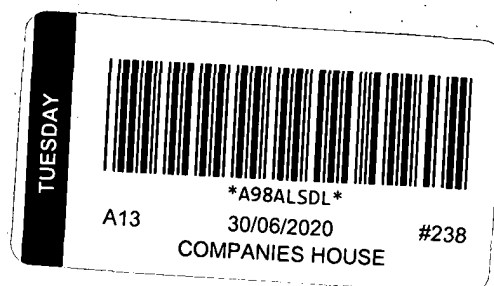


Registered number: 02530163

BARCLAYCARD FUNDING PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2019



BARCLAYCARD FUNDING PLC

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BARCLAYCARD FUNDING PLC

Directors' Report For the Year Ended 31 December 2019

The Directors present their annual report together with the audited financial statements of Barclaycard Funding PLC (the 'Company') for the year ended 31 December 2019.

Profit and dividends

During the year the Company made a profit after tax of £3k (2018: £2k). The Directors do not recommend the payment of a dividend for the Class A and B ordinary shares for the year ended 31 December 2019 (2018: £nil).

Future outlook

Based upon the performance of the underlying receivables (as evidenced via the Investor Reports, available from the 'Gracechurch Card Funding' section within 'Investor Relations' on the Barclays Bank UK PLC website) and the various levels of support offered by the structure of the instruments, the Directors remain confident that the investor certificate will be repaid in full and therefore that the Company will be able to repay the medium term notes in issue in full, along with their interest, at maturity. The Directors intention in the future is to continue issuing additional medium term notes and increasing its interest in the investor certificate when its strategically optimal to do so.

The Directors do not expect there to be any change in the Company's principal activity in the foreseeable future.

Post balance sheet events

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak and have concluded that its business strategy remains appropriate and adequate capital and liquidity is being maintained. The Company continues to operate in line with management's expectations.

On the 11th of March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

Directors

The Directors of the Company, who served during the year and up to the date of signing the financial statements, together with their dates of appointment and resignation, where appropriate, are as shown below:

Intertrust Directors 1 Limited

R Fowden (resigned 28 April 2020)

A Lishman

S C Temple (appointed 28 April 2020)

BARCLAYCARD FUNDING PLC**Directors' Report
For the Year Ended 31 December 2019****Going concern**

Company law requires the Directors to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. After reviewing the Company's cash flow projections and making such further enquiries as they consider appropriate, including considering the actual and projected performance of the underlying credit card receivables ultimately collateralising the Company's medium term notes and the implications from the COVID-19 outbreak, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors are not aware of any plans to terminate or significantly curtail the activities of the Company. The Directors also considered the potential impact of the United Kingdom's ("UK's") withdrawal from the European Union. While it's not possible at this stage to determine the precise impact on the underlying credit card receivable portfolio, the Directors continue to closely monitor the economic environment in which the Company operates in order to minimise the risks associated with the withdrawal. For these reasons, the Directors have adopted the going concern basis in preparing the financial statements. The Directors are satisfied with the financial position of the Company at year end.

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International 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.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BARCLAYCARD FUNDING PLC

Directors' Report (continued) For the Year Ended 31 December 2019

Financial risk management

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to are outlined in note 14.

Related party transactions

Details of the Company's related party transactions during the year are set out in note 17 to the accompanying financial statements.

Directors third party indemnity provisions

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2019 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

Statement on business relationships

The Company is a special purpose vehicle. It has a limited range of activities and a small number of business relationships with third parties. Such third parties have been appointed by the Company to perform certain roles in connection with the Company's financing and other main transactions. As such, the broad terms and scope of the Company's limited number of business relationships are determined by the documents establishing such transactions.

Independent auditors

The auditor, KPMG LLP, have expressed their willingness to continue in office until the next annual general meeting. Pursuant to section 489 of the Companies Act 2006, a resolution for their re-appointment will be proposed at the forthcoming annual general meeting of the Company.

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.

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

DocuSigned by:



Peter Whitaker

For and behalf of Intertrust Directors 1 Limited
Director

Date: 29 June 2020

BARCLAYCARD FUNDING PLC

Strategic Report For the Year Ended 31 December 2019

The Directors present the strategic report for Barclaycard Funding PLC (the "Company") for the year ended 31 December 2019.

Principal activities and business review

The Company is a special purpose entity ("SPE") set up by Barclays Bank PLC to issue series of limited recourse medium term notes as part of the securitisation of credit card receivables originated by Barclays Bank UK PLC (prior to 1 April 2018 by Barclays Bank PLC before the Part VII transfer under the Financial Services and Markets Act 2000). As part of the securitisation structure, Barclays Bank UK PLC sells a beneficial interest in a pool of credit card receivables to Gracechurch Receivables Trustee Limited (the "Trust", an SPE incorporated in England and Wales and fellow Barclays group company), which then issues an investor certificate (collateralised by the credit card receivables) to the Company. The Company funds the purchase of the investor certificate through the issuance of medium term notes to Gracechurch Card Programme Funding PLC, which itself funds the purchase of the medium term notes through the issuance of asset backed securities (collateralised by the medium term notes) under the Medium Term Note Programme ("MTNP"). The Company is considered to be a subsidiary of Barclays Bank UK PLC due to the fact that Barclays Bank UK PLC holds the Company's 'A' Ordinary Shares which gives Barclays Bank UK PLC 51% of the voting rights.

In 2019 the Company redeemed a medium term note liability on 15 July 2019 referred to as Series 2014-1 totalling £882.4 million and as a result decreased its interest in the investor certificate asset by the same amount.

Certain series of medium term notes are subject to a "Call Date" whereby the instruments may be redeemed prior to the final maturity dates. £7.06 billion of the Company's medium term notes are covered under Series 2013-3, Series 2014-2, Series 2015-1 and Series 2015-2 final terms of the supplemental base prospectus where an optional call date can be exercised by Gracechurch Card Programme Funding PLC to settle asset backed notes earlier than scheduled maturity date. Gracechurch Receivables Trustee Limited will make an early payment to the Company in return for a reduction of the investor certificate at par. The Company would then simultaneously settle at par the medium term notes issued.

