LONG ISLAND ASSETS LIMITED

Report and Financial Statements
For the year ended 31 December 2014

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

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LONG ISLAND ASSETS LIMITED

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DIRECTORS' REPORT

For the year ended 31 December 2014

The Directors present their annual report together with the audited financial statements for Long Island Assets Limited (the 'Company') for the year ended 31 December 2014.

Results and dividends

During the year ended 31 December 2014 the Company made a profit for the year of $35,953,069 (2013: $64,350,373). The Directors did not recommend the payment of a dividend for year ended 31 December 2014 (2013: $85,000,000). As at 31 December 2014 the Company has net assets of $5,349,229,126 (2013: $5,313,276,057).

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:

J Hanebuth	
S Hollinsworth	(appointed 5 September 2014)
D Rothnie	
G Simpson	(appointed 10 June 2014)
R Stokes	(resigned 5 September 2014)

Since the year end S Hollinsworth and G Simpson resigned as directors on 27 July 2015. Vishal Shah was appointed as Director of the Company on 18 August 2015.

Directors' third party indemnity provisions

Qualifying third party indemnity provisions were in force during the course of the financial year ended 31 December 2014 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 following statement, which should be read in conjunction with the Auditors' report set out on pages 6 and 7 is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the accounts.

The Directors are required by the Companies Act 2006 to prepare accounts for each financial year. The Directors have prepared the accounts in accordance with International Financial Reporting Standards ('IFRS') to present fairly the financial position of the Company and the performance for that period. The Companies Act 2006 provides, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation.

The Directors consider that in preparing the financial statements on pages 8 to 29:

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates;
- that all the accounting standards which they consider to be applicable have been followed;
- that the financial statements have been prepared on a going concern basis.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2014

Statement of Directors' Responsibilities (continued)

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure 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.

Independent auditors

PricewaterhouseCoopers LLP will continue to hold office in accordance with Section 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.

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.

ON BEHALF OF THE BOARD

Director
Name: VISHAL SHAH
Date: 19/8/15

STRATEGIC REPORT
For the year ended 31 December 2014

Review and principal activities
The principal activity of Long Island Assets Limited (the "Company") is to act as an investment company. 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.

Business performance
During the year the Company made a profit for the year of $35,953,069 (2013: $64,350,373). The Company has net assets of $5,349,229,126 (2013: $5,313,276,057).

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

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 annual report which does not form part of this report.

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.

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

STRATEGIC REPORT
For the year ended 31 December 2014 (continued)

ON BEHALF OF THE BOARD

Director
Name: V. Shah
Date: 19 August 2015

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

Report on the financial statements

Our opinion

In our opinion, Long Island Assets Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Income Statement for the year then ended;
- the Cashflow 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 the preparation of the financial statements 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.

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.

Independent auditors' report to the Members of Long Island Assets Limited (continued)

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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.

Drew Haigh

Drew Haigh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 August 2015

LONG ISLAND ASSETS LIMITED
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INCOME STATEMENT
FOR THE YEAR TO 31 DECEMBER 2014

	Note	2014 $	2013 $
Interest receivable and similar income	4	22,468,910	58,103
Interest payable and similar charges	5	(208)	(59,614)
Net interest income/(expense)		22,468,702	(1,511)
Foreign exchange (loss)/gain		(4,220)	6,037
Fee expense		(7,629)	(2,372)
Dividends received		18,119,557	128,000,000
Impairment on investments in subsidiary	10	-	(63,844,885)
Profit before taxation	6	40,576,410	64,157,269
Taxation	9	(4,623,341)	193,104
Profit for the year		35,953,069	64,350,373

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.

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BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014 $	2013 $
ASSETS			
Non-current assets			
Investment in subsidiaries	10	1	191,259,662
Loans and advances	13	5,000,000,000	-
Total non-current assets		5,000,000,001	191,259,662
Current assets			
Cash and Cash equivalents	11	44,298,061	44,799,646
Available-for-sale investments	12	1,001	-
Current taxation	15	-	40,126
Loans and advances	13	305,180,138	77,176,623
Investment in preference shares	14	-	7,900,000,000
Total current assets		349,479,200	8,022,016,395
TOTAL ASSETS		**5,349,479,201**	**8,213,276,057**
LIABILITIES			
Current liabilities			
Current Taxation	15	250,075	-
Borrowings	16	-	2,900,000,000
Total current liabilities		250,075	2,900,000,000
Net current assets		5,349,229,126	5,122,016,395
TOTAL LIABILITIES		**250,075**	**2,900,000,000**
NET ASSETS		**5,349,229,126**	**5,313,276,057**
EQUITY			
Share capital	17	5,328,001	5,328,001
Share premium account	17	5,300,986,319	5,300,986,319
Retained earnings	18	42,914,806	6,961,737
TOTAL EQUITY		**5,349,229,126**	**5,313,276,057**

