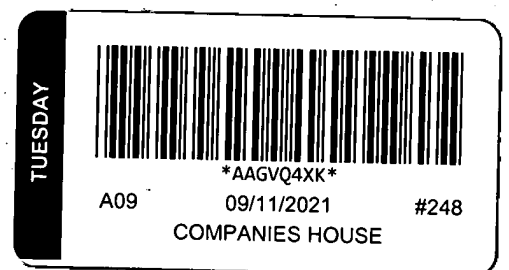


**Registered number in England and Wales: 08116604**

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

**DIRECTORS' REPORT & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020.

#### **Profits and dividends**

During the year the Company made a loss after tax of £177,204,000 (2019: profit after tax of £47,303,000). The Directors do not recommend the payment of any dividend for the year (2019: £ 27,000,000).

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

In the March 2021 UK Budget, it was announced that the UK rate of corporation tax will increase from 19% to 25% effective 1 April 2023. The change was not substantively enacted or enacted at the balance sheet date and this is not expected to have an impact on the Company as the Company does not have any deferred tax balances.

In March 2020, an interim dividend for £30,000,000 was paid by the Company to its sole beneficial shareholder, Barclays PLC ('BPLC'). The parties subsequently became aware that, at the time the Company paid the dividend to BPLC, there were insufficient distributable profits.

Accordingly, in September 2021, the Company and BPLC entered into a deed of acknowledgement pursuant to which BPLC acknowledged that it owed £30,000,000 to the Company. BPLC has since settled the payment of £30,000,000.

On 19 May 2021, the company early terminated three loans provided by Barclays PLC for £226,426,512 and incurred a breakage fee of £11,829,492. On the same day, Barclays Bedivere Investments SARL provided a floating rate loan of £372,000,000 maturing on 17 May 2027.

On 28 June 2021, the company made an additional capital injection in its subsidiary, Carnegie Holdings Limited. The company purchased 1 million ordinary shares of £113 each for £113,000,000.

On 30 June 2021, the company sold its subsidiary Barclays Mercantile Business Finance to Japan Bidco Limited for £129,405,149.

#### **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  
S M Poulter  
G J Chapman  
A D Challis

#### **Going concern**

After reviewing the Company's financial position including the implications from the COVID-19 outbreak on its investments in general, 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. The entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

During the year, the Company assessed the impairment on its investments in subsidiaries (refer note 13).

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006

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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 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 23.

#### **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 2020 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

#### **Independent auditors**

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.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

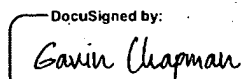
**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Statement of disclosure of information to auditors**

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

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:  
  
654723DD87BA4A0  
Director Gavin Chapman  
Date: 5/11/2021  
Registered number: 08116604  
1 Churchill Place, London, E14 5HP

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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

The principal activity of Barclays Principal Investments Limited is to act as a holding company.

#### **Business performance**

The results of the Company show a loss after tax of £177,204,000 (2019: profit of £47,303,000) for the year. The loss during the year was driven by an impairment on the cost of investment in Carnegie Holdings Limited that the Company held on its balance sheet. The Company has net assets of £430,867,000 (2019: £828,502,000). The value of the FVOCI investments at the end of the year was £ 755,015,000 (2019: £1,016,960,000) and the FVOCI reserve was at £(417,600,000) (2019: £155,655,000). The decrease in the value of the investment and the reserve is on account of the decrease in the share price and the depreciation of the ZAR. Net cash flow from operating activities for 2020 was £ 8,778,000 (2019: £ 74,828,000). The Directors are satisfied with the financial position of the Company at year end.

#### **Future outlook**

The Company will continue to act as a holding company.

#### **Financial Risk Management**

The financial risk management objectives & 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 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 2020 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 Barclays Principal Investments Limited 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 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 to act fairly between members of the Company.

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.

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

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.

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

The Board considers and discusses information from across the organisation to help it understand the impact of Barclays' operations, 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, 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 principal activity of which is to act as a Holding Company. During the reporting period, the Company has increased its investment in subsidiaries, new entity acquisitions and increased borrowings as disclosed in the notes to the financial statements, the transaction has been entered in wider interest of the Company and its parent company Barclays PLC. In approving the transaction, the Directors have duly considered all the matters set out in section 172 of the Companies Act 2006.

#### Key performance indicators

The Directors of Barclays PLC manage the group's operations on a business segment basis, which includes the Company. 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 Barclays Head office functions, the relevant business segment for the Company, is discussed in the Barclays PLC annual report which does not form part of this report.

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

DocuSigned by:

*Gavin Chapman*

654723DD878A4A0...

Director Gavin Chapman

Date: 5/11/2021

Registered number: 08116604

1 Churchill Place, London, E14 5HP

## **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 2020 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 summary of significant accounting policies in note 5.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 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.



## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

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

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 especially for revenue recognition. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is straightforward 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.

