

**Registered number in England and Wales: 08116604**

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

**DIRECTORS' REPORT & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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

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

#### **Profits and dividends**

During the year the Company made a loss after tax of £226,516,000 (2021: £7,710,000). The Directors proposed and paid dividend of £507,000,000 for the year (2021: £Nil), £132,000,000 was paid in January'22, £250,000,000 was paid in April'22 and £125,000,000 was paid in August'22.

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

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

#### **Directors**

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

K McLeland (resigned 31 January 2022)  
S M Poulter  
G J Chapman  
A D Challis  
D R Fairclough (appointed 28 April 2022)

#### **Going concern**

After reviewing the Company's business activities, financial position, performance projections and available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations as they fall due and to continue in operational existence for at least the next 12 months from the date of signing these financial statements. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with 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;
- 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.

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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

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 21.

#### **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.

#### **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.

#### **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 Annual Report 2022 which does not form part of this report, with fuller disclosure available on the Barclays website at <https://home.barclays/sustainability/addressing-climate-change/>.


## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 Statement of disclosure of information to auditor**

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:

DocuSigned by:  
  
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**G J Chapman**

Director

Date: 28 September 2023

Company number: 08116604

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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

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

The principal activity of Barclays Principal Investments Limited is to act as a holding company. The Company has been repurposed within the Barclays Group to serve as a single governance / portfolio management holding company, that centrally holds all of Barclays' equity investments.

#### **Business performance**

The results of the Company show a loss after tax of £226,516,000 (2021: profit of £7,710,000) for the year. The loss in 2022 is on account of the full impairment of the wholly owned subsidiary, Carnegie Holdings Limited, along with the loss on sale of disposal of our stake in ABSA Bank Limited. These are partially off-set by dividend income received from Entercard and ABSA Bank Limited and income from Barclays Bank PLC in respect of the indemnity against losses taken on Clydesdale Financial Services. The Company has net assets of £70,379,000 (2021: £577,540,000). The value of the Fair Value through Other Comprehensive Income ('FVOCI') investments at the end of the year was Nil (2021: £893,977,000) and the FVOCI reserve was Nil (2021: (£278,637,000)). The decrease in the value of the investment and the reserve is on account of the sale of ABSA Bank Limited. Net cash flow from operating activities for 2022 was £105,070,000 (2021: £237,445,000). The Directors are satisfied with the financial position of the Company at year end.

#### **Future outlook**

The Company will continue to act as a single governance / portfolio management holding company under which all of Barclays' equity investments will be centralised into.

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

The financial risk management objectives and policies which are followed by the Company and the exposure to various financial risks are set out in notes to accounts.

#### **Key performance indicators**

The Directors of Barclays PLC manage the group's operations on a business segment 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 segment, 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 a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its member 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 Directors considered, amongst other matters, the following:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company's maintaining a reputation for high standards of business and conduct;
- 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; however, in balancing those different perspectives it won't always be possible to deliver everyone's desired outcome.

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

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

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

##### 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.

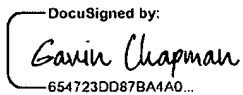
As a result of these activities and the information it receives, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

The following are some examples of how the Directors have had regard to the matters set out in sections 172 (1)(a)-(f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them:

##### Engagement in action

The principal activity of Barclays Principal Investments Limited is to act as a holding company, that has been repurposed within the Barclays Group to serve as a single governance / portfolio management holding company, that centrally holds all of Barclays' equity investments. The Board has taken active measures to ensure they receive regular updates on the investment, liquidity, market, interest risk and the individual performance of these subsidiaries and Joint Ventures to ensure the entity is sufficiently capitalised now and in the future.

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

DocuSigned by:  
  
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**G J Chapman**

Director

Date: 28 September 2023

Company number: 08116604

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

#### **Opinion**

We have audited the financial statements of Barclays Principal Investments Limited ("the Company") for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and related notes, including the summary of significant accounting policies in note 4.

In our opinion the financial statements:

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

#### **Basis for opinion**

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

#### **Going concern**

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

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

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- 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:



## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS PRINCIPAL INVESTMENTS LIMITED

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

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is straightforward, contractual with no judgement involved in the calculation, or received in the form of dividends from subsidiaries, and no pressures or incentives for management to manipulate revenue have been identified.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Barclays PLC Group-wide fraud risk management controls.

We performed procedures to identify journal entries to test based on risk criteria and compared the identified entries to supporting documentation. These included those posted to seldom used accounts, posted at the weekend, or entries including specific descriptions.

#### *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 and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-money laundering regulations and certain aspects of company legislation, recognising the financial nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors 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.

