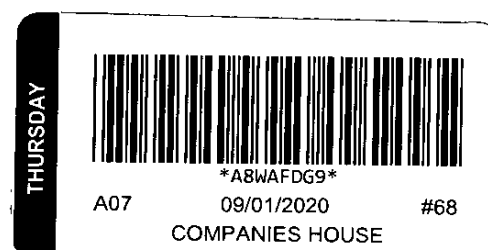


BRAVEN INVESTMENTS NO.1 LIMITED**Directors' Report and Financial Statements
For the year ended 31 December 2018**

REGISTERED NUMBER (England & Wales): FC026612
REGISTERED NUMBER (Cayman Islands): MC16096

BRAVEN INVESTMENTS NO.1 LIMITED
Registered Number in England & Wales: FC026612

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BRAVEN INVESTMENTS NO.1 LIMITED
Registered Number in England & Wales: FC026612

DIRECTORS' REPORT
For the year ended 31 December 2018

The Directors present their annual report together with the audited financial statements of Braven Investments No.1 Limited (the "Company") for the year ended 31 December 2018.

Profit and dividends

During the year the Company made a profit after tax of £43,529 (2017: Profit for the year of £1,33,073). The Directors declared and paid no dividends (2017: £nil) for the year.

Directors

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

N R Brand
G Clark
B Ferry
E Sherwood

Going concern

After reviewing the Company's projections, the available banking facilities 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 page 5 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 responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

BRAVEN INVESTMENTS NO.1 LIMITED

Registered Number in England & Wales: FC026612

DIRECTORS' REPORT (continued)

For the year ended 31 December 2018

Statement of Directors' Responsibilities (continued)

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

Directors' third party indemnity provisions

Qualifying third party indemnity provisions were in force (as defined by 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2018 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities including qualifying third party indemnity provisions and qualifying indemnity provisions which which may occur (or have occurred) in connection with their duties, powers or office.

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 are set out in Barclays PLC 2018 annual report which does not form part of this report.

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

As 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



Name: E Sherwood

Director

Date: 11 December 2019

Company number: FC026612

BRAVEN INVESTMENTS NO.1 LIMITED

Registered Number in England & Wales: FC026612

STRATEGIC REPORT

For the year ended 31 December 2018

Business Review and principal activities

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.

Business performance

During the year the Company made a profit after tax of £43,529 (2017: profit for the year of £133,073). The Directors declared and paid no dividends (2017: £nil) for the year. The Company had net assets of £10,841,861 as at 31 December 2018 (2017: £10,798,332).

Future outlook

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. The Company's business has now been simplified and its performance in the foreseeable future will remain broadly unchanged until one or more suitable investment opportunities have been identified.

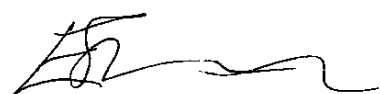
Principal risks and uncertainties

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 2018 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 Company, is discussed in the Barclays PLC 2018 annual report which does not form part of this report.

FOR AND ON BEHALF OF THE BOARD



Name: E Sherwood

Director

Date: 11 December 2019

Company number: FC026612

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAVEN INVESTMENTS NO.1 LIMITED

Opinion

We have audited the non-statutory accounts of Braven Investments No. 1 Limited ("the company") for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet and related notes including the accounting policies in note 5.

In our opinion the non-statutory accounts of the Company for the year ended 31 December 2018 have been properly prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and the terms of our engagement letter dated 27 June 2018. 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.

Emphasis of matter – Special purpose basis of preparation

We draw attention to Note 2 to the Non statutory accounts, which describes their basis of preparation. As explained in that note, the non-statutory accounts are prepared in accordance with the Overseas Companies Regulations 2009 (SI 2009/1801) made under section 1049 of the Companies Act 2006 (the "Regulations"). The Company has applied Section 396 of the Companies Act 2006, as modified by the Regulations, in producing overseas companies individual financial statements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in this matter.

Other Matter – The impact of uncertainties on our audit due to the UK exiting the European Union

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The entity has prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant

doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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. In our evaluation of the managing member's conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information, which comprises the Directors and Strategic reports.

Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Directors' responsibilities

As explained more fully in their statement set out on page 2 and 3, 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.

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

Our report has been prepared for the Company solely in accordance with the terms of our engagement letter. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed in whole (save for the Company's own internal purpose) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who gain access to our report or a copy and choose to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.



Richard Pinks (Director)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London
E14 5GL

11 December 2019

BRAVEN INVESTMENTS NO.1 LIMITED
Registered Number in England & Wales: FC026612

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Interest income	6	53,739	19,370
Interest expense	7	-	(23,636)
Income from shares in group undertakings	8	-	145,518
Loss on sale of shares of Raglan Investments		-	(9,000)
Profit/(Loss) before tax	9	53,739	132,252
Tax (expense) / credit	12	(10,210)	821
Profit/(Loss) after tax		43,529	1,33,073

All income and expenses for the year are derived from continuing activities. All recognised income and expenses have been reported in the income statement, hence no statement of other comprehensive income has been included in the financial statements. The accompanying notes form an integral part of these financial statements.

