

Registered number in England and Wales: 07450219

## **LONG ISLAND ASSETS LIMITED**

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### **DIRECTORS' REPORT & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**LONG ISLAND ASSETS LIMITED**

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## **LONG ISLAND ASSETS LIMITED**

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

The Directors present their annual report together with the audited financial statements of Long Island Assets Limited (the 'Company') for the year ended 31 December 2022.

#### **Profits and dividends**

During the year the Company made a profit after tax of \$21,730,074 (2021: \$308,615,726). The Company paid interim dividends on 30th June 2022 for \$31,570,745 and on 31st December 2022 for \$31,750,000. (2021: \$32,278,185 on 30th June 2021 and \$31,349,039 on 31st December 2021).

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

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

#### **Directors**

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

Benjamin Gerrard-Jones  
David Rothnie  
Vishal Shah  
Mohammed Tayabali (appointed 04 February 2022)  
Jonathan Michael Walthoe  
David Blagbrough (resigned 04 February 2022)

Since the year end, D Blagbrough was appointed as Director on 26 June 2023 and V Shah resigned as Director on 26 June 2023.

#### **Going concern**

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

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

#### **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;

## **LONG ISLAND ASSETS LIMITED**

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

- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### **Financial risk management**

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Barclays Group ('the Group') risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to are outlined in Note 22.

### **Directors third party indemnity provisions**

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2022 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

### **Environment**

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

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

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

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

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

Disclosure of global greenhouse gas emissions is done at a Barclays Group level with information available in the Barclays PLC 2022 Annual Report, which does not form part of this report, with fuller disclosure available on the Barclays website at <https://home.barclays/sustainability/addressing-climate-change/>.

### **Independent auditor**

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

## LONG ISLAND ASSETS LIMITED

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

#### Statement of disclosure of information to auditors

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

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

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

DocuSigned by:

*Jonathan Walthoe*

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Jonathan Walthoe

Director

Date: 19/9/2023

Registered number: 07450219

1 Churchill Place, London, E14 5HP

## **LONG ISLAND ASSETS LIMITED**

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

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

The principal activity of Long Island Assets Limited is to act as an investment holding 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**

The results of the Company show a profit after tax of \$21,730,074 (2021: \$308,615,726) for the year. The Company has net assets of \$885,785,288 (2021: \$941,590,974). During the year, the Company made an unrealised net loss on its fair value financial instruments of \$29,983,658 (2021: gain of \$379,202,911). The Directors have reviewed the Company's business and performance and consider it to be satisfactory for the year.

#### **Future outlook**

The Directors have reviewed the business performance for the reporting period and the Directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business. The Directors will continue to monitor the performance of the Company and take appropriate action as is necessary.

#### **Principal risks & uncertainties**

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

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

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

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

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

The ERMF defines nine principal risks as:

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

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

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

## LONG ISLAND ASSETS LIMITED

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

#### 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 relevant business cluster, which includes the Company, is discussed in the Barclays PLC 2022 Annual Report, which does not form part of this report.

#### Section 172(1) statement

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

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

You can find out more about who the Barclays Group's key stakeholders are, how management and/or the Directors engaged with them, the key issues raised and actions taken on pages 16 to 20 of the Barclays PLC Annual Report 2022.

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

#### *How does the board engage with stakeholders?*

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

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

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

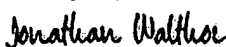
As a result of these activities and the information it receives, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

#### *Engagement in action*

The purpose of the Company is to act as an investment holding company. During the reporting period, the Company has entered into significant transactions including dividend distributions as disclosed in the notes to the financial statements. These transactions have been entered into, in the wider interest of the Company and the Barclays Group. Through approval of the transactions during the reporting period, the Directors have duly considered all the matters set out in section 172 of the Companies Act 2006.

This report was approved by the board on 19/9/2023 and signed on its behalf by:

DocuSigned by:



01884C0CAA514A3  
Jonathan Walther

Director

Date: 19/9/2023

Registered number: 07450219

1 Churchill Place, London, E14 5HP

## **LONG ISLAND ASSETS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONG ISLAND ASSETS LIMITED**

#### **Opinion**

We have audited the financial statements of Long Island Assets Limited ("the Company") for the year ended 31 December 2022 which comprises the Income Statement, Statement of Financial Position, the Statement of Cash flows, the Statement of Changes in Equity, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended; and
- have been properly prepared with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Going concern**

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

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

Our conclusions based on this work:

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

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

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

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

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

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



## **LONG ISLAND ASSETS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONG ISLAND ASSETS LIMITED**

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by high-risk senior individuals, those posted that contain high risk key words in their descriptions, those posted without a User ID, and other entries that have characteristics (individually or in combination) which indicate that there is a high risk that they are inappropriate or unauthorised and could have been used to manipulate the financial reporting process and cause a material misstatement in the financial statements.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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

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

Secondly, whilst the Company is subject to other laws and regulations, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

### **Strategic Report and Directors' report**

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

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

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **LONG ISLAND ASSETS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONG ISLAND ASSETS LIMITED**

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, 3 and 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.


