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**BRAVEN INVESTMENTS NO.1 LIMITED**

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



**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 2017**

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 2017.

#### **Profit and dividends**

During the year the Company made a profit after tax of £133,073 (2016: loss for the year of £40,964). The Directors declared and paid no dividends (2016: £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 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 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 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 21:

- 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.

## **BRAVEN INVESTMENTS NO.1 LIMITED**

Registered Number in England & Wales: FC026612

### **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.

#### **Directors' third party indemnity provisions**

Qualifying third party indemnity provisions were in force 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.

#### **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 2017 annual report which does not form part of this report.

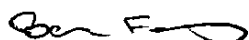
#### **Independent Auditors**

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**

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



Name: Ben Ferry

Director

Date: 13 Nov 2018

Company number: FC026612

## **BRAVEN INVESTMENTS NO.1 LIMITED**

Registered Number in England & Wales: FC026612

### **STRATEGIC REPORT**

**For the year ended 31 December 2017**

#### **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 £133,073 (2016: loss for the year of £40,964). The Directors declared and paid no dividends (2016: £nil) for the year. The Company had net assets of £10,798,332 as at 31 December 2017 (2016: £10,665,259).

#### **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.

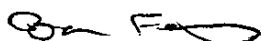
#### **Principal risks and uncertainties**

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 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 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



Name: Ben Ferry

Director

Date: 13 Nov 2018

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 for the year ended 31 December 2017 which comprise the Income Statement and Balance Sheet and related notes.

In our opinion the non-statutory accounts of the company for the year ended 31 December 2017 have been properly prepared, in all material respects, in accordance with the special purpose basis of preparation in Note 2 and 3 and accounting policies in Note 4 to the non-statutory accounts.

### 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 date 8<sup>th</sup> November 2017. 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 and 3 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 non-statutory accounts. As a result, non-statutory accounts may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### 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 non-statutory accounts. We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 2 and 3, the directors are responsible for the preparation of non-statutory accounts in accordance with the special purpose basis of preparation as set out in note 3 to the non-statutory accounts. They are also responsible for determining that the basis of preparation is acceptable in the circumstances; such internal control as they determine is necessary to enable the preparation of non-statutory accounts 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 non-statutory accounts 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 non-statutory accounts.

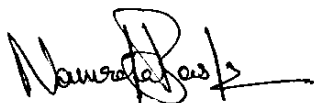
A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAVEN INVESTMENTS NO.1 LIMITED**  
**(continued)**

**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 purposes) 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 obtains access to our report or a copy and chooses 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.



Namrata Basker  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
Date: 18 NOVEMBER 2018

**BRAVEN INVESTMENTS NO.1 LIMITED**  
Registered Number in England & Wales: FC026612  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Interest income	5	19,370	26,704
Interest expense	6	(23,636)	(153,250)
Income from shares in group undertakings	7	145,518	-
Loss on sale of shares of Raglan Investments		(9,000)	-
<b>Profit/(Loss) before tax</b>	8	<u>132,252</u>	<u>(126,546)</u>
Tax credit	11	821	85,582
<b>Profit/(Loss) after tax</b>		<u>133,073</u>	<u>(40,964)</u>

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 2017**

	Note	2017 £	2016 £
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	923,063	933,696
Loans and other receivables	13	9,992,152	3,840,256
Current tax assets	16	26,368	19,114,577
Investment in fellow group undertaking	14	10,000	20,000
<b>Total current assets</b>		<b>10,951,583</b>	<b>23,908,529</b>
<b>TOTAL ASSETS</b>		<b>10,951,583</b>	<b>23,908,529</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	15	153,251	13,243,270
<b>Total current liabilities</b>		<b>153,251</b>	<b>13,243,270</b>
<b>Net current assets</b>		<b>10,798,332</b>	<b>10,665,259</b>
<b>NET ASSETS</b>		<b>10,798,332</b>	<b>10,665,259</b>
<b>EQUITY</b>			
Called up share capital	17	50,000	50,000
Share premium account	17	4,950,000	4,950,000
Retained Earnings	18	5,798,332	5,665,259
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>10,798,332</b>	<b>10,665,259</b>

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

The financial statements on pages 7 to 21 were approved by the Board of Directors and authorised for issue on 13 November 2018 and were signed on its behalf by:



Name: Ben Ferry  
Director  
Date: 13 Nov 2018  
Company number: FC026612

## **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.

The financial statements are separate financial statements prepared for the Company, in line with the UK Companies Act 2006 as applicable to 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 interpretations issued by the IFRS Interpretations Committee ('IFRS IC'), 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

## **BRAVEN INVESTMENTS NO.1 LIMITED**

Registered Number in England & Wales: FC026612

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

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. 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.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **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.

##### **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.

## **BRAVEN INVESTMENTS NO.1 LIMITED**

Registered Number in England & Wales: FC026612

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

The Company recognises financial instruments from the contract 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:

##### *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

## **BRAVEN INVESTMENTS NO.1 LIMITED**

Registered Number in England & Wales: FC026612

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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, 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 2017 have resulted in changes in accounting policy. There are no new 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:

###### *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

## **BRAVEN INVESTMENTS NO.1 LIMITED**

Registered Number in England & Wales: FC026612

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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.

## **BRAVEN INVESTMENTS NO.1 LIMITED**

Registered Number in England & Wales: FC026612

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

#### **4. 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.

##### *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

## **BRAVEN INVESTMENTS NO.1 LIMITED**

Registered Number in England & Wales: FC026612

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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



**BRAVEN INVESTMENTS NO.1 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

contract. There is not expected to be a material impact on the Company's financial statements arising from this amendment.