BALANCE SHEET AS AT 31 DECEMBER 2014 (continued)

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

The financial statements on pages 7 to 29 were approved by the Board of Directors and authorised for issue on and were signed on its behalf by:

Director:
Name: V. Shah
Date: 19 August 2015

LONG ISLAND ASSETS LIMITED
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital	Share Premium Account	Retained earnings	Total equity
	$	$	$	$
Balance at 1 January 2014	**5,328,001**	**5,300,986,319**	**6,961,737**	**5,313,276,057**
Profit for the year and total comprehensive income	-	-	35,953,069	35,953,069
Dividends paid	-	-	-	
Balance at 31 December 2014	**5,328,001**	**5,300,986,319**	**42,914,806**	**5,349,229,126**

	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

LONG ISLAND ASSETS LIMITED
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CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		$	$
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES			
Cash from operating activities	19	-	-
Interest received		457,767	776,002
Interest paid		(208)	(61,986)
Tax paid		(4,333,140)	(637,873)
NET CASH GENERATED (USED IN)/FROM OPERATING ACTIVITIES		(3,875,581)	76,143
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Subsidiary	10	191,259,661	-
Amounts loaned to group undertakings		(5,206,000,000)	(307,962)
Investment in available-for-sale investments		(1,002)	
Sale of investment in preference shares	14	7,900,000,000	-
Dividends received		18,119,557	128,000,000
NET CASH GENERATED FROM INVESTING ACTIVITIES		2,903,378,216	127,692,038
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of own preference shares	14	(2,900,000,000)	-
Repayment of borrowed funds		-	(12,552,025)
Dividends paid		-	(85,000,000)
NET CASH USED IN FROM FINANCING ACTIVITIES		(2,900,000,000)	(97,552,025)
Foreign exchange gain		(4,220)	6,037
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(501,585)	30,222,193
Cash and cash equivalents at 1 January		44,799,646	14,577,453
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		44,298,061	44,799,646
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash in hand		1,297,778	1,792,199
Principal amount with Group undertakings		43,000,283	43,007,447
		44,298,061	44,799,646

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

These financial statements are prepared for Long Island Assets Limited (the 'Company'), the principal activity of which is to act as an investment company. The financial statements are prepared for the Company only. 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 accordingly consolidated financial statements have not been prepared.

The Company is a private limited company, domiciled and incorporated [n the United Kingdom. The address of the registered office of the Company 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 in 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.

Fair values of financial instruments

The fair values of financial instruments are disclosed in the respective notes to the financial statements. Available for sale investments have been classified as Level 1. Loans and Advances 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 amended standards

The accounting policies adopted are consistent with those of the previous financial year, except where new standards and amendments to IFRS effective as of 1 January 2014 have resulted in changes in accounting policy. The new amended standards that have material impact on the Company's accounting policies are as follows:

IAS 32 Financial Instruments: Presentation

IAS 32, Amendments to Offsetting Financial Assets and Financial Liabilities, clarified the circumstances in which netting is permitted; 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 Company does not have any financial asset or liability that qualifies for offsetting, however if the company enters into such transactions in the future, presentations in compliance with these amendments to IAS 32 will be required.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting developments

There have been and are expected to be a number of significant changes to the Company's financial reporting after 2014 as a result of amended or new accounting standards that have been or will be issued by the IASB. The most significant of these are as follows:

In 2014, the IASB issued IFRS 9, Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. It will lead to significant changes in the accounting for financial instruments. The key changes relate to:

- Financial liabilities. Gains and losses arising from changes in own credit on non-derivative financial liabilities designated at fair value through profit or loss will be excluded from the Income Statement and instead taken to other comprehensive income;

- Impairment. Credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss will be reflected in impairment allowances; and

- Hedge accounting. Hedge accounting will be more closely aligned with financial risk management.

Adoption is not mandatory until periods beginning on or after 1 January 2018. The standard has not been endorsed by the EU. At this stage, it is not possible to determine the potential financial impacts of adoption on the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	$	$
Interest receivable from group undertakings	22,468,910	58,103
	22,468,910	58,103

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	$	$
Interest payable to group undertakings	208	59,614
	208	59,614

6. 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 (2013: $7,376) for the year. This fee is not recognised as an expense in the financial statements.

7. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2013: nil). During the year, no (2013: nil) Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

8. STAFF COSTS

There were no employees employed by the Company during 2014 or 2013.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. TAXATION

	2014	2013
	$	$
UK corporation tax	(4,623,341)	193,104
Tax (charge)/credit on profit	(4,623,341)	193,104

The UK corporation tax charge is based on the UK corporation tax rate of 21.5% (2013: 23.25%). The effective tax rate is higher (2013: 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:

	2014	2013
	$	$
Profit before tax	40,576,410	64,157,269
Profit multiplied by the rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(8,723,928)	(14,916,565)
Effects of:		
Non taxable dividends received	3,895,705	29,760,000
Non deductible impairment on investments	-	(14,843,936)
Foreign Exchange	204,882	193,605
Current tax (charge)/credit for the year	(4,623,341)	193,104

10. INVESTMENT IN SUBSIDIARIES

	2014	2013
	$	$
Balance as at 1 January	191,259,662	255,104,547
Impairment	-	(63,844,885)
Redemptions	(191,259,661)	-
Balance as at 31 December	1	191,259,662

In the prior year, investments in subsidiaries comprised 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%

On 16 June 2014, Long Island International Limited (LIIL) repurchased seventy two of its $1.00 ordinary shares held by the Company for an aggregate purchase price of $191,259,661.82. On 19 March 2015, Long Island International Limited (LIIL) was placed into liquidation.

RELATED UNDERTAKINGS

As at 31 December 2014 the Company held the following investments in related undertakings,

Name of subsidiary	Directly or Indirectly held by Long Island Assets Limited	Registered Office Address	Country of incorporation	Class of Shares	Number of Shares held	Proportion of ownership held (%)	Proportion of voting power held (%)	Details of other Shareholders
Long Island International Limited (LIIL)	Directly held	5 The North Colonnade , London, E14 4BB	Cayman Islands	Ordinary	1	100%	100%	n/a

The Related Undertaking is included by full consolidation in the consolidated financial statements of its ultimate parent, Barclays PLC, a company registered in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. CASH AND CASH EQUIVALENTS

	2014	2013
	$	$
Cash in hand	1,297,778	1,792,199
Demand Deposits	43,000,283	43,007,447
	44,298,061	44,799,646

At 31 December 2014, Demand Deposits included a floating rate deposit with a principal of $43,000,000 based on a USD Libor rate maturing on 11 March 2015.

12. AVAILABLE FOR SALE INVESTMENTS

	2014	2013
	$	$
Opening balance	-	-
Additions	1,002	-
Redemptions	-	-
Amortisation of premium	(2)	-
Fair value changes	-	-
Interest accrual	1	-
	1,001	-

The investments listed above represent investments in US debt securities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. LOANS AND ADVANCES

	2014	2013
	$	$
Non Current		
Loans and advances to parent undertaking	5,000,000,000	-
Current		
Loans and advances to parent undertaking	305,180,138	77,176,623
	5,305,180,138	77,176,623

Non Current
At 31 December 2014, loans and advances include a floating rate loan with a principal of $5,000,000,000 based on a USD Libor rate maturing on 29 March 2019. This loan require a prepayment notice of at least 12 months. See note 22 and note 4 for additional information on loans and advances.

Current
The fair value of the Company's current loans and advances as at 31 December 2014 was approximately book value as they are repayable on demand by both parties.

14. INVESTMENT IN PREFERENCE SHARES

	2014	2013
	$	$
Investment in Preference Shares	-	7,900,000,000
Balance as at 31 December	-	7,900,000,000

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.

15. CURRENT TAXATION

	2014	2013
	$	$
Taxation	(250,075)	40,126
	(250,075)	40,126

16. BORROWINGS

	2014	2013
	$	$
Preference shares issued	-	2,900,000,000
		2,900,000,000

Additional details in respect of the Company's borrowings are detailed in note 21.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. BORROWINGS(continued)

The Company has issued preference shares as follows:

	2014 $	2013 $
Authorised: Nil (2013: 2,900,000) USD Redeemable Preference shares of $1 each	-	2,900,000
Allotted and fully paid: Nil (2013: 2,900,000) USD Redeemable Preference shares of $1 each	-	2,900,000
Share Premium: Nil (2013: 2,900,000) USD Redeemable Preference shares of $999 each	-	2,897,100,000

During the year, the USD Redeemable Preference shares were cancelled, the share capital and share premium, in aggregate $2,900,000,00 was paid to the holder of the shares.

The USD preference shares were redeemable by either party subject to one business day's prior written notice. The holders of the USD preference shares were 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 were entitled to receive notice of and to attend any general meeting of the company but are not entitled to vote.

