LONG ISLAND ASSETS LIMITED

Report and Financial Statements
For the year ended 31 December 2013

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

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DIRECTORS' REPORT
For the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Review of business and future outlook

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 and the directors expect the company's future performance to be in line with the current year.

The directors have reviewed the Company's business and performance and consider it to be in line with expectations for the year. The directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business.

Given the nature of the business, the Company's directors are of the opinion that analysis using Key Performance Indicators (KPI's) is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the 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 group's annual report which does not form part of this report.

Results and dividends

During the year ended 31 December 2013 the Company made a profit after tax of $64,350,373 (2012: $2,298,867). The directors made dividend payment of $85,000,000 in relation to the year ended 31 December 2013 (2012: nil). As at 31 December 2013 the company has net assets of $5,313,276,057 (2012: $5,333,925,684).

Directors

The directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below:

C Cortes (resigned on 18 March 2013)
J Hanebuth (appointed on 16 September 2013)
A Moses (resigned on 06 December 2013)
D Rothnie (appointed on 23 July 2013)
H Sterling (resigned on 10 December 2013)
R Stokes

Since the year end, G Simpson was appointed as a director on 10 June 2014.

Directors' third party indemnity provisions

Qualifying third party indemnity provisions were in force during the course of the financial year ended 31 December 2013 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 which may occur (or have occurred) in connection with their duties, powers or office.

Statement of Directors' Responsibilities

The directors are responsible for preparing 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2013

Financial instruments

The Company operates within the Barclays financial risk management objectives and policies. These include a policy for hedging each major type of forecasted transaction for which hedge accounting is used. The exposures to price risk, credit risk and liquidity risk are set out in the Barclays Bank Plc annual report.

Independent Auditors

PricewaterhouseCoopers LLP will continue to hold office in accordance with section 487 of the Companies Act 2006.

BY ORDER OF THE BOARD

Director:
Name: DAVID RUTHNIE
Date: 28 August 2014
Company Number: 7450219

LONG ISLAND ASSETS LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

STRATEGIC REPORT

For the year ended 31 December 2013

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 and the directors expect the company's performance to be in line with the current year.

Business performance

During the year the Company made a profit for the year of £64,350,373 (2012: £2,298,867). The Company has net assets of £5,313,276,057 (2012: £5,333,925,684).

The Directors have reviewed the Company's business and performance and consider it to be satisfactory for the year. The Directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business.

Principal risks and uncertainties

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 mitigates this risk by receiving income on swaps that matches the payment profile of the debt securities in issue, mitigating its interest rate risk exposure..

Credit risk

Credit risk is the risk that counterparties to the Company's financial assets may default. To mitigate this risk, the Company assesses all counterparties, including its customers, for credit risk before contracting with them. The Company's exposure to its counterparties is subject to financial limits.

Liquidity risk

Liquidity risk 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, Barclays PLC, and maintains banking facilities with Barclays Bank PLC to ensure the Company has sufficient funds available for its operations and debt commitments. The Company seeks to match the cash flow profile of its assets and liabilities to ensure that it has sufficient funds to make payments when they fall due.

Foreign exchange risk

If the Company is exposed to foreign exchange risk due to the extent of its foreign currency assets not matched by foreign currency borrowings in the same currency. The Company uses foreign exchange contacts and interest rate and currency derivatives to minimise its net foreign currency exposure.

Key performance indicators

The directors of Barclays PLC manage the group's operations on a business unit 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 on in the Barclays PLC annual report which does not form part of this report.