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

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 to unusual accounts.

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

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 noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of the directors and 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.

Specifically, our procedures included our assessment of whether the dividend could be paid in the period based on the available distributable profits of the company at the date of the dividend payment (disclosed in note 20 of the financial statements).

#### *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 these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. 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 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.

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

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

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 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 to 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.



Richard Smith (Senior statutory auditor)  
for and on behalf of **KPMG LLP**

**Chartered Accountants**

15 Canada Square

London

E14 5GL

Date: 5 November 2021

# **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

## **INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Interest income	6	184	67
Interest expense	6	(40,212)	(26,167)
<b>Net interest expense</b>		<b>(40,028)</b>	<b>(26,100)</b>
Impairment on Investment in subsidiaries	13	(179,000)	-
Dividend income	7	36,931	75,815
Other expense		(5,100)	(1,300)
Other income		4,548	-
Foreign exchange gain/(loss)		23	(82)
Other investment income		22	47
Derivative fair value loss		-	(3)
<b>(Loss)/Profit before tax</b>		<b>(182,604)</b>	<b>48,377</b>
Tax credit/(expense)	12	5,400	(1,074)
<b>(Loss)/Profit after tax</b>		<b>(177,204)</b>	<b>47,303</b>

The accompanying notes on pages 16 to 41 form an integral part of the financial statements.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £000	2019 £000
<b>(Loss)/profit for the year</b>	(177,204)	47,303
<b>Other comprehensive loss not recycled to profit or loss from continuing operations:</b>		
Net loss from changes in fair value	(261,945)	(94,321)
<b>Other comprehensive loss for the year, net of tax</b>	<u>(261,945)</u>	<u>(94,321)</u>
<b>Total comprehensive loss</b>	<u><u>(439,149)</u></u>	<u><u>(47,018)</u></u>

The accompanying notes on pages 16 to 41 form an integral part of the financial statements.

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

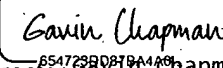
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	13	882,028	598,301
Investment in joint ventures	14	292,000	-
<b>Total non-current assets</b>		<b>1,174,028</b>	<b>598,301</b>
<b>Current assets</b>			
Assets included in disposal group classified as held for sale	15	153,752	-
Financial assets at fair value through other comprehensive income	16	755,015	1,016,960
Loans & advances at amortised cost	17	134,753	-
Cash and cash equivalents	18	35,022	81,474
Current tax assets	19	7,092	2,727
Trade and other receivables	20	33,048	-
<b>Total current assets</b>		<b>1,118,682</b>	<b>1,101,161</b>
<b>Total assets</b>		<b>2,292,710</b>	<b>1,699,462</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long Term Borrowings	21	1,566,011	854,087
<b>Total non-current liabilities</b>		<b>1,566,011</b>	<b>854,087</b>
<b>Current liabilities</b>			
Trade & Other Payables		5,265	853
Short Term Borrowings	21	290,567	16,020
<b>Total current liabilities</b>		<b>295,832</b>	<b>16,873</b>
<b>Total liabilities</b>		<b>1,861,843</b>	<b>870,960</b>
<b>Net assets</b>		<b>430,867</b>	<b>828,502</b>
<b>Issued capital and reserves</b>			
Share capital	22	46,038	46,038
Share premium reserve		629,289	587,775
Financial assets at FVOCI reserve		(417,600)	(155,655)
Retained earnings		173,140	350,344
<b>TOTAL EQUITY</b>		<b>430,867</b>	<b>828,502</b>

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

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

The financial statements and the accompanying notes on pages 16 to 41 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

DocuSigned by:  
  
6547238D0879A44C  
Director Gavin Chapman  
Date: 5/11/2021  
Registered number: 08116604

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £000	Share premium £000	Financial assets at FVOCI reserve £000	Retained earnings £000	Total equity £000
<b>At 1 January 2020</b>	46,038	587,775	(155,655)	350,344	828,502
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(177,204)	(177,204)
Other comprehensive income	-	-	(261,945)	-	(261,945)
<b>Total comprehensive income for the year</b>	-	-	(261,945)	(177,204)	(439,149)
<b>Contributions by and distributions to owners</b>					
Issue of share capital	-	41,514	-	-	41,514
<b>Total contributions by and distributions to owners</b>	-	41,514	-	-	41,514
<b>At 31 December 2020</b>	46,038	629,289	(417,600)	173,140	430,867

	Share capital £000	Share premium £000	Financial assets at FVOCI reserve £000	Retained earnings £000	Total equity £000
<b>At 1 January 2019</b>	46,038	587,775	(61,334)	330,041	902,520
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	47,303	47,303
Other comprehensive income	-	-	(94,321)	-	(94,321)
<b>Total comprehensive income for the year</b>	-	-	(94,321)	47,303	(47,018)
<b>Contributions by and distributions to owners</b>					
Dividends	-	-	-	(27,000)	(27,000)
<b>Total contributions by and distributions to owners</b>	-	-	-	(27,000)	(27,000)
<b>At 31 December 2019</b>	46,038	587,775	(155,655)	350,344	828,502