17. SHARE CAPITAL

	Number of shares	Ordinary shares $	Share Premium Account $	Total $
As at 31 December 2014 and 31 December 2013	5,328,001	5,328,001	5,300,986,319	5,306,314,320

	2014 $	2013 $
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)

18. RETAINED EARNINGS

	2014	2013
	$	$
As at 1 January	6,961,737	27,611,364
Profit for the year	35,953,069	64,350,373
Dividends paid	-	(85,000,000)
As at 31 December	42,914,806	6,961,737

19. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	$	$
Profit before taxation	40,576,410	64,157,269
Interest expense	208	59,614
Interest income	(22,468,910)	(58,103)
Foreign exchange	4,220	(6,037)
Fee expense	7,629	2,372
Dividends received	(18,119,557)	(128,000,000)
Impairment on investments in subsidiary	-	63,844,885
FLOW FROM OPERATING ACTIVITIES	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISKS

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.

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

2014	Borrowings	Total
	$	$
Financial liabilities repayable:		
- not more than three months	-	-
Total	-	-
Financial Assets receivables:		
- Over 3 months but not more than 2 years	5,014,916,525	5,014,916,525
- not more than three months	333,263,896	333,263,896
Total	5,348,180,421	5,348,180,421

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
Financial Assets receivables:		
- Over 3 months but not more than 2 years	14,921,067	14,921,067
- not more than three months	105,263,003	105,263,003
Total	120,184,070	120,184,070

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISKS (continued)

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 2014	Cash and Cash Equivalents	Loans and advances	Available for sale investments	Total
	$	$	$	$
Carrying value	44,298,061	5,305,180,138	1,001	5,349,479,200
Total	44,298,061	5,305,180,138	1,001	5,349,479,200

31 December 2013	Cash and Cash Equivalents	Loans and advances	Investment in Preference Shares	Total
	$	$	$	$
Carrying value	44,799,646	77,176,623	7,900,000,000	8,021,976,269
Total	44,799,646	77,176,623	7,900,000,000	8,021,976,269

The Company does not hold any collateral as security.

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

31 December 2014	Cash and Cash Equivalents	Loans and advances	Available for sale investments	Total
	$	$	$	$
Financial institutions	44,298,061	-	-	44,298,061
Other financial intermediaries	-	5,305,180,138	1,001	5,305,181,139
Total	44,298,061	5,305,180,138	1,001	5,349,479,200

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISKS (continued)

31 December 2013	Cash and Cash Equivalents	Loans and advances	Investment in Preference Shares	Total
	$	$	$	$
Financial institutions	44,799,646	-	-	44,799,646
Other financial intermediaries	-	77,176,623	7,900,000,000	7,977,176,623
Total	44,799,646	77,176,623	7,900,000,000	8,021,976,269

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 2014.

The Company has net short term floating rate non-trading financial assets of $5,325,905,753 (2013: $57,905,753) 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 $53,259,058 (2013: $579,058).

Impact on equity
The impact of a 100 basis point change would be to reduce/increase the equity by approximately $41,808,360 (2013: $444,427).

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. FAIR VALUES

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following tables summarise the fair value of financial assets and liabilities measured at amortised cost on the Company's balance sheet where the carrying amount is a reasonable approximation of fair value and analyses those fair values:

	2014		2013	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	$	$	$	$
Available for sale investment	1,001	1,001	-	-
Loans and advances	5,305,180,138	5,305,180,138	77,176,623	77,176,623

The following tables show the fair value of financial assets and liabilities measured at amortised cost analysed by fair value hierarchy and balance sheet classification:

	Fair Value	Level 2 – Valuations based on observable inputs	Level 1 – Valuations based on quoted market prices
	$	$	$
As at 31 December 2014			
Available for sale investment	1,001	-	1,001
Loans and advances to group undertaking	5,305,180,138	5,305,180,138	-
As at 31 December 2013			
Available for sale investment	-	-	-
Loans and advances to group undertaking	77,176,623	77,176,623	-

Valuation methodology

A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on observable inputs is described in note 3. There were no transfers between the classification levels during 2014 or 2013.

22. 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 the notes to the financial statements and Fee expense, FX gain/loss and Dividends received.

23. 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 2013: $5,328,001), its share premium of $5,300,986,319 (31 December 2013: $5,300,986,319) and its retained earnings of $42,914,806 (31 December 2013: $6,961,737) as reported in the balance sheet.

24. POST BALANCE SHEET EVENTS

On 30 March 2015 the Directors declared a dividend of $6.57 per ordinary share, an aggregate cost of $35,004,966.57.

25. 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.