#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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

  
Timothy Whittler (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
Date: 19 September, 2023

**LONG ISLAND ASSETS LIMITED****INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 \$	2021 \$
Interest income	4	20,395,513	5,844,892
Interest expense	4	(6,179,024)	(3,158,215)
<b>Profit from operations</b>		<b>14,216,489</b>	<b>2,686,677</b>
Fair value (losses)/gains	5	(29,983,658)	379,202,911
Foreign exchange gain	6	29,010,177	3,615,243
<b>Profit before tax</b>		<b>13,243,008</b>	<b>385,504,831</b>
Tax credit/(expense)	10	8,487,066	(76,889,105)
<b>Profit for the year</b>		<b>21,730,074</b>	<b>308,615,726</b>

The accompanying notes on pages 16 to 39 form an integral part of the financial statements.

Profit for the year is derived from continuing activities. All recognised income and expenses have been reported in the income statement, hence no statement of comprehensive income has been included in the financial statements.

**LONG ISLAND ASSETS LIMITED**  
**REGISTERED NUMBER: 07450219**

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

	Note	2022 \$	2021 \$
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	11	1,913,296	-
Loans and advances at amortised cost	13	-	263,992,400
Financial assets mandatorily at fair value through income statement	12	6,210,567,057	6,759,741,338
		<u>6,212,480,353</u>	<u>7,023,733,738</u>
<b>Current assets</b>			
Loans and advances at amortised cost	13	893,287,384	606,696,178
Cash and cash equivalents		16,110,427	17,810,629
		<u>909,397,811</u>	<u>624,506,807</u>
<b>Total assets</b>		<u>7,121,878,164</u>	<u>7,648,240,545</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	11	-	23,163,481
Financial liabilities designated at fair value through income statement	15	5,975,990,293	6,396,565,276
Financial liabilities at amortised cost	16	241,207,595	269,650,477
		<u>6,217,197,888</u>	<u>6,689,379,234</u>
<b>Current liabilities</b>			
Trade and other liabilities	16	547,741	613,102
Current tax liability	17	18,347,247	16,657,235
		<u>18,894,988</u>	<u>17,270,337</u>
<b>Total liabilities</b>		<u>6,236,092,876</u>	<u>6,706,649,571</u>
<b>Net assets</b>		<u>885,785,288</u>	<u>941,590,974</u>
<b>Issued capital and reserves</b>			
Share capital	18	5,328,001	5,328,001
Other equity	19	263,810,175	263,810,175
Other reserves	20	551,154,627	551,154,627
Retained earnings	21	65,492,485	121,298,171
<b>TOTAL EQUITY</b>		<u>885,785,288</u>	<u>941,590,974</u>

**LONG ISLAND ASSETS LIMITED**  
**REGISTERED NUMBER: 07450219**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

The accompanying notes form an integral part of the financial statements. The financial statements and the accompanying notes on pages 16 to 39 were approved and authorised for issue by the Board of Directors on 19/9/2023 and were signed on its behalf by:

DocuSigned by:

*Jonathan Walthoe*  
Jonathan Walthoe

Director

Date: 19/9/2023

Registered number: 07450219

**LONG ISLAND ASSETS LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Other equity	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$	\$
At 1 January 2022	5,328,001	263,810,175	551,154,627	121,298,171	941,590,974
Profit for the year	-	-	-	21,730,074	21,730,074
<b>Total comprehensive income for the year</b>	-	-	-	21,730,074	21,730,074
Dividends	-	-	-	(63,320,745)	(63,320,745)
Coupons paid on subordinated debt note	-	-	-	(14,215,015)	(14,215,015)
<b>Total contributions by and distributions to owners</b>	-	-	-	(77,535,760)	(77,535,760)
<b>At 31 December 2022</b>	<b>5,328,001</b>	<b>263,810,175</b>	<b>551,154,627</b>	<b>65,492,485</b>	<b>885,785,288</b>

**LONG ISLAND ASSETS LIMITED****STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Other equity	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$	\$
<b>At 1 January 2021</b>	5,328,001	263,810,175	551,154,627	(113,183,186)	707,109,617
Profit for the year	-	-	-	308,615,726	308,615,726
<b>Total comprehensive income for the year</b>	-	-	-	308,615,726	308,615,726
Dividends	-	-	-	(63,627,224)	(63,627,224)
Coupons paid on subordinated debt note	-	-	-	(10,507,145)	(10,507,145)
<b>Total contributions by and distributions to owners</b>	-	-	-	(74,134,369)	(74,134,369)
<b>At 31 December 2021</b>	<b>5,328,001</b>	<b>263,810,175</b>	<b>551,154,627</b>	<b>121,298,171</b>	<b>941,590,974</b>

The accompanying notes on pages 16 to 39 form an integral part of these financial statements.

**LONG ISLAND ASSETS LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 \$	2021 \$
<b>Cash flows from operating activities</b>		
Profit for the year	21,730,074	308,615,726
<b>Adjustments for</b>		
Interest income	(20,395,513)	(5,844,892)
Interest expense	6,179,024	3,158,215
Net Loss/(gain) on arising on financial instruments at fair value through profit or loss	29,983,658	(379,202,911)
Net foreign exchange gain	(29,010,177)	(3,615,243)
Income tax (credit)/expense	(8,487,066)	76,889,105
	<hr/>	<hr/>
<b>Movements in working capital:</b>		
Interest received	19,667,171	5,831,986
Interest paid	(5,848,722)	(3,135,167)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	13,818,449	2,696,819
Income taxes paid	(14,899,698)	(13,122,816)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	(1,081,249)	(10,425,997)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Interest received on fair value instruments	306,058,124	220,469,938
(increase)/Decrease in loans and advances at amortised cost	(21,870,464)	1,590,040
Increase/(Decrease) in financial liabilities at amortised cost	171,630	(8,260)
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	284,359,290	222,051,718
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Interest paid on fair value instruments	(207,442,483)	(122,670,908)
Coupon paid on subordinated debt note	(14,215,015)	(10,507,145)
Dividends paid to ordinary shareholders	(63,320,745)	(63,627,224)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(284,978,243)	(196,805,277)
	<hr/>	<hr/>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	(1,700,202)	14,820,444
Cash and cash equivalents at the beginning of year	17,810,629	2,990,185
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	16,110,427	17,810,629
	<hr/>	<hr/>

The notes on pages 16 to 39 form part of these financial statements.