BY ORDER OF THE BOARD

Director

Name: DAVID ROTHNIC

Date: 28 August 2014

Company Number: 7450219

Independent auditors' report to the ~~Directors~~ Members of Long Island Assets Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Long Island Assets Limited, comprise:

- the Balance Sheet as at 31 December 2013;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Drew Haigh

Drew Haigh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London, United Kingdom
20 August 2014

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

INCOME STATEMENT
FOR THE YEAR TO 31 DECEMBER 2013

Continuing operations:	Notes	2013 $	2012 $
Interest receivable and similar income	4	58,103	3,591,438
Interest payable and similar charges	5	(59,614)	(59,853)
Net interest (expense)/income		(1,511)	3,531,585
Foreign exchange gain/(loss)	6	3,665	(47,882)
Dividends received		128,000,000	-
Impairment on investments in subsidiary	11	(63,844,885)	-
Profit before taxation	7	64,157,269	3,483,703
Taxation	10	193,104	(1,184,836)
Profit for the year		64,350,373	2,298,867

Profit for the year is derived from continuing activities. The accompanying notes form an integral part of these financial statements. No separate statement of comprehensive income has been presented as all income is included in the income statement.

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 $	2012 $
ASSETS			
Non-current assets			
Investment in subsidiaries	11	191,259,662	255,104,547
Total non-current assets		191,259,662	255,104,547
Current assets			
Cash in hand		1,792,199	2,071,764
Current taxation	14	40,126	-
Loans and advances	12	120,184,070	90,092,248
Investment in preference shares	13	7,900,000,000	7,900,000,000
Total current assets		8,022,016,395	7,992,164,012
TOTAL ASSETS		**8,213,276,057**	**8,247,268,559**
LIABILITIES			
Current liabilities			
Current Taxation	14	-	790,850
Borrowings	15	2,900,000,000	2,912,552,025
Total current liabilities		2,900,000,000	2,913,342,875
Net current assets		5,122,016,395	5,078,821,137
TOTAL LIABILITIES		**2,900,000,000**	**2,913,342,875**
NET ASSETS		**5,313,276,057**	**5,333,925,684**
EQUITY			
Share capital	16	5,328,001	5,328,001
Share premium account	16	5,300,986,319	5,300,986,319
Retained earnings	17	6,961,737	27,611,364
TOTAL EQUITY		**5,313,276,057**	**5,333,925,684**

LONG ISLAND ASSETS LIMITED.

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

BALANCE SHEET AS AT 31 DECEMBER 2013 (continued)

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

The financial statements on pages 6 to 24 were approved by the Board of Directors and authorised for issue on 28 August 2014 and were signed on its behalf by:

Director:

Name: DAVID ROTHNIC

Date: 28 August 2014

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital	Share Premium Account	Retained earnings	Total equity
	$	$	$	$
Balance at 1 January 2013	5,328,001	5,300,986,319	27,611,364	5,333,925,684
Profit for the year and total comprehensive income	-	-	64,350,373	64,350,373
Dividends paid	-	-	(85,000,000)	(85,000,000)
Balance at 31 December 2013	5,328,001	5,300,986,319	6,961,737	5,313,276,057

	Share capital	Share Premium Account	Retained earnings	Total equity
	$	$	$	$
Balance at 1 January 2012	5,328,001	5,300,986,319	25,312,497	5,331,626,817
Profit for the year and total comprehensive income	-	-	2,298,867	2,298,867
Balance at 31 December 2012	5,328,001	5,300,986,319	27,611,364	5,333,925,684

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013	2012
		$	$
CASH FLOWS FROM/USED IN OPERATING ACTIVITIES			
Cash from operating activities	18	-	-
Interest received		776,002	4,741,620
Interest paid		(61,986)	(40,314)
Tax paid		(637,873)	(12,441,639)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		76,143	(7,740,333)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Subsidiary	11	-	-
(Amounts loaned to)/Proceeds from group undertakings		(307,962)	4,995,344,439
Investment in preference shares	13	-	(7,900,000,000)
Dividends received		128,000,000	-
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		127,692,038	(2,904,655,561)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of)/Proceeds from borrowed funds		(12,552,025)	2,912,532,485
Dividends paid		(85,000,000)	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(97,552,025)	2,912,532,485
Foreign exchange gain		6,037	(47,882)
NET INCREASE IN CASH AND CASH EQUIVALENTS		30,222,193	88,709
Cash and cash equivalents at 1 January		29,493,978	29,405,269
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		59,716,171	29,493,978
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash in hand		1,792,199	2,071,764
Principal amount with Group undertakings		57,923,972	27,422,214
		59,716,171	29,493,978

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

The financial statements are prepared for Long Island Assets Limited (the Company) under Section 394 of the Companies Act 2006. The principal activity of the Company is to act as an investment Company. The Company is a wholly owned subsidiary of Barclays Bank PLC and its ultimate parent company is Barclays PLC. Barclays PLC prepares consolidated financial statements in accordance with IFRS as adopted by the European Union, and accordingly consolidated financial statements have not been prepared for Long Island Assets Limited.