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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 the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

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

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

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

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

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

**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.



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

Date: 29 September 2023

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Note</b>	<b>2022 £000</b>	<b>2021 £000</b>
Interest income	5	3,957	221
Interest expense	5	(45,842)	(50,408)
<b>Net interest expense</b>		<u>(41,885)</u>	<u>(50,187)</u>
Impairment loss (net of dividend income)	6	(234,858)	(25,465)
Other income		129,721	74,847
Foreign exchange (loss)/gain		(1,643)	-
Other investment income/(loss)		(83,869)	-
<b>Profit / (Loss) before tax</b>		<u>(232,534)</u>	<u>(805)</u>
Tax credit	10	6,018	8,515
<b>Profit / (Loss) after tax</b>		<u><u>(226,516)</u></u>	<u><u>7,710</u></u>

The accompanying notes on pages 16 to 40 form an integral part of the financial statements.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £000	2021 £000
<b>Profit for the year</b>	(226,516)	7,710
<b>Other comprehensive profit not recycled to profit from continuing operations:</b>		
Net profit from changes in fair value	226,355	138,963
<b>Other comprehensive profit for the year, net of tax</b>	<u>226,355</u>	<u>138,963</u>
<b>Total comprehensive profit</b>	<u>(161)</u>	<u>146,673</u>

The accompanying notes on pages 16 to 40 form an integral part of the financial statements.

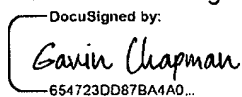
**BARCLAYS PRINCIPAL INVESTMENTS LIMITED**  
**REGISTERED NUMBER: 08116604**

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

	Note	2022 £000	2021 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	11	897,523	935,379
Investment in joint ventures	12	292,000	292,000
<b>Total non-current assets</b>		<b>1,189,523</b>	<b>1,227,379</b>
<b>Current assets</b>			
Financial assets at fair value through other comprehensive income	13	-	893,977
Loans & advances at amortised cost	14	584,835	125,982
Cash and cash equivalents	16	106,169	309,200
Trade and other receivables	18	19,743	6,245
Current tax assets	17	17,012	16,563
<b>Total current assets</b>		<b>727,759</b>	<b>1,351,967</b>
<b>Total assets</b>		<b>1,917,282</b>	<b>2,579,346</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long Term Borrowings	19	1,152,243	1,731,426
<b>Current liabilities</b>			
Trade & Other Payables		190	16,912
Short Term Borrowings	19	694,470	253,468
<b>Total current liabilities</b>		<b>694,660</b>	<b>270,380</b>
<b>Total liabilities</b>		<b>1,846,903</b>	<b>2,001,806</b>
<b>Net assets</b>		<b>70,379</b>	<b>577,540</b>
<b>Issued capital and reserves</b>			
Share capital	20	46,038	46,038
Financial assets at FVOCI reserve		-	(278,637)
Retained earnings		24,341	810,139
<b>TOTAL EQUITY</b>		<b>70,379</b>	<b>577,540</b>

The accompanying notes on pages 16 to 40 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2023 and were signed on its behalf by:

DocuSigned by:  


654723DD67BA4A0...  
**G J Chapman**

Director

Date: 28 September 2023

Company number: 08116604

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital £000	Financial assets at FVOCI reserve £000	Retained earnings £000	Total equity £000
<b>At 1 January 2022</b>	46,038	(278,637)	810,139	577,540
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(226,516)	(226,516)
Other comprehensive income	-	226,355	-	226,355
<b>Total comprehensive income for the year</b>	-	226,355	(226,516)	(161)
<b>Contributions by and distributions to owners</b>				
Dividends paid	-	-	(507,000)	(507,000)
Transfer between FVOCI and Retained Earnings	-	52,282	(52,282)	-
<b>Total contributions by and distributions to owners</b>	-	52,282	(559,282)	(507,000)
<b>At 31 December 2022</b>	46,038	-	24,341	70,379

	Share capital £000	Share premium £000	Financial assets at FVOCI reserve £000	Retained earnings £000	Total equity £000
<b>At 1 January 2021</b>	46,038	629,289	(417,600)	173,140	430,867
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	7,710	7,710
Other comprehensive income	-	-	138,963	-	138,963
<b>Total comprehensive income for the year</b>	-	-	138,963	7,710	146,673
<b>Contributions by and distributions to owners</b>					
Shares redeemed during the year	-	(629,289)	-	-	(629,289)
Transfer to/from retained earnings	-	-	-	629,289	629,289
<b>Total contributions by and distributions to owners</b>	-	(629,289)	-	629,289	-
<b>At 31 December 2021</b>	46,038	-	(278,637)	810,139	577,540

The accompanying notes on pages 16 to 40 form an integral part of the financial statements.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £000	2021 £000
<b>Cash flows from operating activities</b>		
Loss for the year	(232,534)	(805)
<b>Adjustments for</b>		
Impairment on Investment in subsidiaries	337,856	150,569
Dividends received from JV and subsidiaries	(102,998)	-
Net Interest expense	41,885	50,187
Loss on sale of investment	83,869	-
Foreign exchange Loss/(Gain)	1,643	-
<b>Cash generated from operations</b>	<b>129,721</b>	<b>199,951</b>
Income taxes paid	5,569	(956)
Change in trade and other receivables	(13,498)	26,803
Change in Trade & Other Payables	(16,722)	11,647
<b>Net cash from operating activities</b>	<b>105,070</b>	<b>237,445</b>
<b>Cash flows from investing activities</b>		
Investment in Subsidiaries	(300,000)	(177,955)
Sale of assets held for sale	-	127,074
Sale proceeds from sale of investment	1,036,464	-
Dividends received from JV and subsidiaries	102,998	-
<b>Net cash from/(used in) investing activities</b>	<b>839,462</b>	<b>(50,881)</b>
<b>Cash flows from financing activities</b>		
Loan repayment to related undertakings	(138,154)	123,652
Dividends paid to parent	(507,000)	-
Loan to related undertakings	(456,023)	8,771
Net interest expense paid	(44,743)	(44,809)
<b>Net cash (used in)/from financing activities</b>	<b>(1,145,920)</b>	<b>87,614</b>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<b>(201,388)</b>	<b>274,178</b>
Cash and cash equivalents at the beginning of year	309,200	35,022
Exchange (loss)/gains on cash and cash equivalents	(1,643)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>106,169</b>	<b>309,200</b>

The accompanying notes on pages 16 to 40 form an integral part of the financial statements.



## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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

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

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

These financial statements are prepared for Barclays Principal Investments Limited (the 'Company'); the principal activity of which is to act as a single governance / portfolio management holding company, that centrally holds Barclays' equity investments.

These financial statements are separate financial statements prepared for the Company only in line with the UK Companies Act 2006. The Company is exempt by virtue of s.400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. The parent undertaking of the smallest and largest group that presents consolidated financial statements is Barclays PLC, which prepare consolidated financial statements in accordance with UK-adopted international accounting standards and accordingly consolidated financial statements have not been prepared based on the exemption provided under paragraph 4(a) of IFRS 10.

#### **2. Basis of Preparation**

The Company financial statements have been prepared 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, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations as they fall due and to continue in operational existence for at least the next 12 months from the date of signing these financial statements. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

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

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

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

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

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

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

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****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.

**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 has 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 respond to stakeholders' concerns about the classification of such a liability as current or non-current.

**3. Functional and presentation currency**

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

**4. Summary of significant accounting policies**

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

**4.1 Foreign currency translation**

The Company applies IAS 21 The Effects of Changes in Foreign Exchange Rates. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Sterling 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.

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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

#### **4. Summary of significant accounting policies (continued)**

##### **4.2 Interest**

Interest income on loans and advances at amortised cost and financial assets at fair value through other comprehensive income, 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.

##### **4.3 Dividends from subsidiaries and associates**

Dividends income is recognised when the right to receive payment is established, which is when the dividends are received or the dividends are appropriately authorised by the subsidiary or associate.

##### **4.4 Current and deferred income 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.

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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses 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 tax assets and liabilities are only offset where there is both a legal right to set-off and an intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

##### **4.5 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

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

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

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

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 are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent 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 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 are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent 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.

##### *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.

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

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

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

##### *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).

#### 5.5 Financial assets and liabilities (continued)

##### *Impairment of financial assets (continued)*

The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company also considers observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, arising from adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on assets in the portfolio.

Any potential ECL from the consideration of observable data on a portfolio basis is recognised by the Company. The potential ECL to the Company is deemed immaterial due to the Company's exposure being only in stage 1 loans and advances, cash and cash equivalents and other assets due from related undertakings.

##### *Modelling techniques*

ECL are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original effective interest rate. Management adjustments will be 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. 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 Risk Models are used to determine the PD, LGD and EAD. For stage 2 and 3, Barclays 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.

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

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

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

##### *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.

##### **4.6 Investments in subsidiaries**

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

##### *Impairment of investments in subsidiaries*

At each balance sheet date, or more frequently when events or changes in circumstances dictate, investments in subsidiaries are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount, the higher of the asset or the cash-generating unit's fair value less costs of disposal and its value in use. Fair value less costs of disposal is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis.

##### **4.7 Investments in associates and joint ventures**

An associate is an entity in which the Company has significant influence, but not control, over the operating and financial management policy decisions. This is generally demonstrated by the Company holding in excess of 20%, but no more than 50%, of the voting rights. Joint ventures are arrangements where the company has joint control and rights to the net assets of the entity.

Investments in associates and joint ventures are stated at cost, less impairment, if any. In assessing whether there is any indication that an investment in associate or joint venture may be impaired, the Company applies the same approach as in the case of subsidiaries.

##### **4.8 Assets included in disposal groups classified as held for sale**

The entity applies IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered through a sale transaction rather than continued use. In order to be classified as held for sale, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Non-current assets (or disposal groups) held for sale are measured at the lower of carrying amount and fair value less cost to sell.

##### **4.9 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.

##### **4.10 Dividends paid on ordinary shares**

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

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****4. Summary of significant accounting policies (continued)****4.11 Cash and cash equivalents**

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

**5. Interest income and expense**

Net interest expense comprise the following:

**Recognised in profit or loss**

	2022 £000	2021 £000
<b>Interest income</b>		
Interest receivable from related undertakings	3,957	221
<b>Total interest income</b>	<u>3,957</u>	<u>221</u>
<b>Interest expense</b>		
Other interest payable to related undertakings	(45,842)	(50,408)
<b>Total interest expense</b>	<u>(45,842)</u>	<u>(50,408)</u>
<b>Net finance expense recognised in profit or loss</b>	<u>(41,885)</u>	<u>(50,187)</u>

Interest income presented above represents interest revenue calculated using the effective interest method.

This entire interest expense is on items held at amortised cost.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****6. Dividend Income (net of impairment)**

	2022 £000	2021 £000
Dividend Income	102,998	125,104
Impairment of Investment in subsidiary	(337,856)	(150,569)
	<u>(234,858)</u>	<u>(25,465)</u>

Dividend income of £72,535,258 received from Entercard joint venture and £30,463,145 from ABSA Bank Limited which was a fair value through other comprehensive income investment.

