LONG ISLAND ASSETS LIMITED

Report and Financial Statements
For the year ended 31 December 2012

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES 7450219

DIRECTORS' REPORT
For the year ended 31 December 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Review of business and future outlook

The principal activity of the Company is to act as an investment company No significant change in this activity is envisaged in the foreseeable future and the directors expect the company's future performance to be in line with the current year

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

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

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately Accordingly, the principal risks and uncertainties of Barclays Plc, which include those of the company, are discussed on page 67 of the group's annual report which does not form part of this report

Results and dividends

During the year ended 31 December 2012 the Company made a profit after tax of $2,298,867 (2011 $10,253,095) The directors recommend that no dividend payment be made in relation to the year ended 31 December 2012 (2011 nil) As at 31 December 2012 the company has net assets of $5,333,925,684 (2011 $5,331,626,817)

Directors

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

C Cortes	
J Hanebuth	(resigned on 15 February 2012)
A Moses	(appointed on 17 February 2012)
H Sterling	
R Stokes	(appointed on 17 February 2012)

Since the year end, C Cortes resigned as a Director on 18 March 2013 and D Rothnie was appointed as a director on 23 July 2013

Directors' third party indemnity provisions

Qualifying third party indemnity provisions were in force during the course of the financial year ended 31 December 2012 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office

DIRECTORS' REPORT (continued)
For the year ended 31 December 2012

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Disclosure of Information to auditors

Each of the directors confirm that to the best of each person's knowledge and belief –

(a) the financial statements prepared in accordance with IFRS as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, and

(b) the directors' report contained in the annual report includes a fair review of the development and performance of the business and position of the company, together with a description of the principal risks and uncertainties that they face

In accordance with Section 418, each director in office at the date the directors' report is approved, confirms that

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware,

(b) they have taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES 7450219

DIRECTORS' REPORT (continued)
For the year ended 31 December 2012

Financial instruments

The Company operates within the Barclays financial risk management objectives and policies These include a policy for hedging each major type of forecasted transaction for which hedge accounting is used The exposures to price risk, credit risk and liquidity risk are set out on page 67 – Risk Management

Independent Auditors

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

ON BEHALF OF THE BOARD

Director
Name D Rothnie
Date 5 August 2013
For and on behalf of Long Island Assets Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONG ISLAND ASSETS LIMITED

We have audited the financial statements of Long Island Assets Limited for the year ended 31 December 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONG ISLAND ASSETS LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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

Mark Randell

Mark Randell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Location London, United Kingdom
Date 7 AUGUST 2013

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES 7450219

INCOME STATEMENT
FOR THE YEAR TO 31 DECEMBER 2012

	Notes	2012	2011
Continuing operations		$	$
Interest receivable and similar income	4	3,591,438	13,949,790
Interest payable and similar charges	5	(59,853)	-
Net interest income		3,531,585	13,949,790
Foreign exchange loss	6	(47,882)	-
Profit before taxation	7	3,483,703	13,949,790
Taxation	10	(1,184,836)	(3,696,695)
Profit for the year		2,298,867	10,253,095

Profit for the year is derived from continuing activities The accompanying notes form an integral part of these financial statements

LONG ISLAND ASSETS LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES 7450219

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	$	$
Profit for the year	2,298,867	10,253,095
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the year	2,298,867	10,253,095

LONG ISLAND ASSETS LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES 7450219

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 $	2011 $
ASSETS			
Non-current assets			
Investment in subsidiaries	11	255,104,547	255,104,547
Total non-current assets		255,104,547	255,104,547
Current assets			
Cash in hand		2,071,764	2,483,548
Loans and advances	12	90,092,248	5,086,086,376
Investment in preference shares	13	7,900,000,000	-
Total current assets		7,992,164,012	5,088,569,924
TOTAL ASSETS		**8,247,268,559**	**5,343,674,471**
LIABILITIES			
Current liabilities			
Current Taxation	14	790,850	12,047,654
Borrowings	15	2,912,552,025	-
Total current liabilities		2,913,342,875	12,047,654
Net current assets		5,078,821,137	5,076,522,270
TOTAL LIABILITIES		**2,913,342,875**	**12,047,654**
NET ASSETS		**5,333,925,684**	**5,331,626,817**
EQUITY			
Share capital	16	5,328,001	5,328,001
Share Premium Account	16	5,300,986,319	5,300,986,319
Retained earnings	17	27,611,364	25,312,497
TOTAL EQUITY		**5,333,925,684**	**5,331,626,817**

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES 7450219

BALANCE SHEET AS AT 31 DECEMBER 2012 (continued)

The accompanying notes from an integral part of the financial statements

The financial statements on pages 6 to 25 were approved by the Board of Directors and authorised for issue on 5 August 2013 and were signed on its behalf by