The notes on pages 16 to 41 form part of these financial statements.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £000	2019 £000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(182,604)	48,377
<b>Adjustments for</b>		
Foreign exchange (gain)/loss	(23)	82
Derivative fair value loss	-	3
Other investment income	(22)	(47)
Impairment on Investment in subsidiaries	179,000	-
Net interest expenses	40,028	26,100
<b>Cash generated from operations</b>	<b>36,379</b>	<b>74,515</b>
Income taxes paid	1,035	1,284
Change in Trade and other receivables	(33,048)	-
Change in trade & Other payables	4,412	(971)
<b>Net cash from operating activities</b>	<b>8,778</b>	<b>74,828</b>
<b>Cash flows from investing activities</b>		
Investment in Subsidiaries	(616,479)	(212,000)
Investment in Joint Venture	(292,000)	-
Director fee received from ABSA	22	47
<b>Net cash used in investing activities</b>	<b>(908,457)</b>	<b>(211,953)</b>
<b>Cash flows from financing activities</b>		
Loan from Barclays PLC	219,570	-
Loan from Barclays Bank PLC	750,860	212,354
Dividends paid to parent	-	(27,000)
Issuance of shares to parent	41,514	-
Loan to related undertakings	(134,753)	-
Net Interest expense paid	(23,987)	(22,003)
<b>Net cash from financing activities</b>	<b>853,204</b>	<b>163,351</b>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<b>(46,475)</b>	<b>26,226</b>
Cash and cash equivalents at the beginning of year	81,474	55,328
Exchange gain/(loss) on cash and cash equivalents	23	(80)
<b>Cash and cash equivalents at the end of the year</b>	<b>35,022</b>	<b>81,474</b>

The accompanying notes on pages 16 to 41 form part an integral of the financial statements.



## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

These financial statements are prepared for Barclays Principal Investments Limited, the principal activity of which is to act as a Holding Company.

The 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 group that presents consolidated financial statements is Barclays PLC, which prepare consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and accordingly consolidated financial statements have not been prepared based on the exemption provided under paragraph 4(a) of IFRS 10.

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

#### **2. Compliance with International accounting standards**

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

#### **3. Basis of preparation**

The financial statements have been prepared on a going concern basis under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS 9, 'Financial Instruments, recognition, and measurement' for hedges and IFRS 9 'Financial Instruments as set out in the relevant accounting policies. They are presented in Pound Sterling (£'000) (GBP), the currency of the country in which the Company is incorporated.

After reviewing the Company's financial position including the implications from the COVID-19 outbreak on its investments in general, 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. The entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

During the year, the Company assessed the impairment on its investments in subsidiaries (refer note 13).

#### **4. Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year. There are no new amended standards that have had a material impact on the Company's accounting policies.

##### **Future accounting developments**

The Company does not expect any significant changes to its financial reporting after 2020 as a result of amended or new accounting standards that have been or will be issued by the IASB.

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

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

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

##### **5.1 Foreign currency translation**

Items included in the financial statements of the Company are measured using their functional currency, being Pounds Sterling (GBP) 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 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.

##### **5.2 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.

##### **5.3 Dividends from subsidiaries**

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.

##### **5.4 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.

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 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.

##### **5.5 Financial assets and liabilities**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

## BARCLAYS PRINCIPAL INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

##### Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as FVOCI. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets and include trade receivables. Trade and other receivables are stated at amortised cost using the effective interest method. They are initially recognised at fair value including direct and incremental transaction costs and are subsequently valued at amortised cost, using the effective interest method. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

##### Loans and advances at amortised cost

Loans and advances 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 solely payments of principal and interest.

##### Fair Value through Other Comprehensive Income(FVOCI)

Financial assets that are debt instruments held in a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at FVOCI. They are subsequently re-measured at fair value, and gains and losses arising from changes in fair value are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the income statement.

For equity securities that are not held for trading, the Company may make an irrevocable election on initial recognition to present subsequent changes in the fair value of the instrument in other comprehensive income (except for dividend income which is recognised in profit or loss). Gains or losses on the derecognition of these equity securities are not transferred to profit or loss. These assets are also not subject to the impairment requirements and therefore no amounts are recycled to the income statement. Where the Barclays Group has not made the irrevocable election to present subsequent changes in the fair value of the instrument in other comprehensive income, equity securities are measured at fair value through profit or loss.

Impairment losses and investment income are recognised in the income statement. FX translation differences on the historic cost of the debt securities are recognised in the income statement and the FX translation differences on the fair value movement are recognised in other comprehensive income. FX translation differences on equity securities are recognised directly in the statement of comprehensive income. The assets are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

##### 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 bid value 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 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).

