

# **LONG ISLAND ASSETS LIMITED**

## **Directors' Report and Financial Statements For the year ended 31 December 2017**

**REGISTERED NUMBER IN ENGLAND AND WALES: 7450219**



# **LONG ISLAND ASSETS LIMITED**

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**  
**REGISTERED NUMBER IN ENGLAND AND WALES: 7450219**

## **INDEX**

	<b>Page</b>
Directors' report	2
Strategic report	4
Independent auditors' report	5
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11

## **LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### **DIRECTORS' REPORT**

**For the year ended 31 December 2017**

The directors present their annual report together with the audited financial statements for Long Island Assets Limited (the 'Company') for the year ended 31 December 2017.

#### **Results and dividends**

During the year the Company made a profit after tax of \$64,986,596 (2016: \$45,211,877). No dividend has been paid (2016: \$585,414,444).

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

The Company declared and paid a dividend of \$160,000,000 on the 30 August 2018.

#### **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:

A Shah	(resigned 25 January 2017)
C P Le Neve Foster	(appointed 6 March 2017)
D Rothnie	
J Hanebuth	
V Shah	

#### **Going concern**

After reviewing the Company's performance projections, the available banking facilities and taking into account the support available from Barclays Bank PLC, the directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing these financial statements.

#### **Statement of Directors' Responsibilities**

The following statement, which should be read in conjunction with the Auditors' report set out on pages 5 and 6, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

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

The directors consider that in preparing the financial statements on pages 7 to 27:

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

## **LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### **DIRECTORS' REPORT (continued)**

For the year ended 31 December 2017

#### **Statement of directors' Responsibilities (continued)**

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **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 17.

#### **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 2017 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.

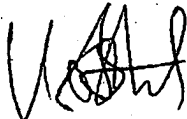
#### **Independent auditors**

KPMG LLP has been appointed by the Company to hold office in accordance with s.487 of the Companies Act 2006.

#### **Statement of disclosure of information to auditors**

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

FOR AND ON BEHALF OF THE BOARD



Director

Name: VISHAL SHAH

Date: 23 September 2018

Company number: 7450219

## **LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### **STRATEGIC REPORT**

For the year ended 31 December 2017

#### **Review and principal activities**

The principal activity of Long Island Assets Limited (the "Company") is to act as an investment company. The directors have reviewed the Company's business and performance and consider it to be satisfactory for the year. The directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business.

#### **Business performance**

The results of the Company show a profit before tax of \$81,247,515 (2016: \$55,256,108) for the year. The Company has net assets of \$4,866,681,101 (2016: \$4,801,694,505).

#### **Future outlook**

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.

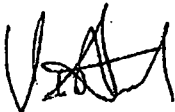
#### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Barclays PLC group and are not managed separately. Accordingly, the principal risks and uncertainties of Barclays PLC, which include those of the Company, are discussed in the Barclays PLC 2017 Annual Report which does not form part of this report.

#### **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 2017 Annual Report, which does not form part of this report.

FOR AND ON BEHALF OF THE BOARD



Director

Name: VISHAL SHRIVASTAVA

Date: 24 September 2018

Company number: 7450219

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

### **Opinion**

We have audited the financial statements of Long Island Assets Limited ("the company") for the year ended 31 December 2017 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows, and related notes.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

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

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

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

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

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

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

We have nothing to report in these respects.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONG ISLAND ASSETS LIMITED (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 2, the directors are responsible for the preparation of the financial statements. They are also responsible for being satisfied that financial statements 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.

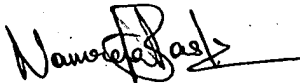
### **Auditor's responsibilities**

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.



**Namrata Basker**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
KPMG LLP  
15 Canada Square  
London  
E14 5GL

24 SEPTEMBER 2018

**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
Interest income	4	81,767,073	57,180,410
Interest expense	5	(516,627)	(1,931,967)
Net interest income		81,250,446	55,248,443
Foreign exchange (loss)/gain		(2,931)	7,665
Profit before tax	6	81,247,515	55,256,108
Tax	9	(16,260,919)	(10,044,231)
Profit after tax		64,986,596	45,211,877

The accompanying notes on pages 11 to 27 form an integral part of the financial statements.