## **LONG ISLAND ASSETS LIMITED**

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

#### **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 holding company.

The financial statements are prepared for the Company, in line with the UK Companies Act 2006. 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 UK-adopted international accounting standards.

The Company is a private limited company domiciled and incorporated in United Kingdom. The Company's registered office is at 1 Churchill Place, London, E14 5HP.

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

The Company financial statements have been prepared in accordance with UK-adopted international accounting standards. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

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

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

##### **Going concern**

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

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

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

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

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

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

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

The following accounting standards have been issued by the IASB but are not yet effective:

##### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021 the IASB issued amendments to IAS 1 that require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on the concept of materiality and its application to accounting policy information. Under the amendments, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

## **LONG ISLAND ASSETS LIMITED**

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

#### **Definition of Accounting Estimate - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8 that replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are clarified as monetary amounts in financial statements that are subject to measurement uncertainty. Where an entity's accounting policy requires an item to be measured at monetary amounts that cannot be observed directly, it should develop an accounting estimate to achieve this objective. The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

#### **Classification of liabilities as current or non-current - amendments to IAS 1**

In January 2020 the IASB issued amendments to IAS 1 to clarify the presentation of liabilities in the balance sheet, with an effective date of 1 January 2024. The amendments clarify that a liability should be classified as non-current only if the entity have the right to defer settlement of the liability for at least 12 months after the reporting period, and that (i) the right to defer settlement must exist at the end of the reporting period and (ii) management's intentions or expectations about whether it will exercise its right to defer settlement does not affect the classification. Further clarifications include how lending conditions affect classification and classification of liabilities the entity will or may settle by issuing its own equity instruments. In October 2022, the IASB also issued further amendments to IAS 1 to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants, and to responded to stakeholders' concerns about the classification of such a liability as current or non-current.

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

#### **3.1 Foreign exchange**

Items included in the financial statements of the Company are measured using their functional currency, being US Dollar (USD) the currency of the main economy to which it is exposed.

The Company applies IAS 21 The Effects of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into US Dollar at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into US Dollar at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances in relation to items measured in terms of historical cost are carried at historical transaction date exchange rates. Non-monetary foreign currency balances in relation to items measured at fair value are translated using the exchange rate at the date when the fair value was measured.

#### **3.2 Revenue recognition**

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

#### **3.3 Interest**

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

The effective interest method requires the Company to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

#### **3.4 Current and deferred tax**

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

## LONG ISLAND ASSETS LIMITED

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

#### 3. Summary of significant accounting policies (continued)

##### 3.4 Current and deferred tax (continued)

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

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences except from the initial recognition of goodwill. Deferred tax is not recognised where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

##### 3.5 Financial assets and liabilities

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

###### **Recognition**

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

###### **Classification and measurement**

Financial assets are classified on the basis of two criteria:

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

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

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

###### **Financial assets and liabilities measured at amortised cost**

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI. Financial liabilities are held at amortised cost except for those held for trading or designated at fair value through profit and loss.

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

## LONG ISLAND ASSETS LIMITED

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

#### 3. Summary of significant accounting policies (continued)

past sales and expectations about future sales.

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

##### **Financial assets measured at fair value through other comprehensive income**

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

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

##### **Financial assets and liabilities at fair value through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income, as described above are measured at fair value through profit or loss ('FVTPL').

A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

##### **Accounting for financial assets mandatorily at fair value through profit or loss**

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

##### **Accounting for financial assets designated at fair value through profit or loss**

Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value are recognised in the income statement in net investment income.

##### **Determining fair value**

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

##### **Impairment of financial assets**

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

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

The measurement of ECL is calculated using three main components: (i) probability of default ('PD') (ii) loss given default ('LGD') and (iii) the exposure at default ('EAD').

The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD

## LONG ISLAND ASSETS LIMITED

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

#### 3. Summary of significant accounting policies (continued)

represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

***Determining a significant increase in credit risk since initial recognition:***

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

***Quantitative test***

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

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of materiality, i.e. at what point a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate. Application of quantitative PD floors does not represent the use of the low credit risk exemption.

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

- Back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible, (subject to a data start point no later than 1 January 2015); or
- Use of available historic account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

***Qualitative test***

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

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

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

***Backstop criteria***

Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2. The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied. Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met. This is subject to all payments being up to date and the customer evidencing ability and willingness to maintain future payments. The Company does not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated. Determining the PD at initial recognition requires management estimates. Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

***Forward-looking information***

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

## LONG ISLAND ASSETS LIMITED

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

#### 3. Summary of significant accounting policies (continued)

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

The Company utilises an external consensus forecast as the baseline scenario. In addition, two adverse and two favourable scenarios are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also incorporating IFRS 9 specific sensitivities and non-linearity. The most adverse scenarios are benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenarios from Moody's inventory, but are not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include six core variables, (GDP, unemployment and House Price Index in both the UK & US markets), and expanded variables using statistical models based on historical correlations. The probability weights of the scenarios are estimated such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices and base rates, and credit cards and unsecured consumer loans are highly sensitive to unemployment.