Long Island Assets Limited 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 International Financial Reporting Interpretations Committee ("IFRIC"), as published by the International Accounting Standards Board ("IASB"). They are also in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union.

3. 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.

Basis of preparation
The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under accounting standards and as set out in the relevant accounting policies. They are stated in US Dollars which is the Company's functional and presentation currency.

Critical accounting estimates
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Revenue recognition
Revenue is recognised in the income statement when it is probable that the economic benefits associated with the transaction will be received by the Company. Revenue is reported at the fair value of the consideration received or receivable.

Interest
Interest income or expense is recognised on all interest bearing financial instruments classified as held to maturity, available for sale or loans and advances, and on interest bearing financial liabilities, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest (continued)

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 in proportion to the amount outstanding over the period to maturity or repayment.

Foreign exchange

Foreign currency transactions are translated into USD using the spot exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into functional currency at the spot rate prevailing on the balance sheet date. All exchange gains and losses are recognised in the income statement except for items that are designated as hedging instruments in qualifying cash flow hedges or hedges of net investments, translation differences for which are recognised in other comprehensive income.

Non-monetary items recognised at historical cost are not re-translated at subsequent dates. Non-monetary items that are measured at fair value are re-translated using the exchange rate at the date when the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items whose fair value gains or losses are recognised in other comprehensive income are also included directly in other comprehensive income.

Taxation

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

Current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Investments in subsidiaries

Investments in subsidiaries are recorded in the balance sheet at historical cost less any amounts that have been provided for to reflect impairment in the value of the investment, where there is objective evidence of impairment. Any impairment in the value of the investment is recognised in the income statement.

Loans and advances

Loans and advances are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances are recorded on balance sheet according to the substance of the contractual arrangement entered into. They are initially recorded at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, less any amounts that have been provided for to reflect impairment in the value of the investment, where there is objective evidence of impairment. Income is recognised in the income statement, using the effective interest rate which discounts estimated future cash flows through the life of the financial asset to that assets' net carrying value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Borrowings
Borrowings, including Redeemable Preference Shares issued by the Company, are recognised as a liability when a contractual agreement results in the Company having a present obligation to deliver cash or another financial asset to the holder. The liability is initially recognised at fair value and amortised to the redemption value using the effective rate of interest over the life of the instrument.

Borrowing costs, including interest, gains and losses are recognised in the income statement as an income or expense in the period in which they are incurred.

The redeemable preference shares issued by the Company have been classified as compound financial instruments in accordance with IAS 32 and are being split into debt and equity components. The liability component of the preference shares is amortised through the income statement as interest expense on an effective yield basis. Dividends are recognised in equity when declared.

Share Capital
Share capital classified as equity, provided that there is no present obligation to deliver cash or another financial asset to the holder, is shown in called up share capital, and the costs associated with the issuance of shares are recorded as a deduction from equity.

Impairment of financial assets

(a) Assets carried at amortised cost
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including loans and advances, is impaired. The factors that the Company takes into account include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties.

Impairment allowances are calculated, based on the difference between the carrying amount of the asset and its estimated recoverable amount, calculated by reference to the expected cash flows from it discounted at the original effective interest rate for the asset.

(b) Assets classified as 'available for sale'
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. For debt securities classified as available for sale, the company uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Assets classified as 'available for sale' (continued)
If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in profit or loss.

Impairment losses recognised in the income statement on equity instruments that are classified as available for sale are not reversed through the income statement.

New and revised standards affecting presentation and disclosure only

Amendment to IAS 1

The amendment clarifies that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements.