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



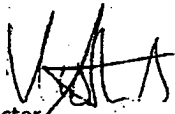
**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
 REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans and receivables	10	4,668,188,823	4,668,188,823
<b>Total non-current assets</b>		<b>4,668,188,823</b>	<b>4,668,188,823</b>
<b>Current assets</b>			
Loans and receivables	10	190,747,009	441,881,637
Cash and cash equivalents	11	27,029,373	28,366,433
<b>Total current assets</b>		<b>217,776,382</b>	<b>470,248,070</b>
<b>TOTAL ASSETS</b>		<b>4,885,965,205</b>	<b>5,138,436,893</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current tax	12	16,070,892	2,999,230
Borrowings	13	3,213,212	333,743,158
<b>Total current liabilities</b>		<b>19,284,104</b>	<b>336,742,388</b>
<b>Net current assets</b>		<b>198,492,278</b>	<b>133,505,685</b>
<b>NET ASSETS</b>		<b>4,866,681,101</b>	<b>4,801,694,505</b>
<b>EQUITY</b>			
Share capital	14	- 5,328,001	5,328,001
Other reserves	14	4,751,154,627	4,751,154,627
Retained earnings	15	110,198,473	45,211,877
<b>TOTAL EQUITY</b>		<b>4,866,681,101</b>	<b>4,801,694,505</b>

The accompanying notes on pages 11 to 27 form an integral part of the financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 24 September 2018 and were signed on its behalf by:

  
 Director  
 Name: VISHAL SHAH  
 Date: 24 September 2018  
 Company number: 7450219

**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
 REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital \$	Other reserves \$	Retained earnings \$	Total equity \$
Balance at 1 January 2017	5,328,001	4,751,154,627	45,211,877	4,801,694,505
Profit for the year and total comprehensive income	-	-	64,986,596	64,986,596
Balance at 31 December 2017	5,328,001	4,751,154,627	110,198,473	4,866,681,101

	Share capital \$	Other reserves \$	Retained earnings \$	Total equity \$
Balance at 1 January 2016	5,328,001	5,300,986,319	35,582,752	5,341,897,072
Profit for the year and total comprehensive income	-	-	45,211,877	45,211,877
Dividends paid	-	(549,831,692)	(35,582,752)	(585,414,444)
Balance at 31 December 2016	5,328,001	4,751,154,627	45,211,877	4,801,694,505

**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
 REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**CASH FLOW STATEMENT  
 FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 \$	2016 \$
Cash flows from operating activities	16	(2,931)	7,665
Interest received		63,883,198	36,937,861
Interest paid		(2,427,588)	-
Tax paid		(3,189,256)	(7,952,273)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>58,263,423</b>	<b>28,993,253</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in amounts loaned to group undertakings		269,018,504	206,063,761
(Decrease)/increase in borrowings		(328,618,987)	331,811,178
Purchase of available for sale investments		-	1,007
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>(59,600,483)</b>	<b>537,875,946</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		-	(585,414,444)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>-</b>	<b>(585,414,444)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,337,060)</b>	<b>(18,545,245)</b>
Cash and cash equivalents at 1 January		28,366,433	46,911,678
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>27,029,373</b>	<b>28,366,433</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash in hand		21,103	434,793
Deposit with group undertakings		27,008,270	27,931,640
		<b>27,029,373</b>	<b>28,366,433</b>

The accompanying notes on pages 11 to 27 form an integral part of the financial statements.

## **LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. REPORTING ENTITY**

The financial statements are prepared for Long Island Assets Limited (the 'Company'), the principal activity of which is to act as an investment company. The financial statements are prepared for the Company, in line with the UK Companies Act 2006. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC and the ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS'), and interpretations issued by the IFRS Interpretations Committee ('IFRIC'), as published by the International Accounting Standards Board ('IASB').

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

#### **2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB). They are also in accordance with IFRS and IFRIC interpretations endorsed by the European Union. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

##### **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 IAS 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies. They are stated in US Dollars ("USD"), 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. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the individual financial statements such as the fair value of financial instruments (note 18) and credit risk (note 17).