BRAVEN INVESTMENTS NO.1 LIMITED

Registered Number in England & Wales: FC026612

BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
ASSETS			
Current assets			
Cash and cash equivalents	13	797,475	923,063
Loans and other receivables	14	10,018,228	9,992,152
Investment in fellow group undertaking	15	10,000	10,000
Current tax assets	17	16,158	26,368
Total current assets		10,841,861	10,951,583
TOTAL ASSETS		10,841,861	10,951,583
LIABILITIES			
Current liabilities			
Borrowings	16	-	153,251
Total current liabilities		-	153,251
Net current assets		10,841,861	10,798,332
NET ASSETS		10,841,861	10,798,332
EQUITY			
Called up share capital	18	50,000	50,000
Share premium account	18	4,950,000	4,950,000
Retained Earnings	19	5,841,861	5,798,332
TOTAL SHAREHOLDERS' EQUITY		10,841,861	10,798,332

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 8 to 22 were approved by the Board of Directors and authorised for issue on 11 December 2019 and were signed on its behalf by:



Director

Name: E Sherwood

Date: 11 December 2019

BRAVEN INVESTMENTS NO.1 LIMITED

Registered Number in England & Wales: FC026612

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

These financial statements are prepared for Braven Investments No.1 Limited (the "Company"), the principal activity of which is to act as an investment company.

These financial statements are separate financial statements prepared for the company, in line with the UK Companies Act 2006 as applicable overseas companies. They are in accordance with IFRS and IFRIC interpretations endorsed by the European Union. The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its Group.

The Company is a wholly owned subsidiary of Capton Investments Limited. 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 the interpretations issued by the IFRS Interpretations Committee ('IFRIC'), as published by the International Accounting Standards Board ('IASB') and accordingly consolidated financial statements have not been prepared based on the exemption provided under paragraph 4(a) of IFRS 10.

Braven Investments No. 1 Limited is a company incorporated in the Cayman Islands. It is registered in England and Wales as a Branch. The Company's registered office is:

P.O Box 309,
Ugland House
George Town,
Grand Cayman,
KY1-1104,
Cayman Islands.

2. ACCOUNTING FRAMEWORK

The financial statements have been prepared in accordance with the Overseas Companies Regulations 2009 (SI 2009/1801) made under section 1049 of the Companies Act 2006 (the "Regulations"). The Company has applied Section 396 of the Companies Act 2006, as modified by the Regulations, in producing overseas companies individual financial statements.

The Company applies the measurement and recognition requirements of 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") and in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union.

However, for presentation and disclosure purposes, the Directors have adopted the requirements under the Regulations and selected disclosures under IFRS which the Directors deem to be relevant in understanding its state of affairs. As a result, the following items which are required under IFRS are not included in these financial statements:

1. Statement of Changes in Equity;
2. Statement of Cash flows;
3. Capital Management note;
4. IFRS 7 Financial Instruments: Disclosures to the extent they are not relevant in assessing the Company's state of affairs;
5. IFRS 12 Disclosures of Interests in Other Entities; and
6. IFRS 13 Fair Value Measurement

NOTES TO THE FINANCIAL STATEMENTS

The preparation of these financial statements in conformity with the Regulations 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.

3. COMPLIANCE WITH INTERNATIONAL FINANCING 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

4. 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 presented in Pounds Sterling (GBP), the currency of the country in which the Company is incorporated.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

Foreign currency translation

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

Foreign currency transactions are translated into sterling 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.

NOTES TO THE FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends from subsidiaries and associates

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

Interest

Interest income or expense is recognised on all interest bearing financial assets 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 evenly in proportion to the amount outstanding over the period to maturity or repayment.

Cash and cash equivalents

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

Current and deferred income tax

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

Current income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date.

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

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

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

BRAVEN INVESTMENTS NO.1 LIMITED

Registered Number in England & Wales: FC026612

NOTES TO THE FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities

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

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. 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, or where the Company has as not transferred nor retained substantially all the risks and rewards of ownership and where it has lost control.

Investment in subsidiary

Investment in subsidiary are stated at cost less impairment, if any.

Share capital and dividends

Share issue costs

Incremental costs directly attributable to the issue of new shares or options or the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

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 shareholder(s).

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 2018 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.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces key changes in the following areas:

- Classification and measurement – requiring asset classification and measurement based upon both business model and product characteristics
- Impairment – introducing an expected credit loss model using forward looking information which replaces an incurred loss model. The expected credit loss model introduces a three-stage approach to impairment as follows:

Stage 1 – the recognition of 12 month expected credit losses (ECL), that is 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 increased significantly since initial recognition;

Stage 2 – lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and

NOTES TO THE FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stage 3 – lifetime expected credit losses for financial instruments which are credit impaired.

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2018 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

NOTES TO THE FINANCIAL STATEMENTS

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Impact

The Company has assessed the impact of IFRS 9 adoption on its financial statements and concluded that it has not had a material impact.