The "Call Date" option commenced on 20 November 2013 for Series 2013-3, 11 November 2014 for Series 2014-2 and 20 November 2015 for Series 2015-1 and 2015-2, and expires for Series 2013-3 and 2014-2 on 17 June 2024, Series 2015-1 on 17 November 2025 and for Series 2015-2 on 15 November 2022. This option can be exercised on any given interest payment date (15th of each month), which would likely result in the investor certificate and subsequently the medium term notes being redeemed at par prior to the scheduled redemption date.

As at 31 December 2019, the Company held an £7.6 billion interest in investor certificate asset and issued a corresponding amount of medium term note certificates. The investor certificate asset and medium term note liabilities were purchased and issued, respectively, in several Series of offerings. They are expected to be redeemed on the scheduled redemption dates, where the key performance indicators for each Series of notes issued meet criteria set out in the offering documentation. Where these criteria are not met, redemption will take place by their final redemption dates. See note 14 (c), Financial risks, of the accompanying financial statements for detail of the different series of offerings.

The Company is entitled to expense and profit retention reimbursements from Barclays Bank UK PLC as part of its agreed margin. The MTNP stipulates a profit retention requirement of the greater of £1,200 per annum or £600 annually per Series issued. The Company has met this retention requirement for 2018 and 2019.

Business Performance and financial position

During the year the Company made a profit and total comprehensive income for the year of £3k (2018: £2k). The total net assets during the year were £253k (2018: £250k) and net operating cash outflows were £3k (2018: £71k). The Directors do not recommend the payment of any dividends for the year ended 31 December 2019 (2018: £nil).

BARCLAYCARD FUNDING PLC

Strategic Report (continued) For the Year Ended 31 December 2019

Principal risks and uncertainties

The Company's activities expose it to a number of risks. The principal risk is that the Company is unable to meet its obligations should the interest and principal received on the Company's investment not be sufficient to pay the medium term note holders interest and principal and the associated expenses of the Company. This could arise if the cash flows generated on the investor certificate from the revolving credit card receivables are not sufficient to settle interest and principal due on the medium term notes.

Information on how the Company's Directors manage these risks and uncertainties is explained in note 14 to the accompanying financial statements.

Whilst the direct and indirect impact of the Coronavirus (COVID-19) outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries. In addition, an escalation in geopolitical tensions or increased use of protectionist measures may also negatively impact the Company's business.

Key performance indicators (KPI'S)

The Company does not use complex KPIs in monitoring the business. The interest income generated on the investor certificate, the interest costs of the medium term notes and the related operating expenses are the principal components of the Company's operations, which are quantified in the Statement of Comprehensive Income.

Barclays Bank UK PLC as servicer under the MTNP (and which is represented on the Board of Directors of the Company) monitor a number of key performance indicators such as triggers (including performance of the underlying credit card receivables portfolio; related arrears levels, excess spread, portfolio yield, payment rate and charge off rate), the credit ratings of the notes in issue and the credit worthiness of the counterparties relevant to the Company, which give comfort to Directors on the performance of the underlying receivables and hence the anticipated performance of the Company.

Statement on section 172(1) of the Companies Act 2006

Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of different matters. The Company is a special purpose vehicle and as such performs a very limited range of activities. As a special purpose vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time of its incorporation.

BARCLAYCARD FUNDING PLC

Strategic Report (continued) For the Year Ended 31 December 2019

Statement on section 172(1) of the Companies Act 2006 (continued)

The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- the documents governing the financing and other principal transactions to which the Company is party (together, the "programme documentation") have been formulated with the aim of achieving the Company's purpose and business objectives, safeguarding the assets of the Company and promoting the success of the Company;
- in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;
- the Company has no employees;
- the Company has appointed various third parties to perform certain roles strictly governed by the programme documentation, fee arrangements agreed in advance;
- as a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
- Barclays Bank UK PLC ("Barclays") holds 75 per cent. of the issued share capital of the Company, representing 51 percent. of the issued voting share capital and a 49 per cent. entitlement to distributable profits. The remaining issued share capital is all held on a discretionary trust basis for charitable purposes.

An example of how the Directors have had regard to the matters set out in sections 172(1) (a) to (f) of the Companies Act 2006 when discharging their section 172 duties and the effect of that on certain of the decisions taken by them is when the Company's bank accounts were novated from Wells Fargo Bank, N.A. ("Wells Fargo") to Barclays, following Wells Fargo's decision to no longer provide account bank services. As part of this transaction, HSBC Bank plc ("HSBC") was separately appointed as a standby bank account provider to permit the transfer of the Company's bank accounts from Barclays to HSBC if Barclays' credit ratings were downgraded below a certain level. When making this decision, the Directors considered the interests of the Company's stakeholders, in particular ensuring (1) operational resilience and business continuity for the Company's contractual counterparties and security holders in the event of a ratings downgrade affecting Barclays; (2) relevant rating agency criteria were complied with; and (3) servicing costs were managed as efficiently as possible.

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

DocuSigned by:



R. H. Whitaker

For and on behalf of Intertrust Directors 1 Limited
Director

Date: 29 June 2020

BARCLAYCARD FUNDING PLC

Independent Auditor's Report to the Members of Barclaycard Funding PLC

Opinion

We have audited the financial statements of Barclaycard Funding PLC ("the company") for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. 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.

BARCLAYCARD FUNDING PLC

Independent Auditor's Report to the Members of Barclaycard Funding PLC

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

BARCLAYCARD FUNDING PLC

Independent Auditor's Report to the Members of Barclaycard Funding PLC

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael McGarry (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 29 June 2020

BARCLAYCARD FUNDING PLC**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019**

	Note	2019 £000	2018 £000
Continuing operations			
Finance income	8	102,331	93,403
Finance expense	8	(103,911)	(93,565)
Net interest expense		<u>(1,580)</u>	<u>(162)</u>
Administrative expenses	6	-	(75)
Impairment reversal of financial assets		1,584	240
Loss on investor certificate term extensions	10	-	(13,636)
Gain on medium-term note term extensions	13	-	13,636
Profit before tax		<u>4</u>	<u>3</u>
Tax expense	9	(1)	(1)
Profit for the year		<u>3</u>	<u>2</u>
Total comprehensive income		<u><u>3</u></u>	<u><u>2</u></u>

The accompanying notes on page 15 to 41 form an integral part of the financial statements.