##### **Foreign exchange**

Items included in the financial statements of the Company are measured using their functional currency, being the US dollar (USD), the currency of the primary economic environment in which the entity operates.

## **LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement except for qualifying cash flow hedges or hedges of net investments.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets and non-monetary items are included directly in equity.

#### **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 receivables, and on interest bearing financial liabilities, using the effective interest method.

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.

#### **Tax**

Tax 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.

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

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Financial assets are initially recognised at fair value and then classified in the following categories and dealt with in the financial statements as follows:

## **LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

###### ***Financial instruments at fair value through profit or loss***

Financial instruments (assets and liabilities) are classified in this category if they are held for trading or if they are designated as such at management's option under the fair value option. Instruments are classified as held for trading if they are:

- a) acquired principally for the purposes of selling or repurchasing in the near term;
- b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or
- c) a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial instruments included in this category are recognised initially at fair value and transaction costs are taken directly to the income statement. They are subsequently held at fair value with gains and losses arising from changes in fair value included directly in the income statement.

###### ***Loans and receivables***

Loans and 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 available for sale. 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. Loans and receivables are stated at amortised cost using the effective interest method. (See above). They are initially recognised at fair value including direct and incremental transaction costs. They 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.

###### ***Financial liabilities***

Financial liabilities are measured at amortised cost, except for trading liabilities which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished. The Company's financial liabilities comprise borrowings in the balance sheet.

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

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

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

The Company assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired. The factors that the Company uses include significant financial difficulty 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.

## **LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

For loans and receivables the Company first assesses whether objective evidence of impairment exists individually for individually significant loans and receivables, and then collectively assesses remaining loans and receivables that are not individually significant. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. For the purpose of the assessment, loans with similar credit risk characteristics are grouped together- generally on the basis of their product type, industry, geographic location, collateral type, past due status and other factors relevant to the evaluation of expected future cash flows.

##### **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.

##### **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 director(s).

##### **Cash and cash equivalents**

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

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

The accounting policies adopted are consistent with those of the previous financial year, except where new standards and amendments to IFRS effective as of 1 January 2017 have resulted in changes in accounting policy. There are no new amended standards that have had a material impact on the Company's accounting policies.

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

There are expected to be a number of significant changes to the Company's financial reporting after 2017 as a result of amended or new accounting standards that have been or will be issued by the IASB. The most significant of these are as follows:

##### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments (IFRS 9) which will replace IAS 39 Financial Instruments: Recognition and Measurement is effective for periods beginning on or after 1 January 2018 and was endorsed by the EU in November 2016. IFRS 9, in particular the impairment requirements, will lead to significant changes in the accounting for financial instruments. Barclays will not restate comparatives on initial application of IFRS 9 on 1 January 2018 but will provide detailed transitional disclosures in accordance with the amended requirements of IFRS 7. The key changes relate to:

## LONG ISLAND ASSETS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Future accounting developments (continued)

###### Impairment:

IFRS 9 introduces a revised Impairment model which requires entities to recognise expected credit losses based on unbiased forward-looking information. This replaces the IAS 39 incurred loss model which only recognised impairment if there is objective evidence that a loss has already been incurred and would measure the loss at the most probable outcome. The IFRS 9 impairment model is applicable to all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. This contrasts to the IAS 39 Impairment model which was not applicable to loan commitments and financial guarantee contracts, which were covered by IAS 37. In addition, IAS 39 required the impairment of available for sale debt to be based on the fair value loss rather than estimated future cashflows as for amortised cost assets. Intercompany exposures, including loan commitments and financial guarantee contracts, are also in scope under IFRS 9 in the stand-alone reporting entity accounts.

The measurement of expected credit loss involves increased complexity and judgement, including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of exposures at default and assessing significant increases in credit risk. It is expected to have a material financial impact and impairment charges will tend to be more volatile. Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted.

###### Key concepts and management judgements

The impairment requirements are complex and require management judgements, estimates and assumptions. Key concepts and management judgements include:

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

IFRS 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3). Barclays will assess when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

###### Quantitative Test

The annualised cumulative weighted average lifetime probability of default (PD) has increased by more than the agreed threshold relative to the equivalent at origination.

The relative thresholds are defined as percentage increases and set at an origination score band and segment level.