The Company has chosen to continue with the former presentation, disclosing the analysis of profit for the financial year by item, in the statement of changes of equity.

Amendments to IFRS 7 Financial Instruments: Amendments to Offsetting Financial Assets and Financial Liabilities

The circumstances in which netting is permitted have been clarified; in particular what constitutes a currently legally enforceable right of set-off and the circumstances in which gross settlement systems may be considered equivalent to net settlement.

The directors do not anticipate that amendments to IFRS will have a significant effect on the Company's disclosures however if the company enters into such transactions in the future, disclosures in compliance with these amendments to IFRS 7 will be required.

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 as applied to separate financial statements specifies the required disclosures in respect of interests in unconsolidated structured entities. When the Company has an interest in unconsolidated structured entities the company will disclose qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the nature, purpose, size and activities of the structured entity and how the structured entity is financed.

IFRS 13: Fair Value Measurement

IFRS 13 provides comprehensive guidance on how to calculate the fair value of financial and non-financial assets. The adoption of IFRS 13 did not have a material financial impact on the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting developments

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2018.

IFRS 9	*Financial Instruments*[1]

IFRS 9 will change the classification and therefore the measurement of the Company's financial assets, the recognition of impairment and hedge accounting. In addition to these changes, the effect of changes in the Company's own credit risk on the fair value of financial liabilities that the Company designates at fair value through profit and loss will be included in other comprehensive income rather than the income statement. A number of the significant proposals have yet to be finalised and it is therefore not yet possible to estimate the financial effects.

[1] Effective dates is still to be determined

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	$	$
Interest receivable from group undertakings	58,103	3,591,438
	58,103	3,591,438

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	$	$
Interest payable to group undertakings	59,614	59,853
	59,614	59,853

6. FOREIGN EXCHANGE GAIN/(LOSS)

	2013	2012
	$	$
Foreign exchange revaluation	3,665	(47,882)
	3,665	(47,882)

7. PROFIT BEFORE TAXATION

The audit fee is borne by another group company. Although the audit fee is borne by another group company, the fee that would have been charged to the Company amounts to $7,376 (2012: $7,052) for the year. This fee is not recognised as an expense in the financial statements.

8. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the Company during the year (2012: nil).

9. STAFF COSTS

There were no employees employed by the Company during 2013 or 2012.

10. TAXATION

	2013	2012
	$	$
UK corporation tax	193,104	(1,184,836)
Tax credit/(charge) on profit	193,104	(1,184,836)

The UK corporation tax charge is based on the UK corporation tax rate of 23.25% (2012: 24.5%). The effective tax rate is lower (2012: higher) as a result of items not subject to tax in the year.

A numerical reconciliation of the applicable tax rate and the average effective tax rate is as follows:

10. TAXATION (Continued)

	2013 $	2012 $
Profit before tax	64,157,269	3,483,703
Profit multiplied by the rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(14,916,565)	(853,507)
Effects of:		
Prior year adjustment	-	(16,196)
Non taxable dividends received	29,760,000	-
Non deductible impairment on investments	(14,843,936)	-
Foreign Exchange	193,605	(315,132)
Current tax credit/(charge) for the year	193,104	(1,184,836)

11. INVESTMENT IN SUBSIDIARIES

	2013 $	2012 $
Balance as at 1 January	255,104,547	255,104,547
Impairment	(63,844,885)	-
Balance as at 31 December	191,259,662	255,104,547

Investments in subsidiary comprise of:

Name of subsidiary	Country of incorporation or residence	Nature of business	Proportion of ownership held (%)	Proportion of voting power held (%)
Long Island International Limited (LIIL)	Cayman Islands	Investing	100%	100%

12. LOANS AND ADVANCES

	2013 $	2012 $
Loans and advances to parent undertaking	62,252,469	61,571,490
Loans and advances to group undertaking	57,931,601	28,520,758
	120,184,070	90,092,248

12. LOANS AND ADVANCES (continued)

At 31 December 2013, loans and advances include a fixed rate loan with a principal $61,612,246 with fixed rate of 0.7325% maturing on 28th March 2014 and a floating rate loan with a principal of $57,905,743 based on a USD Libor rate maturing on 17 March 2014.