Director·
Name D Rothnie
Date 5 August 2013
For and on behalf of Long Island Assets Limited

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES 7450219

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

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

	Share capital	Share Premium Account	Retained earnings	Total equity
	$	$	$	$
Balance at 1 January 2011	5,328,001	5,300,986,319	15,059,402	5,321,373,722
Profit for the year	-	-	10,253,095	10,253,095
Total comprehensive income for the year	-	-	10,253,095	10,253,095
Balance at 31 December 2011	5,328,001	5,300,986,319	25,312,497	5,331,626,817

LONG ISLAND ASSETS LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES 7450219

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $	2011 Restated $
NET CASH (USED IN)/FROM OPERATING ACTIVITIES			
Cash from operating activities	18	-	-
Interest received		4,741,620	13,949,790
Interest paid		(40,314)	-
Tax paid		(12,441,639)	-
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(7,836,097)	13,949,790
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Subsidiary	11	-	1,356,359
Proceeds from/(Amounts loaned to) group undertakings		4,995,344,439	(12,822,601)
Investment in preference shares	13	(7,900,000,000)	-
NET CASH USED IN INVESTING ACTIVITIES		(2,904,655,561)	(11,466,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowed funds		2,912,532,485	-
NET CASH FROM FINANCING ACTIVITIES		2,912,532,485	-
Foreign exchange loss		(47,882)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		88,709	2,483,548
Cash and cash equivalents at 1 January		29,405,269	26,921,721
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		29,493,978	29,405,269
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash in hand		2,071,764	2,483,548
Principal amount with Group undertakings		27,422,214	26,921,721
		29,493,978	29,405,269

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

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

Long Island Assets Limited is a limited company incorporated and domiciled in England and Wales. The Company's registered office is

1 Churchill Place
London
E14 5HP

2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as published by the International Accounting Standards Board ("IASB") They are also in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest (continued)

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument in proportion to the amount outstanding over the period to maturity or repayment

Foreign exchange

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

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

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

Taxation

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

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

Investments in subsidiaries

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

Loans and advances

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Impairment of financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

New and revised standards affecting presentation and disclosure only

Amendments to IFRS 7 Financial Instruments Disclosures

Amendments to IFRS 7 The amendments increase the disclosure requirements for transaction involving transfer of financial assets These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset The amendments also require disclosures where transfers of assets are not evenly distributed throughout the period

In the opinion of the directors the amendments to IFRS will have a significant effect on the Company's disclosures however if the company enters into such transactions in the future, disclosures in compliance with these amendments to IFRS 7 will be required

Amendment to IAS 1
The amendment clarifies that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements

The Company has chosen to continue with the former presentation, disclosing the analysis of other comprehensive income by item, in the statement of changes of equity

Future accounting developments
The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning after 1 January 2013 and have not been early adopted

Amendments to IFRS 7*	Amendments relating to the offsetting of assets and liabilities[2] Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures[3]
IFRS 9	Financial Instruments[1&3]
IFRS10**	Consolidated Financial Statements[1&4]
IFRS 11**	Joint arrangements[1]
IFRS 12**	Disclosure of interests in other entities[1&4]
IFRS 13	Fair Value Measurement[1]
Amendment to IAS1	Amendments presentation of other comprehensive income[5] Annual Improvements 2009-2011 Cycle (comparative information)[5]
IAS 27**	Original issue and amendments for investment entities[1&4]
IAS 28**	Investments in Associates and Joint Ventures Original Issue[1]
IAS 32	Amendments relating to the offsetting of assets and liabilities[4] Tax effect of equity distribution on or after 1 January 2013[1]

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting developments (continued)

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Annual periods beginning on or after 1 January 2013 and interim periods within those periods
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2014
[5] Effective for annual periods beginning on or after 1 July 2012

* EU endorsed
** EU endorsed effective date is on or after 1 January 2014

IFRS 9 "Financial Instruments Classification and Measurement" was published on 12 November 2009 Requirements for financial liabilities were added to IFRS 9 in October 2011 It is the first phase of a project to replace IAS 39 and will ultimately result in fundamental changes in the way that the Company accounts for financial instruments Adoption of the standard is not mandatory until accounting periods beginning on or after 1st January 2015 but early adoption is permitted However, it is not available for adoption in the EU until it has been endorsed The endorsement status is currently postponed

The main differences from IAS 39 are as follows

- All financial assets, except for certain equity investments, would be classified into one of two categories amortised cost, where they generate solely payments of interest and principal and the business model is to collect contractual cash flows that represent principal and interest, or fair value through profit or loss
- Certain non-trading equity investments would be classified at fair value through profit or loss or fair value through other comprehensive income with dividends recognised in net income
- Embedded derivatives are no longer considered for bifurcation but are included in the assessment of the cash flows for the classification of the financial asset as a whole
- Financial assets which meet the requirements for classification at amortised cost are optionally permitted to be measured at fair value if that eliminates or significantly reduces an accounting mismatch
- Reclassifications are required, if and only if, there is a change in the business model

