets are neither past due or impaired.

The Company's maximum exposure to credit risk is detailed in the table below. The exposure reported in the table represents the gross receivable amounts and not the fair value. The exposure is reported gross and does not include any collateral or other credit risk mitigants which reduce the Company's exposure.

Relative Value Trading Limited

Notes to the financial statements
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16. FINANCIAL RISKS (CONTINUED)

As at 31 December 2018

	Loans and receivables	Cash and cash equivalents	Total
	\$	\$	\$
Carrying value	1,768,657,550	14,426,136	1,783,083,686

As at 31 December 2017

	Loans and receivables	Cash and cash equivalents	Total
	\$	\$	\$
Carrying value	1,766,330,497	14,153,670	1,780,484,167

The Company does not hold any collateral as security. The credit quality of the loans and receivables and cash and cash equivalents is akin to that of Barclays Bank Plc.

The table below describes the Company's credit exposure by industry type:

As at 31 December 2018

	Loans and receivables	Cash and cash equivalents	Total
	\$	\$	\$
Financial Institutions	1,768,657,550	14,426,136	1,783,083,686

As at 31 December 2017

	Loans and receivables	Cash and cash equivalents	Total
	\$	\$	\$
Financial Institutions	1,766,330,497	14,153,670	1,780,484,167

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.

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. The Company's interest rate risk arises from interest on its loans and receivables and borrowings.

Interest rate sensitivity analysis

The sensitivity of the income statement to movements in interest rates is the effect of assumed changes in interest rates on the net interest income for one period, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2018, including the effect of hedging instruments.

Relative Value Trading Limited

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16. FINANCIAL RISKS (CONTINUED)

Impact on net interest income

The Company has considered the effect on interest of a 100 basis point change. This analysis has been performed by applying a 100 basis point change to the outstanding principal of the net interest bearing positions at the year end. The impact would be as follows:

	+100 basis points 2018	-100 basis points 2018
Total \$	519	(519)
As a percentage of net interest income	0.20%	(0.20)%
	+100 basis points 2017	-100 basis points 2017
Total \$	(1,113)	1,113
As a percentage of net interest income	(0.44)%	0.44%

Foreign currency risk

The Company records its UK corporation tax in sterling and it is exposed to foreign exchange fluctuations on this tax balance, refer to note 11 for further details. The Company has no other balances in foreign currencies and is not exposed to additional foreign currency risk. At 31 December 2018, the Company had net British pound sterling liabilities equivalent of \$1,181,502 US Dollar (2017: \$755,965). The following sensitivity table demonstrates the effect of 10% of rise or fall in foreign exchange rate for sterling exposure of the Company:

	2018		2017	
	Impact on profit after tax if GBP weakens 10% vs. USD	Impact on profit after tax if GBP strengthens 10% vs. USD	Impact on profit after tax if GBP weakens 10% vs. USD	Impact on profit after tax if GBP strengthens 10% vs. USD
	\$	\$	\$	\$
British pound sterling	118,150	(118,150)	75,597	(75,597)

Price risk

Price risk is the risk that market prices for the Company's investment securities measured at fair value may fall. The Company is not exposed to price risks.

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial instruments are disclosed in the respective notes to the financial statements. Loans and receivables and borrowings have been classified as Level 2.

Valuation methodology

A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is described below.

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

17. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Quoted market prices - Level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs - Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable. Level 2 valuation techniques can also include unobservable inputs that are not significant of the fair value measurement in its entirety.

Valuation technique using significant unobservable inputs - Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

18. 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, associated and joint venture companies, as well as the Company's key management which includes its Directors.

During the year there have been no other transactions with related parties other than transactions disclosed in the notes to the financial statements. The cash in hand is held with a related party, Barclays Bank PLC.

19. CAPITAL MANAGEMENT

The Company is required to follow the risk management policies of Barclays Bank PLC, its ultimate parent, which include guidelines covering capital management. The capital management objectives and policies for Barclays Bank PLC can be found in its financial statements.

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.

Relative Value Trading Limited

Notes to the financial statements
For the year ended 31 December 2018

19. CAPITAL MANAGEMENT (CONTINUED)

The Board of Directors is responsible for capital management and ensures that the Company operates within the Barclays Group risk framework.

Total capital of the Company is as follows:

	As at 31 December 2018	As at 31 December 2017
	\$	\$
Called up share capital	230,000	230,000
Retained earnings	68,050	236,857
Total capital resources	298,050	466,857

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

20. CONTINGENT LIABILITIES AND COMMITMENTS

The following table summarises the nominal principal amount of contingent liabilities and commitments which are not recorded on balance sheet:

	As at 31 December 2018	As at 31 December 2017
	\$	\$
Guarantees	8,500,008	8,331,347

Guarantees are given as security to support the performance of a group undertaking to Barclays Bank PLC. The main types of guarantees provided are financial guarantees given to Barclays Bank PLC to secure loans. As the Company will only be required to meet these obligations in the event of the affiliate's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

21. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY

The immediate parent entity of Relative Value Trading Limited is Maloney Investments Limited. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC. The ultimate holding Company and the parent Company of the largest group that presents group financial statements is Barclays PLC. Both companies are incorporated in Great Britain and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available for public use from the Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

22. TRANSITION NOTES

Balance sheet movement – impact of transition to IFRS 9

The table below presents the impact of the changes to balance sheet presentation and of the transition to IFRS 9 on the Company's balance sheet showing separately the changes arising from reclassification and any associated remeasurement, and the impact of increased impairment. The adoption of IFRS 9 had no impact on any category.

Relative Value Trading Limited

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22. TRANSITION NOTES (CONTINUED)

	As at 31 December 2017	IFRS 9 impairment change	IFRS 9 presentaion change	As at 1 January 2018
	\$	\$	\$	\$
ASSETS				
Non-current assets				
Loans and receivables	1,760,500,000	-	(1,760,500,000)	-
Loans and receivables at amortised cost	-	-	1,760,500,000	1,760,500,000
Current assets				
Cash and cash equivalents	14,153,670	-	-	14,153,670
Loans and receivables	5,830,497	-	(5,830,497)	-
Loans and receivables at amortised cost	-	-	5,830,497	5,830,497
TOTAL ASSETS	1,780,484,167	-	-	1,780,484,167
LIABILITIES				
Non-current liabilities				
Borrowings	(1,773,435,723)	-	-	(1,773,435,723)
Current liabilities				
Borrowings	(5,825,622)	-	-	(5,825,622)
Current taxation	(755,965)	-	-	(755,965)
TOTAL LIABILITIES	(1,780,017,310)	-	-	(1,780,017,310)
SHAREHOLDERS' EQUITY				
Called up share capital	230,000	-	-	230,000
Retained earnings	236,857	-	-	236,857
TOTAL SHAREHOLDERS' EQUITY	466,857	-	-	466,857