BARCLAYCARD FUNDING PLC
Registered number: 02530163

Statement of Financial Position
As at 31 December 2019

		2019	Re-presented	Re-presented
	Note	2019	2018	2017
		£000	£000	£000
Assets				
Cash and cash equivalents		254	253	246
Trade and other receivables	11	-	7	4
Loans and advances at amortised cost	10	7,619,028	8,490,761	7,914,968
Total assets		<u>7,619,282</u>	<u>8,491,021</u>	<u>7,915,218</u>
Liabilities				
Trade and other payables	12	-	9	1
Current tax liabilities	12	1	1	1
Borrowings	13	7,619,028	8,490,761	7,914,968
Total liabilities		<u>7,619,029</u>	<u>8,490,771</u>	<u>7,914,970</u>
Net assets		<u>253</u>	<u>250</u>	<u>248</u>
Issued capital and reserves				
Share capital	15	13	13	13
Retained earnings		240	237	235
TOTAL EQUITY		<u>253</u>	<u>250</u>	<u>248</u>

The Statement of Financial Position has been presented using the liquidity-based approach of presentation with comparatives re-presented for reference. Please refer to note 2.3 describing the approach and the rationale for using this approach.

The financial statements on pages 11 to 41 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

- DocuSigned by:

Hereon.

-PO86F4A#Htaker

For and on behalf of Intertrust Directors 1 Limited
Director

Date: 29 June 2020

BARCLAYCARD FUNDING PLC**Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2019	13	237	250
Comprehensive income for the year			
Profit for the year	-	3	3
Other comprehensive income	-	-	-
	<u>-</u>	<u>3</u>	<u>3</u>
Total comprehensive income for the year			
	<u>-</u>	<u>3</u>	<u>3</u>
At 31 December 2019	<u>13</u>	<u>240</u>	<u>253</u>

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2018	13	235	248
Comprehensive income for the year			
Profit for the year	-	2	2
Other comprehensive income	-	-	-
	<u>-</u>	<u>2</u>	<u>2</u>
Total comprehensive income for the year			
	<u>-</u>	<u>2</u>	<u>2</u>
At 31 December 2018	<u>13</u>	<u>237</u>	<u>250</u>

The accompanying notes on pages 15 to 41 form an integral part of the financial statements.

BARCLAYCARD FUNDING PLC**Statement of Cash Flows
For the Year Ended 31 December 2019**

	2019 £000	2018 £000
Continuing operations		
Cash flows from operating activities		
Profit for the year	3	2
Adjustments for		
Impairment reversal of financial assets	(1,584)	(240)
Finance income	(102,331)	(93,403)
Finance expense	103,911	93,565
Gain on medium-term note term extensions	-	(13,636)
Loss on investor certificate term extensions	-	13,636
Income tax expense	1	1
	<u>-</u>	<u>(75)</u>
Movements in working capital:		
Decrease / (increase) in trade and other receivables	7	(3)
(Decrease) / increase in trade and other payables	(9)	8
	<u>(2)</u>	<u>(70)</u>
Cash generated from operations		
Income taxes paid	(1)	(1)
	<u>(3)</u>	<u>(71)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Redemption of loans and receivables	882,353	-
Interest received on loans and advances at amortised cost	93,294	84,861
	<u>975,647</u>	<u>84,861</u>
Net cash from investing activities		
Cash flows from financing activities		
Redemption of borrowings	(882,353)	-
Interest paid on borrowings	(93,290)	(84,783)
	<u>(975,643)</u>	<u>(84,783)</u>
Net cash used in financing activities		
Net cash increase in cash and cash equivalents	<u>1</u>	<u>7</u>
Cash and cash equivalents at the beginning of year	253	246
Cash and cash equivalents at the end of the year	<u><u>254</u></u>	<u><u>253</u></u>

The accompanying notes on pages 15 to 41 form an integral part of the financial statements.

BARCLAYCARD FUNDING PLC

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Reporting entity

Barclaycard Funding PLC (the 'Company') is a public limited company domiciled and incorporated in England. The Company's registered office is at 1 Churchill Place, London, E14 5HP. The Company's principal activity of which is to purchase an interest in an investor certificate representing a beneficial interest in assets held by Gracechurch Receivables Trustee Limited (the "Trust", a Special Purpose Entity incorporated in the United Kingdom) and to issue medium term notes to Gracechurch Card Programme Funding PLC (a company incorporated in the United Kingdom).

The Company is a special purpose entity ("SPE") set up by Barclays Bank PLC to issue series of limited recourse medium term notes as part of the securitisation of credit card receivables originated by Barclays Bank UK PLC (prior to 1 April 2018 by Barclays Bank PLC before the Part VII transfer under the Financial Services and Markets Act 2000). The Company funds the purchase of the interest in the investor certificate through the issuance of medium term notes to Gracechurch Card Programme Funding PLC, which itself funds the purchase of the medium term notes through the issuance of asset backed securities (collateralised by the medium term notes). The Company is considered to be a subsidiary of Barclays Bank UK PLC due to the fact that Barclays Bank UK PLC holds the Company's 'A' Ordinary Shares which gives Barclays Bank UK PLC 51% of the voting rights.

The Company is entitled to expense reimbursement and profit retention from Barclays Bank UK PLC as part of its agreed margin. The profit retention requirement of the Company varies for each series of medium term notes issued and is defined in the offering documentation of each series of asset backed notes issued as the 'Series Extra Amount'. The Series Extra Amount is currently defined as being the greater of £1,200 per annum or £600 per Series issued annually multiplied by two the result of which gets divided equally between Gracechurch Card Programme Funding PLC and the Company.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). They were authorised for issue by the Company's board of Directors on 29 June 2020.

Details of the Company's accounting policies are included in note 4 and changes during the year in note 2.2.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

Company law requires the Directors to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. After reviewing detailed profit and cash flow projections, taking into account the available bank facilities and making such further enquiries as they consider appropriate, including considering the actual and projected performance of the underlying credit card receivables ultimately collateralising the Company's medium term notes and the implications from the COVID-19 outbreak, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****2. Basis of preparation (continued)****2.1 Basis of measurement**

The financial statements have been prepared on the historical cost convention on a going concern basis adjusted to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS 9 Financial Instruments as set out in the relevant accounting policies.

2.2 Changes in accounting policies**i) New standards, interpretations and amendments effective from 1 January 2019**

The accounting policies adopted are consistent with those of the previous financial year, except where new standards and amendments to IFRSs effective as of 1 January 2019 have resulted in changes in accounting policy.