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****5. Summary of significant accounting policies (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**

Expected credit losses (ECL) are calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (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 probability of default (PD), loss given default (LGD) and exposure at default (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.

**Financial liabilities**

Financial liabilities, including trade and other payables, are measured at amortised cost. They are derecognised when extinguished, settled or expired.

**5.6 Derivatives****Accounting for derivatives**

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Barclays Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet.

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow or net investment hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial asset contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

##### **5.7 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.

##### **5.8 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 considers whether the asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

##### **5.9 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.

##### **5.10 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.

##### **5.11 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.

##### **5.12 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.

# **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **6. Interest income and expense**

Net Interest expense comprise the following. This entire interest expense is on items held at amortised cost

#### **Recognised in profit or loss**

	2020 £000	2019 £000
<b>Interest income</b>		
Interest receivable from related undertakings	184	67
<b>Total interest income</b>	<u>184</u>	<u>67</u>
<b>Interest expense</b>		
Interest payable to related undertakings	40,212	26,167
<b>Total interest expense</b>	<u>40,212</u>	<u>26,167</u>
<b>Net finance expense recognised in profit or loss</b>	<u>(40,028)</u>	<u>(26,100)</u>

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

### **7. Dividend income**

	2020 £000	2019 £000
Dividend income	36,931	75,815
	<u>36,931</u>	<u>75,815</u>

Dividend income was received on the fair value through other comprehensive income investments held with ABSA Group Limited.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****8. Dividends on ordinary shares**

	2020 £000	2019 £000
Dividend paid on ordinary shares	-	27,000
	<u>-</u>	<u>27,000</u>

**9. Administrative expense**

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 £16,800 (2019: £16,800) for the year. This fee is not recognised as an expense in the financial statements.

**10. Staff costs**

There were no employees employed by the Company during 2020 or 2019.

**11. Directors' emoluments**

The Directors have received £84,855 emoluments in respect of their services to the Company during the year (2019: Nil).

During the year, no Directors (2019: Nil) exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes. The Company has made no loans, guarantees or other such dealings to its Directors and others during the year.

# BARCLAYS PRINCIPAL INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 12. Tax expense

#### 12.1 Income tax recognised in profit or loss

	2020 £000	2019 £000
<b>Current tax</b>		
Current tax on profits for the year	(7,092)	(4,223)
Adjustments in respect of prior years	-	1,496
Withholding tax suffered	1,692	3,801
	<u>(5,400)</u>	<u>1,074</u>
<b>Total tax (credit)/charge</b>		
Overall tax (credit)/charge in the Income Statement	(5,400)	1,074

On 22 July 2020 the Finance Act 2020 received Royal Assent, enacting the UK corporation tax rate would remain at 19% from 1 April 2020 onwards instead of reducing to 17%, the previously enacted rate. This rate has therefore been used to calculate current taxes for the year ended 31 December 2020.

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:

	2020 £000	2019 £000
(Loss)/profit for the year	(177,204)	47,303
Income tax (credit)/charge	(5,400)	1,074
<b>(Loss)/profit before income taxes</b>	<u>(182,604)</u>	<u>48,377</u>
Tax charge at average UK corporation tax rate of 19% (2019: 19%)	(34,695)	9,192
Non-taxable income	(7,880)	(14,405)
Withholding tax suffered	1,692	3,801
Other non-deductible expenses	35,483	990
Adjustment for prior years	-	1,496
<b>Overall tax (credit)/charge in the Income Statement</b>	<u>(5,400)</u>	<u>1,074</u>

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



**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****13. Investment in subsidiaries**

	2020	2019
	£000	£000
As at 1st Jan	598,301	386,301
Additions	616,479	212,000
Assets included in disposal group classified as held for sale (refer note 15)	(153,752)	-
Accumulated Impairment	(179,000)	-
As at 31st Dec	882,028	598,301

On 16 January 2020, the company acquired Barclaycard International Payments Limited from Barclays Bank PLC. The company purchased 55,289,453 ordinary shares of € 1 each at a purchase price of £102,000,000.

On 3 March 2020, the company made an additional capital injection in its subsidiary, Barclays Equity Holdings Limited. The company purchased 1 ordinary share of £1 each for £120,000,000.

On 1 April 2020, the company acquired Carnegie Holdings Limited from Barclays Bank PLC. The company purchased 10,111,111 ordinary shares of £0.01 each at a purchase price of £187,660,321.

On 26 June 2020, the company acquired Barclays Mercantile Business Finance Limited from Barclays Bank PLC. The company purchased 94,000,000 ordinary shares of £1 each at a purchase price of £153,751,795.

On 29 July 2020, the company made an additional capital injection in its subsidiary, The Logic Group Holdings. The company purchased 1 ordinary share of £0.01 each for £20,066,592.