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

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

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified. Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

#### ***Loan modifications and renegotiations that are not credit-impaired***

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

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

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

#### ***Expected life***

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

#### ***Discounting***

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income

## LONG ISLAND ASSETS LIMITED

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

#### 3. Summary of significant accounting policies (continued)

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

##### **Modelling techniques**

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

- BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;
- IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;
- Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and
- ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

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

##### **Forbearance**

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

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

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

##### **Netting**

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

#### 3.6 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.

#### 3.7 Dividends on ordinary shares

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

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. Summary of significant accounting policies (continued)****3.8 Cash and cash equivalents**

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.

**3.9 Critical accounting estimates**

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

**4. Interest income and expense****Recognised in profit or loss**

	2022 \$	2021 \$
<b>Interest income</b>		
Interest receivable from related undertakings	20,395,513	5,844,892
<b>Total interest income</b>	<u>20,395,513</u>	<u>5,844,892</u>
<b>Interest expense</b>		
Interest payable to related undertakings	6,179,024	3,158,215
<b>Total interest expense</b>	<u>6,179,024</u>	<u>3,158,215</u>
<b>Net interest income recognised in profit or loss</b>	<u><u>14,216,489</u></u>	<u><u>2,686,677</u></u>

Interest income includes interest receivable on amounts loaned to parent undertaking, the loans carry floating rate of interest and a margin.

Interest expense includes interest payable on amounts borrowed from parent undertaking, the borrowings carry floating rate of interest.

**5. Fair value gains/(losses)**

	2022 \$	2021 \$
(Loss)/Gain on financial assets mandatorily at fair value	(209,359,478)	408,792,729
Gain/(Loss) on financial liabilities designated at fair value	213,132,500	(50,088,715)
(Loss)/Gain on investment in Additional Tier 1 securities	(33,756,680)	20,498,897
	<u><u>(29,983,658)</u></u>	<u><u>379,202,911</u></u>



**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

In December 2018, the Company has entered into loan agreements for an aggregate notional of \$3,500,000,000 with Chapelcrest Investments Limited, a related undertaking. In September 2020, an additional loan agreement of \$2,500,000,000 was entered into. In accordance with IFRS 9, the loans are accounted for as assets held at fair value through profit or loss on the basis that the assets cannot be classified as at amortised cost or at fair value through other comprehensive income as cash flows under the agreements do not represent solely payments of principal and interest.

In December 2018, the Company entered into borrowing agreements with Barclays Bank PLC, a parent undertaking, for an aggregate notional of \$3,500,000,000. In September 2020, an additional loan agreement of \$2,500,000,000 was entered into. The Company has elected to account for the liability at fair value through the income statement in order to reduce measurement inconsistencies between the loans with Chapelcrest Investments Limited, which is fair valued, and borrowings with Barclays Bank PLC. All changes in fair value of the liability will be taken to the income statement.

In August 2019, the Company made an investment of £200 million in Additional Tier 1 securities issued by Barclays Capital Securities Limited, a group undertaking, as further explained in note 12. In accordance with IFRS 9, the equity investment are accounted for as assets held at fair value through profit or loss on the basis that the assets cannot be classified as at amortised cost or at fair value through other comprehensive income as cash flows under the agreements do not represent solely payments of principal and interest.

**6. Foreign exchange gain**

	2022 \$	2021 \$
Foreign exchange gain	29,010,177	3,615,243
	<u>29,010,177</u>	<u>3,615,243</u>

During the year, the Company incurred a foreign exchange gain of \$29m (2021: \$3.6m) on a borrowing from Barclays Bank PLC with a notional of £200m. This foreign exchange gain offsets with the foreign exchange loss recognised as fair value loss on investment in AT1 securities as explained in note 5.

**7. Profit before tax**

The audit fee is borne by the Company's parent company, Barclays Bank PLC and is not recharged to the Company. Although the audit fee is borne by the Company's parent company, the fee that would have been charged to the Company amounts to \$54,112 (2021: \$55,528) for the year. This fee is not recognised as an expense in the financial statements.

**8. Staff costs**

There were no employees employed by the Company during 2022 or 2021. All Staff providing services to the Company were contracted from Barclays Execution Services Limited or Barclays Bank PLC. All costs in this respect have not been recharged to the Company.

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****9. Key management personnel compensation**

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

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

During the period:

5 Directors are accruing retirement benefits under a defined benefit scheme or defined contribution scheme (2021: 4).

No Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes (2021: 1).