During the year, Carnegie Holdings Limited was impaired by £330,056,000 and written down to NIL, and The Logic Group Holdings was impaired by £7,800,000.

**7. Profit before tax**

The audit fee is borne by the Company's parent company, Barclays 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 accounts is £30,670 (2021: £28,110) 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 are contracted from Barclays Bank PLC. All costs in this respect have not been recharged to the Company.

**9. Directors' emoluments**

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:

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

No Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes during 2022 (2021: nil)

4 Directors are entitled to benefits under the Share Value Plan (2021: 4).



**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****10. Tax expense****10.1 Income tax recognised in profit or loss**

	2022 £000	2021 £000
<b>Current tax</b>		
Current tax on profits for the year	7,541	9,472
Withholding tax suffered	(1,523)	(957)
	<u>6,018</u>	<u>8,515</u>
<b>Overall tax credit in the Income Statement</b>	<u>6,018</u>	<u>8,515</u>

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 losses for the year are as follows:

	2022 £000	2021 £000
(Loss)/profit for the year	(226,516)	7,710
Income tax (credit)	(6,018)	(8,515)
<b>Loss before income taxes</b>	<u>(232,534)</u>	<u>(805)</u>
Tax credit / (charge) at UK corporation tax rate of 19% (2021: 19%)	44,181	153
Non-taxable income	44,217	38,124
Withholding tax suffered	(1,523)	(957)
Other non-deductible expenses	(80,819)	(28,607)
Chargeable profits on controlled foreign companies	-	(198)
Thin cap adjustment	(38)	-
<b>Overall tax credit/(charge) in the Income Statement</b>	<u>6,018</u>	<u>8,515</u>

The company has incurred 5% withholding tax on the overseas dividends received from ABSA Bank Limited and has received the dividends net of withholding tax.

The non-taxable income mainly pertains to dividend income from ABSA Bank Limited and Entercard JV and the non-deductible expense is mainly driven by impairment on subsidiaries.

**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.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****11. Investment in subsidiaries**

	2022	2021
	£000	£000
As at 1st Jan	935,379	882,028
Additions	300,000	177,955
Accumulated Impairment	(337,856)	(124,604)
<b>As at 31st Dec</b>	<b>897,523</b>	<b>935,379</b>

On 18 March 2022, the company made an additional capital injection in its subsidiary, Carnegie Holdings Limited.

The company purchased 1 million ordinary shares with a nominal value of £0.01 and a share premium of £249.99 each, for a total cash consideration of £250,000,000.

On 29 September 2022, the company made an additional capital injection in its subsidiary, Carnegie Holdings Limited. The company purchased 1 million ordinary shares with a nominal value of £0.01 and a share premium of £49.99 each, for a total cash consideration of £50,000,000.

As at 31 December 2022, the Company's investment in Carnegie Holdings Limited was impaired to nil. (Please refer below section).

As at 31 December 2022, the Company directly held the following investments in related undertakings:

Company name	Registered office address	Class of shares / units	Number of shares	Proportion of Class of Share / Units Held (%)
Barclays Equity Holdings Limited	1 Churchill Place, London E14 5HP England	Ordinary shares	42,768,104	100
The Logic Group Holdings Limited	Logic House Fleet Road GU51 3SB UK	Class A Ordinary shares	20,524,223	100
Barclaycard International Payments Limited	One Molesworth Street, Dublin, D02 RF29, Ireland	Ordinary shares	55,289,453	100
Carnegie Holdings Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares, A & B Ordinary shares	14,111,111	100
BMI (No. 9) Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	100	100

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

Barclay Leasing Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	2	100
Barclays Leasing (No. 9) Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	100	100
Radbroke Mortgages UK Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	1	100
Barclays Insurance Guernsey PCC Limited	PO Box 33, Dorey Court, Admiral Port, St Peter Port, Guernsey, GY1 4AT	Ordinary shares	1	100

As at 31 December 2022, the Company via its indirect investment in Carnegie Holdings Limited held the following investments in related undertakings:

Company name	Registered office address	Class of shares/units	Number of shares	Name of immediate parent	Proportion of Class of Share / Units Held (%)
Clydesdale Financial Services Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	7,100,000	Carnegie Holdings Limited	100%

As at 31 December 2022, the Company via its indirect investment in The Logic Group Holdings Limited held the following investments in related undertakings:

Company name	Registered office address	Class of shares/units	Number of shares	Name of immediate parent	Proportion of class of share / units held (%)
The Logic Group Enterprises Limited	Logic House Fleet Road GU51 3SB UK	Ordinary shares	1,156,475	The Logic Group Holdings Limited	100%

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****Investment in subsidiaries (continued)**

As at 31 December 2022, the Company via its indirect investment in Barclays Equity Holdings Limited held the following investments in related undertakings:

<b>Company name</b>	<b>Registered office address</b>	<b>Class of shares/units</b>	<b>Number of shares</b>	<b>Name of immediate parent</b>	<b>Proportion of class of share / units held (%)</b>
Barclays Funds Investment Limited	1 Churchill Place London E14 5HP England	Ordinary shares	508,557,772	Barclays Equity Holdings Limited	100%
Barclays UK Investments Limited	1 Churchill Place London E14 5HP England	Ordinary shares	34,907,761	Barclays Equity Holdings Limited	100%
Sustainable Impact Capital Limited	1 Churchill Place London E14 5HP England	Ordinary shares	41,808,889	Barclays Equity Holdings Limited	100%
Barclays Converted Investments (No.2) Limited	1 Churchill Place London E14 5HP England	Ordinary shares	1,000	Barclays Equity Holdings Limited	100%
Barclays Unquoted Investments Limited	1 Churchill Place London E14 5HP England	Ordinary shares	1,000	Barclays Equity Holdings Limited	100%
Barclays Unquoted Property Investments Limited	1 Churchill Place London E14 5HP England	Ordinary shares	9,473,001	Barclays Equity Holdings Limited	100%
North Colonnade Investments Limited	1 Churchill Place London E14 5HP England	Ordinary shares	40,000	Barclays Equity Holdings Limited	100%
Barclays Industrial Development Limited	1 Churchill Place London E14 5HP England	Ordinary shares	1,000	Barclays Equity Holdings Limited	100%
Barclays Industrial Investments Limited	1 Churchill Place London E14 5HP England	Ordinary shares	1,000	Barclays Equity Holdings Limited	100%
BNRI PIA Scot GP Limited	1 Churchill Place London E14 5HP England	Ordinary shares	1	Barclays Equity Holdings Limited	100%

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

Northwharf Investments Limited	1 Churchill Place London E14 5HP England	Ordinary shares	650	Barclays Equity Holdings Limited	100%
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As at 31 December 2022, the Company via its indirect investment in Barclays Unquoted Investments Limited held the following investments in related undertakings:

Company name	Registered office address	Class of shares held	Name of immediate parent	Proportion of class of share / units held (%)
Female Innovators' Lab LP	3rd Floor, 25 Soho Square, London, W1D 3QR	Investment in partnership	Barclays Unquoted Investments Limited	100%

As at 31 December 2022, the Company via its indirect investment in Northwharf Investments Limited held the following investments in related undertakings:

Company name	Registered office address	Class of shares/units	Number of shares	Name of immediate parent	Proportion of class of share / units held (%)
CPIA Investments No. 2 Limited	PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands	Ordinary shares	5,000	Northwharf Investments Limited	100%
Barclays Korea GP Limited	A-1705 Yeouido Park Centre, 28-3 Yeouido-dong, Yeongdeungpo-gu, Seoul, Korea	Ordinary shares	80,962	Northwharf Investments Limited	100%

As at 31 December 2022, the Company via its indirect investment in CPIA Investments No. 2 Limited held the following investments in related undertakings:

Company name	Registered office address	Class of shares/units	Name of immediate parent	Proportion of class of share / units held (%)
CPIA Canada Holdings LP	5 The North Colonnade, Canary Wharf, London, E14 4BB, England	General Partnership Interest	CPIA Investments No. 2 Limited	99.95%

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****Investment in subsidiaries (continued)**

As at 31 December 2022, the Company via its indirect investment in Barclays Funds Investment Limited held the following investments in related undertakings:

<b>Company name</b>	<b>Registered office address</b>	<b>Investment Type</b>	<b>Class of shares/units</b>	<b>Number of shares</b>	<b>Proportion of class of share / units held (%)</b>
BGF Group PLC	13-15 York Buildings, London, WC2N 6JU	Associate Interest	Ordinary shares	481,782,250	24.614%

As at 31 December 2022, the Company via its indirect investment in BNRI PIA Scot GP Limited held the following investments in related undertakings:

<b>Company name</b>	<b>Registered office address</b>	<b>Class of shares/units</b>	<b>Name of immediate parent</b>	<b>Proportion of class of share / units held (%)</b>
BNRI ENG GP LLP	1 Churchill Place London E14 5HP	Investment in partnership	BNRI PIA Scot GP Limited	50
BNRI Scots GP LLP	50 Lothian Road Festival Square Edinburgh EH3 9WJ	Investment in partnership	BNRI PIA Scot GP Limited	50

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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

#### **Impairment review**

The Company performs impairment analysis for all its subsidiaries on an annual basis. As per IAS 36 when performing the impairment test, the carrying value of the investment should be compared to the higher of the fair value less costs to sell or value in use (VIU). IAS 36 defines VIU as the present value of the future cash flows expected to be derived from an asset or cash generating unit (CGU).

#### **Determining the carrying value of CGUs**

The Company is a non-trading holding Company. Therefore, all its subsidiaries and joint ventures have been determined to be CGUs for the purposes of the assessment of recoverable amount.

#### **Value in Use Approach**

For four subsidiaries the recoverable amount is calculated as a VIU which is derived from the present value of future cash flows, which are expected to be received from the investment. The VIU calculations use forecast attributable profit based on financial budgets approved by management, covering a three to five year period as an approximation of future cash flows discounted using a pre-tax discount rate appropriate to the subsidiary being tested. A terminal growth rate has then been applied to the cash flows thereafter which is based upon expectations of future inflation rates.