Aspects of financial instrument accounting which will be addressed in future phases of the project include impairment of amortised cost financial assets and hedge accounting The entity is assessing the impacts of the first phase in the project, as well as following developments in the future phases

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	$	$
Interest receivable from group undertakings	3,591,438	13,949,790
	3,591,438	13,949,790

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	$	$
Interest payable to group undertakings	59,853	-
	59,853	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 FOREIGN EXCHANGE LOSS

	2012	2011
	$	$
Foreign exchange revaluation	47,882	-
	47,882	-

7 PROFIT BEFORE TAXATION

The audit fee is borne by another group company Although the audit fee is borne by another group company, the fee that would have been charged to the Company amounts to $7,052 (2011 $63,980) for the year This fee is not recognised as an expense in the financial statements

8 DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the Company during the year (2011 nil)

9 STAFF COSTS

There were no employees employed by the Company during 2012 or 2011

10. TAXATION

	2012	2011
	$	$
UK corporation tax	1,184,836	3,696,695
Tax charge on profit	1,184,836	3,696,695

The UK corporation tax charge is based on the UK corporation tax rate of 24 5% (2011 26 5%) The effective tax rate is higher as a result of non-taxable items

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

	2012	2011
	$	$
Profit before tax	3,483,703	13,949,790
Profit multiplied by the rate of corporation tax in the UK of 24 5% (2011 26 5%)	(853,508)	(3,696,695)
Effects of		
Prior year adjustment	(16,196)	-
Foreign Exchange	(315,132)	-
Current tax charge for the year	(1,184,836)	(3,696,695)

11. INVESTMENT IN SUBSIDIARIES

	2012	2011
	$	$
Balance as at 1 January	255,104,547	255,104,547
Balance as at 31 December	255,104,547	255,104,547

The company acquired a 99% stake in Long Island International (LIIL) with a fair market value of $4,495,601,243 on 21 December 2010 from Long Island Holdings A LLC (LLC A) for no consideration paid to LLC A LIIL repurchased its own shares on 23 December 2010 up to fair market value of $4,285,140,338, thereby reducing the Company's investment in subsidiary to $211,460,906

The Company acquired the remaining outstanding shares in LIIL from Patria Investments No 1 Limited on 30 December 2010 for a provisional fair value of $45,000,000 for cash At the end of the period 2010, the investment in LIIL had a carrying value of $256,460,906 On 31 March 2011, the fair value of the shares purchased from Patria Investments No 1 Limited was approved as $43,643,641 The purchase price adjustment was settled in cash by Patria Investment No 1 Limited in 2011 resulting in a carrying value of $255,104,547 of the investment in LIIL at 31 December 2012 (2011 $255,104,547)

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

12 LOANS AND ADVANCES

	2012	2011
	$	$
Loans and advances to group undertakings	90,092,248	5,086,086,376
	90,092,248	5,086,086,376

On 23 February 2012 Barclays Long Island Limited repaid $4,996,204,683 as part payment of the loan due to the Company

At 31 December 2012, loans and advances include a fixed rate loan with a principal $27,411,209 with fixed rate of 0 438% maturing on 14th March 2013 and a floating rate loan with a principal of $61,349,571 based on a three month USD Libor rate maturing on 1 March 2013

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

The fair value of the Company's loans and advances as at 31 December 2012 was approximately book value as they are repayable on demand by both parties

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 INVESTMENT IN PREFERENCE SHARES

	2012	2011
	$	$
Investment in Preference Shares	7,900,000,000	-
Balance as at 31 December.	7,900,000,000	-

On 23 February 2012, the Company purchased 975,000 redeemable Class A preference shares, 975,000 redeemable Class B preference shares and 2,000,000 Class C redeemable preference shares of Claudas Investments Two Limited for an amount of $7,900,000,000

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

14. CURRENT TAXATION

	2012	2011
	$	$
Taxation	790,850	12,047,654
	790,850	12,047,654

15. BORROWINGS

	2012	2011
	$	$
Amounts due to group undertakings	12,552,025	-
Preference shares issued	2,900,000,000	-
	2,912,552,025	-

At 31 December 2012, amounts due to group undertakings include a fixed rate loan with a principal $12,532,485 with fixed rate of 0 63065% maturing on 14th March 2013

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. BORROWINGS (continued)

The company has issued preference shares as follows

	2012	2011
	$	$
Authorised		
2,900,000 USD Redeemable Preference shares of $1 each	2,900,000	-
Allotted and fully paid		
2,900,000 USD Redeemable Preference shares of $1 each	2,900,000	-
Share Premium·		
2,900,000 USD Redeemable Preference shares of $999 each	2,897,100,000	-