On 17 December 2020, the company made an additional capital injection in its subsidiary, Carnegie Holdings Limited. The company purchased 1,000,000 ordinary share of £33 each for £33,000,000.

On 22 December 2020, the company received the 100 ordinary shares of BMI (No. 9) Limited, the 2 ordinary shares of Barclay Leasing Limited and the 100 ordinary shares of Barclays Leasing (No. 9) Limited from Barclays Mercantile Business Finance Limited as a distribution in kind.

As at 31 December 2020, the Company directly held the following investments in related undertaking:

Company name	Registered office address	Class of shares /units	Number of shares	Name of immediate parent	Proportion of Class of Share / Units Held (%)
Barclays Equity Holdings Limited	1 Churchill Place, London E14 5HP England	Ordinary shares	42,768,104	Barclays Principal Investments Limited	100

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

<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>
The Logic Group Holdings Limited	Logic House Fleet Road GU51 3SB UK	Class A Ordinary shares	20,524,223	Barclays Principal Investments Limited	100
Barclaycard International Payments Limited	One Molesworth Street, Dublin, D02 RF29, Ireland	Ordinary shares	55,289,453	Barclays Principal Investments Limited	100
Carnegie Holdings Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares, A & B Ordinary shares	11,111,111	Barclays Principal Investments Limited	100
Barclays Mercantile Business Finance Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	94,000,000	Barclays Principal Investments Limited	100
BMI (No. 9) Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	100	Barclays Principal Investments Limited	100
Barclay Leasing Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	2	Barclays Principal Investments Limited	100
Barclays Leasing (No. 9) Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	100	Barclays Principal Investments Limited	100
Radbroke Mortgages UK Limited	1 Churchill Place, London, E14 5HP, England	Ordinary shares	1	Barclays Principal Investments Limited	100

As at 31 December 2020, the Company via its indirect investment in The Logic Group 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>
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 2020**

As at 31 December 2020, 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 2020**

<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 Shares / Units Held (%)</b>
Northwharf Investments Limited	1 Churchill Place London E14 5HP England	Ordinary shares	650	Barclays Equity Holdings Limited	100%

As at 31 December 2020, the Company via its indirect investment in Northwharf Investment 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>
CPIA Investments No. 2 Limited	PO Box 309, Ugland 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%
BNRI Limehouse No.1 Sarl	9, allée Scheffer L-2520 Luxembourg	Parts sociales de Catégorie E	56,358	Northwharf Investments Limited	5.64%
		Parts sociales de Catégorie F	56,358		5.64%
		Parts sociales de Catégorie G	56,358		5.64%
		Parts sociales de Catégorie H	56,358		5.64%
		Parts sociales de Catégorie I	56,359		5.64%
		Parts sociales de Catégorie J	62,501		4.77%

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

As at 31 December 2020, 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%

As at 31 December 2020, the Company via its indirect investment in Barclays Funds Investment Limited held the following investments in related undertakings:

Company name	Registered office address	Investment Type	Class of shares/units	Number of shares	Proportion of Class of Share / Units Held (%)
BGF Group PLC	13-15 York Buildings, London, WC2N 6JU	Associate Interest	Ordinary shares	442,657,250	24.5835%

As at 31 December 2020, the Company via its indirect investment in Barclays Mercantile Business Finance 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 (%)
BMBF(No.24) Limited	1 Churchill Place London E14 5HP	Ordinary Shares	100	BMBF Limited	100%
Omnium	1 Churchill Place London E14 5HP	Ordinary Shares	5,250	BMBF Limited	7.5%

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

As at 31 December 2020, the Company via its indirect investment in Carnegie 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>
Clydesdale Financial Services Limited	1 Churchill Place London E14 5HP	Ordinary Shares	4,100,000	Carnegie Holdings Limited	100%

As at 31 December 2020, the Company via its indirect investment in Barclays Unquoted Investments 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>
Globe Nominees Limited	1 Churchill Place London E14 5HP	Ordinary Shares	2	Barclays Unquoted Investments Limited	100%

As at 31 December 2020, 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 2020**

#### **Impairment review**

The Company performs impairment analysis for all its subsidiaries and joint ventures 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.

#### **Fair Value**

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. This includes, but is not limited to Discounted Cash Flows, Net Assets, Observable Transactions and Multiples (the most commonly used being EV / EBITDA, P/BV & P/E). These 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 and joint ventures, its industry, and its geographic location.

#### **Cash flows**

The five-year cash flows used in the calculation are based on the formally agreed medium term plans approved by the Group Board. These are prepared using macroeconomic assumptions which management consider reasonable and supportable, and reflect business agreed initiatives for the forecast period. The macroeconomic assumptions underpinning the medium term plan were determined in August 2020 and management has considered whether there are subsequent significant changes in those assumptions which would adversely impact the results of the impairment review.

As required by IAS 36, all estimates of future cash flows exclude cash inflows or outflows that are expected to arise from restructuring initiatives where a constructive obligation to carry out the plan does not yet exist.