The 2022 review identified the value in use calculated was higher than the carrying value for all subsidiaries, except for Carnegie Holdings Limited and The Logic Group Holdings. Following the evaluation of the performance and future outlook of Carnegie Holdings Limited and The Logic Group Holdings, IAS36 impairment test indicates that the expected value in use of these entities is £(329)m and £124.8m, below the carrying value of Carnegie Holdings Limited and The Logic Group Holdings of £330m and £132m, respectively. This resulted in a total impairment charge of £337.8m across both these subsidiaries, for the year ended 31 December 2022. For Carnegie Holdings Limited, cashflows are modelled for 5 years and in the final year a nil terminal value is assumed based on the future projections which reflects no significant cash flows are expected after 5 years. For Carnegie Holdings Limited, a discount rate of 22.5% was applied to the cash flow forecast in December 2022 (2021: 19.1%). In determining the discount rate for other subsidiaries, management identified a cost of equity associated with market participants that closely resembled the subsidiary and adjusted for tax to arrive at the pre-tax equivalent rate of 16.9% (2021: 13.7%). A terminal growth rate of 2.0% was used to calculate a terminal value for the investment based on inflation rates to approximate future long term growth in December 2022 (2021:2.0%).

#### **Fair Value Approach**

A variety of valuation methodologies or a combination of methodologies are applied in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. For our purpose, we have used Net Assets approach and Multiples approach (the most commonly used being EV / EBITDA & P/E). The revenue and earning metrics are focused on maintainable earnings and revenue. Therefore, one-time impacts would be excluded from the metric to which the multiple is applied. Ultimately the choice of technique depends on the stage of development of each of the individual subsidiaries, its industry, and its geographic location.

#### **Sensitivity analysis**

The subsidiaries where Value in Use approach has been used, are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

#### **Cash flows:**

The medium term plans used to determine the cash flows used in the VIU calculation rely on macroeconomic forecasts, including interest rates, GDP and unemployment, and forecast levels of market and client activity. Given the current level of economic uncertainty, a 10% reduction in cash flows has been provided to show the sensitivity of the outcome to a change in cashflow assumptions.

# BARCLAYS PRINCIPAL INVESTMENTS LIMITED

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

### Discount rate:

The discount rate should reflect the market risk free rate adjusted for the inherent risks of the business it is applied to. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resembles the CGU, adjusted for the incremental risk associated with a non-diversified unsecured lending business. The risk that the discount rate is not appropriate and the impact of a 100 bps change in the discount rate is detailed below. In determining the discount rate for other subsidiaries, management identified a cost of equity associated with market participants that closely resemble the subsidiary and adjusted for tax to arrive at the pre-tax equivalent rate of 16.9%.

### Terminal growth rate:

The terminal growth rate is used to estimate the cash flows into perpetuity based on the expected longevity of the CGU. The terminal growth rate is sensitive to uncertainties in the macro economic environment. The risk that using inflation data may not be appropriate for its determination is quantified below and shows the impact of a 100 bps change in the terminal value. A terminal growth rate of 2.0% was used to calculate a terminal value for the investment based on inflation rates to approximate future long term growth in December 2022.

The sensitivity of the value in use to key judgements in the calculations, is set out as below:

<b><u>Increase in Impairment</u></b>						
	<b>Carrying value</b>	<b>Value in Use</b>	<b>Impairment</b>	<b>100 bps increase in discount rate</b>	<b>100 bps decrease in terminal growth rate</b>	<b>10% reduction in forecasted cashflows</b>
	£000	£000	£000	£000	£000	£000
<b>31st December 2022</b>						
Investment in The Logic Group Holdings	132,000	124,200	(7,800)	(8,060)	(4,700)	(12,421)
	132,000	124,200	(7,800)	(8,060)	(4,700)	(12,421)
<b>31st December 2021</b>						
Investment in Carnegie Holdings Limited	154,660	30,056	(124,604)	(23,746)	(15,706)	(30,056)
	154,660	30,056	(124,604)	(23,746)	(15,706)	(30,056)



**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****12. Investment in joint ventures**

	2022	2021
	£000	£000
As at 1st Jan	292,000	292,000
<b>As at 31st Dec</b>	<b>292,000</b>	<b>292,000</b>

The table below provides information in respect of the joint venture undertaking in which the Company has an interest at 31 December 2022 (the entity's entire financial position and results of operation are presented, not Barclays Principal Investments Limited's share). There were no indicators of impairment for Entercard.

Company name	Registered office address	Class of shares/ units	Proportion of class of shares held	Profit after tax £	Aggregate capital and reserves £
Entercard Group AB	105 34 Stockholm, Stockholm, Sweden	2000 Ordinary B shares	40%	50,779,206	425,907,287

**13. Financial assets at fair value through other comprehensive income**

	2022	2021
	£000	£000
Equity securities	-	893,977
	-	893,977

During the year, the Company disposed of its entire stake in ABSA Bank Limited in two separate tranches in April'22 and September'22, at a total loss of £83,869,000 following blockage discount and transaction fees. Within the statement of other comprehensive income a gain of £226,355,000 was recorded for the fair value appreciation of this asset during the year.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****14. Loans and advances at amortised cost**

	2022 £000	2021 £000
<b>Current</b>		
Loans and advances to group undertakings	584,835	125,982
<b>Total</b>	<u>584,835</u>	<u>125,982</u>

The excess cash left, after utilizing the sale proceeds from ABSA to declare a dividend, was placed as a deposit with Barclays Bank PLC ('BBPLC') to earn extra interest income.