IFRS 16 Leases has replaced IAS 17 Leases for period beginning on or after 1 January 2019 but neither this standard or any other new amended standards have had a material impact on the Company's accounting policies.

ii) New standards, interpretations and amendments not yet effective

There are no known future amended standards or new accounting standards which are expected to have a material impact on the Company's accounting policies.

2.3 Presentation of the Statement of Financial Position

The Statement of Financial Position has been presented using the liquidity-based approach of presentation. Using this approach results in a more faithful representation given the existence of early call options (note 10) which could result in the settlement of financial assets and liabilities before their scheduled maturity dates. Comparative presentation had split borrowings between non-current and current components however using the original approach to presentation would have resulted in a restatement to current for those borrowings with a early call option present. By re-presenting the comparatives on the face of the Statement of Financial Position using the liquidity-based approach of presentation restatement is not necessary and the impact has been summarised below:

(1) the non-current and current components of loans and advances at amortised cost have been added together for 2018 and 2017; and

(2) the non-current and current components of borrowings been added together for 2018 and 2017.

The effect of this re-presentation has no impact on retained earnings.

3. Functional and presentation currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Accounting policies**4.1 Foreign currency**

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign

BARCLAYCARD FUNDING PLC

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Accounting policies (continued)

4.1 Foreign currency (continued)

currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these financial statements, the assets and liabilities of the Company's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

4.2 Interest

Interest income or expense is recognised on all interest bearing financial assets 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.

4.3 Taxation

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. The Company has elected to be taxed under The Taxation of Securitisation Companies Regulations 2006 (the "permanent tax") under which the Company is taxed by reference to the amount of profit retained by the Company, as set out in the transaction documentation.

BARCLAYCARD FUNDING PLC

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Accounting policies (continued)

4.4 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.

Recognition

The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:

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

The Company assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets at amortised cost

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.

The investor certificate, trade and other receivables and cash and cash equivalents are held at amortised cost. That is, the initial fair value is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability.

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****4. Accounting policies (continued)****Financial assets and liabilities (continued)***Financial assets at amortised cost (continued)*

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Company is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Company will consider past sales and expectations about future sales.

Impairment of financial assets

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost.

At the reporting date, an allowance is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3) an allowance (or provision) should be recognised for the lifetime ECLs.

ECL is measured using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Determining a significant increase in credit risk since initial recognition:

The Company assesses 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 PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of materiality, i.e. at what point a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate.

A significant deterioration in the performance of the underlying credit card receivables could also result in a significant increase in credit risk.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****4. Accounting policies (continued)****Financial assets and liabilities (continued)***Qualitative test*

Where external credit ratings of the asset-backed notes issued (backed by the medium-term notes issued and the interest in the Investor Certificate purchased by the Company) have been downgraded this may necessitate moving an asset from Stage 1 to 2.

Forward-looking information

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are determined by evaluating a possible outcome should the investor certificate enter a rapid amortisation event due to a Barclays Bank UK PLC default.

The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, assumptions of collections and losses on the underlying credit card portfolio in rapid amortisation, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk. Impairment charges will tend to be more volatile and will be recognised earlier.

Loan modifications and renegotiations that are not credit-impaired

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile.

Where terms are substantially different, the existing loan will be derecognised and new loan recognised at fair value, with any difference in valuation recognised immediately within the Statement of Comprehensive Income, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Expected life

Lifetime ECLs 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. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

Discounting

ECLs are discounted at the 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 cash flows or for discounting.

BARCLAYCARD FUNDING PLC

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Accounting policies (continued)

Financial assets and liabilities (continued)

Modelling techniques

ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD or by determining the deficiency on the investor certificates, and discounting the result at the original EIR.

For the IFRS 9 impairment assessment, external credit reference data for 'loans and advances at amortised cost' and Barclays Group risk models for the other financial assets are utilised to determine the PD, LGD and EAD. For Stage 2 and 3, Barclays Group 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. 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.

Netting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if there is a legally enforceable right to set off the recognised amounts in all circumstances and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

4.5 Embedded derivatives

Some hybrid liability contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the income statement. Profits or losses cannot be recognised on the bifurcation of an embedded derivative.

The final terms of the supplemental base prospectus in respect of Series 2013-3, 2014-2, 2015-1 and 2015-2 have the option of an "Call date" to allow Gracechurch Card Programme Funding PLC to call asset backed notes back from Noteholders on any given Interest Payment Date prior to redemption and upon giving no more than 60 but not less than 30 days' prior notice to the Note Trustee and the Noteholders. Before notice is provided, Gracechurch Card Programme Funding PLC would seek confirmation from the Company that the associated medium term notes would be redeemed on the same date and from the Gracechurch Receivables Trustee Limited that the investor certificate can be reduced accordingly. On exercise date the Company would settle the medium term notes and Gracechurch Receivables Trustee Limited would reduce the investor certificate at par. This optional "Call date" is considered to be an embedded derivative; however, as this option is part of the final terms of the agreement and requires settlement at par value it is closely related to the host contract and is not bifurcated separately from the investor certificate.

4.6 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.

BARCLAYCARD FUNDING PLC

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Accounting policies (continued)

4.7 Cash and cash equivalents

For the purposes of the cash flow statement and the statement of financial position, cash comprises of cash at bank.

5. Accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note.

5.1 Critical accounting estimates and assumptions

Classification of investor certificate

Management considered the Company's business model and determined that the investor certificate will be held to collect contractual cash flows only. Management considered that the probability that excess spread will be insufficient is remote so in substance this does not introduce any variability to the investor certificate that is not related to interest and principal. In addition, if the cash flows of the underlying UK credit card receivables are SPPI compliant and the contractual terms of the investor certificate include no non-SPPI features then, as a result the cash flows associated with the excess spread can only be SPPI compliant. As a consequence, it is thus appropriate for the Company to classify the investor certificate as a loan and advance at amortised cost.

Credit impairment

IFRS 9 impairment involves several important areas of judgement, including estimating forward looking modelled parameters (PD, LGD and EAD), estimating expected lives and assessing significant increases in credit risk. It also involves collating information from external credit reference data sources in order to derive an appropriate PD in respect of 'loans and advances at amortised cost'.

The calculation of impairment involves the use of judgement, based on the Company's experience of managing credit risk. Management utilised historical data relating to rating transitions and defaults compiled by third parties relating to other asset backed securitisation structures in order to compute an appropriate PD.