###### Qualitative Test

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

###### Backstop Criteria

Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

Exposures will move back to stage 1 once they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met. This is subject to all payments being up to date and the customer evidencing ability and willingness to maintain future payments.



## LONG ISLAND ASSETS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Future accounting developments (continued)

Barclays will not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated.

Determining the probability of default at initial recognition is expected to require management estimates, in particular for exposures issued before the effective date of IFRS 9. For certain revolving facilities such as credit cards and overdrafts, this is expected to be when the facility was first entered into which could be a long time in the past.

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

The definition of default for the purpose of determining expected credit losses has been aligned to the Regulatory Capital CRR Article 178 definition of default, which considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired or purchased or originated as such, IFRS 9 requires separate disclosure and interest income is required to be calculated on the carrying value net of the impairment allowance.

Credit impaired is expected to be when the exposure has defaulted which is also anticipated to align to when an exposure is identified as individually impaired under the incurred loss model of IAS 39. Write-off policies are not expected to change from IAS 39.

##### Expected life

Lifetime expected credit losses must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period.

##### *Discounting*

Expected credit losses are discounted at the effective interest rate (EIR) at initial recognition or an approximation thereof and consistent with income recognition.

For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cashflows or for discounting.

##### *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.

## LONG ISLAND ASSETS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Future accounting developments (continued)

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.

##### Project governance and credit risk management:

Barclays has a jointly accountable risk and finance implementation and governance programme with representation from all impacted departments. The new impairment committee structures were initiated and tested from H1 2017, providing oversight for both IAS 39 and IFRS 9 Impairment results. At the start of the impairment reporting process every quarter, the Senior Scenario Review Committee reviews and approves the scenario narratives and associated probability weightings, as well as the core set of macroeconomic variables and any scenario specific management overlays. The Senior Scenario Review Committee attest that the scenarios adequately account for the nonlinearity and asymmetry of the loss of distribution. Subsequently, there are two further layers of impairment committees. In addition to the existing Group Risk and Group Finance level committees, there are also Legal Entity committees for Barclays UK and Barclays International. Group Risk and Group Finance Committees are attended by the Chief Risk Officer (CRO) and Chief Finance Officer (CFO) respectively, with joint accountability by both CRO and CFO for signing off the results. Reported results and key messages are communicated to the Board Audit Committee and Risk Executive Committee, who have oversight roles and provide challenge of key assumptions, including the basis of the scenarios adopted.

##### *Classification and measurement:*

IFRS 9 requires financial assets to be classified on the basis of two criteria:

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

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

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

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

## LONG ISLAND ASSETS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Future accounting developments (continued)

IFRS 9 is applied retrospectively, although comparatives are not restated, with adjustments arising from classification and measurement changes recognised in opening equity.

Barclays' Classification and Measurement implementation programme has progressed in 2017 and an assessment of potential changes to financial assets has been conducted, including an assessment of business models across various portfolios, and a review of contractual cash flow features for material financial assets.

On 12 October 2017, the IASB published an amendment to IFRS 9, relating to prepayment features with negative compensation; this amendment is effective from 1 January 2018, however has yet to be endorsed by the EU. This amendment allows financial assets with such features to be measured at amortised cost or fair value through other comprehensive income provided the SPPI (solely payments of principal and interest) criteria in IFRS 9 are otherwise met. In addition the amendment to IFRS 9 clarifies that a financial asset passes the SPPI criterion regardless of the event or circumstance that cause the early termination of the contract, and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. There is not expected to be a material impact on the Company's financial statements arising from this amendment.

##### Own credit

Barclays has applied the option in IFRS 9 to recognise changes in own credit in other comprehensive income from 1 January 2017

##### Expected impact

The Company is assessing the potential impact on its financial statements and plan to adopt the new standard on the required effective date. [

#### 4. INTEREST INCOME

	2017 \$	2016 \$
Interest income from parent undertaking	81,767,073	57,180,410
	<u>81,767,073</u>	<u>57,180,410</u>

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

## LONG ISLAND ASSETS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 5. INTEREST EXPENSE

	2017 \$	2016 \$
Interest expense	516,627	1,931,967
	<u>516,627</u>	<u>1,931,967</u>

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

#### 6. PROFIT BEFORE TAX

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 \$8,401 (2016: \$8,222) for the year. This fee is not recognised as an expense in the financial statements.