#### **Discount rates**

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. 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 and tax to arrive at the pre-tax equivalent rate of 14%.

#### **Terminal growth rate**

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. It is management's judgement that the cash flows associated with the CGU will grow in line with the major economies in which we operate. In line with the wider views of the Barclays Group as at 31 December 2020, the UK CPI forecast of 2% has been assumed to be the best proxy of the UK's growth rate for 2025 and therefore the terminal growth value for the CGU, which is also a UK based business.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****Outcome of Cost of Investment Impairment review**

Impairment triggers were identified for the following subsidiaries for which impairment assessments were performed as a result of the pandemic's impact on performance -

For Barclaycard International Payments Limited, management estimated the fair value less costs of disposal. The IAS 36 impairment test indicates a recoverable amount of £140m which is higher than the cost of investment of £102m. Hence, impairment was not required.

For Logic Group Holdings Limited, management estimated the fair value less costs of disposal. The IAS 36 impairment test indicates a recoverable amount of £211m which is higher than the cost of investment of £132m. Hence, impairment was not required.

For Carnegie Holdings Limited, the IAS 36 impairment test indicates that the expected value in use of £42m which falls short of the carrying value of the investment of £221m. Impairment of £179m has therefore been recognized in the financial statements.

The following section refers to the results of the impairment assessment for Carnegie Holdings Limited:

**Sensitivity analysis**

The CGU is 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.

**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.

**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 macroeconomic 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.

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

				<b>Increase in Impairment</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>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Investment in Carnegie Holdings Limited	220,660	41,660	(179,000)	(15,000)	(10,000)	(4,000)
	<u>220,660</u>	<u>41,660</u>	<u>(179,000)</u>	<u>(15,000)</u>	<u>(10,000)</u>	<u>(4,000)</u>



# BARCLAYS PRINCIPAL INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 14. Investment in Joint ventures

	2020 £000	2019 £000
As at 1st Jan	-	-
Additions	292,000	-
As at 31st Dec	292,000	-

The table below provides information in respect of the joint venture undertaking in which the Company has an interest at 31 December 2020 (the entity's entire financial position and results of operation are presented, not Barclays Principal Investments Limited's share).

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%	47,756,879	587,825,361

#### Outcome of Cost of Investment Impairment review

Management estimated the value in use of the joint venture undertaking, Entercard Group AB. The IAS 36 impairment test indicates a recoverable amount of £409m which is higher than the cost of investment of £292m. Hence, impairment was not required.

### 15. Assets included in disposal group classified as held for sale

	2020 £000	2019 £000
Investment in subsidiaries - BMBF	153,752	-
	153,752	-

At the balance sheet date, the sale of the company's subsidiary Barclays Mercantile Business Finance was highly probable as it had been approved by the Directors, an active programme had been initiated to locate a buyer and the transaction was expected to be completed within a year. On 30 June 2021, the company sold Barclays Mercantile Business Finance to Japan Bidco Limited for £129,405,149. Prior to the sale a dividend of £60m was received by the company from the subsidiary. Together, this represented a gain of £36m on the carrying amount of the subsidiary.

No impairment for Barclays Mercantile Business Finance has been recognised under IFRS 5 as at 31 December 2020. Impairment under IFRS 5 is calculated as the difference between fair value less disposal costs and the carrying value of the disposal group. The fair value of the subsidiary has been determined based on the actual sale price and the dividend received prior to sale. The fair value less disposal costs and the expected contribution exceeds the net asset value as at 31 December 2020.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****16. Financial assets at fair value through other comprehensive income**

	2020	2019
	£000	£000
Equity securities	755,015	1,016,960
	<u>755,015</u>	<u>1,016,960</u>

The Company's shareholding in ABSA Group Limited was re-valued at 31 December 2020 using the market share price as listed on the Johannesburg Stock Exchange of ZAR 119.86 per ordinary share. The revaluation surplus / (deficit) was accounted for directly in the statement of other comprehensive income.

**Valuation methodology**

The value of the Company's FVOCI investments are classified in accordance with observable inputs and is deemed to be at Level 1. A description of the nature of the techniques used to calculate valuations based on observable inputs is described below:

**Quoted market prices - Level 1**

Financial instruments 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.

**17. Loans and advances at amortised cost**

	2020	2019
	£000	£000
<b>Current</b>		
Loans and advances to group undertakings	134,753	-
<b>Total</b>	<u>134,753</u>	<u>-</u>

**18. Cash and cash equivalents**

	2020	2019
	£000	£000
Cash at bank available on demand	35,022	81,474
<b>Cash and cash equivalents</b>	<u>35,022</u>	<u>81,474</u>

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****19. Current tax assets**

	2020 £000	2019 £000
Group relief receivable	7,092	2,727
	<u>7,092</u>	<u>2,727</u>

**20. Trade and other receivables**

	2020 £000	2019 £000
Receivables from BPLC	30,000	-
Indemnity receivable from BBPLC	3,048	-
	<u>33,048</u>	<u>-</u>

In March 2020, an interim dividend for £30,000,000 was paid by the Company to its sole beneficial shareholder, Barclays PLC ('BPLC'). The parties subsequently became aware that, at the time the Company paid the dividend to BPLC, there were insufficient distributable profits.