For individually significant assets, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Furthermore, judgements change with time as new information becomes available, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

Fair value of financial instruments

Management makes use of an independent valuation from a third party unaffiliated to the Barclays Group for the purposes of providing management the fair value of 'loans and advances at amortised cost' disclosed in note 16 of the financial statements. Further details on the methodology used for fair valuation has been disclosed in note 16(a).

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****6. Profit before tax**

The following items have been charged in arriving at profit before tax:

	2019 £000	2018 £000
Auditor's remuneration		
- Audit of the Company's annual financial statements	-	-
- Other services pursuant to legislation	-	-
Trustee fees	-	54
Other costs	-	21
Total	-	75

The auditor's remuneration has been borne by Barclays Bank UK PLC for 2019 and totalled £56k (2018: £56k).

7. Employee and key management (including Directors) comprise:

There were no persons employed by the Company during the year (2018: nil).

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Directors of the Company listed on page 2, and the Financial Controller of the Company.

None of the Directors were directly remunerated by the Company in respect of their services to the Company during the year. However, a fee was paid to Intertrust Management Limited in relation to the services provided by Intertrust Directors 1 Limited.

In relation to the other Directors, their service to this Company was performed as part of their employment by Barclays Bank UK PLC or Barclays Execution Services Limited (Formerly Barclays Services Limited) in its role as controlling party and no remuneration was earned for qualifying services to the Company. Barclays Bank UK PLC or Barclays Execution Services Limited (Formerly Barclays Services Limited) has not recharged this Company for the cost of this service (see note 17).

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****8. Finance income and expense**

Finance income and expense have been analysed as follows:

Recognised in profit or loss

	2019 £000	2018 £000
Finance income		
Interest receivable from group companies	102,331	93,403
Total finance income	<u>102,331</u>	<u>93,403</u>
Finance expense		
Interest payable to group companies	103,911	93,565
Total finance expense	<u>103,911</u>	<u>93,565</u>
Net finance expense recognised in profit or loss	<u>(1,580)</u>	<u>(162)</u>

9. Tax expense**9.1 Income tax recognised in profit or loss**

	2019 £000	2018 £000
Current tax		
Current tax on profits for the year	1	1
Total current tax	<u>1</u>	<u>1</u>
Total tax expense	<u>1</u>	<u>1</u>

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****9. Tax expense (continued)****9.1 Income tax recognised in profit or loss (continued)**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2019 £000	2018 £000
Profit for the year	3	2
Income tax expense	1	1
Profit before income taxes	4	3
Tax using the Company's domestic tax rate of 19% (2018:19%)	1	1
Total tax expense	1	1

Changes in tax rates and factors affecting the future tax charges

The main rate of UK corporation tax is 19%. Legislation was introduced to reduce the main rate of UK corporation tax to 17% from 1 April 2020.

In the March 2020 budget announcement, the Chancellor confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. This measure has been made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. Since this change (cancelling the enacted reduction to 17%) was not enacted or substantively enacted on the balance sheet date, this has not been used to calculate current or deferred tax for tax disclosures for year ended 31 December 2019.

9.2 Current tax liabilities**Current tax liabilities**

UK corporation tax payable	1	1
	1	1

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****10. Loans and advances at amortised cost**

Loans and advances at amortised cost consist of investor certificates and comprise the following:

	2019 £000	2018 £000
Investor certificate	7,617,522	8,490,605
Impairment allowance investor certificate	(2,302)	(3,885)
Interest accrued on investor certificate	3,808	4,041
Loans and advances at amortised cost	7,619,028	8,490,761

The note above does not split the loans and advances at amortised cost between non-current and current components as per comparative years following the re-presentation of the Statement of Financial Position (note 2.3).

The investor certificate is expected to be partially redeemed on the scheduled redemption dates of the various medium term notes where the key performance indicators meet criteria set out in the offering circulars for each Series of notes issued. Where these criteria are not met, partial redemption is expected to take place by their respective final legal maturity dates. The redemption dates assume the call option (explained below) has not been exercised before the scheduled redemption date.

Certain series of medium term notes are subject to a "Call Date" whereby the instruments may be redeemed prior to the final maturity dates. £7.06 billion of the Company's medium term notes are covered under Series 2013-3, Series 2014-2, Series 2015-1 and Series 2015-2 final terms of the supplemental base prospectus where an optional call date can be exercised by Gracechurch Card Programme Funding PLC to settle asset backed notes earlier than scheduled maturity date. Gracechurch Receivables Trustee Limited will make an early payment to the Company in return for a reduction of the investor certificate at par. The Company would then simultaneously settle at par the medium term notes issued (see note 13).

The "Call Date" option commenced on:

- (1) 20 November 2013 for Series 2013-3 (expires 17 June 2024);
- (2) 11 November 2014 for Series 2014-2 (expires 17 June 2024);
- (3) 20 November 2015 for Series 2015-1 (expires 15 November 2020); and
- (4) 20 November 2015 for Series 2015-2 (expires 15 November 2022).

This option can be exercised on any interest payment date (15th of each month). As explained above, this could result in the reduction of the investor certificate and early redemption of the medium term notes at par before the scheduled redemption date.

In 2019 the Company decreased its interest in the investor certificate asset by redeeming a medium term note liability on 15 July 2019 referred to as Series 2014-1 totalling £882.4 million (see note 13).

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****11. Trade and other receivables**

Trade and other receivables has been analysed as follows:-

	2019 £000	2018 £000
Receivables from related parties	-	7
Total	<u>-</u>	<u>7</u>

12. Trade and other payables

Trade and other payables has been analysed as follows:-

	2019 £000	2018 £000
Accruals	-	9
Other payables - tax and social security payments	1	1
Total	<u>1</u>	<u>10</u>

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****13. Borrowings**

Borrowings consist solely of medium term notes and are made up as follows:

Series and date of notes	Scheduled redemption date	Final redemption date	2019 £000	2018 £000	Interest Rate Payable
Medium term note Series 2013-3 (20 Nov 2013)	15 Jun 2022	17 Jun 2024	1,630,088	1,623,190	1 month sterling LIBOR plus 0.366%
Medium term note Series 2014-1 (23 Jul 2014)	15 Jul 2019	15 Jul 2021	-	882,353	1 month sterling LIBOR plus 0.425%
Medium term note Series 2014-2 (11 Nov 2014)	15 Jul 2022	17 Jun 2024	1,887,188	1,887,348	1 month sterling LIBOR plus 0.365%
Medium term note Series 2015-1 (20 Nov 2015)	15 Nov 2023	17 Nov 2025	1,754,894	1,752,362	1 month sterling LIBOR plus 0.382%
Medium term note Series 2015-2 (20 Nov 2015)	16 Nov 2020	15 Nov 2022	1,764,706	1,764,706	1 month sterling LIBOR plus 0.612%
Medium term note Series 2018-1 (20 Jul 2018)	15 Jul 2020	15 Jul 2022	580,646	580,646	1 month sterling LIBOR plus 0.323%
Interest accrued on medium term note	Not applicable	Not applicable	3,808	4,041	Not applicable
Effective interest rate adjustment	Not applicable	Not applicable	(2,302)	(3,885)	Not applicable
Total			7,619,028	8,490,761	

The note above does not split the borrowings between non-current and current components as per comparative years following the re-presentation of the Statement of Financial Position (note 2.3).

If the Statement of Financial Position had been not been presented using the approach outlined in note 2.3 all components of borrowings would have been restated to current borrowings due to the existence of the early call options (note 10). The borrowings (medium term note obligations) are collateralised by the investor certificate issued by the Trust. The investor certificates are then collateralised by underlying credit card receivables. Please refer to note 1 for further details of the securitisation structure.

The medium term notes are expected to be redeemed on the scheduled redemption dates where the key performance indicators meet criteria set out in the offering circulars for each series of notes issued. Where these criteria are not met, redemption is expected to take place by the final redemption date. The redemption dates assume the call option (see note 10) has not been exercised before the scheduled redemption date.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****Borrowings (continued)**

If the "Call Date" in accordance with the final terms agreement of certain investor certificates are exercised resulting in the partial redemption of investor certificate at par prior to the scheduled redemption date, the Company would then simultaneously settle, at par, the medium term notes issued (See note 10 for the call option description).

14. Financial risks

The Company's activities expose it to a variety of financial risks. These are primarily credit risk, liquidity risk and market risk, (which includes interest rate risk and foreign currency risk). The Company's Directors follow the risk management policies of Barclays Bank UK PLC because the Company is controlled, under IFRS, by Barclays Bank UK PLC and is consolidated into the financial statements of Barclays Bank UK PLC and they consider these policies to be the most appropriate ones for the Company. These policies include specific guidelines on the management of interest rate and credit risks and advice on the use of financial instruments to manage them. The Board of Directors monitors the Company's financial risks and has responsibility for ensuring effective risk management and control.

The Company's financial instruments comprise of loans and advances at amortised cost (interests in investor certificates), borrowings (medium term notes), cash, trade receivables and trade payables that arise directly from its operations. It is, and has been throughout the year, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing these risks as summarised below.

a) Credit risk

Credit risk is the risk of financial loss, should any of the Company's customers or market counterparties fail to fulfill their contractual obligations to the Company. The Company assesses all counterparties for credit risk before contracting with them. The Company's investor certificates are issued by the Trust and represent a beneficial interest in a portfolio of underlying credit card receivables. They entitle the Company to payments of interest and principal from collections on the underlying receivables. Therefore, the Company's credit risk is that the cash generated by the investor certificate and credit enhancement (the buffer of excess credit card receivables assigned to the Receivables Trust) will not be sufficient for the Company to be able to meet its debts as they fall due. Any funds placed on deposit with the Trust are also subject to the risk of the deposit taking institution becoming insolvent. This risk is managed by the Trust through novating the deposit accounts to a new deposit taking institution with acceptable external ratings when necessary.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****a) Credit risk (continued)****Maximum exposure to credit risk**

The Company's maximum exposure to credit risk is reflected by the amounts disclosed in the statement of financial position. The following table shows the maximum exposure to credit risk at 31 December:

	2019	2018
	£000	£000
Cash and cash equivalents	254	253
Trade and other receivables	-	7
Loans and advances at amortised cost	7,619,028	8,490,761
Total maximum exposure	7,619,282	8,491,021

The Company's loans and receivables comprise investor certificates, which is ultimately collateralised by an underlying portfolio of credit card receivables. Its borrowings, comprising the medium term notes, are collateralised by the investor certificates.

Financial assets subject to credit risk

For the purposes of the Company's disclosures regarding credit quality, financial assets subject to credit risk relate to the investor certificate issued by the Trust, (which in turn is dependent on underlying credit card receivables to the investor certificate), trade and other receivables, and cash at bank. Collections received on the revolving credit card receivables are used to settle principal and interest due on the investor certificate.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****a) Credit risk (continued)****Financial assets subject to credit risk (continued)**

For the purposes of the Company's disclosures regarding credit quality, financial assets against which the Company is subject to credit risk have been analysed as follows:

As at 31 December 2019	Stage 1	Stage 2	Stage 3	Total
	£000	£000	£000	£000
Gross exposure				
Cash and cash equivalents	254	-	-	254
Trade and other receivables	-	-	-	-
Loans and advances at amortised cost	7,621,330	-	-	7,621,330
Total	7,621,584	-	-	7,621,584
	Stage 1	Stage 2	Stage 3	Total
	£000	£000	£000	£000
Impairment allowance				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Loans and advances at amortised cost	(2,302)	-	-	(2,302)
Total	(2,302)	-	-	(2,302)
	Stage 1	Stage 2	Stage 3	Total
	£000	£000	£000	£000
Net exposure				
Cash and cash equivalents	254	-	-	254
Trade and other payables	-	-	-	-
Loans and advances at amortised cost	7,619,028	-	-	7,619,028
Total	7,619,282	-	-	7,619,282

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****a) Credit risk (continued)****Financial assets subject to credit risk (continued)**

As at 31 December 2018	Stage 1	Stage 2	Stage 3	Total
	£000	£000	£000	£000
Gross exposure				
Cash and cash equivalents	253	-	-	253
Trade and other receivables	7	-	-	7
Loans and advances at amortised cost	8,494,646	-	-	8,494,646
Total	8,494,906	-	-	8,494,906

	Stage 1	Stage 2	Stage 3	Total
	£000	£000	£000	£000
Impairment allowance				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Loans and advances at amortised cost	(3,885)	-	-	(3,885)
Total	(3,885)	-	-	(3,885)