#### 7. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the Company during the year (2016: nil). During the year, one (2016: nil) director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

#### 8. STAFF COSTS

There were no employees employed by the Company during 2017 or 2016.

**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**NOTES TO THE FINANCIAL STATEMENTS (continued)****9. TAX**

	2017 \$	2016 \$
Current tax charge	16,260,919	10,044,231
	<u>16,260,919</u>	<u>10,044,231</u>

The main rate of UK corporation tax is 20% from 1 April 2015 to 31 March 2017. Legislation has been introduced to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and 17% from April 2020.

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

	2017 \$	2016 \$
Profit before tax	81,247,515	55,256,108
Profit multiplied by the rate of corporation tax in the UK of 19.25% (2016: 20%)	15,637,364	11,051,222
Effects of:		
Adjustments in respect of prior years	(60,210)	(1,149)
Foreign Exchange	867,846	(1,005,842)
This capitalisation adjustment	(184,081)	-
Current tax charge for the year	<u>16,260,919</u>	<u>10,044,231</u>
Effective tax rate %	<u>20.01%</u>	<u>18.18%</u>

**10. LOANS AND RECEIVABLES**

	2017 \$	2016 \$
<i>Non Current</i>		
Loans and receivables to group undertaking	4,668,188,823	4,668,188,823
<i>Current</i>		
Loans and receivables to parent undertaking	190,747,009	441,881,637
	<u>4,858,935,832</u>	<u>5,110,070,460</u>

*Non Current*

At 31 December 2017, loans and receivables include a floating rate loan with a principal of \$4,668,188,823 based on a USD Libor rate maturing on 31 March 2019. This loan requires a prepayment notice of at least 12 months. The directors consider that the carrying value of the Company's loans and receivables approximates to their fair value.

*Current*

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

**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. CASH AND CASH EQUIVALENTS**

	2017 \$	2016 \$
Cash in hand	21,103	434,793
Demand deposits	27,008,270	27,931,640
	<u>27,029,373</u>	<u>28,366,433</u>

At 31 December 2017, demand deposits included a floating rate deposit with a principal of \$27,008,270 based on a USD Libor rate maturing on 31 March 2018.

**12. CURRENT TAX**

	2017 \$	2016 \$
Current tax liability	16,070,892	2,999,230
	<u>16,070,892</u>	<u>2,999,230</u>

**13. BORROWINGS**

	2017 \$	2016 \$
Amounts owed to parent undertaking	3,213,212	333,743,158
	<u>3,213,212</u>	<u>333,743,158</u>

The borrowings to parent undertaking carry floating rate of interest. The directors consider that the carrying value of the Company's borrowings approximates to their fair value.

**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
 REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**NOTES TO THE FINANCIAL STATEMENTS (continued)****14. SHARE CAPITAL**

	Number of shares	Ordinary shares \$	Other reserves \$	Total \$
As at 31 December 2017	5,328,001	5,328,001	4,751,154,627	4,756,482,628
	Number of shares	Ordinary shares \$	Other reserves \$	Total \$
As at 31 December 2016	5,328,001	5,328,001	4,751,154,627	4,756,482,628
			2017 \$	2016 \$
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 the holders of the ordinary shares are entitled to participate in the distribution of any surplus assets of the Company.

**15. RETAINED EARNINGS**

	2017 \$	2016 \$
As at 1 January	45,211,877	35,582,752
Profit for the year	64,986,596	45,211,877
Dividends paid	-	(35,582,752)
As at 31 December	110,198,473	45,211,877

**16. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOW FROM OPERATING ACTIVITIES**

	2017 \$	2016 \$
Profit before tax	81,247,515	55,256,108
Interest receivable	(81,767,073)	(57,180,410)
Interest payable	516,627	1,931,967
CASH FLOW FROM OPERATING ACTIVITIES	(2,931)	7,665

## LONG ISLAND ASSETS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 17. 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 and interest rate 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 and to operate within the requirements of the Barclays Group risk management policies.