**15. Dividend**

	2022 £000	2021 £000
Final dividend of 12.217 pence (2021: - pence) per Ordinary share paid during the year	507,000	-
	<u>507,000</u>	<u>-</u>

The directors proposed and paid a total dividends of £507m (12.217 pence per share) during the year. The dividend was funded through the sale proceeds received from disposal of entire stake in ABSA Bank Limited.

**16. Cash and cash equivalents**

	2022 £000	2021 £000
Cash at bank available on demand	106,169	309,200
<b>Cash and cash equivalents in the statement of cash flows</b>	<u>106,169</u>	<u>309,200</u>

**17. Current tax assets**

	2022 £000	2021 £000
Group relief receivable	17,012	16,563
	<u>17,012</u>	<u>16,563</u>

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****18. Trade and other receivables**

	2022 £000	2021 £000
Indemnity receivable from BBPLC	19,743	6,245
	<u>19,743</u>	<u>6,245</u>

As part of share purchase agreement of Carnegie Holdings Limited, a legal indemnity has been put in place whereby BBPLC will reimburse the Company for any additional or new conduct issues relating to historical practices. The Directors consider the carrying value of the Company's loans and receivables approximate to their fair value.

**19. Borrowings**

	2022 £000	2021 £000
<b>Current:</b>		
Amount borrowed from Barclays Bank PLC	(443,751)	(253,451)
Amount borrowed from other related undertakings	(250,719)	(17)
<b>At 31 December</b>	<u>(694,470)</u>	<u>(253,468)</u>
<b>Non-current:</b>		
Amount borrowed from Barclays PLC	(157,413)	(665,957)
Amount borrowed from Barclays Bank PLC	(621,010)	(692,893)
Amount borrowed from other related undertakings	(373,820)	(372,576)
<b>At 31 December</b>	<u>(1,152,243)</u>	<u>(1,731,426)</u>

This amount includes accrued interest of £38,244,378 (2021: £39,320,222) for the current year.

During the year, Barclays Bank PLC and Barclays Bedivere Investments SARL provided loans to fund the follow-on investment in Carnegie Holdings Limited. Loans maturing within a period of one year are classified as short term borrowings.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****20. Share capital**

	2022 Number	2022 £000	2021 Number	2021 £000
<b>Issued and fully paid:</b>				
<b>Class A shares of £0.01 each</b>				
At 1 January	4,149,810,401	41,498	4,149,810,401	41,498
Shares issued	-	-	-	-
At 31 December	<u>4,149,810,401</u>	<u>41,498</u>	<u>4,149,810,401</u>	<u>41,498</u>
<b>Class B shares of £0.02 each</b>				
At 1 January & 31 December	<u>227,000,000</u>	<u>4,540</u>	<u>227,000,000</u>	<u>4,540</u>
Total share capital	<u>4,376,810,401</u>	<u>46,038</u>	<u>4,376,810,401</u>	<u>46,038</u>

**21. 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 Company uses derivative financial instruments to hedge certain risk exposures.

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

**a) Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company. The Company is exposed to credit risk on the operational amounts held within its bank account. Credit risk is mitigated by ensuring the bank account provider is highly rated. As at 31 December 2022, the provider was A rated by Standard & Poor's (2021: A rated). The maximum exposure of the Company to credit risk is primarily on the 'Loans and advances', 'Cash and cash equivalents'. They are represented by the carrying value as at the statement of financial position date. The exposures are considered neither past due nor impaired.

**BARCLAYS PRINCIPAL INVESTMENTS 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:

	2022	2021
	£000	£000
Financial assets mandatorily at fair value through other comprehensive income	-	893,977
Cash and cash equivalents	106,169	309,200
Trade and other receivables	19,743	6,245
Loans & advances at amortised cost	584,835	125,982
	<u>710,747</u>	<u>1,335,404</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 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.

<b>As at 31st Dec 2022</b>	<b>Not more than 3 months £000</b>	<b>3 months - 1 year £000</b>	<b>1-10 years £000</b>	<b>Total £000</b>
<b>Assets</b>				
Loans and advances at amortised cost	584,835	-	-	584,835
Cash and cash equivalents	106,169	-	-	106,169
Trade and other receivables	-	19,743	-	19,743
Current tax assets	-	14,864	-	14,864
<b>Total financial assets</b>	<u>691,004</u>	<u>34,607</u>	<u>-</u>	<u>725,611</u>
<b>Liabilities</b>				
Borrowings	308,373	386,097	1,152,243	1,846,713
Trade and other payables	-	190	-	190
<b>Total financial liabilities</b>	<u>308,373</u>	<u>386,287</u>	<u>1,152,243</u>	<u>1,846,903</u>
<b>Cumulative liquidity gap</b>	<u>382,631</u>	<u>(351,680)</u>	<u>(1,152,243)</u>	<u>(1,121,292)</u>