	Stage 1	Stage 2	Stage 3	Total
	£000	£000	£000	£000
Net exposure				
Cash and cash equivalents	253	-	-	253
Trade and other receivables	7	-	-	7
Loans and advances at amortised cost	8,490,761	-	-	8,490,761
Total	8,491,021	-	-	8,491,021

b) Liquidity risk

Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due. In addition to considering performance of the underlying credit card receivables and the Trust Principal Funding Account and the ability of the Trust to pay interest/principal on the investor certificate, cash flow measurements and projections for the next day, week and month are also reviewed, as these are key periods for liquidity management.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****b) Liquidity risk (continued)****Contractual maturity of financial assets and liabilities on an undiscounted basis**

The table below presents the payment profile of the financial assets and liabilities taking contractual maturities and early redemption into account where this option is available at the Statement of Financial Position date. The amounts disclosed in the table are the contractual undiscounted cash flows (principal and interest) of all financial assets and liabilities.

31 December 2019	<1 mth	1-3 mths	3mths-1 yr	1-5 yrs	>5 yrs	Total
	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	254	-	-	-	-	254
Trade and other receivables	-	-	-	-	-	-
Loans and advances at amortised cost	7,178	7,070,938	582,617	-	-	7,660,733
Borrowings	(7,178)	(7,070,938)	(582,617)	-	-	(7,660,733)
Other liabilities	(1)	-	-	-	-	(1)
Total	253	-	-	-	-	253

The comparative table presents the payment profile of the financial assets and liabilities taking contractual maturities into account but doesn't take the potential for an early redemption into account. Had the early call option been considered as per 2019, the 2018 comparative figures for:

- (1) loans and advances at amortised cost would have been 8,196 (<1 mth); 7,072,818 (1-3 mths); 890,309 (3mths-1yr) and 584,210 (1-5 yrs); and
- (2) borrowings would have been (8,196) (<1 mth); (7,072,818) (1-3 mths); (890,309) (3mths-1yr) and (584,210) (1-5 yrs).

31 December 2018	<1 mth	1-3 mths	3mths-1 yr	1-5 yrs	>5 yrs	Total
	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	253	-	-	-	-	253
Trade and other receivables	7	-	-	-	-	7
Loans and advances at amortised cost	8,195	16,391	951,831	7,842,958	-	8,819,375
Borrowings	(8,195)	(16,391)	(951,831)	(7,842,958)	-	(8,819,375)
Other liabilities	(10)	-	-	-	-	(10)
Total	250	-	-	-	-	250

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****b) Liquidity risk (continued)****Contractual maturity of financial assets and liabilities on an undiscounted basis**

The Company's borrowings are limited recourse and therefore only repayable to the extent the Company receives payments under the medium term notes held by it.

If Gracechurch Card Programme Funding PLC sends a notice under the early call option to Noteholders to settle the asset backed notes ahead of scheduled maturity date, the medium term notes will be settled simultaneously and the investor certificate will be reduced to fund the repayment to the Noteholders at par.

c) Market risk

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

Interest rate risk

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

The Company finances its operations through the issue of medium term notes, which are denominated in pounds sterling at floating rates of interest. Interest incurred on borrowings are matched with interest earned on sterling-denominated (GBP) loans and advances at amortised cost (investor certificate).

Series	Rates receivable on notes	Rates payable on notes	Scheduled redemption date
Investor certificate	1 month sterling LIBOR plus 0.423%		15 Nov 2023
Medium term note Series 2013-3 (20 Nov 2013)		1 month sterling LIBOR plus 0.366%	15 Jun 2022
Medium term note Series 2014-2 (11 Nov 2014)		1 month sterling LIBOR plus 0.365%	15 Jun 2022
Medium term note Series 2015-1 (20 Nov 2015)		1 month sterling LIBOR plus 0.382%	15 Nov 2023
Medium term note Series 2015-2 (20 Nov 2015)		1 month sterling LIBOR plus 0.612%	16 Nov 2023
Medium term note Series 2018-1 (20 Jul 2018)		1 month sterling LIBOR plus 0.323%	15 Jul 2020

Interest rate sensitivity gap analysis

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

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****c) Market risk (continued)****Interest rate sensitivity gap analysis (continued)***Impact of net interest income*

The impact of a 25 basis point increase or decrease in interest rates on net interest income is as follows:

	2019 +25 basis points £000	2019 -25 basis points £000	2018 +25 basis points £000	2018 -25 basis points £000
Loans and advances at amortised cost	19,110	(19,110)	21,316	(21,316)
Borrowings	(19,110)	19,110	(21,316)	21,316
Total	-	-	-	-

Re-pricing occurs on a monthly basis, with changes in the one month sterling LIBOR rates for the series in line with the interest rate table above.

15. Share capital**Authorised**

	2019 Number	2019 £000	2018 Number	2018 £000
Shares treated as equity				
A shares of £1.00 each	37,500	38	37,500	38
B shares of £1.00 each	12,500	13	12,500	13
	50,000	51	50,000	51

Issued and fully paid

	2019 Number	2018 Number
A shares of £1.00 each		
At 1 January and 31 December	2	2

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****15. Share capital (continued)****Issued and partly paid**

	2019 Number	2019 £000	2018 Number	2018 £000
A shares of £1.00 each				
At 1 January and 31 December - quarter paid	37,498	9	37,498	9

	2019 Number	2019 £000	2018 Number	2018 £000
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B shares of £1.00 each

At 1 January and 31 December - quarter paid	12,500	3	12,500	3
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The holders of the A ordinary shares are entitled to exercise 51% of the total votes, to receive, in aggregate, 49% of any dividend declared and to receive 49% of the assets available for distribution on the winding up of the Company. The holders of the A ordinary shares may also appoint up to two Directors of the Company. The holders of the B ordinary shares are entitled to exercise 49% of the total votes, to receive, in aggregate, 51% of any dividend declared and to receive 51% of the assets available for distribution on the winding up of the Company. The holders of the B ordinary shares may also appoint one Director of the Company.