##### 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, with whom it also maintains banking facilities. These facilities are designed to ensure the Company has sufficient available funds for operations.

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

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

	2017 £
<b>Borrowings:</b>	
- One year or less	3,213,212
	<hr/>
	2016 £
<b>Borrowings:</b>	
- One year or less	333,743,158
	<hr/>

##### Credit Risk

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



**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
 REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**NOTES TO THE FINANCIAL STATEMENTS (continued)****17. FINANCIAL RISKS (continued)****Maximum exposure to credit risk.**

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.

31 December 2017	Cash and cash equivalents	Loans and receivables	Total
	\$	\$	\$
Carrying value	27,029,373	4,858,935,832	4,885,965,205
<b>Total</b>	<b>27,029,373</b>	<b>4,858,935,832</b>	<b>4,885,965,205</b>

31 December 2016	Cash and cash equivalents	Loans and receivables	Total
	\$	\$	\$
Carrying value	28,366,433	5,110,070,460	5,138,436,893
<b>Total</b>	<b>28,366,433</b>	<b>5,110,070,460</b>	<b>5,138,436,893</b>

The Company does not hold any collateral as security.

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

31 December 2017	Cash and cash equivalents	Loans and receivables	Total
	\$	\$	\$
Financial institutions	27,029,373	63,660,135	90,689,508
Other financial intermediaries	-	4,795,275,697	4,795,275,697
<b>Total</b>	<b>27,029,373</b>	<b>4,858,935,832</b>	<b>4,885,965,205</b>

31 December 2016	Cash and cash equivalents	Loans and receivables	Total
	\$	\$	\$
Financial institutions	28,366,433	-	28,366,433
Other financial intermediaries	-	5,110,070,460	5,110,070,460
<b>Total</b>	<b>28,366,433</b>	<b>5,110,070,460</b>	<b>5,138,436,893</b>

## **LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **17. FINANCIAL RISKS (continued)**

##### **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 loans and receivables and borrowings.

##### **Interest rate sensitivity analysis**

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2017.

The Company has net floating rate non-trading financial assets of \$4,819,898,766 (2016: \$5,089,931,640) made up of loans and receivables and non-trading financial liabilities of \$3,192,192 (2016: \$331,811,177) made up of borrowings.

##### **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 income by approximately \$35,427,076 or 44% (2016: \$37,671,230 or 68%)

##### **Impact on equity**

The impact of a 10 basis point change would be to reduce/increase equity by approximately \$28,695,932 (2016: \$30,136,980).

##### **Foreign currency risk**

The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities. As at 31 December 2017, the Company holds a GBP bank account having an immaterial balance and has GBP taxation liabilities.

**LONG ISLAND ASSETS LIMITED**

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**NOTES TO THE FINANCIAL STATEMENTS (continued)****18. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

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

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

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Loans and receivables	4,858,935,832	4,858,935,832	5,110,070,460	5,110,070,460
Borrowings	3,213,212	3,213,212	333,743,158	333,743,158

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

	Fair value	Level 2 – Valuations based on observable inputs
	\$	\$
<b>As at 31 December 2017</b>		
Loans and receivables	4,858,935,832	4,858,935,832
Borrowings	3,213,212	3,213,212
<b>As at 31 December 2016</b>		
Loans and receivables	5,110,070,460	5,110,070,460
Borrowings	333,743,158	333,743,158

**Valuation methodology**

A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on observable inputs is described in note 3. There were no transfers between the classification levels during 2017 or 2016.

**19. EVENTS AFTER THE BALANCE SHEET DATE**

The Company declared and paid a dividend of \$160,000,000 on the 30 August 2018.

**20. RELATED PARTY TRANSACTIONS**

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

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

## LONG ISLAND ASSETS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 21. CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

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

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

Total capital of the Company as at year end is as follows:

	2017	2016
	\$	\$
Share capital	5,328,001	5,328,001
Other reserves	4,751,154,627	4,751,154,627
Retained earnings	110,198,473	45,211,877
<b>Total capital resources</b>	<b>4,866,681,101</b>	<b>4,801,694,505</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.

#### 22. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY

The immediate parent of the Company is Barclays Long Island Limited. The parent undertaking of the smallest group that presents 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 the United Kingdom 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.