3 Directors are entitled to benefits under the Share Value Plan (2021: 2)

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

	2022 \$	2021 \$
<b>Current tax</b>		
Current tax on profits for the year	(16,589,711)	(17,176,032)
<b>Total current tax</b>	<u>(16,589,711)</u>	<u>(17,176,032)</u>
<b>Deferred tax</b>		
Current year deferred tax credit/(charge)	19,058,351	(54,153,837)
Effect of change in tax rate	6,018,426	(5,559,236)
<b>Total deferred tax</b>	<u>25,076,777</u>	<u>(59,713,073)</u>
<b>Total tax credit/(expense)</b>	<u><u>8,487,066</u></u>	<u><u>(76,889,105)</u></u>

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****10. Tax expense (continued)****10.1 Income tax recognised in profit or loss (continued)**

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

	2022 \$	2021 \$
Profit for the year	21,730,074	308,615,726
Income tax expense (including income tax on associate, joint venture and discontinued operation)	8,487,066	(76,889,105)
<b>Profit before income taxes</b>	<b>13,243,008</b>	<b>385,504,831</b>
Tax using the UK corporation tax rate of 19% (2021: 19%)	(2,516,172)	(73,245,918)
Foreign exchange difference	2,283,959	(80,309)
Rate change adjustment	6,018,426	(5,559,236)
Tax credit on coupon paid on other equity instruments	2,700,853	1,996,358
<b>Total tax credit/(expense)</b>	<b>8,487,066</b>	<b>(76,889,105)</b>

Effective tax rate is (64.09)% (2021: 19.95%).

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

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

Legislation has been introduced to increase the main rate of corporation tax from 19% to 25%, effective from 1 April 2023, which was substantively enacted on 24 May 2021. This will have a consequential impact on the Company's future tax charge.

**11. Deferred tax asset/(liability)**

	2022 \$	2021 \$
As at 1st January	(23,163,481)	36,549,592
Tax credit/(charge) during the year	19,058,351	(54,153,837)
Effect of change in tax rate	6,018,426	(5,559,236)
<b>As at 31st December</b>	<b>1,913,296</b>	<b>(23,163,481)</b>

## LONG ISLAND ASSETS LIMITED

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

	2022 \$	2021 \$
<b>Temporary differences on :</b>		
Fair value movement on financial assets and liabilities	572,438	(18,581,485)
Fair value gain on investment in Additional Tier 1 securities	1,340,858	(4,581,996)
	<u>1,913,296</u>	<u>(23,163,481)</u>

Legislation has been introduced to increase the main rate of corporation tax from 19% to 25%, effective from 1 April 2023, which was substantively enacted on 24 May 2021. Deferred tax balances at 31 December 2022 have been remeasured at the tax rate to be applied when temporary differences are expected to reverse.

12. Financial assets mandatorily at fair value through  
income statement

	2022 \$	2021 \$
<b>Non-current:</b>		
Investment in Additional Tier 1 securities	236,426,030	288,629,878
Loans and advances mandatorily at fair value	5,974,141,027	6,471,111,460
At 31 December	<u>6,210,567,057</u>	<u>6,759,741,338</u>

The Company has entered into loan agreements for an aggregate notional of \$6,000,000,000 (2021: \$6,000,000,000) with Chapelcrest Investments Limited. In accordance with IFRS 9, the loans are accounted for as assets held at fair value through profit or loss on the basis that assets cannot be held at amortised cost or at fair value through other comprehensive income as cash flows under the agreements do not represent solely payments of principal and interest. The loans carry floating interest rate of 6 month term SOFR plus margin and will mature on 31 December 2028.

On 22 August 2019, the Company invested £200 million in Additional Tier 1 securities issued by Barclays Capital Securities Limited. These securities are perpetual securities with the repayment of principal and coupon at the sole discretion of the issuer. In accordance with IFRS 9, the investment is accounted for as assets held at fair value through profit or loss on the basis that it cannot be held at amortised cost or at fair value through other comprehensive income as cash flows under the agreements do not represent solely payments of principal and interest. The investment carry a coupon rate of SONIA plus margin.

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****13. Loans and advances at amortised cost**

	2022	2021
	\$	\$
<b>Current</b>		
Loans and advances to parent undertaking	893,287,384	606,696,178
Current portion	893,287,384	606,696,178
<b>Non-current</b>		
Loans and advances to parent undertaking	-	263,992,400
Non-Current portion	-	263,992,400

Long Island Assets Limited has loans of \$292,049,532 facing Barclays Bank PLC. \$264,563,804 is classified as current as this loan is repayable at the option of the borrower and has a maturity date of 22/08/2023. \$27,485,728 is classified as current as these loans have a 1 day break right at the option of the lender or borrower.

Long Island Assets Limited has loans of \$601,237,852 facing Barclays Long Island Limited. \$556,627,547 is classified as current as this loan has a 30 day break right at the option of the lender or borrower. \$44,610,305 is also classified as current as these loans have a 1 day break right at the option of the lender or borrower.

The Directors consider that the carrying value of the Company's loans and advances approximates to their fair value. The IFRS 9 impairment is immaterial and no allowance for impairment has been recorded as at 31 December 2022.

**14. Cash and cash equivalents**

	2022	2021
	\$	\$
Cash on hand	16,110,427	17,810,629
	<u>16,110,427</u>	<u>17,810,629</u>

**15. Financial liabilities designated at fair value through income statement**

	2022	2021
	\$	\$
<b>Non-current:</b>		
Financial liabilities designated at fair value through income statement	(5,975,990,293)	(6,396,565,276)
As at 31 December	<u>(5,975,990,293)</u>	<u>(6,396,565,276)</u>

The Company entered into borrowing agreements with Barclays Bank PLC for an aggregate notional of \$6,000,000,000 (2021: \$6,000,000,000). The liabilities carry floating interest rate of 6 month term SOFR plus a margin and will mature on 31 December 2028.