Since the balance sheet date, BPLC acknowledged that it owed £30,000,000 to the Company in connection with Distribution. BPLC has since settled the payment of £30,000,000.

The Directors consider the carrying value of the Company's loans and receivables approximates to their fair value.

**21. Borrowings**

	2020 £000	2019 £000
<b>Current:</b>		
Amount borrowed from Barclays Bank PLC	290,567	16,020
At 31 December	<u>290,567</u>	<u>16,020</u>
<b>Non-current:</b>		
Amount borrowed from Barclays PLC	884,099	657,753
Amount borrowed from Barclays Bank PLC	681,912	196,334
At 31 December	<u>1,566,011</u>	<u>854,087</u>

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

This amount includes accrued interest of £ 34,012k (2019: £ 19,592k) for the current year. During the year, BBPLC and BPLC provided loans to fund the purchase of new subsidiaries and joint venture. Loans maturing within a period of one year are classified as short term borrowings.

**22. Share Capital**

	2020 Number	2020 £000	2019 Number	2019 £000
<b>Issued and fully paid:</b>				
<b>Class A shares of £0.01 each</b>				
At 1st Jan	4,149,810,400	41,498	4,149,810,400	41,498
Shares issued	1	-	-	-
At 31st Dec	<u>4,149,810,401</u>	<u>41,498</u>	<u>4,149,810,400</u>	<u>41,498</u>
<b>Class B shares of £0.02 each</b>				
At 1st Jan & 31st Dec	<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>4,376,810,400</u>	<u>46,038</u>

**23. 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 2020, the provider was A rated by Standard & Poor's (2019: A rated). The maximum exposure of the Company to credit risk is primarily on the 'Loans and advances', 'Cash and cash equivalents' & the 'Financial Assets at FVOCI'. 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 2020**Maximum exposure to credit risk**

The Company's maximum exposure to credit risk is disclosed in the table below.

	2020	2019
	£000	£000
Financial assets mandatorily at fair value through other comprehensive income	755,015	1,016,960
Cash and cash equivalents	35,022	81,474
Trade and other receivables	33,048	-
Loans & advances at amortised cost	134,753	-
	<u>957,838</u>	<u>1,098,434</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.

As at 31st Dec 2020	Not more than 3 months	3 months - 1 year	1-10 years	Total
	£000	£000	£000	£000
<b>Assets</b>				
Loans and advances at amortised cost	134,753	-	-	134,753
Cash and cash equivalents	35,022	-	-	35,022
Trade and other receivables	3,048	30,000	-	33,048
Current tax assets	-	7,092	-	7,092
<b>Total Financial assets</b>	<u>172,823</u>	<u>37,092</u>	<u>-</u>	<u>209,915</u>
<b>Liabilities</b>				
Borrowings	261,092	29,475	1,566,011	1,856,578
Trade & Other payables	-	5,265	-	5,265
<b>Total Financial Liabilities</b>	<u>261,092</u>	<u>34,740</u>	<u>1,566,011</u>	<u>1,861,843</u>
<b>Cumulative Liquidity Gap</b>	<u>(88,269)</u>	<u>2,352</u>	<u>(1,566,011)</u>	<u>(1,651,928)</u>

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

As at 31st Dec 2019	Not more than 3 months	3 months - 1 year	1-10 years	Total
	£000	£000	£000	£000
<b>Assets</b>				
Cash and cash equivalents	81,474	-	-	81,474
Current tax assets	-	2,727	-	2,727
<b>Total Financial assets</b>	<b>81,474</b>	<b>2,727</b>	<b>-</b>	<b>84,201</b>
<b>Liabilities</b>				
Borrowings	-	16,020	854,087	870,107
Trade & Other payables	3	850	-	853
<b>Total Financial Liabilities</b>	<b>3</b>	<b>16,870</b>	<b>854,087</b>	<b>870,960</b>
 <b>Cumulative Liquidity Gap</b>	 <b>81,471</b>	 <b>(14,143)</b>	 <b>(854,087)</b>	 <b>(786,759)</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.