See note 20 and note 4 for additional information on loans and advances.

The fair value of the Company's loans and advances as at 31 December 2013 was approximately book value as they are repayable on demand by both parties.

13. INVESTMENT IN PREFERENCE SHARES

	2013	2012
	$	$
Investment in Preference Shares	7,900,000,000	7,900,000,000
Balance as at 31 December	7,900,000,000	7,900,000,000

The preference shares are redeemable at the option of the Company or the Issuer at any time upon serving a redemption notice of not less than one business day's written notice. The holder's of the preference shares are entitled to receive a discretionary dividend and do not have voting rights.

14. CURRENT TAXATION

	2013	2012
	$	$
Taxation	40,126	(790,850)
	40,126	(790,850)

15. BORROWINGS

	2013	2012
	$	$
Amounts due to group undertakings	-	12,552,025
Preference shares issued	2,900,000,000	2,900,000,000
	2,900,000,000	2,912,552,025

At 31 December 2012, amounts due to group undertakings included a fixed rate loan with a principal $12,532,485 with fixed rate of 0.63065% which matured on 14th March 2013.

Additional details in respect of the Company's borrowings are detailed in note 20.

15. BORROWINGS (continued)

The company has issued preference shares as follows:

	2013 $	2012 $
Authorised: 2,900,000 USD Redeemable Preference shares of $1 each	2,900,000	2,900,000
Allotted and fully paid: 2,900,000 USD Redeemable Preference shares of $1 each	2,900,000	2,900,000
Share Premium: 2,900,000 USD Redeemable Preference shares of $999 each	2,897,100,000	2,897,100,000

On 23 February 2012, the Company issued 2,900,000 USD preference shares with a par value of $1 each and a share premium of $999 each to Barclays Bank PLC for an aggregate subscription price of the sterling equivalent of $2,900,000,000.

The USD preference shares are redeemable by either party subject to one business day's prior written notice. The holders of the USD preference shares are entitled in priority to any payment of a dividend to the holders of ordinary shares in such amount as the directors may declare from time to time. The holders of the USD preference shares are entitled to receive notice of and to attend any general meeting of the company but are not entitled to vote.

16. SHARE CAPITAL

	Number of shares	Ordinary shares	Share Premium Account $	Total $
As at 31 December 2013 and 31 December 2012	5,328,001	5,328,001	5,300,986,319	5,306,314,320

	2013 $	2012 $
Allotted and fully paid: 5,328,001 Ordinary shares of $1 each	5,328,001	5,328,001

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 and on a return of capital or a liquidation or otherwise, the holders of all classes of preference shares rank senior to the holders of the ordinary shares.

The holders of the ordinary shares are entitled to participate in the distribution of any surplus assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETAINED EARNINGS

	2013	2012
	$	$
As at 1 January	27,611,364	25,312,497
Profit for the year	64,350,373	2,298,867
Dividends paid	(85,000,000)	-
As at 31 December	6,961,737	27,611,364

18. RECONCILIATION OF PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2013	2012
	$	$
Profit on ordinary activities before taxation	64,157,269	3,483,703
Interest expense	59,614	59,853
Interest income	(58,103)	(3,591,438)
Foreign exchange	(3,665)	47,882
Dividends received	(128,000,000)	-
Impairment on investments in subsidiary	63,844,885	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	-	-

19. ULTIMATE HOLDING COMPANY

Barclays Long Island Limited is the parent undertaking and controlling party. 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 Group Corporate Secretariat, 1 Churchill Place, London E14 5HP.