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

Under IFRS 9, the Company has elected to account for it as liability measured at fair value through profit or loss in order to reduce measurement inconsistencies and accounting mismatch between the financial liabilities with Barclays Bank PLC and the loans with Chapelcrest Investments Limited as explained in note 12. All changes in fair value of the liability will be taken to profit or loss.

The cumulative gain attributable to changes in own credit risk recognised in profit or loss is \$ 141,666,356 (2021: cumulative loss of \$396,139,358).

The carrying amount of financial liabilities designated at fair value through profit or loss at 31 December 2022 was \$2,168,505,494 (2021: \$1,045,276,533) lower than the contractual amount due at maturity which is \$8,144,495,787 (2021: \$7,441,841,809)

**16. Financial liabilities at amortised cost**

	2022	2021
	\$	\$
<b>Current:</b>		
Amount payable to parent undertaking	547,741	613,102
	<u>547,741</u>	<u>613,102</u>
<b>Non-current:</b>		
Amount payable to parent undertaking	241,207,595	269,650,477
	<u>241,207,595</u>	<u>269,650,477</u>

The amounts payable to parent undertaking includes £200 million borrowed from Barclays Bank PLC on 22 August 2019. As at 31 December 2022, the borrowing carry a floating rate of interest and a margin and matures on 22 August 2024. The Directors considered that the carrying value of the Company's borrowings approximated to their fair value.

**17. Current tax liability**

	2022	2021
	\$	\$
Current tax liability	(18,347,247)	(16,657,235)
	<u>(18,347,247)</u>	<u>(16,657,235)</u>

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****18. Share capital****Issued and fully paid**

	<b>2022 Number</b>	<b>2022 \$</b>	<b>2021 Number</b>	<b>2021 \$</b>
<b>Ordinary shares shares of \$1.00 each</b>				
At 1 January and 31 December	<u><b>5,328,001</b></u>	<u><b>5,328,001</b></u>	<u><b>5,328,001</b></u>	<u><b>5,328,001</b></u>

**19. Other equity**

	<b>2022 \$</b>	<b>2021 \$</b>
Issuance of subordinated debt note	<b>263,810,175</b>	<b>263,810,175</b>
	<u><b>263,810,175</b></u>	<u><b>263,810,175</b></u>

On 22 August 2019, the Company issued two subordinated note instruments: (i) a senior tranche subordinated debt instrument with a notional of \$257,810,175; and (ii) a junior tranche subordinated debt instrument with a notional of \$6,000,000. These notes are listed on the Cayman Island Stock exchange and are subscribed by Barclays Term Funding Limited Liability Partnership, a group undertaking. The principal terms of the notes are described below:

- There is no right for the holder of the notes to call for early repayment at any time.
- Although the notes have a stated maturity of 10 years, the Company may at its option, elect to defer repayment and to extend the maturity of the notes by another 5 years, effectively into perpetuity.
- On the senior tranche subordinated debt note, the Company has the option to elect, purely at its discretion, to defer payment of interest.
- On the junior tranche subordinated debt note, the Company will have the right to elect not to pay coupons due on the note at its discretion. The coupons are non-cumulative; any coupon not paid will not accrue and the holder of the instrument will have no right to claim any unpaid coupons either upon repayment or on liquidation.

The company made a coupon payment on 15th March 2022, 15th June 2022, 15th September 2022 and 15th December 2022 of \$2,547,647.92, \$3,014,889.48, \$3,675,622.01 and \$4,589,550.13 respectively on the senior tranche subordinated debt note.

The company made a coupon payment on 31st March 2022, 30th June 2022, 30th September 2022 and 31st December 2022 of \$72,206.25, \$84,872.67, \$104,886.59 and \$125,339.46 respectively on the junior tranche subordinated debt note.

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****20. Other reserves**

	2022 \$	2021 \$
As at 1st January	551,154,627	551,154,627
Dividend paid from other reserves	-	-
<b>As at 31st December</b>	<b>551,154,627</b>	<b>551,154,627</b>

Other reserves are distributable reserves of the Company created in December 2015, when the Directors of the Company reduced and cancelled its share premium account and credited the cancelled amount to distributable reserves of the Company.

**21. Retained earnings**

	2022 \$	2021 \$
As at 1st January	121,298,171	(113,183,186)
Profit for the year	21,730,074	308,615,726
Dividend paid on ordinary shares	(63,320,745)	(63,627,224)
Coupons paid on subordinated debt notes	(14,215,015)	(10,507,145)
<b>As at 31st December</b>	<b>65,492,485</b>	<b>121,298,171</b>

During the year, the Company paid interim dividends for a total of \$63,320,745 (2021: \$63,627,224) from retained earnings.

**22. Financial risks**

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

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

**a) Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Company's counterparties fail to fulfil their contractual obligations to the Company. The Company assesses all counterparties for credit risk before contracting with them. The Company's counterparties comprise solely of other group companies. The Company holds no collateral against its exposures and there were no significant concentrations of credit risk. None of the Company's assets are either past due or individually impaired and all of the Company's counterparties have been assessed with a Strong credit rating, i.e. there is a very high likelihood of the asset being recovered in full.



**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****Maximum exposure to credit risk**

The Company's maximum exposure to credit risk is disclosed in the table below. As the Company holds no collateral or credit enhancements, this is the same as the balance sheet exposure.