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

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

As at 31st Dec 2021	Not more than 3 months £000	3 months - 1 year £000	1-10 years £000	Total £000
<b>Assets</b>				
Loans and advances at amortised cost	125,982	-	-	125,982
Cash and cash equivalents	309,200	-	-	309,200
Current tax assets	-	16,563	-	16,563
Trade and other receivables	6,245	-	-	6,245
<b>Total financial assets</b>	<b>441,427</b>	<b>16,563</b>	<b>-</b>	<b>457,990</b>
<b>Liabilities</b>				
Borrowings	220,554	32,913	1,731,427	1,984,894
Trade and other payables	-	16,912	-	16,912
<b>Total financial liabilities</b>	<b>220,554</b>	<b>49,825</b>	<b>1,731,427</b>	<b>2,001,806</b>
 Cumulative liquidity gap	 220,873	 (33,262)	 (1,731,427)	 (1,543,816)

**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.

**d) Interest rate risk**

Interest rate risk is the possibility that changes in interest rates will result in reduced income from the Company's interest bearing financial assets and liabilities. The sensitivity of the income statement is affected by changes in interest rates as it affects the net interest income for the year. The Company has fixed rate non-trading borrowings from Barclays PLC & Barclays Bank PLC. Also, it has given loans to related undertakings and has fixed rate cash & cash equivalents held with Barclays Bank PLC.

**e) Foreign currency risk**

The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities. During 2022, the Company sold off its entire stake in ABSA Bank Limited bringing down the net ZAR exposure to ZAR 2.4 m, GBP equivalent 0.11 m (2021 : ZAR 19,243.5 m GBP equivalent 893.98 m ).

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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

#### **f) Price risk**

Price risk is the risk that market prices for the Company's FVOCI assets may fall.

During the year 2022, the Company sold of it's entire stake in ABSA Bank Limited bringing down the net ZAR, Hence the company does not have any price risk associated with ABSA as on 31 December 2022.

At 31 December 2021, the Company had 126,145,303 shares in ABSA Bank Limited which are listed on the Johannesburg Stock Exchange. The Company is not exposed to commodity price movements. The following sensitivity table demonstrates the effects of a 10% rise or fall in the value of its shares in ABSA Bank Limited which were valued at ZAR 152.55 each on 31 December 2021.

#### **22. Related party transactions**

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

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors. particulars of transactions, and the balances outstanding at the year end, are disclosed in the tables below.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****22. Related party transactions (continued)****22.1 Assets**

	2022 £000	2021 £000
Cash & Cash Equivalents with BBPLC	106,169	309,200
Loan to subsidiary BIPL	132,929	125,982
Receivables from BBPLC	451,906	-
Indemnity receivable from BBPLC (refer note 18)	19,743	6,245
	<u>710,747</u>	<u>441,427</u>

**22.2 Liabilities**

	2022 £000	2021 £000
Loans from BBPLC	1,064,761	946,344
Loans from BPLC	157,413	665,957
Loans from Barclays Bedivere Investments SARL	624,522	372,576
Loans from BMI (No.9) Limited	2	2
Loans from Barclay Leasing Limited	15	15
Other payable to BBPLC	-	713
	<u>1,846,713</u>	<u>1,985,607</u>

**22.3 Other transactions**

Other related party transactions are as follows:

	2022 £000	2021 £000
Interest paid to BPLC	(16,190)	(35,237)
Interest paid to BBPLC	(16,098)	(11,728)
Indemnity income from BBPLC	124,456	74,847
Kenyan withholding tax provision transferred to BBPLC	5,265	-
Dividend paid to BPLC	(507,000)	-
Internal transaction fees paid to facilitate ABSA sale	(10,628)	-
Interest received from BBPLC	3,536	221
Interest paid to BIPL	421	(497)
Interest paid to Barclays Bedivere Investments SARL	(13,554)	(2,947)
	<u>(429,792)</u>	<u>24,659</u>

The indemnity income from BBPLC has increased this year mainly due to increase in litigation and conduct charges that Clydesdale Financial Services settled during the year.



**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****23. Contingent liabilities**

The Company had agreed to indemnify ABSA Bank Limited for any unexpected tax liabilities arising out of transfer of eight Barclays African entities, as part of the Barclays Africa restructure in 2013. This covenant continues to be active. There are ongoing tax claims which are yet to be determined and different time limits apply to each different African jurisdiction which are covered under the tax deed.

**24. Capital management**

The Company is required to follow the risk management policies of Barclays PLC, its parent, which include guidelines covering capital management.

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern; and
- To maintain an optimal capital structure in order to reduce the cost of capital
- To manage foreign currency exposure.

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

The Company regards as capital its equity, reported on the statement of financial position. The total capital of the Company is as follows:

	2022	2021
	£000	£000
Share capital	46,038	46,038
Retained earnings	24,341	810,139
Fair value through other comprehensive income reserve	-	(278,637)
<b>Total capital resources</b>	<b>70,379</b>	<b>577,540</b>

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

The Company is a subsidiary undertaking of Barclays PLC which is the immediate parent company incorporated in the United Kingdom and registered in England. The ultimate controlling party is Barclays PLC.

The largest group in which the results of the Company are consolidated is that headed by Barclays PLC, 1 Churchill Place London E14 5HP. No other Group financial statements include the results of the Company.

The consolidated financial statements of these groups are available to the public and may be obtained from, Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.