**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.

# BARCLAYS PRINCIPAL INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### e) Foreign currency risk

The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities. At 31 December 2020, the Company had a net exposure of ZAR 15.1bn (2019 ZAR 18.8bn) comprising principally of the Company's shareholding in ABSA Group Limited. The following sensitivity table demonstrates the effects of a 10% rise or fall in foreign exchange rates for this foreign currency exposure:

	2020	2020	2019	2019
	£000	£000	£000	£000
	Impact on PAT if ZAR weakens 10% vs GBP	Impact on PAT if ZAR strengthens 10% vs GBP	Impact on PAT if ZAR weakens 10% vs GBP	Impact on PAT if ZAR strengthens 10% vs GBP
<b>Effect on income</b>				
In Absolute	(3,503)	3,503	(7,155)	7,156
In Percentage	(2.00)%	2.00%	(15.10)%	15.10%
	2020	2020	2019	2019
	£000	£000	£000	£000
	Impact on equity if ZAR weakens 10% vs GBP	Impact on equity if ZAR strengthens 10% vs GBP	Impact on equity if ZAR weakens 10% vs GBP	Impact on equity if ZAR strengthens 10% vs GBP
<b>Effect on equity</b>				
In Absolute	(72,141)	87,394	(99,606)	120,151
In Percentage	(16.70)%	20.30%	(12.00)%	14.50%

### f) Price risk

Price risk is the risk that market prices for the Company's FVOCI assets may fall. At 31 December 2020 the Company had 126,145,303 shares in ABSA Group 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 Group Limited which were valued at ZAR 119.86 each on 31 December 2020.

	2020	2020	2019	2019
	£000	£000	£000	£000
	Impact on equity if index weakens 10%	Impact on equity if index strengthens 10%	Impact on equity if index weakens 10%	Impact on equity if index strengthens 10%
<b>Effect on equity</b>				
In Absolute	(75,502)	75,502	(101,696)	101,696
In Percentage	(17.50)%	17.50%	(12.30)%	12.30%

# **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **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. Particulars of transactions, and the balances outstanding at the year end, are disclosed in the tables below.

#### **24.1 Assets**

	2020 £000	2019 £000
Cash & Cash Equivalents with BBPLC	35,022	81,474
Loan to subsidiary BIPL	134,753	-
Receivables from BPLC	30,000	-
Indemnity receivable from BBPLC	3,048	-
	<u>202,823</u>	<u>81,474</u>

#### **24.2 Liabilities**

	2020 £000	2019 £000
Loans from BBPLC	972,479	212,354
Loans from BPLC	884,099	657,753
	<u>1,856,578</u>	<u>870,107</u>

#### **24.3 Other transactions**

Other related party transactions are as follows:

	2020 £000	2019 £000
Interest paid to BPLC	(30,209)	(25,808)
Interest paid to BBPLC	(9,850)	(359)
Indemnity income from BBPLC	4,548	-
Interest received from BBPLC	184	67
Interest paid to BIPL	(153)	-
	<u>(35,480)</u>	<u>(26,100)</u>



## **BARCLAYS PRINCIPAL INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **25. Contingent liabilities**

The Company had agreed to indemnify ABSA Group 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.

#### **26. Events after the reporting date**

In the March 2021 UK Budget, it was announced that the UK rate of corporation tax will increase from 19% to 25% effective 1 April 2023. The change was not substantively enacted or enacted at the balance sheet date and this is not expected to have an impact on the Company as the Company does not have any deferred tax balances.

In March 2020, an interim dividend for £30,000,000 was paid by the Company to its sole beneficial shareholder, Barclays PLC ('BPLC'). The parties subsequently became aware that, at the time the Company paid the dividend to BPLC, there were insufficient distributable profits.

Accordingly, in September 2021, the Company and BPLC entered into a deed of acknowledgement pursuant to which BPLC acknowledged that it owed £30,000,000 to the Company. BPLC has since settled the payment of £30,000,000.

On 19 May 2021, the company early terminated three loans provided by Barclays PLC for £226,426,512 and incurred a breakage fee of £11,829,492. On the same day, Barclays Bedivere Investments SARL provided a floating rate loan of £372,000,000 maturing on 17 May 2027.

On 28 June 2021, the company made an additional capital injection in its subsidiary, Carnegie Holdings Limited. The company purchased 1 million ordinary shares of £113 each for £113,000,000.

On 30 June 2021, the company sold its subsidiary Barclays Mercantile Business Finance to Japan Bidco Limited for £129,405,149.

#### **27. 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 & has approved minimum control requirements for capital & liquidity risk management.

**BARCLAYS PRINCIPAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Company regards as capital its equity, reported on the balance sheet. The total capital of the Company is as follows:

	2020	2019
	£000	£000
Share capital	46,038	46,038
Share premium	629,289	587,775
Retained earnings	173,140	350,344
Fair value through other comprehensive income reserve	(417,600)	(155,655)
<b>Total capital resources</b>	<b>430,867</b>	<b>828,502</b>

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

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

The parent of the Company is Barclays PLC. The parent undertaking of the smallest and largest group that presents consolidated financial statements is Barclays PLC. The Company is incorporated in the United Kingdom and the registered office address of the Company is 1 Churchill Place, London E14 5HP, England. Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.