	2022	2021
	\$	\$
Loans and advances at amortised cost	893,287,384	870,688,578
Financial assets mandatorily at fair value through income statement	6,210,567,057	6,759,741,338
Cash and cash equivalents	16,110,427	17,810,629
	<u>7,119,964,868</u>	<u>7,648,240,545</u>

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

	2022	2021
	\$	\$
Financial institutions	308,159,959	299,054,648
Financial intermediaries	6,811,804,909	7,349,485,897
	<u>7,119,964,868</u>	<u>7,648,540,545</u>

**b) Liquidity risk**

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

The Company has the financial support of the parent undertaking Barclays Bank PLC, it also maintains banking facilities with Barclays Bank PLC. These facilities are designed to ensure the Company has sufficient available funds for operations. The monitoring and reporting of liquidity risk take the form of cash flow measurements and projections for the next day, week and month as these are key periods for liquidity management. Sources of liquidity are regularly reviewed.

**Contractual maturity of financial liabilities on an undiscounted basis**

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities (i.e. nominal values), whereas the Company manages the inherent liquidity risk based on discounted expected cash inflows.

As at 31 December 2022	<=1 year	1-2 years	2-5 years	5-10 years	Total
	\$	\$	\$	\$	\$
	'000	'000	'000	'000	'000
Financial liabilities at amortised cost	548	241,208	-	-	241,756
Financial liabilities designated at fair value through income statement	429,222	381,805	999,744	6,333,725	8,144,496
<b>Total</b>	<b>429,770</b>	<b>623,013</b>	<b>999,744</b>	<b>6,333,725</b>	<b>8,386,252</b>

## LONG ISLAND ASSETS LIMITED

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

As at 31 December 2021	<=1 year	1-2 years	2-5 years	5-10 years	Total
	\$	\$	\$	\$	\$
	'000	'000	'000	'000	'000
Financial liabilities at amortised cost	613	-	269,651	-	270,264
Financial liabilities designated at fair value through income statement	143,157	190,943	661,679	6,446,063	7,441,842
<b>Total</b>	<b>143,770</b>	<b>190,943</b>	<b>931,330</b>	<b>6,446,063</b>	<b>7,712,106</b>

## c) Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, equity prices and foreign exchange rates.

## i) 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 changes to net interest income on its interest bearing loans and advances at amortised cost and financial liabilities at amortised cost. The Company's interest rate risk also arises from changes to net investment income due to fair value changes on its financial asset and liabilities at fair value through income statement.

## 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 2022.

## 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 outstanding principal of the interest bearing amortised cost positions following their next reset date. As at 31 December 2022, the Company has net interest-bearing financial instruments of \$651,110,742 (2021: \$600,401,733) The impact on net interest expense would be as follows:

	2022	2022
	\$'000	\$'000
	+100 basis points	-100 basis points
Change in net interest income	6,511	(6,511)
As a percentage of net interest income	-46%	46%
	2021	2021
	\$	\$
	+100 basis points	-100 basis points
Change in net interest income	6,004	(6,004)
As a percentage of net interest income	-223%	223%

## LONG ISLAND ASSETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022*Impact on equity*

Interest rates affect equity for the Company through higher or lower profit after tax resulting from change in net interest income and from net investment income. They are calculated by revaluing the financial instruments for the effect of the assumed changes in interest rates. They are based on the assumption that there are parallel shifts in the yield curve. The effects of taxation have been estimated using the tax rate applicable to the Company for the coming year of 19% (2022: 19%).

The sensitivity analysis of interest rate impact on equity is as follows:

	2022	2022	2022
	\$'000	\$'000	\$'000
	As at 31st Dec	Maximum impact	Minimum impact
+100 basis points parallel move in all yield curves			
Change in net interest income	14,216	6,511	6,511
Change in net investment income	(29,984)	10,223	10,223
Change in taxation	8,487	(3,180)	(3,180)
<b>Total</b>	<b>(7,281)</b>	<b>13,554</b>	<b>13,554</b>
As a percentage of equity	-0.82%	1.53%	1.53%
	2022	2022	2022
	\$'000	\$'000	\$'000
	As at 31st Dec	Maximum impact	Minimum impact
-100 basis points parallel move in all yield curves			
Change in net interest income	14,216	(6,511)	(6,511)
Change in net investment income	(29,984)	(11,094)	(11,094)
Change in taxation	8,487	3,345	3,345
<b>Total</b>	<b>(7,281)</b>	<b>(14,260)</b>	<b>(14,260)</b>
As a percentage of equity	-0.82%	-1.61%	-1.61%

## LONG ISLAND ASSETS LIMITED

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

	2021 \$'000	2021 \$'000	2021 \$'000
	As at 31st Dec	Maximum impact	Minimum impact
+100 basis points parallel move in all yield curves			
Change in net interest income	2,687	6,004	6,004
Change in net investment income	379,203	8,670	8,670
Change in taxation	(76,819)	(2,788)	(2,788)
<b>Total</b>	<b>305,071</b>	<b>11,886</b>	<b>11,886</b>
As a percentage of equity	32.40%	1.26%	1.26%

	2021 \$'000	2021 \$'000	2021 \$'000
	As at 31st Dec	Maximum impact	Minimum impact
-100 basis points parallel move in all yield curves			
Change in net interest income	2,687	(6,004)	(6,004)
Change in net investment income	379,203	(9,212)	(9,212)
Change in taxation	(76,819)	2,891	2,891
<b>Total</b>	<b>305,071</b>	<b>(12,325)</b>	<b>(12,325)</b>
As a percentage of equity	32.40%	-1.31%	-1.31%