20. 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 operate within the requirements of the Barclays Group risk management policies. These policies include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advise on the use of financial instruments to manage them and comply with the requirements. The risks are managed on a portfolio basis and are identified on an exceptions 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 ultimate parent undertaking Barclays Bank PLC. These facilities are designed to ensure the Company has sufficient available funds for operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISKS

Liquidity risk (continued)

The table below shows the maturity of financial liabilities the company is exposed to, and the undiscounted contractual cashflows of the liabilities it faces:

2013	Borrowings	Total
	$	$
Financial liabilities repayable:		
- not more than three months	2,900,000,000	2,900,000,000
Total	2,900,000,000	2,900,000,000

2012	Borrowings	Total
	$	$
Financial liabilities repayable:		
- not more than three months	2,913,326,679	2,913,326,679
Total	2,913,326,679	2,913,326,679

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 manages its credit risk by contracting with entities within the Barclays Group and purchases gilts. The Company's assets are neither past due or impaired. The company's assets are of investment grade.

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.

31 December 2013	Cash	Loans and advances	Preference Shares	Total
	$	$	$	$
Carrying value	1,792,199	120,184,070	7,900,000,000	8,021,976,269
Total	1,792,199	120,184,070	7,900,000,000	8,021,976,269

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISKS (continued)

Credit risk (continued)

31 December 2012	Cash	Loans and advances	Preference Shares	Total
	$	$	$	$
Carrying value	2,071,764	90,092,248	7,900,000,000	7,992,164,012
Total	2,071,764	90,092,248	7,900,000,000	7,992,164,012

The Company does not hold any collateral as security.

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

31 December 2013	Cash	Loans and advances	Preference Shares	Total
	$	$	$	$
Financial institutions	1,792,199	57,923,972	-	57,716,171
Other financial intermediaries	-	62,260,097	7,900,000,000	7,962,260,097
Total	1,792,199	120,184,069	7,900,000,000	8,021,976,268

31 December 2012	Cash	Loans and advances	Preference Shares	Total
	$	$	$	$
Financial institutions	2,071,764	27,422,214	-	29,493,978
Other financial intermediaries	-	62,670,034	7,900,000,000	7,962,670,034
Total	2,071,764	90,092,248	7,900,000,000	7,992,164,012

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 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 its borrowings and loans and advances.

Interest rate sensitivity analysis

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2012.

20. FINANCIAL RISKS (continued)

Interest rate sensitivity analysis (continued)

The Company has net short term floating rate non-trading financial assets of $57,905,753 (2012: $49,915,630) made up of borrowings and loans and advances.

Impact on net interest income
The Company has considered the effect on interest of a 100 basis points change. This analysis has been performed by applying a 100 basis point change to the interest rate on the outstanding principal of the net floating rate interest bearing positions. The impact would be to reduce/increase the net interest expense by approximately $579,058 (2012: $499,156).

Impact on equity
The impact of a 100 basis point change would be to reduce/increase the equity by approximately $444,427 (2012: $376,863).

Foreign currency risk

The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities. The Company holds a GBP bank account and has GBP taxation liabilities.

21. 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 as well as associated and joint venture companies.

Barclays Bank PLC is the parent undertaking and controlling party. The Company's cash balances are held with Barclays Bank Plc. During the year there have been no other transactions with related parties other than transactions disclosed in notes 4, 5, 11, 12, 13, 15, 16 and 19.

22. CAPITAL MANAGEMENT

The Company is required to operate within the risk management policies of Barclays Bank PLC, its parent company, 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.

The board of directors is responsible for capital management and ensure that the Company operates within the Barclays Group risk framework. The Company regards as capital its share capital of £5,328,001 (31 December 2012: £5,328,001), its share premium of £5,300,986,319 (31 December 2012 £5,300,986,319) and its retained earnings of £6,961,737 (31 December 2012: £27,611,364) as reported in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. POST BALANCE SHEET EVENTS

On 27 March 2014, the Company sold its investment in preference shares for $7,900,000,000. The proceeds from the sale were used to cancel the $2,900,000,000 USD Redeemable Preference shares issued to Barclays Bank PLC and the remainder of the proceeds of $5,000,000,000 were lent to Barclays Long Island Limited.

On 16 June 2014, Long Island International Limited repurchased 72 ordinary shares held by the Company for an amount of $191,259,662.