6. INTEREST INCOME

	2018 £	2017 £
Interest income from group undertakings	53,739	19,370
	<u>53,739</u>	<u>19,370</u>

7. INTEREST EXPENSE

	2018 £	2017 £
Interest expense to fellow group undertakings	-	23,636
	<u>-</u>	<u>23,636</u>

8. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2018 £	2017 £
Dividend income from Raglan Investments	-	145,518
	<u>-</u>	<u>145,518</u>

9. PROFIT/ (LOSS) BEFORE TAX

There were no employees employed by the Company during the year (2017: nil). 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 £8,400 for the year (2017: £6,215). This fee is not recognised as an expense in the financial statements.

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10. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2017: £ nil).

During the year, no Director exercised options under the Barclays PLC Share save Scheme and Long Term Incentive schemes (2017: Nil).

11. STAFF COSTS

There were no employees employed by the Company during 2018 or 2017.

12. TAX

	2018 £	2017 £
Current Year	10,210	(821)
Tax payable/(Credit)	<u>10,210</u>	<u>(821)</u>

The UK corporation tax charge is based on a UK tax rate of 19.00% (2017: 19.25%)

The analysis of the credit for the year is as follows:

	2018 £	2017 £
Profit / (Loss) before tax	53,739	132,252
Profit / (Loss) before tax multiplied by the rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(10,210)	(25,458)
Effects of:		
Non-taxable dividend income	-	28,012
Non-taxable loss on sale of Raglan	-	(1,733)
	<u>-</u>	<u>-</u>
Tax for the period	<u>10,210</u>	<u>821</u>
Effective tax rate	(19%)	(0.62%)

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NOTES TO THE FINANCIAL STATEMENTS

13. CASH AND CASHEQUIVALENTS

	2018 £	2017 £
Balance with Barclays Bank PLC	797,475	923,063
	<u>797,475</u>	<u>923,063</u>

14. LOANS AND OTHER RECEIVABLES

	2018 £	2017 £
Loans and advances to group undertakings	10,018,228	9,992,152
	<u>10,018,228</u>	<u>9,992,152</u>

Loans and advances to group undertaking relates to internal loans and receivables held with the parent company, Barclays Bank PLC and Calthorpe Investments Limited. The company made additional loan £6,006,073 to Barclays Bank PLC having maturity date as 21st June 2019. Also, the Company has existing loans advance to Calthorpe Investment Limited and Barclays Bank PLC amount to £429,472 and £3,555,003 on 23 May 2019 and 14th March 2022 respectively. Loans are repayable at the outstanding amount together with accrued and unpaid interest as on date at a 1 business day notice. The Directors consider that the carrying value of the Company's loans and receivables approximates to its fair value. The expected credit losses associated with this facility have been deemed to be immaterial

The interest accrued included above on the loans amount to £9,907 and £17,772 to Calthorpe Investments Limited and Barclays Bank PLC respectively.

15. INVESTMENT IN FELLOW GROUP UNDERTAKING

The investments the company has entered into are as follows:

	2018 £	2017 £
As at 1 January	10,000	20,000
Redemption	-	(10,000)
Balance as at 31 December	<u>10,000</u>	<u>10,000</u>

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As at 31 December 2017 the Company directly held the following investments in related undertakings, (together the "Related Undertakings").

Name of subsidiary	Registered Office Address	Place of Principal Business	Class of Shares	Number of Shares held	Name of immediate Parent	Total proportion of value held by immediate parent	Financial year end
Calthorpe Investments Limited	190 Elgin Avenue, George Town, Grand Cayman, KY1-9005	5 The North Colonnade, Canary Wharf, London, E144BB	Ordinary	1,000	Braven Investments No.1 Limited	100 %	31 st December, 2018

The Related Undertakings are included by full consolidation in the consolidated financial statements of their ultimate parent, Barclays PLC, a company registered in England and Wales.

16. BORROWINGS

	2018 £	2017 £
Amounts due to group undertakings	-	153,251
	<u>-</u>	<u>153,251</u>

17. CURRENT TAX ASSETS

	2018 £	2017 £
Opening group relief receivable	26,368	19,114,577
(Tax payable)/Credit	(10,210)	821
Cash received	-	(19,089,030)
Closing group relief (payable)/receivable	<u>16,158</u>	<u>26,368</u>

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NOTES TO THE FINANCIAL STATEMENTS

18. CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

	Number of shares	Share capital £	Share premium account £	Total £
As at 31 December 2018 and 2017	5,000,000	50,000	4,950,000	5,000,000
			2018 £	2017 £
Allotted, called-up and fully paid: 5,000,000 (2017: 5,000,000) Ordinary shares of £0.01 each		50,000		50,000
		<u>50,000</u>	<u>50,000</u>	
Share premium account 5,000,000 (2017: 5,000,000) Ordinary shares at £0.99 each		4,950,000		4,950,000
		<u>4,950,000</u>	<u>4,950,000</u>	

19. RETAINED EARNINGS

	£
As at 1 January 2018	5,798,332
Profit for the year	43,529
As at 31 December 2018	5,841,861
As at 1 January 2017	5,665,259
Loss for the year	1,33,073
As at 31 December 2017	5,798,332

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NOTES TO THE FINANCIAL STATEMENTS

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, associates and joint ventures 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 these financial statements.

21. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY

The parent of the Company is Capton Investments 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 from Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.