## LONG ISLAND ASSETS LIMITED

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

## ii) Foreign currency risk

The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities. As at 31 December 2022, the Company holds a GBP bank account having an immaterial balance, has GBP taxation liabilities of £15,810,523 (2021: £12,377,479) and other net GBP exposure of £4,427,876 (2021: £13,630,620). The impact of changes in foreign currency rates is as follows:

	2022	2022	2022	2022
	\$'000	%	\$'000	%
	Impact on profit after tax if currency strengthens 10% vs	Impact on profit after tax if currency strengthens 10% vs	Impact on profit after tax if currency weakens 10% vs	Impact on profit after tax if currency weakens 10% vs
Effect on income				
GBP	2,436	11.56%	(2,436)	-11.56%
<b>Total</b>	<b>2,436</b>	<b>11.56%</b>	<b>(2,436)</b>	<b>-11.56%</b>

	2021	2021	2021	2021
	\$'000	%	\$'000	%
	Impact on profit after tax if currency strengthens 10% vs	Impact on profit after tax if currency strengthens 10% vs	Impact on profit after tax if currency weakens 10% vs	Impact on profit after tax if currency weakens 10% vs
Effect on income				
GBP	(169)	-0.05%	169	0.05%
<b>Total</b>	<b>(169)</b>	<b>-0.05%</b>	<b>169</b>	<b>0.05%</b>

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****23. Fair value measurement**

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 carrying value of the Company's financial assets and liabilities measured at amortised cost is a reasonable approximation of fair value.

The following table shows the Company's financial assets and liabilities by fair value hierarchy and balance sheet classification:

<b>As at 31 December 2022</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Loans and advances at amortised cost	893,287,384	-	893,287,384	-
Financial assets mandatorily at fair value through income statement	6,210,567,057	-	6,210,567,057	-
	<b>7,103,854,441</b>	<b>-</b>	<b>7,103,854,441</b>	<b>-</b>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost	(241,755,336)	-	(241,755,336)	-
Financial liabilities designated at fair value through income statement	(5,975,990,293)	-	(5,975,990,293)	-
	<b>(6,217,745,629)</b>	<b>-</b>	<b>(6,217,745,629)</b>	<b>-</b>
<b>As at 31 December 2021</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Loans and advances at amortised cost	870,688,578	-	870,688,578	-
Financial assets mandatorily at fair value through income statement	6,759,741,338	-	6,759,741,338	-
	<b>7,630,429,916</b>	<b>-</b>	<b>7,630,429,916</b>	<b>-</b>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost	(270,263,579)	-	(270,263,579)	-
Financial liabilities designated at fair value through income statement	(6,396,565,276)	-	(6,396,565,276)	-
	<b>(6,666,828,855)</b>	<b>-</b>	<b>(6,666,828,855)</b>	<b>-</b>

## LONG ISLAND ASSETS LIMITED

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

#### **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. Level 2 valuation techniques can also include unobservable inputs that are not significant of the fair value measurement in its entirety.

#### **Valuation technique using significant unobservable inputs - Level 3**

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

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

#### **24. Related party transactions**

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

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors. During the year there have been no other transactions with related parties other than transactions disclosed in the notes to the financial statements.

#### **25. Financial guarantee**

The Company entered in to guarantee agreements with Chapelcrest Investments Limited for an aggregate amount of \$6,000,000,000. The Company pledged its loans as explained in note 12, in support of the guarantee. The guarantee agreements will provide credit protection to Chapelcrest Investments Limited in respect of its exposure to Barclays Bank PLC.

As at 31 December 2022, the management have assessed the value of the financial guarantee to be nil (2021: nil) on the basis that the probability of default by Barclays Bank PLC is remote.

**LONG ISLAND ASSETS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****26. Capital management**

The Company's objectives when managing capital are:

- 1) To safeguard the Company's ability to continue as a going concern; and
- 2) To maintain an optimal capital structure in order to reduce the cost of capital.

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

The Company regards as capital its equity, reported on the balance sheet.

The total capital of the Company is as follows:

	2022	2021
	\$	\$
Share capital	5,328,001	5,328,001
Retained earnings	65,492,485	121,298,171
Other reserves	551,154,627	551,154,627
Other equity	263,810,175	263,810,175
 Total	 <u>885,785,288</u>	 <u>941,590,974</u>

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

The immediate parent of the Company is Barclays Long Island Limited. The parent undertaking of the smallest group that presents group financial statements is Barclays Bank PLC. The ultimate parent company and controlling party is Barclays PLC, which is the parent company of the largest group that presents group financial statements. Both companies are incorporated in the United Kingdom and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

**28. Interest rate benchmark reform**

The Company's exposure to rates subject to benchmark interest rate reform has been to USD and GBP LIBOR. The exposures of the Company are majorly with its ultimate parent company BBPLC and other group entities. The Company's exposures have been managed actively as part of Barclays Group-wide LIBOR transition Programme. All GBP LIBOR instruments have been transitioned over to SONIA. The BBPLC loans and the Chapelcrest loans were migrated to SOFR as at 31 December 2022.

The Company does not expect material changes to its risk management approach and strategy as a result of interest rate benchmark reform.