*Expected impact*

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

**IFRS 15 – Revenue from Contracts with Customers**

In 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers which will replace IAS 18 Revenue and IAS 11 Construction Contracts. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied. In April 2016, the IASB issued clarifying amendments to IFRS 15 which provide additional application guidance but did not change the underlying principles of the standard. The standard was endorsed by the EU in September 2016.

The Company will implement this standard on 1 January 2018. The Company has elected the cumulative effect transition method with a transition adjustment calculated as of 1 January 2018 and recognised in retained earnings without restating comparatives. IFRS 15 requires certain incremental 'costs to obtain a contract' and certain 'costs to fulfill a contract' to be capitalised on balance sheet and amortised on a systematic basis consistent with the transfer of goods / services to the customer. There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognises its revenue.

**5. INTEREST INCOME**

	2017 £	2016 £
Interest income from group undertakings	19,370	26,704
	<u>19,370</u>	<u>26,704</u>

**6. INTEREST EXPENSE**

	2017 £	2016 £
Interest expense to fellow group undertakings	23,636	153,250
	<u>23,636</u>	<u>153,250</u>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****7. INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	2017 £	2016 £
Dividend income from Raglan Investments	145,518	-
	<u>145,518</u>	<u>-</u>

**8. PROFIT/ (LOSS) BEFORE TAX**

There were no employees employed by the Company during the year (2016: 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 £6,215 for the year (2016: £6,700). This fee is not recognised as an expense in the financial statements.

**9. 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, no Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes (2016: Nil).

**10. STAFF COSTS**

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

**11. TAX**

	2017 £	2016 £
Current Year	821	85,606
Adjustment for prior years	-	(24)
Tax credit	<u>821</u>	<u>85,582</u>

The UK corporation tax charge is based on a UK tax rate of 19.25%. Legislation has been introduced to reduced UK corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. TAX (continued)**

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

	2017 £	2016 £
Profit / (Loss) before tax	132,252	(126,546)
Profit / (Loss) before tax multiplied by the rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(25,458)	25,309
Effects of:		
Non-taxable dividend income	28,012	-
Non-taxable loss on sale of Raglan	(1,733)	
Deductible HMRC interest	-	60,297
Adjustments in respect of prior years	-	(24)
Tax for the period	<u>821</u>	<u>85,582</u>

**12. CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Balance with Barclays Bank PLC	923,063	933,696
	<u>923,063</u>	<u>933,696</u>

**13. LOANS AND OTHER RECEIVABLES**

	2017 £	2016 £
Loans and advances to group undertakings	9,992,152	3,840,256
	<u>9,992,152</u>	<u>3,840,256</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 loans of £3,555,810 and £5,998,926 to Barclays Bank PLC with loans maturing on 14<sup>th</sup> March 2022 and 21<sup>st</sup> June 2018 respectively. Also, the Company has an existing loan advance to Calthorpe Investment Limited amount to £437,220 including interest maturing on 23 May 2019. 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.

**BRAVEN INVESTMENTS NO.1 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****14. INVESTMENT IN FELLOW GROUP UNDERTAKING**

The investments the company has entered into are as follows:

	2017 £	2016 £
As at 1 January	20,000	20,000
Redemption of shares in Raglan	(10,000)	-
Balance as at 31 December	<u>10,000</u>	<u>20,000</u>

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 <sup>st</sup> December, 2017

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.

**15. BORROWINGS**

	2017 £	2016 £
Amounts due to group undertakings	153,251	13,243,270
	<u>153,251</u>	<u>13,243,270</u>

Amount due to group undertakings represents the interest component due to Barclays Bank PLC at 0.5% p.a. maturing on 21<sup>st</sup> May 2019. Loans are prepayable at the outstanding amount together with accrued and unpaid interest as on date at a 1 business day notice. During the year ending 31 December 2017, the Company has repaid £13,090,019. The Directors consider that the carrying value of the Company's loan payable approximates their fair value.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****16. CURRENT TAX**

	2017 £	2016 £
Opening group relief receivable	19,114,577	56,521,928
Tax (expense)/ Credit	821	85,582
Cash received	(19,089,030)	(37,492,933)
	<hr/>	<hr/>
Closing group relief (payable)/receivable	26,368	19,114,577
	<hr/>	<hr/>

**17. CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT**

	Number of shares	Share capital £	Share premium account £	Total £
As at 31 December 2017 and 2016	5,000,000	50,000	4,950,000	5,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
			2017 £	2016 £
Allotted, called-up and fully paid: 5,000,000 (2016: 5,000,000) Ordinary shares of £0.01 each		50,000		50,000
		<hr/>	<hr/>	<hr/>
		50,000		50,000
		<hr/>	<hr/>	<hr/>
Share premium account 5,000,000 (2017: 5,000,000) Ordinary shares at £0.99 each		4,950,000		4,950,000
		<hr/>	<hr/>	<hr/>
		4,950,000		4,950,000
		<hr/>	<hr/>	<hr/>

**BRAVEN INVESTMENTS NO.1 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****18. RETAINED EARNINGS**

	£
As at 1 January 2017	5,665,259
Profit for the year	133,073
As at 31 December 2017	<u>5,798,332</u>
As at 1 January 2016	5,706,223
Loss for the year	(40,964)
As at 31 December 2016	<u>5,665,259</u>

**19. 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.

**20. 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.