16. Fair value measurement

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

The following tables summarises the fair value of financial assets and liabilities measured at amortised cost on the Company's Statement of Financial Position where the carrying amount is not a reasonable approximation of fair value and analyses those fair values:

	2019 £000 Carrying value	2019 £000 Fair value	2018 £000 Carrying value	2018 £000 Fair value
Financial assets				
Loans and advances at amortised cost	7,619,028	7,619,028	8,490,761	8,239,991
	<u>7,619,028</u>	<u>7,619,028</u>	<u>8,490,761</u>	<u>8,239,991</u>
Financial liabilities				
Borrowings	7,619,028	7,619,028	8,490,761	8,239,991
	<u>7,619,028</u>	<u>7,619,028</u>	<u>8,490,761</u>	<u>8,239,991</u>

BARCLAYCARD FUNDING PLC

Notes to the Financial Statements For the Year Ended 31 December 2019

Fair value measurement (continued)

The loans and advances at amortised cost and borrowings have been valued at amortised cost as it is a reasonable approximation of fair value given the existence of early call options and the short-term nature of the 2018-1 medium terms notes.

Comparatives were fair valued using an independent valuation from a third party unaffiliated to Barclays Group for the purpose of providing management the fair value of the loans and receivables and borrowings. In order to derive the fair valuation, use is made of a discounted cashflow analysis where the expected cashflows are discounted by a discount rate. This discount rate is subjective and requires the use of estimates based on similar instruments in the market and in cases where they are not traded a best estimate. This discounted cashflow analysis is assessed by management looking at evidence obtained from third parties to support the conclusion that these valuations are appropriate, including the level in the fair value hierarchy in which the valuations should be classified. This fair valuation did not consider early call options being exercised and had this been taken into consideration the loans and advances at amortised cost would have been valued at £8.482 billion and borrowings at £8.482 billion.

Valuation methodology

A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is described below.

Valuations based on observable inputs

Quoted market prices - Level 1

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs- Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include financial instruments such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****Fair value measurement (continued)****Valuations based on unobservable inputs****Valuation technique using significant unobservable inputs - Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table shows the Company's financial assets and liabilities by fair value hierarchy and Statement of Financial Position classification. The carrying value of the loans and advances and borrowings are reasonable approximation of the fair value, therefore fair value hierarchies have not been presented for 2019:

2018	Fair value	Level 1	Level 2	Level 3
	£000	£000	£000	£000
Financial assets				
Loans and advances at amortised cost	8,239,991	-	-	8,239,991
Financial assets	8,239,991	-	-	8,239,991
Financial liabilities				
Borrowings	(8,239,991)	-	-	(8,239,991)
Financial liabilities	(8,239,991)	-	-	(8,239,991)

The comparative for 2018 did not consider early call options being exercised and had this been taken into consideration the loans and advances at amortised cost would have been valued at £8.482 billion and borrowings at £8.482 billion.

BARCLAYCARD FUNDING PLC

Notes to the Financial Statements For the Year Ended 31 December 2019

17. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both. The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors. Particulars of transactions, and the balances outstanding at the year end, are disclosed in the tables below.

Intertrust Management Limited holds 12,500 B ordinary shares in the Company which represents 100% ownership of that class of shares and entitles it to 49% of the total voting rights and 51% of the distributions. Intertrust Management Limited holds the B ordinary shares on a discretionary trust basis for the benefit of certain charities.

Barclays Bank UK PLC owns 100% of the A ordinary shares in the Company which entitles it to 51% of the total voting rights and 49% of the distributions. The Company receives Directors services, administration, finance, tax and other support from Barclays Bank UK PLC for which no charges are made.

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****17. Related party transactions (continued)****Other related party transactions**

Related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount		Asset / (liability)	
		2019	2018	2019	2018
		£000	£000	£000	£000
Barclays Bank UK PLC	Cash at Bank	-	-	254	-
Barclays Bank UK PLC	Receivable	-	-	-	7
Gracechurch Receivables Trustee Limited	Loans and advances at amortised cost	-	-	7,619,028	8,490,761
Gracechurch Card Programme Funding PLC	Borrowings	-	-	(7,619,028)	(8,490,761)
Intertrust Management Limited	Prepayment	-	-	-	3
Gracechurch Receivables Trustee Limited	Interest earned on loans and advances at amortised cost	102,324	93,322	-	-
Barclays Bank UK PLC	Interest earned on loans and advances at amortised cost	7	81	-	-
Gracechurch Card Programme Funding PLC	Interest on borrowings	(102,327)	(93,325)	-	-
Gracechurch Card Programme Funding PLC	Effective interest rate adjustment movement of financial liabilities	(1,584)	(240)	-	-
Intertrust Management Limited	Professional fees payable for Directors services	-	(13)	-	-
Gracechurch Card Programme Funding PLC	Gain on medium-term note term extensions	-	13,636	-	-
Receivables Trust	Loss on investor certificate term extensions	-	(13,636)	-	-
Receivables Trust	Impairment movement of financial assets	1,584	240	-	-
Receivables Trust	Redemption of loans and advances at amortised cost	882,353	-	-	-
Gracechurch Card Programme Funding PLC	Redemption of borrowings	(882,353)	-	-	-
Total		4	65	254	10

BARCLAYCARD FUNDING PLC**Notes to the Financial Statements
For the Year Ended 31 December 2019****18. Capital management**

The Company's objectives when managing capital are:

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

The Board of Directors is responsible for capital management and has approved minimum control requirements for capital and liquidity risk management.

The Company regards as capital its equity, as shown in the statement financial position.

Total capital is as follows:

	2019 £000	2018 £000
Called up share capital	13	13
Retained earnings	240	237
Total capital resources	<u>253</u>	<u>250</u>

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

The Company does not have externally imposed capital requirements to which it is subject. The Company aims to maintain a minimum level of capital equivalent to the share capital issued in the Company. The Company currently maintains capital in excess of the minimum requirements required by the Directors.

19. Parent undertaking and ultimate holding company

The Company is a subsidiary undertaking of Barclays Bank UK PLC which is the immediate parent company incorporated in the United Kingdom and registered in England.

The largest group in which the results of the Company are consolidated is that headed by Barclays PLC, 1 Churchill Place London E14 5HP. The smallest group in which they are consolidated is that headed by Barclays Bank UK PLC, 1 Churchill Place London E14 5HP. No other Group financial statements include the results of the Company.

The consolidated financial statements of these groups are available to the public and may be obtained from, Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

20. Events after the reporting date

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak and have concluded that its business strategy remains appropriate and adequate capital and liquidity is being maintained. The Company continues to operate in line with management's expectations.

On the 11th of March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.