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

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

16. SHARE CAPITAL

	Number of shares	Ordinary shares	Share Premium	Total
			$	$
As at 31 December 2012 and 31 December 2011	5,328,001	5,328,001	5,300,986,319	5,306,314,320

	2012	2011
	$	$
Allotted and fully paid		
5,328,001 Ordinary shares of $1 each	5,328,001	5,328,001

The holders of the ordinary shares are entitled to vote at the general meetings of the Company and are entitled to receive such dividends as directors may declare

The ordinary shares are not redeemable and on a return of capital or a liquidation or otherwise, the holders of all classes of preference shares rank senior to the holders of the ordinary shares

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

17. RETAINED EARNINGS

	2012	2011
	$	$
As at 1 January	25,312,497	15,059,402
Profit for the year	2,298,867	10,253,095
As at 31 December	27,611,364	25,312,497

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

	2012	2011
	$	$
Profit on ordinary activities before taxation	3,483,703	13,949,790
Interest expense	59,853	-
Interest income	(3,591,438)	(13,949,790)
Foreign exchange	47,882	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	-	-

19. ULTIMATE HOLDING COMPANY

Barclays Long Island Assets Limited is the parent undertaking and controlling party The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC The ultimate holding Company and the parent Company of the largest group that presents group financial statements is Barclays PLC Both companies are incorporated in Great Britain and registered in England Barclays Bank PLC's and Barclays PLC's statutory financial statements are available for public use from the Group Corporate Secretariat, 1 Churchill Place, London E14 5HP

20. FINANCIAL RISKS

The Company's activities expose it to a variety of financial risks These are liquidity risk, credit risk and market risk (which includes foreign currency risk, interest rate risk and price risk)

The Company's Directors are required to operate within the requirements of the Barclays Group risk management policies These policies include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advise on the use of financial instruments to manage them and comply with the requirements The risks are managed on a portfolio basis and are identified on an exceptions basis

Liquidity risk

This is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due The Company has the financial support of the parent undertaking Barclays Bank PLC and its subsidiary Claudus Investments Two Limited, it also maintains banking facilities with Barclays Bank PLC These facilities are designed to ensure the Company has sufficient available funds for operations

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISKS

Liquidity risk (continued)

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

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

2011	Borrowings	Total
	$	$
Financial liabilities repayable:		
- not more than three months	12,047,654	12,047,654
Total	12,047,654	12,047,654

Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company The Company manages its credit risk by contracting with entities within the Barclays Group and purchases gilts The Company's assets are neither past due or impaired The company's assets are of investment grade

The Company's maximum exposure to credit risk is detailed in the table below The exposure reported in the table represents the gross receivable amounts and not the fair value The exposure is reported gross and does not include any collateral or other credit risk mitigants which reduce the Company's exposure

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISKS (continued)

Credit risk (continued)

31 December 2011	Cash	Loans and advances	Preference Shares	Total
	$	$	$	$
Carrying value	2,483,548	5,086,086,376	-	5,088,569,924
Total	2,483,548	5,086,086,376	-	5,088,569,924

The Company does not hold any collateral as security

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

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

31 December 2011	Cash	Loans and advances	Preference Shares	Total
	$	$	$	$
Financial institutions	2,483,548	26,921,721	-	29,405,269
Other financial intermediaries	-	5,059,164,655	-	5,059,164,655
Total	2,483,548	5,086,086,376	-	5,088,569,924

Market Risk

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

Interest rate risk

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and /or reduced income from the Company's interest bearing financial assets and liabilities The Company's interest rate risk arises from its borrowings and loans and advances

Interest rate sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 FINANCIAL RISKS (continued)

Interest rate sensitivity analysis (continued)

The Company has net short term floating rate non-trading financial assets of $49,915,630 (2011 $5,057,792,554) made up of borrowings and loans and advances

Impact on net interest income
The Company has considered the effect on interest of a 100 basis points change This analysis has been performed by applying a 100 basis point change to the interest rate on the outstanding principal of the net floating rate interest bearing positions The impact would be to reduce/increase the net interest expense by approximately $499,156 (2011 $50,577,926)

Impact on equity
The impact of a 100 basis point change would be to reduce/increase the equity by approximately $376,863 (2011 $37,174,775)

Foreign currency risk

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

21. RELATED PARTY TRANSACTIONS

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

The definition of related parties includes parent company, ultimate parent company, subsidiary as well as associated and joint venture companies

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

22. CAPITAL MANAGEMENT

The Company is required to follow the risk management policies of Barclays PLC, its ultimate parent, which include guidelines covering capital management The capital management objectives and policies for Barclays PLC can be found in its financial statements (see note 20)

The board of directors is responsible for capital management and ensure that the Company operates within the Barclays Group risk framework

The Company regards as capital it's called up share capital reported on balance sheet